Ref. No. 26106 File No. 11531

MINUTES OF THE SHAREHOLDERS' MEETING

THE ITALIAN REPUBLIC

11 (the eleventh of) May 2017 (two thousand and seventeen).

At Corso Ferdinando Maria Perrone, Genoa, at the Headquarters of the Fondazione Ansaldo (Villa Cattaneo dell'Olmo) at 11.00 a.m.

There appeared before me, PAOLO TORRENTE, Notary of Genoa, on the roll of the Joined Boards of Notaries of Genoa and Chiavari,

assisted by

- Alberto de Benedictis, born in Rome (RM) on 17 (seventeen) May 1952 (one thousand fifty-two), domiciled for the purpose of this deed in Genoa, Via Mantovani 3-5.

The said Mr. de Benedictis, whose personal identity I, the notary, am certain of, declares that he acts in his capacity as Vice Chairman of the Board of Directors of the Company "Ansaldo STS S.P.A" (also referred below as the "Company"), registered office Via Paolo Mantovani 3-5, Genoa (GE), share capital EUR 100,000,000.00 fully paid up, divided into 200,000,000 shares having a par value of EUR 0.50 each, tax code and Genoa Businesses Registry enrollment No. 01371160662, a Company managed and coordinated by "Hitachi Ltd.",

states

that the ordinary and extraordinary meeting of the shareholders of the aforementioned Company have been called for today at 11.00 a.m., single call in order to pass resolution on the matters appearing on the agenda set out below.

The Vice Chairman first of all welcomed all those present, including on behalf of his colleagues on the Board of Directors, the Board of Statutory Auditors, the Company's personnel and the Chairman of the Board of Directors to whom he gave the floor.

The Chairman of the Board of Directors Mr. Alistair John Dormer welcomed all those presents and specified that, although present, he did not consider appropriate to hold the presidency of the meeting because of his insufficient level of the Italian language used during the meeting, which, pursuant to Art. 14.1 of the Articles of Association will be chaired by the Vice Chairman, Mr. Alberto de Benedictis.

The Vice Chairman, hereinafter referred to as the Chairman, thanked and declared to hold the presidency of the meeting as Vice Chairman of the Board of Directors of the Company for the abovementioned reasons pursuant to Art. 14.1 of the Articles of Association and asked me as Notary to draw up the minutes of the meeting as a public deed, asking the meeting if anyone disagreed with this.

As no disagreement was expressed the Chairman confirmed that I was to act as secretary of this meeting, drawing up the minutes of the same as a public deed.

The Chairman informed that the Company had decided to avail itself of the technical support of Chorus Call Italia S.r.l., a company which provides simultaneous translation of the discussions from Italian to English. An interpreter will translate any intervention in English.

The Chairman stated that the following persons were present:

- for the Board of Directors, in addition to himself as Vice Chairman, the Chairman of the Board of Directors Mr. Alistair John Dormer, the Chief Executive Officer Mr. Andrew Thomas Barr and Directors Mr. Michele Alberto Fabiano Crisostomo, Mr. Fabio Labruna and Mr. Mario Garraffo;
- for the Board of Statutory Auditors, the Chairman Mr. Giacinto Sarubbi and the Regular Statutory Auditors Ms. Maria Enrica Spinardi and Mr. Renato Righetti.

The Chairman reported that the Directors Ms. Rosa Cipriotti, Ms. Katharine Rosalind Painter and Ms. Katherine Jane Mingay had excused their absences.

The Secretary of the Board Mr. Francesco Gianni and the General Counsel of the Company Mr. Filippo Corsi are present.

The Chairman acknowledged that the shareholders' meeting would be carried out in compliance with the relevant legislation in force, the Articles of Association and the shareholders' meetings regulation approved by the ordinary shareholders' meeting.

The Chairman also acknowledged that the ordinary and extraordinary shareholders' meeting had been properly called for today 11 May 2017 at 11.00 a.m., single call, in accordance with the law and the Articles of Association, by notice of call published on 29 March 2017 on the Company's website and via the www.emarketstorage.com storage system and, as an extract, in Italian newspaper "Il Sole 24 ore", with the meeting also being announced by means of a press release, with the following

Agenda

Ordinary Session

1. Financial Statements as of 31 December 2016.

1.1 Financial Statements as of 31 December 2016; Report of the Board of Directors, the Board of Statutory Auditors and the Auditing Firm. Related and consequent resolutions.

1.2 Allocation of the annual net income. Related and consequent resolutions.

2. First section of the Report on Remuneration. Related and consequent resolutions.

3. Appointment of the Board of Statutory Auditors.

3.1 Appointment of three Regular Statutory Auditors and three Alternate Auditors.

3.2 Appointment of the Chairman of the Board of Statutory Auditors.

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.

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

5. Approval of the Stock Grant Plan of Ansaldo STS to its employees. Related and consequent resolutions.

<u>Extraordinary Session</u>

Proposal of amendment to the Articles of Association regarding the date of closure of the financial year. Related and consequent resolutions.

The Chairman reported that, pursuant to Art. 126-bis of the Legislative Decree no. 58/98 (TUF), on 8 April 2017 the shareholder Litespeed Master Fund Ltd with a shareholding equal to 3.766% of the share capital, presented a proposal of resolution on point 1.2 of the agenda of the ordinary session and it also requested an integration of the agenda in order to add a further item: "distribution of a special dividend equal to EUR 56,000,000.00 (equal to EUR 0.28 per share), out of the available reserves".

The notice of call was therefore integrated as well as the explanatory report containing the reasons of such request, providing information on 21 April 2017, with the same procedures of the notice of call. The extract of the Italian newspaper "Il Sole 24 ore" was also integrated, with the following

<u>Agenda</u>

<u>Ordinary Session</u>

1. Financial Statements as of 31 December 2016.

1.1 Financial Statements as of 31 December 2016; Report of the Board of Directors, the Board of Statutory Auditors and the Auditing Firm. Related and consequent resolutions.

1.2 Allocation of the annual net income. Related and consequent resolutions.

1.3 Distribution of a special dividend equal to EUR 56,000,000.00 (equal to EUR 0.28 per share)out of the available reserves.

2. First section of the Report on Remuneration. Related and consequent resolutions.

3. Appointment of the Board of Statutory Auditors.

3.1 Appointment of three Regular Statutory Auditors and three Alternate Auditors.

3.2 Appointment of the Chairman of the Board of Statutory Auditors.

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.

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

5. Approval of the Stock Grant Plan of Ansaldo STS to its employees. Related and consequent resolutions.

Extraordinary Session

Proposal of amendment to the Articles of Association regarding the date of closure of the financial year. Related and consequent resolutions.

The Chairman proposed to the meeting to reverse the exposure of the ordinary part of the agenda with the extraordinary part so that, if the proposal of amendment regarding the date of closure of the financial year would be approved, it would be possible to be aware of the duration of each financial year as well as the expiry date of the mandate to be conferred to the Board of Statutory Auditors, namely if the latter is to be on 31 December or on 31 March of the last financial year of the office, asking the meeting if anyone disagreed with this.

As no disagreement was expressed the Chairman informed that the extraordinary part of the agenda would be outlined before the ordinary one.

The Chairman reported that the Company was not aware of the existence of any shareholders' agreements.

The Chairman:

a) declared that, as 177 persons entitled to vote were present, either in person or by proxy, representing 167,944,061 ordinary shares equal to 83.97% of the 200,000,000 ordinary shares comprising the share capital, the properly convened meeting was validly constituted on a single call in accordance with law and articles of association and could resolve on the matters on the agenda;

b) during the course of the meeting and before each vote he would provide updated information on attendees;

c) reported that intermediaries notification for the purposes of the attendance, at the meeting, of those individuals entitled to do so, had been given to the issuer in the manner and in accordance with the time scales established by the law in force;

d) he also reported that:

- as set out in the notice of call, the Company has appointed Società per Amministrazioni Fiduciarie Spafid S.p.A. as designated representative for the issues of proxies and related voting instructions pursuant to Article 135-undecies of Legislative Decree no. 58 of 24 February 1998 (the "Consolidated Finance Act") and had made available, at the registered office and on its website, the form to be used in order to grant a proxy;

- as per the notification received from the designated representative, within the deadline established by law, no proxies have been issued to the same by individuals entitled to exercise voting rights;

e) confirmed that, in relation to that day's meeting, there was no record of any voting proxies having been requested pursuant to Art. 136 et seq. of the Consolidated Finance Act;

f) reported that no one entitled to do so had submitted questions about the matters on the agenda prior to the meeting pursuant to Art. 127-ter of the Consolidated Finance Act;

g) reported that, pursuant to Art. 12.1, 13.1 and 13.3 of the Articles of Association, Art. 5 of the shareholders' meeting regulations and the applicable provision in force, the right of those present at the meeting to attend and vote had been established and, in particular, it had been established that the proxies carried by those attending complied with the provisions of the law in force and the Articles of Association;

h) reported that, pursuant to Legislative Decree no. 196/2003 (the Italian personal data protection code), the personal data of those attending the meeting would be collected and processed by the Company solely in order to comply with corporate requirements and requirements relating to the shareholders' meeting of an obligatory nature.

Similarly, the audio recording of the meeting would be made solely in order to facilitate preparation of the minutes of the meeting and to record document the matter set out therein, as set out in the date protection notice pursuant to Art. 13 of the aforementioned Legislative Decree that all attendees has been provided with.

The Chairman confirmed that the recording referred to would not be communicated or disseminated and that all data, as well as audio media would be stored at the Company's registered office together with the documents produced during the meeting.

He reminded that, pursuant to Art. 6 of the shareholders' meeting regulation, no recording equipment of any kind, cameras, video cameras, recorders or similar devices were allowed in the rooms in which the meeting was to be held without his specific authorization.

The Notary preparing the minutes being the only person allowed to use such equipment, in order to perform his duty.

The Chairman also stated that:

- the subscribed and paid up share capital to date was of EUR 100,000,000.00 (one hundred million), divided into 200,000,000 (two hundred million) ordinary shares with a par value of EUR 0.50 (nought point five nought) each;

- the Company shares were admitted for trading on the electronic stock exchange organized and operated by Borsa Italiana S.p.A. – Star segment;

- to date the Company did not own its own shares;

- to date, those individuals holding, either directly or indirectly, more than 3% of the subscribed share capital of Ansaldo STS S.P.A, represented by share with voting rights, as per the records in the shareholders' register as supplemented by the information received pursuant to Art. 120 of the Consolidated Finance Act and other information available were the following:

DECLARANT	**DIRECT SHAREHOLDER**	**NUMBER OF SHARES**	**% OF ORDINARY CAPITAL**
Hitachi Ltd	Hitachi Rail Italy Investments SRL	101,544,702	50.772%
Singer Paul E	Elliott International LP	31,012,105	15.506%

Singer Paul E	The Liverpool Limited Partnership	14,074,838	7.037%
Total		45,086,943	22.543%
Litespeed Management	Litespeed Master Fund LTD	7,532,322	3.766%

LLC

The Chairman reported that the Company is managed and coordinated by HITACHI LTD.

He reminded the meeting that the right to vote attached to shares in relation to which the duties of disclosure set out below have not been fulfilled, could not be exercised:

- the duty of disclosure referred to in Art.120 of the Consolidated Finance Act regarding shareholdings in excess of 3%;
- the duty of disclosure referred to in Art. 122, first paragraph of the Consolidated Finance Act regarding shareholders' agreements.

The Chairman also reminded that, in terms of the duties of disclosure referred to in Art.120 of the Consolidated Finance Act, shares in relation to which the right to vote arises pursuant to a proxy are treated as shareholdings where that right can be exercised on a discretionary basis in the absence of specific instructions issued by the party granting the proxy.

The Chairman asked the attendees to state any want of voting rights.

The Chairman acknowledged that with regard to the items on the agenda, all the requirements established by the applicable legislative and regulatory provision had been duly satisfied.

In particular, the following documents had been lodged at the registered office, as well as having been made available on the Company's website www.ansaldo-sts.com and via the www.emarketstorage.com storage system:

- on 29 March 2017: the annual financial report, including the Draft Financial Statements, the Draft Consolidated Financial Statements, the directors' management report, certification pursuant to Art. 154-bis, paragraph 5, of the Consolidated Finance Act, approved by the Board of Directors on 27 February 2017 together with:

-- the reports by the Board of Statutory Auditors and the Auditing Company;

-- the annual report on corporate governance and ownership structure;

-- the accounting statements for significant subsidiaries outside the EU;

while the financial statements and summary reports in relation to other subsidiaries and affiliated companies had been lodged at the registered office;

- on 29 March 2017: the explanatory reports drawn up in accordance with Art. 125-ter of the Consolidated Finance Act in relation to items 1 and 3 of the ordinary part and the sole item of the extraordinary part on the agenda;

- on 6 April 2017: the explanatory report drawn up pursuant to

Art. 125-ter of the Consolidated Finance Act in relation to item 5 on the agenda, together with the information document;

- on 13 April 2017:

-- the explanatory report in relation to item 4 on the agenda regarding the purchase and the disposal of own shares;

-- the explanatory report in relation to item 2 on the agenda regarding the first section of the remuneration report, together with the remuneration report drawn pursuant to Art. 123-ter, sixth paragraph, of Legislative Decree no. 58 of 24 February 1998;

- on 20 April 2017: 2 slates of candidates for appointment to the Board of Statutory Auditors by the required deadline;

- on 21 April 2017: the new proposal presented by the shareholder Litespeed Master Fund Ltd in relation to item 1.2 of the ordinary part of the agenda with the introduction of a new item, as well as the explanatory report explaining the reason of such request.

Where the documents mentioned above are concerned all requirements pursuant to the legislation in force with regard to Consob had been complied with.

The said documents will be attached to the minutes of the meeting, forming an integral and substantive part of the same.

In addition, all of the documents listed above have been handed to the attendees at the meeting.

The Chairman informed that the meeting of 19 January 2017, in the light of the resignation of KPMG S.p.A, had appointed the auditing company Ernst & Young as statutory auditor of the Company for the financial years 2016-2024.

The Chairman informed that, as requested by Consob with communication no. DAC/RM/96003558 of 18 April 1996, the fees due to auditing company Ernst & Young S.p.A. for audit services provided were as follows:

- for the statutory audit of the Financial Statement for the financial year ending 31 December 2016, including the work involved in establishing that the Company's books and records have been properly kept and that the Company's affairs have been correctly reported on the Company's accounting records and for auditing the accounting statement drafted for the purposes of the consolidation starting from 19 January 2017, date of the conferment by the meeting, a fee of EUR 94,000.00 (plus VAT and expenses) for 1,863 hours' work;
- for the statutory audit of the Consolidated Financial Statement for the group as at 31 December 2016, a fee of EUR 42,000.00 (plus VAT and expenses) for 833 hours' work;
- for the additional accounting audit, for the sole 2016 financial year, a fee of EUR 40,000.00 (plus VAT and expenses) for 200 hours' work;

while the fees in favor of KPMG S.p.A, for the audit services are the following:

- for the limited accounting audit of the consolidated financial reporting package as at 31 March 2016, a fee of EUR 38,000.00 (plus VAT and expenses) for 650 hours’ work;

- for the limited accounting audit of the abbreviated half-year consolidated financial statements as at 30 June 2016, a fee of EUR 45,473.00 (plus VAT and expenses) for 805 hours’ work;
- for the check of the accounting records of the Company and the measurement of the management performance, as well as the development of the planning phase of 2016 audit, until the date of the meeting who appointed Ernst & Young as statutory auditor of Ansaldo STS, a fee EUR 20,000.00 (plus VAT and expenses) for 350 hours’ work.

The Chairman informed that KPMG S.p.A also carried out:

- for 166 hours’ work, checking the translations into English of the Company's financial documents for a fee of EUR 10,000.00;
- the limited ISAE 3000 audit in relation to the 'Taipei Urban Transit System Order': a total of 145 hours' work for a fee of EUR 6,500.00;
- the 'general service agreement' agreed-upon procedures work: a total of 185 hours' work for a fee of EUR 8,500.00;
- for 100 hours’ work, checking the subscription of documents for a tender called “Tender no. 51403” for a fee of EUR 8,000.00.

The Chairman stated that the annual fees referred to above did not include the Consob contribution.

The Chairman informed that in accordance with the Issuers' Regulations, the Company's draft financial statements and the consolidated financial statements have attached to them the schedule of fees for the financial year due to the auditing company and the companies in its network for the services provided to the Company and to its subsidiaries respectively.

Finally, the Chairman stated that the following documents would be attached to the minutes of the meeting, forming an integral and substantive part of the same, and would be available to those entitled to vote:

- the slate of names of those attending the meeting, in person or by proxy, complete with all the information required by Consob, stating the number of shares for which the intermediary's notification to the issuer had been made pursuant to Art. 83-sexies of the Consolidated Finance Act;
- the slate of names of individuals who voted for, against or abstained or left before any vote and the relevant number of shares represented in person and/or by proxy.

A summary of the presentations along with the names of the various speakers, the replies provided and any responses to the same would be included in the minutes of the meeting.

The Chairman reported that, in order to cater for the organizational and technical requirements in relation to the meeting, pursuant to Article 3 of the shareholders' meeting regulations, a certain number of the Company's employees and members of contract staff had been allowed to attend the meeting, along with representatives of the auditing company and would be assisting him during the meeting.

The Chairman also stated that, pursuant to Article 3 of the shareholders' meeting regulations, accredited journalists, experts and financial analysts had, with his consent, been allowed to attend the meeting, including via closed circuit TV links, without being entitled to take the floor.

Before moving on to discuss the items on the agenda, the Chairman reminded the meeting that, pursuant to article 9 of the shareholders' meeting regulations, individuals entitled to vote could ask to take the floor once only for each item under discussion, doing so by presenting him with a written request stating the item on the agenda that their question concerned;

The Chairman invited the individuals entitled to vote to submit the requests for intervention to the secretary of the meeting through the sheets received, together with a copy of the meeting regulations and the documents regarding the agenda during their registration.

He would give the floor following the chronological order of the request of questions.

The question may last a maximum of ten minutes, pursuant to Art. 11 of the meeting regulation, at the end of which the speaker would be invited to terminate in the following two minutes.

Pursuant to Art. 9 of the meeting regulations, the Directors and the Statutory Auditors of the Company may ask to intervene in the meeting; if considered useful by the Chairman, also the Directors, the Statutory Auditors and the executives of the Company and companies of the group may intervene.

Pursuant to Article 11 of the said regulations, a maximum of two minutes would be allowed for responses, if any.

The Chairman informed that those entitled to vote may intervene and reply only at the podium near the presidency desk, in order to be registered and taken into consideration for the drafting of the minutes of the meeting.

Therefore, the interventions carried out differently could not be drafted.

Once all speeches had been made in relation to each item on the agenda, replies to questions would be provided, after a short break where necessary.

The Chairman explained that pursuant to Article 10 of the shareholders' meeting regulations, either he would reply himself to the questions put or ask the other Directors and Statutory Auditors to do so.

The Chairman stated that in order for the meeting to be conducted properly, functional requirements dictated that the use of Wi-Fi connections and cell phones in the areas in which the meeting was held was prohibited.

Finally, the Chairman explained how the meeting would be managed and the voting procedure, pursuant to Article 16 of the meeting regulations, stating as follows.
Voting on the items on the agenda would be done by using a remote control called a 'televoter', instructions for which could be found in the file provided.
Voting on how the meeting should be conducted would instead be by show of hands only; for the purposes of the minutes, those voting against or abstaining would be required to state their name and the number of shares directly owned and/or proxied.
On registration in order to join the meeting, each participant received a 'televoter'. The screen on this device shows the participant's ID and the number of votes that they could cast at the meeting, in person and/or by proxy.
The televoter was strictly for personal use only and would be activated when voting took place.
When voting starts, the person voting should cast their vote by pressing just one only of the buttons on the remote control, which are marked as follows:
for
against
abstention
When voting on the allocation of the financial year profit, as per item 1.2 on the ordinary part of the agenda, the Chairman informed that the two proposals of resolution (the one formu-

lated by the Board of Directors and the one formulated by the shareholder Litespeed Master Fund Ltd.) would be put to vote simultaneously.

Therefore, voters were to cast their votes by pressing only just one of the buttons of the remote control, which are marked as follows:

proposal presented by the Board of Directors – button 1

proposal presented by the shareholder Litespeed Master Fund Ltd – button 2

against

abstention

and immediately afterwards the 'ok' button.

As far as the voting of the members of the Board of Statutory Auditors as per the item 3.1 on the ordinary part of the agenda is concerned, voters were to cast their votes by pressing just one only of the buttons of the remote control, which are marked as follows:

list 1

list 2

against

abstention

and immediately afterward the “ok” button.

Voters could change their vote if the 'ok' button had not been pressed.

Once the 'ok' button had been pressed, the vote could not be changed and would remain visible on the screen on the remote control until the end of voting.

Anyone not casting a vote would be treated as a non-voter.

Anyone who did not want to be counted in for the purposes of forming the basis for the calculation of the majority was asked to leave the room before voting started, recording that they had done so in the manner previously set out.

Votes could not be validly cast before voting started.

Participants experiencing technical problems when operating the 'televoter' should contact the support staff at the desk set up for this purpose.

The voting procedure set out above would apply to all participants, save for those entitled to vote who did not want to cast the same vote in relation to all the shares that they represented. Those participants would vote with the help of the special voting station.

Voters could check the votes that they had cast at the station provided for this purpose.

Voting on individual matters on the agenda would take place at the end of the discussion of the particular topic.

Participants were asked not to leave the room until votes had been counted and the result announced.

For the purposes of vote counting, the Notary would be assisted by personnel from Spafid, the company appointed to handle registration at the meeting.

The Chairman then announced that the meeting would move on to discuss the sole item on the extraordinary part of the agenda: **"Proposal of amendment to the Articles of Association regarding the date of closure of the financial year. Related and consequent resolutions".**

The Chairman recalled the declarations made at the opening of the meeting and reminded that, pursuant to the law in force, the voting quorum for the approval of the proposal, as per this item on the agenda, is equal to two thirds of the share capital represented in the meeting.

The Chairman also reminded that this argument is discussed in the explanatory report approved by the Board of Directors of the Company on 24 March 2017, handed to the people present and made available to the public in accordance with the provisions and terms of the law in force.

The Chairman proposed, if there were no disagreements, in view of the fact that the documents had already been made available to the public and handed to the participants, to omit the reading of the explanatory report on this item on the agenda, as well as the documents regarding the ordinary part, including the reading of the Financial Statements, the management report, the relations of the auditing company and the Board of Statutory Auditors, limiting to read the sole essential parts and the proposals of resolution, in order to provide an adequate information to the shareholders and to leave more space for the debate.

Having noted that no objections had been raised, the Chairman omitted the reading of said documentation, on the basis that those entitled to do so could, in relation to the subsequent matters on the agenda, ask for the documents to be read before discussion started on each occasion.

The Chairman gave the floor to the Chairman of the Board of Statutory Auditors Mr. GIACINTO SARUBBI who asked to intervene and stated the following:

"Thank you Mr. Chairman. Good morning. With respect to the first item on the agenda, the Board of Statutory Auditors considers that because the first quarter typically does not have a significantly different impact, there is no impediment to the proposed amendment to the Articles of Association being submitted to the shareholders' meeting. Naturally, the shareholders' meeting will pass resolution in compliance with the established voting quorum.".

The Chairman thanked the Chairman of the Board of Statutory Auditors Mr. Giacinto Sarubbi for his intervention and stated that the abovementioned amendments to the Articles of Association did not grant the right to withdraw of the shareholders who would not compete for the corresponding approval, not fulfilling the criteria of any of the withdrawal cases identified in Art. 2437 of the Civil Code.

The Chairman submitted to the meeting the following proposal of resolution regarding this item on the agenda, entirely compliant with that contained in the report of the Board of Directors in the meeting:

"The extraordinary shareholders' meeting of Ansaldo STS S.P.A., having regard to the Board of Directors' explanatory report as well as having regard to the report by the Statutory Auditors,

resolved

- to modify Art. 29.1 of the Articles of Association according to the formulation contained in the right column of the table with parallel text attached in the explanatory report determined by the Board of Directors pursuant to Art. 72, paragraph 1-bis of Consob resolution no. 11971 of 14 May 1999, with the consequence that the financial year began on 1 January 2017 would end on 31 March 2018;
- to modify Art. 3.1 of the Articles of Association according to the formulation contained in the right column of the table with parallel text attached in the explanatory report determined by the Board of Directors pursuant to Art. 72, paragraph 1-bis of the Consob resolution no. 11971 of 14 May 1999;
- to approve the new text of the Articles of Association updated and coordinated with the amendments of the previous items;
- to give mandate to the Chairman of the Board of Directors and to the Chief executive Officer so that they provide, also

severally, or through special attorneys, for the execution of all fulfillments and formalities connected or resulting from this resolution and introducing in the latter the necessary amendments for the registration in the Companies' Register".

The Chairman opened the debate, proposing to respond to the questions at the end of the interventions.

In order to conduct the debate as efficiently as possible, the Chairman invited the individuals entitled to take the floor to submit the request for intervention to the secretary of the meeting through the sheets for the request for intervention received during the registration regarding this item on the agenda.

The next speaker to take the podium was shareholder CARLO MARIA BRAGHERO, who stated as follows:

"My name is Braghero, good morning to you all. Mr. Chairman, in your forty-minute introduction, which was very detailed and precise, you said that whenever discussion is opened on an item on the agenda, the request form must be handed in to the secretary's office. Very well, but as the forms are … they're not just stapled, they're done on the front and back, what am I to do if I hand the form in and then want to intervene on another item, which is on the back of the form? So what you're saying doesn't work. It works in principle, but in practice, with what has been provided to us, it's not possible. So could you please give us an update, explain well what we have to do for the following items on the agenda. With respect to this agenda item, you stated in your introduction that 177 shareholders are in attendance by proxy.

DE BENEDICTIS: On their own behalf or by proxy.

BRAGHERO: On their own behalf or by proxy. Ah, you took the words out of my mouth, no matter, it's OK, that's right, because I wasn't counted, I’m here on my own behalf, so it's OK. Of the 177 in attendance, on their own behalf or by proxy, there are around 15 people representing them, while there are around 20 consultants, guests, experts and the like. It's clearly indicated at the back of the hall, shareholders on the right, all others on the left. So, given that our Company is quite unusual, I would ask you to indicate to the Notary the names of all the guests, consultants, etc. in attendance because at some point in the future, by knowing who was here, we know who was invited by the Company and who was not invited by the Company. That said, the report, which understandably you have not read, is contained in this weighty file. It's a pity it's so difficult to find it, because whoever compiled this file didn't have the good sense to number the pages and include a general index at the beginning, so it's not very convenient. On the merits of the operation, you propose to us that the closing date of the financial year be moved to 31 March.

DE BENEDICTIS: Excuse me, there is an order for permission to speak on that item.

BRAGHERO: So please explain to me how I can be permitted to speak.

DE BENEDICTIS: Like the others, who handed in the forms. You hand in the form to me, and then I'll return it to you, if you want …

BRAGHERO: Ah, then you give it back to me. Ah OK, so I get in the queue and then you give it back to me.

DE BENEDICTIS: In any case we have a lot of copies, so there's no problem."

The Chairman invited Mr. Arturo Albano, in representation of the shareholder Amber Capital, to take the podium on the left for his contribution.

Mr. ARTURO ALBANO addressed the meeting in representation of the shareholder Amber Capital and stated as follows:

"Good morning everyone. I just have three very quick questions, so the time I save on this item, I'll use on the discussion of the financial statement.

The first question is: how many listed companies are there in Italy that close their financial year on a date other than 31 December?

The second question is: what is the cost to the Company Ansaldo STS of changing the closing date of its financial year?

The third question is: who brought the proposal to change the closing date of the financial year to the Board of Directors?

Given that the decision of the Board of Directors to propose this change to the shareholders' meeting is clearly a decision influenced by the shareholder that exercises powers of management and coordination, I'd like to ask why this circumstance was not noted in the agenda item, as provided in Article 2497-ter of the Italian Civil Code?"

The Chairman invited Mr. Raimondo Premonte, in representation of the shareholder Hitachi Rail Italy Investments Srl, to take the podium on the left for his contribution.

Mr. PREMONTE addressed the meeting in representation of the shareholder Hitachi Rail Italy Investments, and stated as follows:

"Thank you Mr. Chairman. Good morning shareholders. With respect to the proposal to amend the closing date of the financial year, I am speaking on behalf of Hitachi Rail Italy Investments Srl, to explain the reasons for our vote. As indicated in the report, which was made available to shareholders and was available for download from the website a few days earlier, the financial year of all the companies belonging to the Hitachi Group, which is the company that indirectly controls Ansaldo STS, closes on 31 March of each year. Ansaldo STS is a Company controlled by Hitachi Ltd, which is listed on the Tokyo stock exchange. As a result of this controlling relationship, it is required to follow specific reporting procedures to its parent company which, as indicated by the Company in its report, are particularly complex and costly to administer. Given that the closing date of the financial year of the Hitachi Group is different to that of the Company, these reporting procedure are more complex and onerous, involving specific auditing procedures on the part of the Group's auditor. In this respect, we can see from the explanatory report issued by the Board of Directors that the complexity of these reporting obligations involves a double effort to produce management and financial data, clearly resulting in increased costs due to the internal personnel and external individuals involved in the relevant process. In view of this situation, the shareholder Hitachi Rail Italy Investments declares that it will vote in favour of this proposed amendment of the closing date of the financial year, as we believe it to offer an indisputable advantage for the Company. In order to avoid any misunderstanding, we would like to point out that the change of the closing date of the financial year of Ansaldo STS would not result in any specific advantage for Hitachi Ltd, while on the other hand it is obvious that such an amendment would be in the exclusive and unquestioned interest of Ansaldo STS, as it would then be in a position to optimize the said reporting processes with the consequent cost savings for the Company."

The Chairman invited the shareholder Mr. Carlo Maria Braghero to take the podium on the left for his contribution.

Mr. CARLO MARIA BRAGHERO addressed the meeting as follows:

“Thank you Mr. Chairman. I would like to reassure the Hitachi's lawyer: he's correct, the report was on the website, I read it there, because if I had to search through the file we received today in order to find it, I wouldn't have had time to read it this morning.
With respect to the operation, Mr. Albano is right to ask: how many companies close on 31 March? From a self-centered standpoint, I’ve participated in many shareholders’ meetings as it's an activity that I like a lot and interests me, I'd have to say that a company that ends its financial year on 31 March instead of 31 December could mean that the dates of shareholders’ meetings are spread out and this could be a very positive development. In this case, however, I call on shareholders who are considering supporting Hitachi's proposal to reflect on an aspect which may seem trivial, but may be important in Italy. Given the complexity of its corporate organisation, if the proposal is approved and Ansaldo STS is to hold its shareholders’ meeting in the fifth month after the close of its financial year, it would mean that in August, instead of going on holiday, we would have come here, perhaps even without air conditioning, to discuss its financial statement. This does not seem particularly far-sighted to me.”
The Chairman suspended the proceedings at eleven hours and fifty minutes in order to prepare responses to the shareholders’ questions.

At twelve o'clock the Chairman informed about the resumption of the shareholders' meeting works.
The Chairman informed that there are no.177 people entitled to vote representing, either in person or via proxy, 167,944,061 ordinary shares equal to 83.97% of no. 200,000,000 (two hundred million) of ordinary shares comprising the share capital.
In response to the questions raised by shareholders, the Chairman stated as follows:
"With respect to the first question on the number of companies that close their financial year on 31 March, we are not in a position to give an answer at this time because we do not have the figures. On the other hand, the point is to align the close of the financial year with that of the parent company, so what is necessary is to assess whether there are comparable situations with other companies that involve this type of amendment.
The second question concerns the cost to the Company. Evidently this is the reason that led the Board to propose the amendment, because there is certainly a cost from a financial standpoint, but the cost is also significant in terms of the allocation of resources. Obviously the Company has resources gathering specific information not just here in Italy, but also throughout the world, and we are not just talking about information for the close of the financial year, but also for quarterly statements, because the quarterly - or half-yearly

which then become quarterly - periods are not aligned. Both Hitachi and Ansaldo have information to gather, but concerning different periods, so the allocation of resources is not just at the close of the year, it's a year-round commitment. We estimate that this activity, which requires various dozens of staff members - we are talking about a hundred people assigned at the worldwide level - costs between three and four hundred thousand Euro in terms of personnel. They are employees. So the point here is that they could be doing other, more important things than dedicating themselves to this type of activity, as it isn't what we call quality. I should point out that since the Company is in any case required to provide a framework of reference for comparison with 2017, in the first year we will carry out an audit equivalent to the half-yearly audit for the 12 months of the year. We estimate that the cost, in terms of an external audit, will be around €300,000. Obviously it's a one-off cost, as it will be this year only and won't arise again once the financial years are aligned. However, the recurring savings on the activities will obviously persist.

The last question was: who requested this. The request was made by the Company, the request originates from the internal structures of the Company, which were the offices involved in this exercise, and then as the Board of Directors, we proposed it to the shareholders’ meeting, because it's a saving for us, and I repeat, not only in terms of cost, but also in activity.”

Mr. ALBANO reacted to these responses in as follows: “Thank you for your responses. On the third question, I don't know whether the response on who brought the proposal to the Board of Directors means that you don’t consider it to be a decision influenced by the shareholder that exercises powers of management and coordination.”

DE BENEDICTIS: “No, it wasn’t a proposal or request made by Hitachi.”

ALBANO: “OK, I wanted to ask: in the proposal that we are about to vote on, if I understand correctly, reference is made to a change in the date of the end of the financial year of Ansaldo STS. I wonder: do all the subsidiaries currently have a have a different date for the end of their year? I imagine so, no? All 31 December. Will all of them change? So the €300-400,000 includes all the companies.”

DE BENEDICTIS: “You’re saying it’s evident that all the group companies will align”.

ALBANO: “No, I refer to the companies of the Ansaldo STS group.”

DE BENEDICTIS: “The 100 people, so to speak, that are worth €300-400,000 in terms of internal costs, are from in the entire group.”

ALBANO: “So, excuse me: has the fact that Hitachi has taken control of Ansaldo STS involved a cost of €700,000 so far? It was €400,000 last year, plus €300,000 this year, a one-off cost...”

DE BENEDICTIS: “Of internal costs? A higher cost?”

ALBANO: “Yes, higher costs amounting to €700,000 for Ansaldo STS, so also for us, minority shareholders. Thank you.”

DE BENEDICTIS: “You're welcome. We’ll take on board Mr. Braghero's comments. Evidently we’ll assess whether and how to adapt the shareholders’ meeting to everybody's holidays, but there certainly won’t be a problem.”

As there were no further requests to speak, the Chairman declared the discussion to have concluded and invited participants to vote on the proposed resolution, which he read out.

He once again asked participants to declare any non-entitlement to vote pursuant to law or the Articles of Association and verified that Mr. Pratelli stated that, on his opinion, the majority shareholder was not entitled to vote for having violated the legal obligations regarding the mandatory Public Tender Offer.

Since no participant demanded to intervene, the Chairman invited those entitled to vote to proceed with the votes regarding the amendment to the Articles of Association concerning the date of closure of the financial year, which he read.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, to record that they had done so.

Before opening the vote, the Chairman asked the staff to provide him with updated data on the attendances and the voting quorum necessary to approve the proposal referred to in this item on the agenda, reminding that it should be at least equal to two thirds of the share capital today represented, and he invited those entitled to vote not to absent themselves from the meeting until the end of the voting procedures.

The Chairman informed that that there are no.177 people entitled to vote representing, either in person or via proxy, 167,944,061 ordinary shares equal to 83.97% of no. 200,000,000 (two hundred million) of ordinary shares comprising the share capital, so that the voting quorum necessary for the approval of the proposal is of 111,962,708 ordinary shares.

The Chairman invited those present to vote using the televoter, pressing one of the following buttons:

for

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results: 110,409,716 voted, representing 65.74% of the shareholders entitled to vote, for the proposal regarding the item referred to in the extraordinary part of the agenda concerning the amendments to the Articles of Association in relation to the date of closure of the financial year; 4,915,080 voted against, representing 2.93% of the shareholders entitled to vote; and 52,619,265 shareholders abstaining representing 31.33% of the shareholders entitled to vote, all of which would be recorded in the voting record to be attached, at the Chairman's request, to the meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the abovementioned proposal of resolution had not been approved by the meeting.

The Chairman moved on to the first item of the ordinary part on the agenda. The latter would be submitted for separate votes as comprising the following subsections:

1. Financial Statements as of 31 December 2016.

1.1 Financial Statements as of 31 December 2016; Report of the Board of Directors, the Board of Statutory Auditors and the Auditing Firm. Related and consequent resolutions.

1.2 Allocation of the annual net income. Related and consequent resolutions.

1.3 Distribution of a special dividend equal to EUR 56,000,000.00 (equal to EUR 0.28 per share)out of the available reserves.

The Chairman reported that the auditing company, Ernst & Young S.p.A., which had been instructed to express an opinion in accordance with Legislative Decree No. 58/98 on both Ansaldo STS S.P.A.'s financial statements as at 31 December 2016 and on that Company's consolidated financial statements, had done so without raising any irregularities; Ernst & Young S.p.A. had also stated that the management report and the information referred to in Art. 123-bis, paragraphs 1, c), d), f), l) and m) and paragraph 2, b), of the Consolidated Finance Act, as set out in the report on the Company's corporate governance and ownership structure, were consistent with the financial statements, as set out in the reports issued on 27 March 2017.

The Chairman therefore asked the meeting to vote on the following proposed resolution on point 1.1 on the agenda, which conformed in full with that contained in the Board of Directors' explanatory report to the meeting:

The ordinary shareholders' meeting of Ansaldo STS S.P.A.

- having regard to the Board of Directors' report;
- having regard to the report by the Statutory Auditors;
- having examined the financial statements as at 31 December 2016;
- having acknowledged the report by auditing company Ernst & Young S.p.A.,

resolved

- to approve the Board of Directors' report and the financial statements as at 31 December 2016;
- to give mandate to the Chairman of the Board of Directors

and to the Chief executive Officer so that they provide, also severally, or through special attorneys, for the execution of all fulfillments and formalities connected or resulting from this resolution”.

The Chairman also asked the meeting to vote on the following proposed resolution on point 1.2 on the agenda, which conformed in full with that contained in the Board of Directors explanatory report to the meeting:

The ordinary shareholders’ meeting of Ansaldo STS S.P.A., having regard to the Board of Directors' proposal, as summed up in the explanatory report regarding this item on the agenda of today’s meeting,

resolved

- to approve the Board of Director's proposal to use the entire net income for the last financial year amounting to EUR 145,857,237.53:

-- for an aggregate amount of EUR 36,000,000.00, which are to be allocated to the Shareholders by paying a dividend of EUR 0.18, gross of withholding tax, for each of the 200,000,000 outstanding shares with dividend rights, with ex-date no. 15 of 22 May 2017, and payment date since 24 May 2017. Under Article 83-terdecies of Legislative Decree No. 58 of 24 February 1998, the entitlement to dividend payments is authorized by reference to the intermediary's accounts under Article 83-quater, paragraph 3 of the same Legislative Decree No. 58/98, at the end of the accounting day on 23 May 2017 (the "record date");

-- for the residual amount of EUR 109,857,237.53 to be carried forward;

- to give mandate to the Board of Directors and on its behalf to the Chairman and the Chief Executive Officer so that they provide, also severally, or through special attorneys, for the execution of all fulfillments and formalities connected or resulting from this resolution."

The Chairman also asked the meeting to vote on the following proposed resolution on point 1.2 on the agenda, presented by the shareholder Litespeed Master Fund Ltd, as contained in the report provided by the shareholder itself:

"The ordinary shareholders' meeting of Ansaldo STS S.P.A., having regard to the proposal of the shareholder Litespeed Master Fund Ltd, as contained in the report provided by the latter pursuant to Art. 126-bis of Legislative Decree no. 58 of 24 February 1998, resolved:

1) to use the entire net income for the financial year amounting to EUR 145,857,237.53 as it follows:

- for an aggregate amount of EUR 144.000.000,00, which are to be allocated to the Shareholders by paying a dividend of EUR 0.72, gross of withholding tax, for each of the 200,000,000 outstanding shares with dividend rights;

- for the residual amount of EUR 1,857,237.53 to be carried forward;

2) to give mandate to the Board of Directors and on its behalf to the Chairman and the Chief Executive Officer so that they provide, also severally, or through special attorneys, for the execution of all fulfillments and formalities connected or resulting from this resolution."

The Chairman finally asked the meeting to vote on the following proposed resolution on point 1.3, introduced on the basis of the request of integration of the agenda by the shareholder Litespeed Master Fund Ltd, as contained in the report provided by the shareholder itself:

"The ordinary shareholders' meeting of Ansaldo STS S.P.A., having regard to the proposal of the shareholder Litespeed Master Fund Ltd, as contained in the report provided by the latter pursuant to Art. 126-bis of Legislative Decree no. 58 of 24 February 1998, resolved:

1) to distribute an aggregate amount of EUR 56,000,000.00, which are to be allocated to the shareholders by paying a special dividend of EUR 0.28, gross of withholding tax, for each of the 200,000,000 outstanding shares with dividend rights, to be taken from the retained earnings carried forward;

2) to give mandate to the Board of Directors and on its behalf to the Chairman and the Chief Executive Officer so that they provide, also severally, or through special attorneys, for the execution of all fulfillments and formalities connected or re-

sulting from this resolution."

The Chairman then invited the Chief Executive Officer Mr. ANDREW THOMAS BARR to speak. While some explanatory slides were displayed, Mr. Barr stated as follows:

"Good morning to all, thank you Mr. Chairman. The presentation that has been circulated to all participants contains all the details. I will restrict myself to a brief overview.

I consider the 2016 results to be good results, bearing in mind the fact that 2016 was a year of transition and a series of exceptional events occurred that constituted a challenge for the Company.

I will concentrate essentially on two aspects concerning the execution of projects during 2016.

In Italy in particular, Ansaldo STS handed over a series of projects for our client 'Ferrovie dello Stato'.

With respect on the other hand to the metro line and the CBTC systems, the Company won a contract for the Glasgow metro and for the Brussels metro.

Also, thanks to our CBTC technology, in which Ansaldo STS is a market leader, the Company won a tender in Taipei together with Hitachi (this was the first contract won in partnership with Hitachi).

Furthermore, in 2016, the Company delivered over 30 milestone projects, including the activation of 1,300 km of lines and 190 stations.

A line was inaugurated that features satellite technology, another area in which Ansaldo STS is a leader.

It is now in use in the Ersat project in Sardinia.

With respect then to the results, orders increased by 10% compared in 2016 compared to the previous year.

Revenues fell slightly, essentially due to the fact that a series of projects in the Asia Pacific area were completed and this was only partially offset by new orders.

The operating result and net profit were influenced by some exceptional events that occurred during 2016, but despite these exceptional events, the Company's financial position remained unchanged compared to the preceding year.

On page five of the document circulated to the participants, you will find the details of the main indicators for 2016.

With respect to the distribution of dividends, the Board of Directors approved a dividend per share of 18 cent.

Moving on to the guidance for the years 2016 and 2017, with respect to 2016, I'm pleased to be able to say that all our objectives were achieved.

The guidance for 2017 forecasts growth for Ansaldo STS and the first quarter of 2017 confirms that the Company has achieved its first quarter objectives.

The slides in the file that was distributed to you give further details on new orders, current projects and events scheduled during the year."

The Chairman thanked the Chief Executive Officer for his intervention and opened the debate regarding all the three subsections of the first item on the agenda, stating that he would answer any questions at the end of the speeches or ask other directors to answer.

So that the discussion could proceed as smoothly as possible, he invited those who wished to take the floor to hand, to the secretary, the form that they were provided with upon registration in relation to this point on the agenda.

So that today's meeting could run to time, he also asked that speeches be kept within the allotted timescale so that all those who wished to speak would be able to do so.

The Chairman invited Ms. Valentina Piccinini, in representation of the shareholder Litespeed Master Fund Ltd, to take the podium on the left for his contribution.

Ms. VALETINA PICCININI took the floor in representation of the shareholder Litespeed Master Fund Ltd, stating as follows:

"Thank you Mr. Chairman, I am speaking in representation of Litespeed Master Fund Ltd, which holds 3.766% of the registered capital of Ansaldo STS.

As you know, Litespeed submitted a proposal at this shareholders’ meeting to distribute a total dividend of €1 per share, consisting of an ordinary dividend of €0.72 and an extraordinary dividend of €0.28 per share. For the benefit of the shareholders present, I'd like to provide further colour and information on our proposal. As indicated in the explanatory report filed in accordance with Article 126-bis, paragraph 4 of Legislative Decree No. 58 of 24 February 1998, there are three main reasons for the distribution of this dividend.

The first: the solidity of the Company's net financial position.

The second: the stable and satisfactory profitability of Ansaldo STS.

The third: the credit rating of Hitachi, the controlling shareholder in Ansaldo STS.

Allow me to set out each of these arguments in detail.

With respect to the first point: Ansaldo STS showed a positive net consolidated financial position of €308 million at 31 December 2016. The net financial position was €327 million at the end of the first quarter of 2017, in line with the position in the first half of 2016. If we compare this figure to that of companies comparable to Ansaldo STS, we can see that Ansaldo STS is the only Company that has a positive net cash balance, which amounts to around 2.7 times its EBIT. All the other comparables have a net debtor position of between one and three times the respective EBIT. Not even conglomerates such as Siemens, Bombardier and Thales have net cash balances comparable to those of Ansaldo STS. Siemens and Bombardier have a significant net debt, while Thales has a net cash balance of 1.8 times its EBIT, i.e. less than the Ansaldo STS figure of 2.7.

With respect to the second point, I do not intend to comment in detail on the Company's operating and financial results, as this has already been done by management. I will simply recall the comments of the Chief Executive Officer Andrew Barr on the results for 2016. It was a very positive year, albeit with many exceptional occurrences and events. We were able to win significant new orders, and to develop key contracts. These results constitute a very good basis for further growth in 2017 and show that in Ansaldo STS we have the skills and professionalism to continue the Company's solid growth. Mr. Barr's comments at the end of the first quarter of 2017 were in the same vein: I am extremely pleased that the Company's performance is in line with expectations.

However, I would like to comment on the third of the points that I raised, probably the most important. Litespeed has been a shareholder in Ansaldo STS since 2014, when Finmeccanica, now Leonardo, was the majority shareholder. Then, the justification given for keeping a substantial cash balance in hand was the relative weakness of Finmeccanica's credit rating. We strongly believe that this restriction ceased with Hitachi's acquisition of control over the Company. No one can doubt the fact that Hitachi has a better credit rating than Finmeccanica - one only needs to recall that Hitachi is rated [a-a3] respectively by Standard & Poor's e Moody's, compared to the rating of [sub investment grade bb+ ba1] that Finmeccanica/Leonardo had in 2014 and 2015, and still has. Hitachi is a global player with a turnover of about 7 times that of Leonardo. Its turnover is around €80 billion, compared to Leonardo's €12 billion. Moreover, the fact that Ansaldo STS would benefit from being part of a larger, better established and financially more solid group is the story that Hitachi has been constantly telling since its acquisition of control from Finmeccanica. I quote from page 27 of the presentation entitled Hitachi Rail System Business Strategy Presentation, dated 11 June 2015: "Hitachi's reliable product solution and its technology can more fully leverage AnsaldoBreda's product platforms, and Ansaldo STS' unique signaling turnkey expertise. Hitachi's brand and corporate presence can support further growth for the new business". The importance of Hitachi as the parent company of Ansaldo STS was constantly repeated on the various public occasions in which Hitachi and Ansaldo STS were invited to intervene in response to requests from minority shareholders. For example, I would like to cite some passages from the judgment of the Court of Genoa of 9 November 2016, which rejected Elliott's petition for the suspension of the resolution appointing the current Board of Directors. Page 24 of the judgment reports Hitachi's assertion that it, as one of the world's leading industrial groups, has already significantly contributed to the support and development of Ansaldo

STS’ business, for example by issuing a corporate guarantee valued nearly €2 billion to replace guarantees previously issued by Finmeccanica to third parties that concluded significant contracts with Ansaldo STS.

Page 22 of the judgment contains the affirmation of Ansaldo STS that any suspension of the resolution could compromise its participation in tenders which have already been launched, in which the Company intends to participate thanks to the integration and to the industrial synergies with Hitachi and other Group companies, and could significantly alter its commitments to various clients that demand requirements and guarantees from the Company and its shareholders that can only be met by being part of a solid industrial group. We believe that our proposal is in the best interest of all shareholders of Ansaldo STS, because any excess cash that is not used by the Company should be returned to shareholders, who would certainly put it to better use. We point out that in 2016, financial income amounted to just €1 million, i.e. a slim 0.3% return on a net liquidity of €341 million. In terms of the statutory accounts of Ansaldo STS S.p.A., with a net average cash of €219 million, financial income stood at €58,000, an average yield of 0.03%. At the same time we noted that the Board of Directors, the majority of which was appointed by Hitachi, who has an absolute majority of votes at the shareholders' meeting, did not make any voting recommendation in relation to our proposal.

This causes us some concern, because we believe that on matters of this importance, the Board should - according to best practice - have made a recommendation in the best interests of all shareholders. In our view, the absence of a recommendation from the Company further raises concerns about the actual level of independence of the majority of directors - 6 out of 9 - since the Board essentially abdicated its duty of diligence, washing their hands and leaving the controlling shareholder to decide on the matter. We also examined the report produced by the Board of Statutory Auditors prior to today's shareholders’ meeting and its intervention at the ordinary shareholders’ meeting of 19 January 2017, at which concerns were raised as to the independence of at least one director designated by Hitachi. Now we have discovered to our consternation that in 2016 the Board of Statutory Auditors censured the conduct of the Chairman of the Board of Directors for not quickly bringing the question of whether or not the Director Mr. de Benedictis met the independence requirements to the attention of the Board of Directors, despite a request from the Board of Statutory Auditors to do so. It criticized the conduct of both Mr. de Benedictis and the Chief Executive Officer, Mr. Barr, for failing to provide clarification on the appointment of a law firm as a legal advisor to the said Director. It also criticized the Company's lack of promptness in providing the Board of Directors with clarifications and the required information regarding the mandate given to a law firm, and the fact that the petition by the shareholder Elliott to the Court of Genoa for the appointment of a special liquidator had not been raised for discussion at a meeting of the Board of Directors, ascertained that statements made by Mr. Romano, an employee of the Company, during a meeting of the Board of Directors were untruthful, and that that both the Chairman of the Board of Directors and the Chief Executive Officer were aware that incorrect information had been provided by Mr. Romano. It was with astonishment that we learned that these questions were exactly the questions that had been raised by Mr. Bivona. Even more significant is the fact that the conduct of the Chairman and the Chief Executive Officer is further confirmation of a conscious effort to silence minority shareholders through a self-regarding, Hitachi-centric governance system and deprive shareholders of the value of their contribution, such as the [complaint] expressly raised with Mr. Nakanishi in a letter dated 20 March, which we ask be included in the minutes of this meeting for the benefit of all shareholders, and considered as an integral part of our intervention".

The Chairman thanked Ms. Valentina Piccinini for her contribution and invited Mr. Giorgio Furlani, representing the shareholder Elliott International LP, to take the podium.

Mr. GIORGIO FURLANI took the floor in representation of the shareholder Elliott International LP and stated as follows:

“Good morning, I am Giorgio Furlani, the portfolio manager of Elliott Management who manages our investment in Ansaldo STS. I am speaking in the name of the shareholder Elliott International LP. You have already heard me speak in the past; I’ll try not to repeat myself on some issues relating to recent history and problems of corporate governance. I’d like to look forward a bit, so I’ll restrict myself to a few comments and related questions. So, point number one: the results. When presenting the results for 2016, Mr. Barr, the CEO of Ansaldo STS, ex Hitachi Rail, said: "this has been an outstanding year for Ansaldo STS", I think today Mr. Barr said "good", so this time he was a little more restrained. Comparing the 2016 results with those of the preceding financial year, it should be noted that revenues fell by 4%, operating profit by 7%, and the margin fell by 20 basis points; with a notable increase in working capital. The trend in the first three months of 2017 showed a sharp decrease in new orders, a steady increase in working capital, and a steady reduction in leverage. To us, these results do not appear to be outstanding. We expect more from - as you call it - a Hitachi Group company. But data is even more worrying when the horizon of the analysis is extended to what the Company's competitors have done. In the year just ended, Alstom increased revenues by 6% and its adjusted operating profit by 15%, with an adjusted operating margin that rose by 50 basis points. It won orders worth €10 billion, bringing the order book to €35 billion, and continued to diversify its business more and more towards system and service signaling. Alstom's management also confirmed its growth target for the period to 2020, with revenues increasing by 5% per year and the operating margin expanding further by 120 basis points. Bombardier Transportation has made giant strides in the process of restructuring its transport business, managing to increase its operating profit from €465 million in 2015 to 560 million dollars in 2016. This is an increase of 20%, with operating margins that grew by 180 basis points. It generated 8.5 billion in orders and now has a portfolio of more than 30 billion. For 2017, management has issued a revenue guidance, calling for a rise by 10% to 8.5 billion, with an operating margin that is still rising. Siemens Mobility won a big order in Iran, laying the groundwork for future orders in a country that has announced an investment plan of 25 billion in rail infrastructure. In the last fiscal year, it generated revenues of 7.8 billion, up 4% on the previous year. Operating profit stood at almost 700 million, up 15%, and a free cash flow was almost 500 million. The same management that did so well in 2014-2016, under the leadership of Mr. Stefano Siragusa, is now struggling. What is the reason for this? We will know the answer.

Second point: the value contributed by an industrial partner. On the occasion of the closing of the sale of 40% of Ansaldo

STS on 2 November 2015, a Hitachi Finmeccanica press release announced: "Finmeccanica has selected Hitachi as the best industrial partner to ensure a successful long term repositioning of its transportation business". In the same press release, Mr. Alistair Dormer announced: "the combination of Ansaldo and Hitachi's complementary portfolios will deliver a unique opportunity to pursue untapped growth potential in new markets". What happened to this unique growth opportunity? We, the minority shareholders in Ansaldo STS, have not seen any of it. Who is it that's benefiting from all these opportunities? Was it really the best industrial partner, or simply the craftiest in structuring the transaction? Still on this point, the Hitachi Rail presentation of June 2016 offers some clues. It speaks of a Hitachi Rail which includes Ansaldo STS and is able to compete for a "large and complex turnkey project". Where are these projects? I didn't see any in 2016. It speaks of "growth in signaling and turnkey projects, creating value for both organizations". Where is this value? Where is this creation of value ending up? We haven't seen it. In the documents to which we have had access, in the CONSOB proceedings on the fairness of the price of the public tender offer, we see the synergies arising from the acquisition of the Finmeccanica transport division were predicted to be between €70 and €130 million per year. Where are these synergies? There was talk about access to new markets, access to Japanese ODA funds to be more competitive and more efficient financing. Where are all these advantages for the minority shareholders of Ansaldo STS? As the Chief Executive Officer said just now, many contracts have been concluded with Ferrovie dello Stato. I hope that nobody tries to tell me that Ferrovie dello Stato was a Hitachi client that Ansaldo STS did not have.

Third point: the consolidation of the railway sector. Information from well-informed sectors and stakeholders indicates that consolidation in the rail industry could accelerate very significantly in the coming months and change forever in a fundamental way. There is talk of a merger between Siemens and Bombardier, of CRRC acquiring Skoda, and perhaps a merger between French sector operators Alstom and Thales. This series of transactions would result in an undisputed world leader, with a presence in the European Union, a strong number-two with 15 billion sales or more, and an integrated French national champion with sales of around 10 billion. The Hitachi Group, including Ansaldo STS, would be a distant number-four, with around 4 billion in sales. What is the management of Ansaldo STS doing in the interest of all shareholders, in order to be a leader and not a victim of the consolidation process? I would like an answer. Please. Final point: the relationship with the market. Since Hitachi established itself as an industrial partner in Ansaldo STS, market relations have worsened considerably. Presentations on results last less than

15 minutes, the Company does not meet the financial community, an independent market-oriented director is hounded by the controlling shareholder for excessive diligence, and we have not yet seen a medium to long-term financial plan. On the occasion of the 2016 results, Mr. Andrew Barr said: "we are still working on a long-term plan". More than 2 years after the announcement of Hitachi's investment in Ansaldo STS, I'm wondering: "are you really still working on a long-term plan". It’s strange that this plan does not exist, since Hitachi Rail, clearly including Ansaldo STS, has a plan for 2018. It appears to be a bit of a fib. As an institutional investor, I feel I’m in a position to make a recommendation to Ansaldo STS management and to its industrial partner: instead of seeing it as an enemy, being scared of it, welcome it, embrace it, at a time of railway market consolidation, when the stock price starts to come close to its real value, make a commitment to win market support and use it in your favour to meet the challenges of the future, thank you.‟

The Chairman thanked Mr. Giorgio Furlani for his contribution and invited Mr. Marco Taricco, representing the shareholder Bluebell Partners, to take the podium.

Mr. MARCO TARICCO took the floor and, in representation of the shareholder Bluebell Partners, stated as follows:

“Thank you Mr. Chairman, I am Marco Taricco of Bluebell Partners. I would like to make two brief comments on the matter of the dividend, if I may, and then I have a series of questions that I would like to put to the Company and to the Board of Statutory Auditors. On the matter of the dividend, I have to say when I read the Litespeed proposal I was initially puzzled, and I said to myself: well, after all, this is a Company that works to orders... I said: I wouldn’t want the funds to be exploited by the usual opportunists who want to squeeze the Company dry. But then, I must say that I informed myself, I did a bit of analysis of the things that the Litespeed representative said and I found two of them were particularly relevant: one, the fact that Ansaldo STS is indeed a rare beast, it seems to be the only Company in the industry that has such a large amount of net cash. The second thing is actually the presence of Hitachi. I mean it's like this: either we think that Hitachi is not worth its weight, with its global presence, and then maybe if it is, it might be right to keep this level of cash or similar within amount the Company, or if - as Hitachi has always said to us - this is not the case, then I really wonder how this amount of net cash can be justified on the Company's balance sheet. So on this I have a very specific question, very clear: what is the net cash amount that management believes is, you know, normal… i.e. necessary to complete the orders and to compete on today's global market. It stands at 338… 327 at the end of the quarter, or a bit less? This is for me the key question to which I would like answered.

I’d like to move on to the second part, if I may Mr. Chairman, which is a list of questions that are the result of the meticulous work I have done, looking at all the documentation, the mass of documentation, which was made available to me after the last shareholders’ meeting.

So I have 9 questions, to be precise. I tried to write them, but when I wrote them I said to myself: I’ll ask them as clearly as possible, trying to... to make sure that the answer in some cases can be either a yes or a no, or else a number, or a really concise answer. So I’ll hand them to you when I’m finished, so you can analyse them more easily, but… Maybe I’ll read them so you’ll have an outline of them. The first concerns the famous project in Iran. So, the famous memorandum of understanding that was signed. My question - to the Company - is: which and how many contracts were there that are comparable to the Iran Memorandum of Understanding, by its nature, by its size and scope - we are talking about 1.3 billion, if I remember correctly, three hundred and fifty million for Ansaldo - and at what risk? I mean… a country like Iran evidently has a different risk compared to other countries, have been signed by the Company in 2016 - in the year we are talking about - with unrelated parties. So I'd like to know if there were others. First Taipei was mentioned, but Taipei appears to me to be a contract worth around 200 million, so it’s definitely smaller. So I’d like a precise answer to this question, and I would also like to know in relation to this, who has signed this Memorandum of Understanding? Because, if I am not mistaken, according to the press release that was issued by the Company, the operating mandates for the management of the Company were only conferred on Mr. Barr on 24 May 2016; the Memorandum of Understanding has an earlier date. So that's question number 1. Question number 2, again regarding the Memorandum of Understanding, is addressed to the Board of Statutory Auditors, and the question, Mr. Sarubbi is whether or not you and the Board believed that the Memorandum of Understanding was exempt from the requirement to obtain authorisation from the Committee for Related Parties Transactions, pursuant to Article 10.2 c of the Regulations. Whether you had established that the mandates were properly granted to those who signed the Memorandum of Understanding, and then for what reason, if you had detected any irregularities, no mention was made of this in the report of the Board of Statutory Auditors to the shareholders' meeting? Those are the two questions on the memorandum for the Iran project. Then there is the famous question of the independence of Mr. de Benedictis. I apologise that we are unfortunately returning to a subject we have already discussed in the past, but frankly, reading the report of the Board of Statutory Auditors, I understand that the Board asked the Chairman Mr. Dormer to raise the question of the verification of independence requirements on 21 November, so I’d like to know from the Board of Statutory Auditors: one, why did you wait until 21 November 2016 to make this request, because I see that the question had been raised by the independent directors way back on 16 May 2016, i.e. quite a while earlier, and then there was Mr. Marchetti's report, which was also dated well beforehand. And secondly, given that the Board of Statutory Auditors, in its report at the last shareholders’ meeting, stated that it still considered the clarifications on the verification of independence requirements to be unsatisfactory, I'd like to know what measures the Board of Statutory Auditors has taken - if it has taken any - since then. Question number 4: question 4 concerns the matter of the cost incurred with the Paul Hastings law firm arising from the consultancy provided on the question of the independence of Mr. de Benedictis. Here I ask why the Company, on the one hand, did not want to provide the Paul Hastings proforma invoices, and on the other hand the Board of Statutory Auditors whether - perhaps at a later stage - it obtained the invoice for the Board's own benefit. Fifth. Mr. Carassai's redundancy package. This is also a question for the Board of Statutory Auditors. I find that, in addition to a consideration for the non-competition clause, there was also a consideration as a voluntary redundancy incentive; this was... I read it in the documentation that was filed. So the question - or rather the series of questions - but to summarise them: one, I’d like to know what was the relationship between the non-competition component… and, two; the component concerning the voluntary redundancy incentive, because it was reported that Mr. Carassai left the Company voluntarily. So I'd like to know, among other things, if the Board of Statutory Auditors ascertained whether the component paid as a voluntary redundancy incentive constituted a social security and tax irregularity, because we certainly all know that the two components are subject to different social security and tax treatments.

Question number 6 - I hope I have enough time - concerning the designation of Mr. Barr, in summary, we read that it was a designation made at a half-hour meeting of the nomination committee, thereby bypassing… Without having engaged any headhunter, without interviewing other people, etc... So I'd like to hear from the Board of Statutory Auditors: number one, whether it considers, with respect to the said designation, that the nominations committee acted in a professional and transparent manner, with independence of judgement, and two: why did the Board of Statutory Auditors not censure the Director Ms. Painter for leading the Board to believe that there had been a long discussion, when in fact there was a half-hour discussion, and third, if this was the case, why was the procedure, I mean the appointment, not censured in the report to this shareholders' meeting?

Seven, the matter of the statements by Mr. Romano. Here I must say that on this issue the Board of Statutory Auditors was clear in the report to the meeting and I appreciated what I read. Also in this case I would like to know, Mr. Sarubbi, the date on which the Board of Statutory Auditors ascertained this gross irregularity; whether the Board ascertained this on its own initiative or, let's say, on the indication of third parties, and whether the Board or its Chairman, in the person of Mr. Sarubbi, was aware that Mr. Romano's statements were not accurate. Again on the matter of the mendacious statements of Mr. Romano, I’d like to know - and this question is also addressed to the Board of Statutory Auditors - why it took six months to ascertain the censured conduct - whether in this case as well the Board of Statutory Auditors acted on its own initiative, or on the initiative of one or more directors. My final question, in relation to the report produced by the Board of Statutory Auditors at the beginning of the shareholders’ meeting of 19 January last, I’d like to know whether the Chairman of the Board believes that an increase in the fees of the Board of Statutory Auditors or its Chairman, which has been approved by the Board of Directors, should or should not be authorised by the shareholders’ meeting. In the event that - as you explained to us very clearly at the last meeting - the Chairman of the Board declares in advance that he will allocate the additional fee to charity, to the institutions that he indicates, with a donation that is expressly in his name, well … All this is very clear, I only want to know whether or not in your view, if you had to give your opinion, this authorisation should have been approved by the shareholders' meeting. I'm finished, I'll be here to listen to the responses. Right now, I'd like to ask the new Board of Statutory Auditors that will be appointed by this shareholders' meeting to examine the compliance with the provisions of law and the Articles of Association of the directors appointed by Hitachi Rail and the auditors in relation to these matters during the 2016 financial year. My contribution here should also be considered a complaint pursuant to Article 2408. Thank you."

The Chairman thanked Mr. Marco Taricco for his contribution and invited Mr. Raimondo Premonte to take the podium.

The floor was taken by Mr. RAIMONDO PREMONTE, who stated as follows:

"Thank you Mr. Chairman. I would like to make some comments, taking account of the preceding contributions, and to ask the Board of Directors a few questions. As the representative of Litespeed mentioned, Hitachi is a large global technology group, with revenues of over €80 billion and more than 335,000 employees worldwide. Rail is a very important sector for Hitachi - I would say it's a key sector, because it expects to make around 4 billion in global profits in 2016, and its publicly declared ambition is to grow the sector to over one trillion yen. This essentially means doubling its size. With this growth outlook, Hitachi - as announced and as mentioned in previous contributions - is very anxious for the Italian Ansaldo STS to play more and more of a leading role in the international context. After establishing a European presence through organic growth in the United Kingdom, with investments in Ansaldo STS in Italy and with the purchase of the Ansaldo-Breda company, Hitachi has given a clear indication of the Group's long-term commitment to the railway industry, together with a commitment to create value through a strong industrial presence that is rooted in Italy. Thus as an Ansaldo STS shareholder, Hitachi pursues the logic of ensuring that Ansaldo STS has the resources necessary to consolidate and develop its presence on the market and its technological potential. Ansaldo STS is a leader in a market segment characterised by sophisticated technologies and devices that demand and require constant development and continuous adaptation in order to satisfy client and market requirements. Over recent years, the market has undergone significant structural changes. We can point to the acquisition by Siemens of Invensys Rail, Alstom's acquisition of DG signaling, CRSC's rapid growth in China, and we must also note of all the potential future developments that will essentially lead to a consolidation in the sector. It is clear therefore that Ansaldo STS operates in a context in which all its competitors are consolidating their technological capabilities and have greater access to capital. Reading the report - it turns out that according to the financial statements that close on 31 December 2016, Ansaldo STS invested around €37 million in research and development in each of the last two financial years, accounting for approximately 2.8% of its revenues. 2.8%. Just to give you some comparative figures some comparative numbers, in the same financial year Siemens invested around 6% in research and development. In China, CRSC invested around 4%. So Siemens has invested almost double what Ansaldo STS has invested. I would also like to mention some important, very interesting passages in the report: it states: "the businesses in which Ansaldo STS operates are characterised by a significant degree of technological innovation which is an important competitive factor. Therefore, what is crucial - crucial - is Ansaldo STS's ability to anticipate technological change and to implement an efficient investment policy". And again, to cite just some examples: "The success of business development plans - particularly in new markets - is also dependent on the Company's ability to attract, retain, and develop human resource skills, particularly in order to operate in complex projects in a global market environment. For these reasons, it is essential that Ansaldo STS has available to it, and access to, the financial resources that are sufficient and necessary to support appropriate investment in research and development programs, its entry into new markets, potential acquisitions, or other opportunities to strengthen its presence and competitiveness. Understanding this requirement is crucial to protecting the long-term sustainability of Ansaldo STS in the interests of all shareholders and stakeholders. Given that Hitachi pursues the ongoing success and growth of Ansaldo STS, it is opposed to any attempt to compromise the Company's ability to invest in its future growth and technological potential. To distribute the Company's substantial resources, as proposed by the shareholder Litespeed with an almost liquidation-oriented zeal, would undermine the capacity of Ansaldo STS to seriously and resolutely meet the significant technological challenges it will and must face in a highly competitive market. Accordingly, Hitachi is opposed to attempts by any shareholder to prevent Ansaldo STS from investing in its future and hold back its ambition to become a global player of excellence.

I also have some questions I would like to ask. First of all, I would like to know whether the Board of Directors has considered any of the opportunities that could arise for the Company in terms of the growth and development of its business and the consolidation of its position. I would like to hear a response - I think the question has already been asked by the shareholder Bluebell - but I would like the Board to comment on the reasons given by the shareholder Litespeed to justify its request for extraordinary distribution. Also I would like to hear its views on creditworthiness – essentially Hitachi's.

And then - if possible - I would like to hear an account or report on the state of the litigation that is under way between the Company and some of its shareholders and members of the Board of Directors. It appears to us that the Board is more committed to defending itself than to managing the Company and essentially acting for the good of all shareholders. Thank you".

The Chairman thanked Mr. Raimondo Premonte for his contribution and invited Mr. Carlo Maria Braghero to take the podium.

The podium was taken by Mr. CARLO MARIA BRAGHERO, who stated as follows:

"It's almost time to say good afternoon, as it's after one o'clock. Good afternoon. Chairman, in your initial contribution, you told us - as you were right to do - how much Ernst & Young cost for 3 months and how much KPMG cost for a year. You gave partial totals, but… But by doing rough calculations, its seemed to me that KPMG for 1 year cost as much as Ernst & Young cost for 3 months. This seems very strange, so I'd like a comment on this… An insight into this matter, because we had already disputed this… We… for the love of God, the 'Royal We' is used by others - I disputed this… This sudden decision to replace, which certainly was not freely decided by the resigning entity, and it seems to me that the results give reason to the doubts that were expressed at the time. With regard to the report of the Board of Statutory Auditors, there is a question of merits and a question of method. I’ll start with the method, which is easier. Why is there no report from the Board of Statutory Auditors in the dossier containing the financial statements, while there is a report from the external auditor? Why is the report of the Board of Statutory Auditors confined to an appended document? What was the reasoning behind this decision? Because, you see, this is a report, it’s not the first, alas I have to say it is the last because the Board is coming to the end of its mandate; We’ll see how the new one will do, I hope they are just as good, I really do! It's a textbook report, in the way it's compiled, it's a report that clarifies its legitimate control and custody activities in an exceptional way, as boards of statutory auditors rarely do. The representative of Litespeed has already recalled for us all the criticism that the Board of Statutory Auditors has made, so there's no need for me to repeat it. What impressed me most, however, is the highlighting of activities performed by some members of the administrative body and that were concealed by the administrative body itself. It is a matter of immeasurable gravity. I'd like a comment on this by whoever was responsible for it… for concealing this information, Mr. Chairman of the Company.

With regard to the dividend: with respect to the dividend, I find the contribution of the representative of Hitachi very curious. He says: “money is needed, money is need for development”, but apparently the money remains in the Company coffers, no? Because the Company coffers are always overflowing, or inflated, I don’t know if I’m using the wrong word, you can correct me. The fact that shareholders, including Hitachi, which is also shareholder, also partly benefit from these overflowing or inflated coffers, seems to me to be quite an agreeable idea. For this reason I subscribe… I subscribe to this… I subscribe to this proposal. With respect in this case to some balance sheet numbers - apart from the net financial position that I have just mentioned - the slide shown by the CEO, talks of technology on the Taipei subway, in consortium with Hitachi. If I recall correctly, this consortium with Hitachi is one of the reasons that led to the rebellion of the director Mr. Bivona, who had made a number of comments on the matter, but his comments were probably so pithy that you managed to procure his departure to prevent him from protesting any more. But besides this, which alas is water under the bridge, I would like to ask a simple and obvious question: will we make money from this contract in consortium with Hitachi? Are we sure to make a profit? And if the answer - as I hope - is affirmative, we will earn more because we are in consortium with Hitachi, or would we have been able to earn more by operating in a different manner? I’ll stop here Mr. Chairman, and I reserve the right of reply. Thank you”.

The Chairman thanked Mr. Carlo Maria Braghero for his contribution and called Mr. Arturo Albano, representing the shareholder Amber Capital, to take the podium.

Mr. ARTURO ALBANO took the floor in representation of the shareholder Amber Capital, and stated as follows:

"Actually, while we're on the subject of the financial statements, I have to say that I have a completely different impression to Mr. Barr, because in all honesty I don't see these results as extraordinary or good. The financial statements that we're called on to approve today are in our opinion very disappointing, from a different standpoint. This is the case in both absolute terms and in relative terms, from the standpoint of financial results, communication with the market, and corporate governance in general. I'll start with an analysis of the financial results, which already been done by some shareholders that preceded me and who probably did it better than I will, but anyway: beyond the very modest growth in the order book, the improvements and synergies that Hitachi had anticipated at the time of its acquisition of Ansaldo STS seem to be completely absent. The consolidated financial statements paint a very disconcerting picture: revenues down 4%; EBIT down 6.6%; the net result down 16.3%; the free operating cash flow down by more than 50%; the economic value added down by 12%. And the performance indicators: the return on sales, and in particular the return on equity, which fell by almost 4 percentage points. This year's first quarter results also seem to confirm this negative trend: orders show a decline of 14%, and profitability is down sharply compared to the end of 2016; the return on sales is 8.7% compared with 9.6% at the end of 2016, and free operating cash flow is negative by 11 million, compared with 8 million and a half in the first quarter of 2016. Economic value added fell by 4.7%. When we look at companies… we assess companies such as Ansaldo STS, which is so active in engineering and software, by primarily looking at two parameters: the ability to generate orders - order intake - and the ability to generate cash. Looking at order intake, we see that in previous years and on a standalone basis Ansaldo STS grew with a 'book to bill' ratio of between 1.2 and 1.3… leading to an order backlog of €6.4 billion, i.e. 4.6 times its turnover. When Hitachi took control of Ansaldo STS, the operation was presented as an exceptional driver of future growth for the Ansaldo STS Group, because it would be able to benefit from the synergies and expertise of a leading global Group that is solid from a financial standpoint and has a worldwide presence. In reality, although the market is continuing to grow, these benefits have not been seen either in terms of results or at the commercial level. The impression is that while its competitors strengthen - as we have heard, the industry is currently undergoing a phase of consolidation - Ansaldo STS may end up being the weakest link in the market and lose any chance of playing a an important role in the industry, because Hitachi does not seem to be able to develop an adequate competitive model for Ansaldo STS. As I said, the other aspect by which we assess companies like Ansaldo STS is its ability to generate cash. Looking at the results for the first quarter of 2017, we note that the cash generation was negative, despite the fact that research and development costs fell. I have a comment on this: I find it somewhat paradoxical that the shareholder that exercises powers of management and coordination comes here and almost complains about the reduction in research and development costs, given that the Board of Directors, the Chief Executive Officer, and the management were appointed, directed and guided by the controlling shareholder. If we look at all the economic indicators, the Company is well below what analysts thought Ansaldo STS would have achieved before it was acquired by Hitachi. While it’s true that the signaling market is under pressure due to competition from various operators, it is equally true that Ansaldo STS has accumulated an order backlog in the last few years that should have been the basis for a significant acceleration in turnover and profitability. Since Hitachi has been managing the Company, this topline acceleration has not taken place, and the only conclusion that can be reached is that the current top management is doing much worse than the previous one. Against this disheartening backdrop, the affirmations of the Chief Executive Officer Mr. Andrew Barr at the conference call with analysts to present the quarterly results, to the effect that he was very pleased with the results achieved by Ansaldo STS - as he continues to affirm to this day - are even more incomprehensible. The results are, in fact, far worse than what analysts expected, below our own expectations, and are far worse than those of previous years. Another aspect of Hitachi's management that we criticise, which we think has deteriorated considerably, and which was also mentioned in a previous contribution, is the lack of communication between top management and investors, beginning with the CEO. In the past, Ansaldo STS was considered among the leading Italian listed companies in terms of corporate governance and communication with the market; the situation has radically changed for the worse since Hitachi took over its management. Despite our appreciation for the work done and the fact that the investor relations team is always very helpful, it has been more than a year since Hitachi took control of Ansaldo STS and appointed the Company's management. Although we have repeatedly demanded that a direct communication channel be established between management and the investor market, in fact the only time we meet with management is at the shareholders' meeting… the shareholders' meetings and the quarterly conference calls. So I ask: when will the Company resume its road shows and conferences to meet with investors? How many meetings with investors did the Chief Executive Officer Mr. Andrew Barr have in 2016?

When will the new business plan be produced by the Board and presented to the market by management? Again on the matter of communication and transparency, in the report on the financial statements, it states that on 21 December 2015, the Board of Directors of Ansaldo STS ascertained that Hitachi exercises powers of management and coordination over the Company. One would like to know, therefore, what decisions were taken in 2016 by the shareholder that exercises powers of management and coordination. I'm sure that the list is long, but also to facilitate the work of analysis, let me just cite as examples: the decision to end the mandate of the Board of Directors in order to replace directors who were too independent; the decision to set up the bid committee, and finally the decision to censure the conduct of the director Mr. Bivona so that a liability action could be placed on agenda which Hitachi could then vote for. With respect to the decisions taken by the Company, and which were influenced by the shareholder that exercises powers of management and coordination, why was a report pursuant to Article 2497-ter of the Italian Civil Code not produced? I.e. a precise indication of the reasoning and interests that influenced the decisions? I would also like to know why there is no paragraph on management and coordination activities in the consolidated financial statements that explains how this activity was performed in the specific case of Ansaldo STS. Also, in view of the partial but significant overlap of activities between the two groups, information on safeguards as established by Italian law to regulate possible situations of conflict of interest. More specifically, I would like to know how the annual budget and business plan are prepared. Although this is not disclosed to the market, I imagine that at least within the Company one exists. Are these documents shared in advance with the shareholder that exercises powers of management and coordination? Still on the matter of management and coordination: in the report of the Board of Statutory Auditors on the complaint pursuant to Article 2408 filed by Elliott on 9 April 2016, it states that "the previous Board of Directors dedicated an intense dialectical effort to defining the terms of coexistence between Ansaldo STS and Hitachi and to ensure that STS could maintain its own autonomy by identifying areas of attention such as commercial relations between Ansaldo STS and the Hitachi Group, technology transfers, strategic suppliers, and the use of Ansaldo STS personnel by Hitachi." The Board of Statutory Auditors also wrote that "this important activity, designed to avoid improper conduct, was not completed due to the Board of Directors reaching the end of their mandate". Given the scarcity of information in the financial statements, I would like ask the Chairman of the Board of Statutory Auditors whether this activity was resumed by the Board of Directors that took office in May, what kind of progress has been made, and whether any formal procedure has been introduced, and whether the Chairman himself has any assessments to make in this respect. With respect to changes, or rather deterioration, it emerges from a reading of the management report that in 2016, and again in 2017, several strategic executives, apart from the former Chief Executive Officer Mr. Siragusa, decided to leave the Company after Hitachi's arrival. What was the reason for this leakage of personnel? Was it that their roles were downsized? Was it a lack of confidence in the new Company head, or did they all leave for personal reasons? What kind of influence did the shareholder that exercises powers of management and coordination have on the departure of these people? In the "Il Sole 24 ore" newspaper dated 1 December 2016, it was reported that the CEO of Ansaldo STS USA – Mr. Marco Fumagalli - criticised the deterioration of accounts and margins on orders under the leadership of the new Hitachi management, and it was written that Mr. Fumagalli was dismissed with the contractual minimum, less than a year's salary. So I'd like to know what were the specific criticisms and misgivings expressed by Mr. Fumagalli. What kind of assessments were made regarding the facts reported, and who made the decision to dismiss Mr. Fumagalli? Another criticism on which we ask for clarification, and on which other shareholders have already spoken, is that of the capital structure of the Company, which shows a negative net financial position, therefore a credit position, i.e. a cash balance

€338 million. On this point my only questions are these: does the Board of Directors consider this to be tax-efficient? In other words, what negative effect does it have on the Company's tax position? How was this liquidity invested, and what return did it bring in 2016? Up to now, we have been discussing the accounts for the first year of Hitachi management, which as I have said was, in our view, strongly negative in terms of economic results and in terms of market communication and transparency, but I think what is even more worrying, if possible, is the deterioration in the Company's corporate governance. Without wishing to go over in detail all the events that have occurred since Hitachi took control of the Company by means of a collusive agreement with Finmeccanica which sought to penalise other shareholders in Ansaldo STS in violation of Italian law on public tender offer, I will mention just a few: the controversy regarding the appointment of the Chief Executive Officer Mr. Barr, although the previous nominations committee unanimously considered an internal appointment preferable from a technical, managerial and relational standpoint, but on which the new nominations committee, made up entirely of Hitachi directors, decided in less than half an hour, without even interviewing the candidate, to propose the appointment of Mr. Barr without taking into account the conclusions of the previous committee. Mr. Barr himself submitted a curriculum vitae with information on his previous managerial experience that was incomplete to say the least. On this point, did Mr. Barr subsequently provide the clarifications that were sought by the Director Mr. Bivona? Furthermore, did he once and for all resolve the lack of documentation supporting his affirmations? Another point: the unjustified delay in the communication to the market of the departure of the CFO Mr. Carassai, especially the conflicting statements that appear to have been made within the Board and the apparently misleading information disclosed on the market on the departure of Mr. Carassai. Honestly, it is still not clear whether it was a resignation or a dismissal, given the talk of an agreement for consensual termination that was convenient for the Company. It is also well worth remembering intervention of the Chairman Mr. Dormer, pending the public tender offer by Hitachi, to modify the impairment test model, and the comparables panel in particular, in order to reduce the theoretical value of Ansaldo STS; the Board of Directors being dispossessed of one of its management powers through the establishment of a Bid Committee, which was then renamed the Executive Committee because the Board of Statutory Auditors pointed out that the Articles of Association of Ansaldo STS do not allow the creation of additional committees with management powers other than the Executive Committee. On the question of the Bid Committee, I would like to know how many offers were there for procurement contracts and services contracts in excess of €350 million, which were submitted for the assessment and approval of the Board of Directors between 28 October 2016 and the date of this meeting. In the same period, how many proposals were evaluated and approved by the Bid Committee? Then there is the saga of the independence of the Director Mr. de Benedictis, which was the subject of much discussion at the previous shareholders' meeting, and on which I have some questions for the Board of Statutory Auditors. The other point is the appointment of the legal consultant to Hitachi as the secretary of the Board of Directors. This is a person, who among other things was Hitachi's defense counsel in proceedings and actions against minority shareholders. In this regard, I want to know how much was paid by the Company or is due in fees for 2016 to the law firm Gianni Origoni Grippo Cappelli & Partners; how much do the fees amount to in the first quarter of 2017; how much was paid in fees to Mr. Franco Gianni for his position as secretary to the Board of Directors? Another point: in general, Hitachi's efforts to exclude or attempt to systematically exclude directors from any decision-making process that did not concur with the majority shareholder's recommendations. Purely by way of example, one recalls the resignation of the directors elected by Hitachi, which led to the forfeiture of the entire Board of Directors and the consequent ejection of all… of the directors elected by the minorities on all the new committees - not to mention, because the list would be too long - further reprehensible conduct on the part of the directors appointed by Hitachi, the reproach directed by the majority of the directors appointed by Hitachi at the director Mr. Bivona who, it will be recalled, was accused of being overly diligent, and the consequent resolution endorsing a corporate liability suit against the director, a clearly vexatious action, brought solely for the purposes of bringing about his removal from Company office.

As regards the specific issue, and with reference to the information contained in the report on the financial statements concerning events occurring after the end of the financial year, I would like to know why no mention was made of the petition lodged at the Court of Genoa by Amber Capital and served on Ansaldo STS on 7 April 2017, seeking the annulment, following a stay on its effects, of the resolution of the shareholders' meeting of 19 January, in the part relating to the approval of the liability action against the director Mr. Bivona, which was proposed and imposed by Hitachi? Essentially this shareholders' meeting resolution affected the composition of the Board of Directors and which was under close scrutiny for weeks, and yet this fact was not disclosed to the market. What does the Chairman of the Board of Statutory Auditors think about this? With respect to the action against Mr. Bivona, one wonders whether the Board of Directors sought a legal opinion. If so, from who? An answer is necessary in order to assess the legal basis of the action and to assess whether the Board of Directors initiated legal proceedings against the director Mr. Bivona and, having achieved its purpose - i.e. to removing him from the Board - it was satisfied and desisted. If on the other hand the Board of Directors only took the preliminary steps towards bringing an action, one wishes to know which law firm was engaged and on what date the mandate was granted; or whether there were any relations or contacts between that firm and Gianni Origoni Grippo Cappelli & Partners. I am coming to the end of my contribution and I'd like to address some questions to the Chairman of the Board of Statutory Auditors, with respect to what is indicated in the report of the Board on the 2016 financial year. However, first of all I would like to thank the Board of Statutory Auditors and in particular the Chairman, who reach the end of their mandate at this meeting, for the work they have done over these three years. It has been a remarkable workload, from a quantitative point of view - 65 meetings which they had to attend if I have read it correctly - as well as from a qualitative point of view. Thank you for your commitment and your professionalism. I’ll move on to the questions: what kind of request was made by Consob, and what reply was given by the Board on 5 July 2016, concerning the reporting of the total number of positions held by an independent director and on the convening of a meeting of the Board of Directors without providing any supporting material? What was the response was given to the criticism of the director Mr. de Benedictis and the Chief Executive Officer Mr. Barr for not providing the clarifications requested on the appointment of a law firm as a legal advisor to the said director in relation to some issues involving his independence? What response was given to the criticism of the Chairman Mr. Dormer for not having promptly submitted for the examination of the Board of Directors - despite a request from the Board of Statutory Auditors - the question of whether or not Mr. de Benedictis met the independence requirements in view of the various important positions that he held, both on the Board of Directors and on the committees? And why, given that Mr. de Benedictis was appointed back in May 2016, was this criticism only raised six months later? Why did the conduct of the Chairman and a large part of the members of the Board in this matter - and in many other circumstances we learned with an abundance of details at the last meeting - not, in the opinion of the Board, constitute a gross irregularity which comes within the terms of Article 2409 of the Civil Code? On the question of the independence of the director Mr. de Benedictis, who started as a simple director and was later promoted to Vice Chairman, evidently due to his merits in the field in the eyes of Hitachi, the situation we have witnessed appears quite grotesque. The Board of Statutory Auditors expressed its misgivings from the outset, and then called for further analysis, including on the basis of an opinion issued by Mr. Marchetti. It expressed its disapproval of the conduct of some directors, in particular the Chairman and the Chief Executive Officer. But the impression one gets reading the documents filed by the Company and the report of the Board for the shareholders' meeting of January 2017, is that the Board could have done more, and perhaps in a more timely manner. Seen from the outside it almost seems that, at a certain point, the Board restricted itself to taking note of what was happening and almost gave up before the wall of Hitachi's representatives on the Board who defended the position of Mr. de Benedictis, rendering the important and commendable amount of work that the Board had done previously in a certain sense worthless. On this matter, the question is as follows: what does the Board of Statutory Auditors think of the disclosure in the corporate governance report about the criteria followed in evaluating the position of Mr. de Benedictis and the merits and procedural aspects on which the Board itself had asked for clarification? Why is it that in that report also, as in the Company's press release dated 20 December 2016, no mention is made of the existence of Mr. Mazzoni's opinion, which in fact raises serious doubts as to the independence of Mr. de Benedictis? With respect to the other questions, what was the response of the Board of Statutory Auditors to the gross irregularities revealed in the conduct of Mr. Romano, in terms of his statements to the Board of Directors in May 2016 regarding the alleged lack of agreement regarding his position in the event of the cessation of his employment? What response was given to…"

The Chairman thanked Mr. Arturo Albano for his contribution and invited Mr. Gianpiero Succi, representing the shareholder Elliott International LP, to take the podium.

Mr. GIANPIERO SUCCI then took the podium in representation of the shareholder Elliott International LP, and stated as follows:

"I'm sorry to come back to some of the issues that have already been dealt with in the last year but unfortunately have never been properly dealt with… And it's true, it's a shame that this Company has too many lawsuits. But I would like to know more because this Company has too many lawsuits, I mean it really amazes that resolutions are being challenged, the Board of Directors sues one of its own directors, another director has to sue to obtain copies of documents that he has a legal right to have, a point correctly raised. Unfortunately we're here because with our contribution… sorry, I haven't introduced myself, my name is Gianpiero Succi and I'm speaking in representation of the shareholder Elliott International LP, you've seen me, I'm well known to many of you. Unfortunately we find ourselves in this situation, a year later, proposing to the shareholders' meeting, in relation to certain facts that come within the ambit of the 2016 financial year, that a vote be held on a resolution that authorises the instigation of a liability action against some of the directors of Ansaldo STS. There are essentially five reasons for this new proposal: the first - we've already discussed it many times, and some previous contributions have already touched on the matter - i.e. relating to the Memorandum of Understanding with Hitachi Rail, Astaldi and Ferrovie dello Stato, concerning the famous order in Iran. From the documentation that the Company has made available to the public with a view to the shareholders' meeting of 19 January and for the discussion that took place at that meeting, it emerged that on 19 May 2016 Ansaldo STS signed a contract with Hitachi Rail Italy, Astaldi, and Ferrovie dello Stato, referred to as a "Memorandum of Understanding" and concerning an undertaking to cooperate exclusively in order to assist Ferrovie dello Stato in winning a major railway contract in Iran worth about €1.3 billion. Again from the documentation that we have seen and from the discussions that took place, it also appears that the contract, despite having been concluded with a related party - Hitachi Rail Italy - and with Ferrovie dello Stato, i.e. Hitachi's largest client in Italy, and despite being of a very high economic value - €1.3 billion - with a very significant share for Ansaldo STS, worth about €350 million, and obviously with a peculiar risk, given that it was in Iran and therefore involved geopolitical risk;

despite the fact that it provided for binding commitments - because it involved an exclusive commitment and therefore Ansaldo STS, Hitachi and Astaldi assumed joint and several liability vis-à-vis towards Ferrovie dello Stato - was concluded without being submitted in advance for the approval of the Committee for Related Parties Transactions, and was not even submitted to the Board of Directors. This approval was certainly necessary, as the value of the contract was over €150 million. According to the documents that have been published, the Board of Directors only became aware of the contract on 5 August 2016, i.e. afterwards, as a fait accompli, when the Board was called upon to urgently approve the submission of a bid in implementation of binding commitments that had already been given. These were commitments that unmistakably linked Ansaldo STS and its related party Hitachi to its leading Italian client. Also on 5 August 2016, the Committee for Related Parties Transactions approved the submission of a bid, without raising any objection as to the fact that it was based on a contract with related parties that had been entered into months earlier, without respecting any procedure and in defiance of Company corporate governance rules.

These facts obviously constitute - in our opinion - a gross violation of the duties of the Company's directors, and in particular we believe that the responsibility lies with those who signed the contract without the prior approval of the

Board and without respecting the internal procedures required by law. We do not have specific information, but we believe that the contract was signed directly, on instructions, or in any case with the necessary knowledge of the Chairman of the Board of Directors, Mr. Dormer and/or the current Chief Executive Officer Mr. Barr, i.e. the directors of the Company more closely linked to Hitachi which, as indicated, was a party to the contract through his subsidiary, together with its main Italian client Ferrovie dello Stato, and who obviously had a very specific interest in committing Ansaldo STS. The Chairman of the Committee for Related Parties Transactions, Mr. de Benedictis, must also be considered equally responsible, as he was certainly aware of the fact that the contract had been concluded without the Committee's knowledge and in contravention of the rules, but did not raise any objection or criticism of the matter, evidently violating his specific duties, and necessarily covering up for the actions of the other directors. As far as is known to date, the bid submitted on the basis of the contract was not successful, but the directors' violations ensured that Ansaldo STS had entered into binding contractual commitments with a related party, without activating any of the necessary safeguards and thus precluding the possibility of seeking partners other than Hitachi Rail with which to submit a more competitive offer and obtain the substantial margins that such an order would certainly have generated. In view of these considerations, I request, pursuant to Article 2408 of the Italian Civil Code, that the incoming Board of Statutory Auditors assess whether the Memorandum of Understanding can be considered as exempt from the procedure for related parties transactions pursuant to Article 10.2 c of the relevant regulation, as maintained by the Company at the meeting, to this end reviewing contracts that the Company entered into in 2016 with unrelated parties that are comparable with the Memorandum of Understanding in term of their nature, entity, risk or counterparties. Verify whether the signing of the Memorandum of Understanding was in violation of the rules that at that time governed the exclusive powers of the Board of Directors and its mandates. Second ground: use of Company resources to support the personal position of the Director Mr. de Benedictis. My apologies, Mr. Chairman, for coming back to this issue, but it's very important to us. From the documentation published at the last meeting on 19 January, we learned that Mr. de Benedictis, who is Chairman of the Control and Risks Committee and the Related Party Committee, a member of the Nomination and Remuneration Committee, Vice Chairman of the Company, and the Chairman of today's Shareholders' Meeting, availed himself of the services of Mr. Bruno Cova of the Paul Hastings law firm to defend his personal position and to support his statement on meeting the relevant independence requirements. In particular, Mr. de Benedictis availed himself of Mr. Cova's services during an exchange between the Board of Directors and Mr. de Benedictis, following objections which were raised by some independent directors in relation to the latter's position. What is most significant, however, is that the legal counsel was sought and paid for by the Company. More specifically, from the documents that have been made public it emerges that: the mandate to law firm Paul Hastings was conferred on 20 June 2016 by the Chief Executive Officer Mr. Barr. The Chief Executive Officer said nothing to the Board of Directors about the existence of this mandate. Mr. de Benedictis stated to the Board that he had availed himself of the Paul Hastings law firm as part of a personal initiative, and the Chief Executive Officer Mr. Barr did not intervene to correct that information. Mr. de Benedictis and the CEO Mr. Barr were censured by the Board of Statutory Auditors as a result of these events. In the legal opinion given by Mr. Mazzoni regarding the failure of Mr. de Benedictis to meet the independence requirements, which - as it emerged at the last meeting - was deliberately ignored by the Board of Directors, it is stressed that the position of a director who asks for, or even only accepts that the Company will cover the cost of the defense of a purely personal position, is in itself indicative of an alignment of current interests and an intent to strengthen them in the future, and that the omission and the lack of transparency only confirm an awareness that the conduct of both Mr. de Benedictis and the Chief Executive Officer was inappropriate. The conduct of the Chief Executive Officer and the director Mr. de Benedictis constitutes a clear breach of the duties incumbent on directors, causing the misuse of Company resources for the exclusive purpose of satisfying the essentially personal interest of a director. If viewed from the standpoint of Hitachi, on the other hand, it cannot be denied that the support provided by Ansaldo STS to Mr. de Benedictis was more than justified. As a member of committees within the Board of Directors, Mr. de Benedictis has shown that he is well aware of the interest of the controlling shareholder, in particular by approving the appointment of Mr. Barr as CEO of the Company despite the absence of any analysis, and in contravention of the instructions of the previous nominations committee, making sure not to raise any questions relating to the signing of the aforementioned Memorandum of Understanding.

Third point - and there are five in total: the termination of the employment of the CFO Mr. Carassai. We have spoken of the matter previously. From an examination of the documentation produced by the Company it emerges that pursuant to a special mandate issued by the Chief Executive Officer on 19 October 2016, the Company signed an agreement with former CFO, Mr. Carassai, governing the terms of his departure from the Company and agreeing to pay him, as reported in press articles, a redundancy package amounting to €1.2 million gross, 4 years' salary. In its interventions at the shareholders' meeting of 19 January pursuant to Article 2408 of the Italian Civil Code, the Board confirmed - following closer examination - that the decision to terminate the employment of Mr. Carassai was literally the result of "his own free will" thereby confirming what, on the basis of documentation made available by the Company, the Chairman of the Board of Directors Mr. Dormer had told the directors during the Board meeting. Namely, that Mr. Carassai had decided to leave the Company. From the documentation made public it can also be seen that neither the Board of Directors nor the Nomination and Remuneration Committee had been informed in advance of this. Moreover, a component of the severance package was paid by way of a voluntary redundancy incentive. If the value of the severance package is confirmed - and we ask you to give us an answer on this - it is evident that such an amount cannot reasonably be considered compatible with the voluntary decision of an employee to leave the Company, and therefore it constitutes improper use of Company resources for reasons that are unknown but which are not consistent with the Company interest. It is also quite anomalous and inexplicable that a voluntary redundancy inventive be paid in a situation where an employee has independently taken the decision to leave the Company. The Chief Executive Officer Mr. Barr must be called upon to answer for these violations, as he obviously approved the signing of an agreement, delegating its formalisation to the human resources director by a special mandate.

Fourth: the appointment of Mr. Barr as Chief Executive Officer. From the documentation published by the Company, it appears that the Chairman of the Nomination and Remuneration Committee, designated by Hitachi in the category of an independent on 24 May last, stated to the directors that, after a long discussion, the committee had unanimously agreed to recommend to the Board that Mr. Andrew Barr be appointed Chief Executive Officer of the Company. However, from the same documentation it emerges that, according to the affirmations of the Chairman of the Board of Statutory Auditors, contrary to what was affirmed, the discussion lasted half an hour. This took place without any discussion within the Nomination Committee on what the requirements for the position should be; without the Committee granting any mandate to a specialised headhunting company to find the most appropriate person; without ever having interviewed Mr. Barr; without having ascertained that the information on his curriculum was correct; without taking account of the recommendations of the outgoing nominations committee, which regarded Mr. Barr to be less solid than other internal candidates, and according to information on his curriculum, had ascertained that he did not have any experience in the management of companies that, by their complexity and number of employees, are comparable to Ansaldo STS; he had never held the position of Chief Executive Officer of a listed company; and he did not even have any particular expertise in the business sectors of Ansaldo STS. Furthermore, what is particularly serious is that the Nomination Committee made its decision without considering any other candidate other than Mr. Barr, who obviously sponsored by Hitachi. From the documentation published by the Company, it is also apparent that during the discussion on the appointment of the Chief Executive Officer, the Human Resource Manager provided the directors with untruthful information: conduct which has already been verified and censured by the Board of Statutory Auditors. The Chairman Mr. Dormer and the Chief Executive Officer Mr. Barr were aware of the gross irregularities committed by the Human Resource Manager, but nevertheless did not in any way rectify the information given. This conduct evidently constitutes a gross violation of the obligations of directors. In fact, the appointment of Mr. Barr as Chief Executive Officer took place in defiance of the most elementary canons of diligence, in a clear attempt to satisfy the interests of the controlling shareholder at the expense of the Company's interest in being run by a person who has the resources and the skills necessary to do so in the interest of all shareholders. This is all the more grave if one considers that independent directors who are members of the nomination committee are subject to and required to uphold even more precise and strict obligations, as - and I quote the rules of the Nomination Committee: they are required to perform their mandate with professionalism, transparency and independence.

The last point that we learned during the shareholders' meeting was that all the activities and transfer of resources took place in favour of the controlling shareholder. Speaking of the first item on the agenda of the extraordinary part that was brought forward, we discovered - it was stated - that a hundred people from the Ansaldo STS Group provided their services for the benefit of the controlling shareholder, in order to meet the parent Company's requirements in relation to reports that it wished to issue to the market, and that the cost of these activities was not less than approximately €200,000. My impression - but I would like to confirm - is that this activity in favour of the controlling shareholder and the relevant costs were not approved in advance by the Related Parties Committee or by the Board of Directors, and so it was an initiative of the Chief Executive Officer or the Chairman, or persons acting on their behalf, to the sole and direct benefit of the controlling shareholder. Thus, the evidence in this case also is that there was an illegitimate and unilateral transfer of resources to the benefit of an entity that caused damage. I read the draft resolution.

Therefore, in view of these grounds, we ask that, as this is permitted by the Civil Code, the shareholders' meeting of Ansaldo STS, convened in ordinary session today, take note of the contribution of the shareholder Elliott International LP and resolve: 1) to immediately instigate a liability action, as provided in Article 2393 of the Italian Civil Code, against Directors Mr. Dormer, Chairman of the Board of Directors; Mr. Andrew Barr, Chief Executive Officer; Mr. Alberto de Benedictis and Ms. Painter in relation to events in the financial year 2016 in order to obtain compensation for the damage they caused to the Company; to grant the other directors of the Company the widest powers to give immediate effect to the said resolution. We also call on the Chairman to invite the shareholder Hitachi Rail Italy Investment to abstain from voting on the proposal formulated here, as it is in a clear situation of significant conflict of interest as provided in Article 2373 of the Italian Civil Code, and in particular because the conduct subject to censure was committed by directors who: sit on the Board and acted in the interest of the controlling shareholder and/or the parent company Hitachi; with respect to Mr. Dormer and Mr. Barr, they are still - or have been until recently - employees of Hitachi and other companies of the Group, and thus are subject to indemnity and compensation undertakings and obligations in relation to the damages they have caused in their fulfilment the positions as directors of group companies, including Ansaldo STS. Finally, I ask that the new Board of Statutory Auditors to be appointed by this shareholders' meeting investigate the censured actions by verifying the propriety of the conduct of the outgoing directors and auditors; this request also being made in accordance with Article 2408 of the Italian Civil Code."

The Chairman thanked Mr. Gianpiero Succi for his contribution and invited Ms. Sonia Baldelli to take the podium.

The podium was taken by Ms. SONIA BALDELLI, who stated as follows:

"Good morning everyone, I am Sonia Baldelli, representing Studio Trevisan and on the proposal for a liability action just made, before voting I would like to make a statement on behalf of my principals … it is an explanation of a vote against the proposal, given in advance, as the proposal was not submitted beforehand for the scrutiny and analysis of my principals, who thus were not able to give me instructions as to how to cast their vote. Thank you".

The Chairman thanked Ms. Sonia Baldelli for her contribution.

The Chairman suspended the proceedings at thirteen hours and fifty five minutes in order to prepare responses to the shareholders' questions.

At fifteen hours and forty minutes, the Chairman declared that the meeting was once again in session.

In response to the question put by shareholders, the Chairman stated as follows:

“The first response groups together questions on the situation, business performance and strategic position of the Company, its financial situation and cash position. Without the extraordinary interventions that occurred and of which you are obviously aware, because you have been informed about them on several occasions, concerning the Libyan dispute, and also with regard to cash paid to some outgoing strategic figures, the 2016 result would have been even better than it was, and it would have been a very positive year from this point of view. Despite this, the Company closed with a good result, including a position and a margin that - even compared to the industry's competitors - is among the best. Comparing Ansaldo STS with other players such as Siemens or Alstom is not easy. You should bear in mind that the Company closely monitors the performance of other companies operating in the industry, not only financially but also from a business standpoint, precise-ly to compare its competitive position with those of other operators. As a company that operates worldwide in the global market, the opportunities for this are continuous and there is no doubt that it is happening, in the sense that we as a Board of Directors are quite regularly informed on these trends and on the bids we want to make, about the opportunities that are emerging and therefore, from this point of view, I would say that the Company is very much in the market.

Strategic developments: it is clear that for some time there has been talk of sector consolidations and what's being talked about and what's been mentioned by some commentators is obviously just speculation so far. I mean, nothing has happened … it’s said that opportunities that are emerging, it’s possible, and it’s certainly true that the Company is monitoring these developments very closely, but not because they are necessarily a threat to our business, but because they could also be an important opportunity. So from my position on the Board, and from the Company's business, I certainly don’t see that we are positioned at the rear. On the contrary, the Company is a very active participant in the market, very aggressive, it operates in all the world's markets. It is my view, and I believe that of other members of the Board - that its development opportunities are optimal. On the technologies front, you know, it's certainly up with the best companies in the industry. Among other things, the investments it is making in more advanced technologies, which are ahead of the competition, mean that we are confident that we are not behind anybody. Evidently, this is a Company that in the rail transport and urban transport sector operates in a part of the market from a supply standpoint. I mean it's not involved in the so-called traditional railway part, carriages, wagons, engines etc. It operates in the more “technological” part of the market, and that means it's slightly different to other competitors with which it is compared. Evidently, the evolution that it is undergoing and has undergone in recent years, perhaps most recently in 2016 with the move towards a greater presence in turnkey markets, continues, particularly in the mass transit market, where important opportunities are opening up. This is a market that is not currently in transition: it's in continuous evolution. There were times when the market was particularly strong in Italy, when there was significant investment in high-speed, but it's a market in transformation. I mean it's a market in which the Company is now far more abroad than it was before, but it’s normal that it's like this, and the technologies that it's betting on are not necessarily the same ones as the Company were betting on a few months ago. So, from my point of view, as a Board member, I see the Company as very dynamic, very present, and I must say also well organised to face the challenges of the time. Of course, if there are consolidations, developments, etc. I think this is a Company that can participate in them very actively.

The financial position: certainly, as it has been noted, on paper it’s a financial position that is certainly envied by our competitors. It’s a financial position that the Company has jealously guarded over time, with a strong focus on financial aspects; it’s difficult to say what is the optimal financial position that it should have. In the type of business it's involved in, the contracts which it enters into, the evolution of the market towards larger orders, it’s really difficult to say that the financial position today should be... should be different. I say this because if you look at how capital invested today is financed, you will find that a large part of its involves advances on large orders.

While it's true that over time the expectation is that these advances become margins, through the processing of orders, it is also true that this is what has to happen. I mean we don't have a guarantee, and by having this available liquidity we know exactly where it comes from and where it should go. The Company believes that it's an important thing that should be preserved. So to say that this is excess cash… we don’t think that’s a proper assessment of the position.

Other aspects: personnel. So, let me clarify something: there were no resignations of Managers with Strategic Responsibilities from the Company. The departure of Mr. Carassai, who was not a manager with strategic responsibilities, occurred by consensual termination of his contract. The voluntary redundancy inventive was linked to his willingness to remain, after he had indicated his intention to leave in November… to remain until February in order to complete all the activities related to the closing of the financial statements. In fact, he submitted the financial statements to the Board of Directors on 27 February. With respect to Mr. Fumagalli: the dismissal of Mr. Fumagalli was decided solely by the Chief Executive Officer, he had all the necessary powers to do so, and there was no influence from outside the Company.

There were some more comments, still on the matter of the Iran project. Well, these comments are, among other things, repetitions of the contents of numerous petitions have already been made to Consob, the Public Prosecutor's Office, and other competent authorities. This was a deal that - for those of you who were here in January - was widely discussed. All the points that you have raised today were discussed then. Comprehensive minutes are available on the matter, there are no mysteries. The deal was considered by the Board of Statutory Auditors to have been in order. The deal, or the opportunity, let's call it that, is still active but the Company has not yet signed any contract. You know well that contracts of this size in countries like this require a long time and the Company is working to bring the opportunity to fruition.

You asked about Hitachi's influence over the Company. In particular, you referred to specific decisions of the Company, and of the Board of Directors, regarding the Bid Committee, the end of the term of old members of the old Board, and liability actions. These decisions weren't influenced by the shareholder Hitachi. The decisions were taken independently by the Board of Directors and by the Company.

You asked if there are any developments with regard to the Company's relationship with Hitachi, obviously because it’s a company we work with. The relationship is governed by the procedures for related parties, which continue to be the reference for all of these deals, but some internal work was also entrusted to the company Protiviti. It consisted of the drawing up of an operating protocol to serve as a guide to all Company employees on how to deal with the relationships that may arise with Hitachi, whether they come from Hitachi at the request of some division of the Hitachi Group somewhere in the world, or as a result of the Company's own need to communicate with Hitachi in relation to projects, initiatives and other matters. In order to avoid a situation in which we are prevented from taking advantage of some opportunities that surely will arise and on which we are working with Hitachi, we wanted to produce a vade mecum, a kind of operating manual that would help employees to decide how to work with Hitachi, in compliance with the relevant procedures for related parties. It's an operating manual in every respect; it's very simple for any Company employee. Shortly it will become part of the Company's operating procedures; it's currently being finalised. The Related Parties Committee, the Board of Statutory Auditors and the Board of Directors followed the progress of this project since the start of last year, and we are now in the implementation phase.

There was also a request regarding the Taipei project; for clarity Ansaldo STS is working on two projects. One project dates back to 2008, in a joint venture with AnsaldoBreda, and the other is a later project, dating back to last year, which was signed in June I think… around then… which was with Hitachi. Obviously it was with Hitachi Rail Italy, which is the successor to AnsaldoBreda, because the Chinese authorities clearly wanted continuity of the contractors in line with previous orders. The presence of Hitachi was obviously crucial, because if Hitachi had not participated, we probably … almost certainly, would not even have participated. It was asked whether there were contracts not with Hitachi dating back to last year. There is another contract that was for a tramway system in Glasgow, England, and the vehicle component supplier, Stadler, which is Swiss.

It was asked what fees did Mr. Gianni, the lawyer who acts as secretary to the Company Board, receive… the fee was for the Gianni law firm. There is just one contract, concerning the secretary ship to the Board, it's worth €40,000, there are no other relations with that firm.

It has been asked why the petition filed by Amber was not included in the documentation for the shareholders; it was simply because this occurred after the drafting and publication of the reports on the financial statements as at 31 December. The Board was informed of the action.

With respect to the liability action against the ex-director Mr. Bivona, a mandate was granted to the Caiazzo Donnini e Pappalardo law firm. It has been asked whether that firm had any relations with the Gianni Origoni firm, and the answer is that there are no working or associative relationships with that firm.

A question was asked about Paul Hastings, concerning the position of a director, the undersigned in particular. The question was also put to the Board of Statutory Auditors, and I’ll let them respond on the matter. I will only state that the relationship with Paul Hastings was initiated by the Company in the months prior to the changeover in the Board of Directors… many months before, on a resolution passed by the previous Board. It was done in order to maintain a relationship, to assist independent directors and other representatives of the Company, and the documentation, and also the subsequent invoices that date back to many months of work that the firm did, were all made available to whoever requested them."

In order to respond to the question on litigation in progress, the Chairman handed over to Mr. FILIPPO CORSI, who stated as follows:

“I'd like to give a brief update on the status of current litigation involving Ansaldo STS.

Let me clarify that with the exception of the liability action against Mr. Bivona, Ansaldo STS is the defendant in all the litigation.

With respect to this ongoing litigation, please note that in July 2016, the Elliott funds challenged the resolutions by which the Shareholders' Meeting, on 13 May 2016, appointed the Board of Directors and its Chairman, and requested, as a preliminary, the suspension of the disputed resolutions. At the same time, the Elliott funds lodged a petition for the appointment of a special administrator pursuant to Article 78 of the Code of Civil Procedure: the petition was definitively rejected by the Genoa Court of Appeal, which by an order dated 6 September 2016 upheld the petition lodged by Ansaldo STS and revoked the decision of the Court of Genoa dated 11 August 2016, which had ordered the appointment of a special administrator. The interlocutory proceedings concluded with an order dated 9 November 2016, in which the Court of Genoa rejected the application for an interim suspension of the challenged resolutions due to its groundlessness in law. The substantive proceedings are in their final stages. The last oral hearing for discussion of the case was held on 10 April last, therefore a judgment is expected in a few weeks.

The second case: by petition pursuant to Article 700 of the Code of Civil Procedure dated 17 April 2017, the director Mr. Labruna sought from the Court of Genoa urgent protection of his right to obtain from the competent bodies and the Related Parties Committee an update on 16 projects with related parties which had been examined by the Board of Directors or by the competent committees at meetings held in the period December 2015 - March 2016. He then sought an order requiring the

Company and the Chairman of the Board of Directors to place the said update on the agenda for the next meeting of the Board and to make the documentation indicated in the petition available to all directors within a reasonable period prior to the meeting.

By order dated 24 April 2017, the Court of Genoa rejected the petition on the grounds that no prima facie case existed. Mr. Labruna was ordered to pay the costs of the proceedings. Yesterday we learned that Mr. Labruna has filed an appeal against this decision.

The third case: by writ of summons dated 7 April 2017, Amber challenged the resolution to bring a liability action against the director Mr. Bivona, also with respect to the legal effect of the revocation of the director in question. Therefore, the appointment of Mr. Crisostomo in replacement of Mr. Bivona was challenged and the latter's reinstatement sought. Amber claims that the resolution against Mr. Bivona was unlawful for a series of reasons that I’m not going to list here. The Company is in the process of drafting its entry of appearance. On 28 April 2017, Amber sought as an interim measure the suspension of the execution of the resolutions bringing a liability action and appointing Mr. Crisostomo in replacement of Mr. Bivona, and also seeking the reinstatement of Mr. Bivona following the forfeiture and removal of Mr. Crisostomo. On the grounds, Amber referred to the arguments already lodged for the proceedings on the merits. The hearing for discussion of the petition is scheduled for 23 May 2017.

By petition dated 3 May 2017, Amber sought the appointment of a special administrator pursuant to Article 78, second paragraph, of the Code of Civil Procedure, arguing that the legal representatives of the Company, in particular the Chairman and the Chief Executive Officer, were in a conflict of interests with the Company itself, as they would mount a defense for one sole purpose, and I quote: "not allowing an troublesome director, whose conduct had been censured by them, to join the Board". The question of the supposed conflict of interests between the directors appointed by Hitachi and the Company was raised for the second time in relation to the challenge of shareholders' meeting resolutions, and has already been decided - as indicated previously - by the Genoa Court of Appeal in its judgment. The hearing is scheduled - with respect to the litigation in question - for 17 May 2017, while the deadline for the Company's rejoinder is 15 May 2017.

The fourth case: by writ of summons dated 13 April, the Elliot funds and Litespeed challenged only the resolution on the liability action adopted last January. The Company is in the process of drafting its entry of appearance.

Finally, with respect to the fifth case, as Mr. de Benedictis said, in relation to the liability action against Mr. Bivona, the writ of summons is in the process of being drafted."

The Chairman thanked Mr. Filippo Corsi and called on the Chairman of the Board of Statutory Auditors Mr. Giacinto Sarubbi to address the meeting.

Mr. GIACINTO SARUBBI stated as follows:

"As a preliminary, the Board of Statutory Auditors reminds those present that during the course of its activities it has already given a full response to the complaint pursuant to Article 2408 of the Civil Code, and has also responded on the matter of the adjustment of the fees of the Board of Statutory Auditors and the liability action against Mr. Bivona.

The Board of Statutory Auditors also wishes to point out that certain requests are not pertinent to the present context of a shareholders' meeting and its agenda, and given their specific nature, it would have been desirable to receive such requests in advance so that their relevance could be evaluated and, if necessary, the relevant detailed documentation obtained.

On the matter of Mr. de Benedictis, please see what was indicated at the shareholders' meeting of 19 January 2017.

On the matter of Mr. Carassai, please see what has already been indicated.

On the matter of the Bid Committee, please see what has already been indicated.

On the matter of the fee adjustment, please see what has already been indicated.

On the matter of Mr. Romano, following what emerged at the meeting of the Board of Directors on 24 May 2016, the Board of Statutory Auditors, at its meeting on 20 September 2016, ascertained that Mr. Romano's statements were grossly irregular. It therefore conducted a full investigation, which concluded on 28 November 2016 with the resulting censure of Mr. Dormer and Mr. Barr, as it had emerged from the investigation that they were aware of the existence of the agreements with the Company.

Related parties

Memorandum of Understanding signed on 19 May 2016 by Mr. Giuseppe Gaudiello pursuant to a mandate granted by Mr. Stefano Siragusa, I think it was in the month of April 2016.

On this matter it is worth repeating, in general terms, that the entire system governing the most significant transactions with related parties does not in itself involve preliminary and preparatory phases of study, formation, planning and presentation of an operation, if those phases do not commit the Company to proceed definitively to conclude the operation. Such phases, by their nature, may require surveys, the obtaining of the general availability of counterparties, the signing of confidentiality and exclusivity agreements, all of which are typical characteristics of the preliminary stages of a project in which the structural elements are often not yet defined.

In fact, it is not conceivable, even in major operations, that the Related Party Committee is required to intervene actively in the preliminary and non-binding (in terms of execution) stages of study and the structuring of a possible project in which the characteristic and essential elements have not yet been defined. In such circumstances, the Related Party Committee is usually not yet in possession of a sufficient information to enable it to assess "the interest of the Company in completing the transaction as well as the expedience and essential correctness of the relevant conditions".

Nevertheless, the Related Party Committee should have an opportunity, once a project is in existence, (i) to be involved in the preparation and negotiation process of the proposed operation, making observations to the parties involved in the preparations or negotiations, (ii) to express its opinion, stating the grounds, on the basis of a proposal by management, by third counterparties, or by any intermediaries involved in the planned operation; to demand that it receives "full and prompt flow of information", and that it be assisted by third party consultants.

With reference to the issue of defining the terms of proper coexistence between Ansaldo STS and HITACHI, we confirm that the Control and Risk Committee and Protiviti (supporting consults) are conducting a preliminary detailed study of the matter, which will then be referred to the Board of Directors.

A draft of the document was recently discussed by the Board of

Directors.

Censure

With respect to censure by the Board of Statutory Auditors, all criticism was made public or made available to the competent authorities.

CONSOB communication dated 5 July 2016.

On the question of the accumulation of mandates by a director, the director does not exceed the number of mandates and does not violate “the guidelines of the Board of Directors regarding the maximum number of mandates”, as can be seen from the Chamber of Commerce registration certificate of the mandates he held as of 4 July 2016.

The error probably arises from the fact that in curriculum he submitted at the time of his presentation on the lists, all the posts the director had previously held were listed.

On the matter of documentation sent only two days in advance:

- The Board of Directors was convened by communication of Mr. Gianni on 9 June 2016, for the date of 15 June 2016 at 2:30 p.m.;
- The supporting documentation for the work of the meeting was sent by Mr. Gianni on 13 June 2016;
- Before the Board meeting began, the Chairman of the Board of Statutory Auditors, Mr. Sarubbi, asked the Directors present whether they believed they were in a position to discuss the items on the agenda;

- After receiving – from some Directors – a negative response to the question, Mr. Labruna's request that the discussion on the agenda items and the relevant resolutions be postponed until a subsequent meeting of the Board of Directors was accepted."

The Chairman thanked Mr. Giacinto Sarubbi for his contribution.

Mr. MARCO TARICCO sought and was granted permission to take the floor, and stated:

"Regarding the question of the cash position, we understand that you do not want to give us indications, but the specific question that I have is as follows: can you tell us what was the figure for advances on orders at the end of the year? I mean, of the 330, how much were advances, please?

TARICCO: If I understand correctly, this is the amount that must surely be held onto, I mean in the Company budget. But we understood that the rest of it is an interesting buffer to have because we never know what the future may bring.

DE BENEDICTIS: Including possible market transactions, because the Company could also make acquisitions.

TARICCO: Strategic-type acquisitions…

DE BENEDICTIS: Yes, of course.

TARICCO: Ok, that's fine. On the matter of the order in Iran. Ok, so we understand who signed, we understand that for the Board of Statutory Auditors everything is basically all right.

But allow me, Mr. Sarubbi, to disagree on the fact that the firm has not entered into to a binding, very binding, commitment. Perhaps not in the preliminary phase, but it is a binding commitment and therefore frankly I can’t understand his contribution.

Then there was another question that remained unanswered: I had asked to know how many similar contracts there were in terms of their nature, size, and risk. What was mentioned was the Glasgow order, which I seem to have seen before… it’s a contract worth about 100 million, right? So it's one-third the value of the Iran one. And basically it's in a country… a country risk slightly inferior to that of Iran, so this… we can deduce that apart from this Glasgow order, to put it simply, are there any other, similar ones?

DE BENEDICTIS: Signed last year?

TARICCO: Yes, signed contracts, or memoranda of understanding. There was only this Iran one - the biggest - and then the Glasgow one, basically the second. And you think they're comparable.

DE BENEDICTIS: Yes, I think so.

TARICCO: OK. On the question of Paul Hastings, if I've understood correctly, it was a pre-existing contract, with the previous Board, for the protection of all the independent directors, so you think, Mr. de Benedictis, that there wasn’t a specific mandate, on the matter of independence? I understand.

Perfect.

I didn't get the answer, Mr. Sarubbi, on the question of the appointment of Mr. Barr, I mean I had asked whether the Board of Statutory Auditors considered that - with reference to the designation - whether all the procedures had been followed and he had acted professionally. Can you answer me on that?

SARUBBI: Yes, yes I'll answer right away.

TARICCO: It was quite clear, I took note of the dates regarding the criticism, on Mr. Romano's argument; but on the comments on the fee, or the adjustment of your fee Mr. Sarubbi, you referred to what had already been said, but my question was … and look, I'm not accusing anybody of anything.

SARUBBI: Of course, of course … look, in your intervention you said things that are … well they're wrong, so it's not a problem of accusing, it's about trying summarise matters that have already been discussed. Otherwise I have to re-read everything that's already been said.

TARICCO: I'd just like a clear answer: yes or no.

SARUBBI: I don't have to give "yes" or "no" answers. I don't know what school this comes from, I don't have to say yes or no. If anybody needs one, they can call me for a yes or no answer, but I don't have to give yes or no answers.

TARICCO: Then kindly give a more elaborate answer to the question asked, i.e. whether the request for this fee adjustment was or not to be approved by the shareholders' meeting. If possible. Anyway, answer in an elaborate way, without any yes or no.

And you didn’t answer question 8… look, I’ll let you off on this because you gave me dates that in the end are not really a direct response, but I’ll let you off.

DE BENEDICTIS: Thank you.

Mr. GIANPIERO SUCCI sought and was granted permission to take the floor, and stated “Paul Hastings. Sorry for returning to this, but it's really funny. I mean, excuse me but there's a contract in favour of independent directors for their protection, so Mr. Labruna goes to Paul Hastings the next time and does not pay, the Company pays, and we tell Mr. Bivona to do so as well. I mean, is the purpose of the contract the protection of independent directors? Just out of curiosity, because I’m really curious about the answer, and I think I’m missing an indication of the fee for the service. I don’t know if you want to answer me. On the other hand I have two further questions, but I think there could be an immediate response, from the Chairman and the Chief Executive Officer. Iran timescale: 16 May, new Board, 19 May the memorandum of understanding. But Mr. Chairman or Chief Executive Officer, were you informed by Mr. Gaudiello who signed it, or not? I don't know if you can respond now, right on the spot.

I’m pleased, if it is true, that proposals to the Board are made directly without consulting Hitachi, so I would like confirmation of this from the Chairman and the Chief Executive Officer, so that whenever they bring something to the Board they don’t have preliminary meetings, they don’t consult Hitachi beforehand I mean… You decide everything independently, you don’t listen to the shareholder that exercises powers of management and coordination at all. You do everything independently. I’d ask you to confirm this for me, if I’ve correctly understood the response of the Chairman of the meeting. And also, on this point, a third question whether you – Mr. Barr and Mr. Dormer - are still employees, or what type of work, of relationship, do you have with Hitachi or other Group companies, thank you.”

Mr. ARTURO ALBANO sought and was granted permission to address the meeting, and stated as follows:

“I find myself utterly dissatisfied with the answers given by the Chairman of the shareholders’ meeting, and partly satisfied with Mr. Sarubbi's responses, but far more than the answers given by Mr. de Benedictis; there was a break of two hours for him to prepare his answers. I had asked something about the resumption of communication with the market; I did not hear him talk about it at all, but maybe I missed it. On Mr. Barr's clarifications, if he gave any on the subject of his curriculum, I didn’t hear any response. On the number of bids for contracts over 350 million approved by the Board of Directors, I did not hear any response. Not even for the Bid

Committee. I did not hear any answer as to whether the capital structure is considered fiscally efficient, how liquidity is invested, nor how much of a return it has produced. On the petition that we lodged, I actually asked a very specific question, which I think is not very difficult, i.e. the date of assignment of the mandate to the law firm… the name of which I do not remember. With respect to the instigation of proceedings regarding the liability action against Mr. Bivona. With regard to the report on the petition lodged by Amber, and at this point I also heard from Elliot, I wonder: why did the Company not disclose the information to the market? Why didn’t it issue a press release about it? On this point, perhaps it wasn't expressed well, but I also wanted to know what the Chairman of the Board of Statutory Auditors thought about it. With respect to the questions addressed to Mr. Sarubbi. Mr. Sarubbi, I had asked whether he considered… rather, why doesn’t he consider the conduct of the Chairman and most of the Directors on the question of the independence of Mr. de Benedictis and all the events that followed on this point to constitute a grave irregularity, coming within the terms of Article 2409. And then I asked whether at this point he was satisfied with the disclosure given in the corporate governance report, on the criteria followed in evaluating the position of Mr. de Benedictis, and the merits and procedural aspects that the Board had asked him to indicate. Thank you”.

Mr. GIORGIO FURLANI sought and was granted permission to address the meeting, and stated:

"I'd like to ask some questions and make some comments. First a small preamble. These questions probably should not be asked here; in the absence of any willingness on the part of the Company to communicate, they have to be asked here, because it's the only place we *can* ask them. In a normal world, the CEO of the Company would go to London or Milan, would meet the investors, and he, or other management representatives, could be asked all these things. So, due to the Company's decisions, I find I have to make some comments and ask some questions here. So, as you said Mr. de Benedictis, on the profitability and the 2016 results, you essentially said: the EBIT is not the real EBIT, because there were extraordinary taxes. Under a previous management an adjusted EBIT was reported, and the adjustments made were very transparent. Now you do not communicate, and I would ask you to do so from now on, and I now ask you to give us the adjusted EBIT for 2016. Then, I thank you for the explanations on strategic developments and opportunities, etc. I think I asked before… well, I go back to what I asked earlier, sorry. On the financial position: I understand, it's nice to have a cash buffer, but allow me - this is my subject - it's technically incorrect. All that cash makes you pay too much tax, all that cash produces no return; the yield is 30 basis points. But you could have… or rather, your shareholders could have a better yield. And essentially, you have a financial cost. So personally I don't agree, but I'm sure the CFO will correct me. On personnel, I understand; we wanted to pay Mr. Carassai to make him stay for a few months. I think it's a bad incentive for others, but these are management issues that are not my field. There are a couple of matters that… I apologise, I've mixed my comments with my questions, perhaps it wasn't clear what my questions were. Even if I think they were obvious. So, the long term plan. The CEO of the Company and the management were asked what the Company's long term plan is, the recorded official answer is: "we are still working on a long-term plan". This is hard to believe, when Hitachi Rail has a long term plan that it announced on 1 June 2016. So the reply doesn't seem right to me, and I'd like to know a bit more about this long term plan. On the value contributed by the controlling shareholder, at the beginning of the transaction I wrote to Mr. Nakanishi that there was value, there were synergies, there was complementarity. Now I see written here, there and everywhere: STS, a Hitachi Group company. Could someone please explain to me the value contributed by Hitachi, because I do not see it as a minority shareholder. I repeat this is not the right place in theory, but there is no dialogue with the management of the Company, so can I please get answers here? Another thing that has been mentioned is the ability to bid for and win big contracts. Hitachi sealed the acquisition in February 2015; it closed the purchase of the first stake in November 2015, so a year and a half/two years and more, however you want to define it. Where are these big contracts which Hitachi should be giving us access to? Honestly, don't tell me Taipei, because, as it was said, Taipei was a market already colonised by Ansaldo STS; it's a bit more of the same in the markets that Hitachi opened. I'm curious because the Taipei contract just mentioned, the contract in Scotland was under the previous management, and with another rolling stock provider, so I doubt that Hitachi Rail UK has contributed much. Thank you very much."

Mr. RAIMONDO PREMONTE sought and was granted permission to address the meeting, and stated as follows:

"Thank you Mr. Chairman, more than anything else I'd like to try explain some voting intentions. So, firstly in relation to the proposal for a liability action which was made by the representative of Elliot, two observations: the first is that frankly, the 5 grounds which were listed all seem to me to be worn out, as both CONSOB and the Board of Statutory Auditors have given clear and complete responses, without involving any kind of violation. The last seems to be new, I must say quite interesting, i.e. that the fulfilment by the Company and its team, its personnel, of its legal obligations is considered and should be considered a transfer of resources. Well, it's an interesting subject. With respect then to the matter of the Chairman being asked to prevent the majority shareholder from voting, in the first place I frankly can't understand which of the shareholder Hitachi's interests is in conflict with an interest of the Company, and then in particular, Article 2373 cannot in any manner prevent the majority shareholder from voting unless, if I remember correctly, the majority shareholder is also a director, so in short I'd say that the petition is quite abstruse in this case. Anyway, to get a bit more into the concrete question, I must say that I thank the Chairman of the Board of Statutory Auditors for all his observations on the financial statements. It is evident that, as far as Hitachi is concerned, it would have a financial interest in receiving a dividend distribution as is proposed, but - as mentioned before and indicated in the report of the Board of Directors - is even more in Hitachi's interest, and we think it would be in the interest of all shareholders, to enable the Company to equip itself with the necessary means, to have the necessary means, to consolidate and maintain its position of excellence and develop its business, through both organic and inorganic channels. For the reasons we have indicated, and Hitachi's strong concern that without access to sufficient funds for investments, and also to fund the advances necessary for the orders, Ansaldo STS would not be able to continue to compete and grow in the global market. Although Ansaldo could benefit from significant synergies by being part of the Hitachi group, it nevertheless remains, as the representatives of minority shareholders have insisted and demanded many times, an independent company and organisation which has to maintain and increase its resources if it intends to invest and grow for its future. On the other hand, as we have heard many times today, competitors of Ansaldo STS continue to consolidate and invest aggressively in rail systems technologies. So once again I thank the Chairman for explaining to us that the resources available could result in opportunities for Ansaldo STS to seize opportunities in the market in order to grow and increase its business. In view of these considerations, while obviously urging management to continue investing and exploiting such opportunities, if they arise, and despite the proposal put to the Board of Directors by Litespeed to distribute a dividend, as long as the Board's proposal is in line with Company practice, we intend to vote against the distribution of any dividend, thank you."

The Chairman thanked and asked Mr. Gaudiello to state - in relation to previous year's orders - whether orders of a not the same, but comparable size to the Iran orders, at the level of orders, were acquired, and in particular whether, besides the 350 million, bids were made after 28 October, the date on which the Executive Committee was established.

The podium was taken by Mr. GAUDIELLO, who stated as follows:

“Good afternoon. In performing work relating to the creation of new high-speed lines, a very common pattern - which is also the one followed in Iran - is the presence of a general contractor that defines the content of the intervention as a whole directly with the end client, and then the allocators of the civil and technology work. This is the typical outline for building high-speed lines. Not just in Iran, we also have it in Italy, and it's present in France with SNCF. In relation to the question regarding similar cases, we could mention the case of the ‘terzo valico’ line in Italy, a contract that was signed in December of last year, in which there is a general contractor for the civil works, and then a nominated subcontractor, which is the Saturno consortium, of which we are a part. The amount of the contract: over €120 million. So that's certainly an analogy. With regard to any contracts, any opportunities in excess of €350 million, all those that were the subject of commercial activity were brought to the attention of the Board of Directors, so…

DE BENEDICTIS: How many bids in excess of €350 million were made, let’s say, from 1 November on?

GAUDIELLO: Well, we brought Norway to the attention of the Board…

DE BENEDICTIS: In the Committee. So, over €350 million.

GAUDIELLO: Over €350 million we brought Norway for the wayside part of the project, we brought Norway for the onboard part, we brought Riyadh, operation and maintenance in all its declinations, if I remember correctly we brought the cases of Hamilton, although in the preliminary phase of Hamilton, and Ontario, Canada, what else... because I honestly don’t remember perfectly by heart… Frankfurt, the airport, the connection within Frankfurt airport, which we also passed through the Related Party Committee, because we are with Hitachi. I think that these were…"

The Chairman thanked Mr. Guadiello and called on Mr. Corsi to speak.

Mr. CORSI stated as follows:

"On Paul Hastings the situation is as follows: during the mandate, the previous Board of Directors, in relation to questions of the exercise of the functions of independent directors - in that situation there was Mr. Garraffo and Ms. Piccinino - it was decided that in the exercise of their duties, independent directors could benefit from the support of a consultant, at the Company's expense. That consultant was identified as Paul Hastings. Since then, the mandate was renewed because the previous mandate - now I don't remember well if it had reached the cap that was established, which was very low - a mandate was granted by the signature of the Chief Executive Officer for the same purpose of assisting independent directors. With respect to the information - and here we are getting into details, but maybe it's worth correcting - there was no … or rather: the required information regarding the pro forma was provided, it was provided, and the text was provided … of the mandate obviously. What was not provided was the timesheet for the services, as it was considered irrelevant as a type of information."

The Director Mr. FABIO LABRUNA sought and was granted permission to address the meeting, and stated that:

"Yes, excuse me, as an independent director… and I see there is a colleague here whom I ask to confirm this… we were never informed that we had a right to any kind of legal assistance from third parties; on the contrary on various occasions I requested assistance on specific matters, and I was always refused it."

Chief Executive Officer Mr. ANDREW THOMAS BARR sought and was granted permission to address the meeting, and stated that:

"Well, with respect to the question of the items on the agenda for the Board, and the business plan, the Company has a procedure that I have always followed and these matters were brought to the attention of the Board.

With respect on the other hand to the 2017 budget, we began to work on the budget in mid-2016, abiding by all the internal procedures.

The preliminary budget was submitted, and it was definitively approved by the Board at the end of 2016, all in line with Company procedures, not Hitachi procedures.

With regard to the question on the long term plan, as has been stated previously, work is ongoing on the document, the purpose of which is to set out the actions the Company will take to reach its targets, including the long-term investment plan and activities planned for the future.
With respect to the question on synergies, in our current position… in the current situation, these synergies can only be achieved to a limited extent. However, representatives of Ansaldo STS are talking to the Hitachi engineering division, obviously always passing through the Committee for Related Parties Transactions.
And with regard to my position, I am a full-time employee exclusively of Ansaldo STS."
The Chairman of the Board of Directors Mr. ALISTAIR JOHN DORMER sought and obtained permission to address the meeting to confirm that he is an employee of Hitachi and that this is not a secret.
The Chairman gave the floor to Mr. RENATO GALLO, CFO of the Company, who states as follows:
"So, to answer your question, if you go to page 77 of the consolidated financial statements, you will find the total for work in progress, net of advances. This is divided into two parts: if the orders are more advanced than the instalment paid and advances received, they go into the assets, which is called work in progress. If on the contrary the progress of

the orders, and therefore the advancement of the production, of revenues, is inferior to the turnover, i.e. all the invoices issued, including advances, it goes into liabilities and it's negative. These are the principles. If you then see the detail on the first line, advances for orders, it's €41 million, in assets. Then you see, after the net work in progress line, you see advances on orders, it's €310 million. So the sum is 310 + 41 = about 352 million. There is the explanation underneath, which says what I'm saying. In particular it says that in each item, there is 112 million for the advance on Libya 1; it also explains the difference, i.e. the variation between one year and the other, which is due to the repayment of the advance on Libya 2, amounting to 30 million.

350 million was received as advances on the orders; as the orders progress, this will gradually fall to zero. Because whenever you invoice, you recoup.

These are the main orders we have: Taipei, Copenhagen, Riyadh, so they're big orders, important orders, which will go on for years. We're talking about long-term orders, turnkeys in particular, and in the mass transit market, which go on for many years. In Taipei we've been working on it since late 2008, early 2009, so for that reason as well the advance in production is not linear. If there are problems with an order, it stops, then it moves ahead and this is the risk profile of this Company. It's all clearly indicated in the financial statements with all the details that you requested, i.e. how did we go from one EBIT to another, what were the reasons. The impact of Libya is indicated in the press releases in March, June, September and December… so it's nothing new."

The Chairman thanked Mr. Renato Gallo and called on Mr. GIACINTO SARUBBI to speak, who stated as follows:

"The contribution on corporate governance, and also the contribution of Mr. Andy Barr. If we thought that there were problems, we'd have highlighted them. With the appointment speech of Andy Barr, probably with a different role, we could, as a Board of Statutory Auditors, as directors, and possibly as members of the Remuneration Committee, maybe make different observations. But if I have to say whether there has been a violation: there has not been any violation. So I think I have responded both to Barr's speech, and to the speech on the explanations given in the corporate governance report on the matter of the independence of Mr. de Benedictis, where the parts of the opinions that were obtained were indicated and illustrated in points and in extracts. The matter of related parties: I do not get involved in the debate, if one does not agree, too bad; unfortunately that is our point of view. It is a point of view that has taken us a long time to arrive at, it was not a superficial assessment. We met Mr. Gaudiello three times, he was not so pleased to see us the third time, so if you want a technical explanation of how these orders work, when the preliminary agreements are made… well at some point… if you feel you don’t get the explanation, maybe you shouldn't spend so much time on it. On the matter of the adjustment of the fee… I explained it the last time, and that time you told me that you didn’t understand, but… I explained it to you. I explained it to you, also in writing, so you can read it again if you wish, that's the point. You are talking again about a case of charity, a waiver of a potential fee adjustment for an extraordinary activity that everyone knows about… and you knew first, which is why it was waived; it was within a larger operation that had been evaluated - I am not here to explain why, it is not useful to explain it - but the aim was to produce a significant result for charitable institutions, leading charitable institutions that operate in the regions of Liguria and Basilicata, where we are present as Ansaldo STS. It was resolved once by unanimity, once by the majority with Mr. Bivona casting the only vote against. There are brilliant lawyers on our Board, there were various proposals… so I don’t know what to say. I've told you in writing, I've made it clear. If you have something else you really want to say, let's discuss it, but these are the issues."

As all the contributions had concluded, the Chairman called for a vote on the proposed resolution at sub-point 1.1 of the first item on the agenda, which he firstly read out.

He once again asked participants to declare any non-entitlement to vote pursuant to law or the Articles of Association, and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, to record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman announced that 177 shareholders entitled to vote representing 167,944,061 shares, amounting to 83.97% of the 200,000,000 shares making up the share capital were personally in attendance or by proxy.

The Chairman invited those in attendance to cast their vote by using the televoter, typing in one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results: 118,017,252 had voted, representing 70.27% of the shareholders entitled to vote, for the proposal to approve the financial statements for the year ending 31 December 2016, as well as the Board of Directors', the Board of Statutory Auditors' and the External Auditing Firm's Reports, with no. 4,839,866 votes against, representing 2.88% of the shareholders entitled to vote and 45,086,943 abstaining representing 26.85% of the shareholders entitled to vote, all of which would be recorded in the voting record to be attached, at the Chairman's request, to the meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the proposal to approve the financial statements had been approved by a majority of the shareholders attending the meeting.

Mr. FILIPPO CORSI sought and obtained permission to speak, and stated as follows:

"I just want to communicate to those present, that while we are speaking the Stock Exchange was informed that a liability action was being taken against the management of Ansaldo STS. Obviously the Stock Market is open, so there will probably be an impact on the share price."

The Chairman put to the vote the draft resolution concerning point 1.2 of the first item on the agenda and informed that the two proposals of resolution (the one formulated by the Board of Directors and the one formulated by the shareholder Litespeed Master Fund Ltd.) would be put to the vote simultaneously.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the Articles of Association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman informed that there are no. 177 people entitled to vote representing, either in person or via proxy, 167,944,061 ordinary shares equal to 83.97% of no. 200,000,000 of ordinary shares comprising the share capital.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing one of the following keys:

proposal presented by the Board of Directors – button 1

proposal presented by the shareholder Litespeed Master Fund Ltd – button 2

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results:

8,936,647 voted, representing 5.32% of the shareholders taking part in the vote, for the proposal formulated by the Board of Directors;

57,459,231 voted, representing 34.1% of the shareholders taking part in the vote, for the proposal presented by the shareholder Litespeed Master Fund Ltd;

101,548,183 voted against, representing 60.47% of the shareholders taking part in the vote

no abstentions;

no one not voting;

all of which is recorded in the voting record to be attached, at the Chairman's request, to meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that none of the proposals was approved.

The Chairman put to the vote the draft resolution concerning subsection 1.3 of the first item on the agenda presented by the shareholder Litespeed Master Fund Ltd, previously read.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the Articles of Association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman informed that there are no. 177 people entitled to vote representing, either in person or via proxy, 167,944,061 ordinary shares equal to 83.97% of no. 200,000,000 of ordinary shares comprising the share capital.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results: 57,970,774 voted, representing 34.52% of the shareholders taking part in the vote, for the proposal of the distribution of a special dividend equal to EUR 56,000,000.00 (equal to EUR 0.28 per share); 109,970,826 voted against, representing 65% of the shareholders taking part in the vote, no abstentions and 3,841 not voting, all of which is recorded in the voting record to be attached, at the Chairman's request, to meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the proposal of the distribution of a special dividend equal to EUR 56,000,000.00 (equal to EUR 0.28 per share) to take from the available resource, had not been approved.

The Chairman then called on Mr. GIANPIERO SUCCI to speak. In representation of the shareholder Elliott International LP, Mr. Succi read out the following proposed resolution:

"The shareholders' meeting of Ansaldo STS, meeting in ordinary session and acknowledging the intervention of the shareholder Elliott, resolves:

- to immediately instigate a liability action, as provided in Article 2393 of the Italian Civil Code, against Directors Alistair John Dormer, Chairman of the Board of Directors; Mr. Andrew Thomas Barr, Chief Executive Officer; Mr. Alberto de Benedictis and Ms. Katharine Rosalind Painter in relation to events in the financial year 2016 in order to obtain compensation for the damage they caused to the Company;
- to grant the directors of the Company the widest powers to immediately implement the said resolution."

Mr. Gianpiero Succi called on the Chairman to invite the shareholder Hitachi Rail Italy Investment Srl to abstain from the vote for the reasons indicated.

The Chairman put to a vote the proposed resolution as transcribed above, which had been submitted by the shareholder Elliott International LP, and as read out in advance by Mr. Gianpiero Succi.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the Articles of Association.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman informed that there are no.177 people entitled to vote representing, either in person or via proxy, 167,944,061 ordinary shares equal to 83.97% of no. 200,000,000 of ordinary shares comprising the share capital.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results:

57,459,121 voted, representing 34.21% of the shareholders taking part in the vote, for the proposal of the shareholder The Liverpool Limited Partnership; 110,484,930 voted against representing 65.79% of the shareholders taking part in the vote, no abstentions, no one not voting, all of which is recorded in the voting record to be attached, at the Chairman's request, to meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the proposal of resolution of the shareholder The Liverpool Limited Partnership had not been approved.

Mr. CARLO MARIA BRAGHERO sought and was granted permission to address the meeting, and stated that: "we have witnessed a U-turn by the representative of Hitachi, who first came here to tell us that €0.18 was fine and then voted against. I call upon the Board of Directors to reflect on this, because this proposal is practically a vote of no confidence in the Board of Directors. This will have consequences, thank you."

The Chairman moved on to the second item on the agenda:

"2. First section of the Report on Remuneration. Related and consequent resolutions. "

The Chairman reminded that the issue had been examined in the

Report on Remuneration approved by the Board of Directors on 24 March 2017, after obtaining the approval of the Nomination and Remuneration Committee, and it had been handed to those present and made available to the public in accordance with the provisions and terms of the law in force.

Pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98, those in attendance were called to decide in favor or against the first section of the Remuneration Report, provided for under Art. 123-ter, paragraph 3, which illustrated the Company's policy on remuneration for the Company’s governing bodies and key management, as well as the procedures used to adopt and implement this policy.

The Chairman reminded the shareholders that pursuant to Art. 123-ter, paragraph 6, of Legislative Decree No. 58/98, the resolution that the Shareholders’ meeting was called to take would not, however, be binding.

The Chairman then proposed the following resolution on this agenda item, which was, in all respects, consistent with that contained in the Board of Directors’ Report to the shareholders’ meeting:

"The Ansaldo STS S.p.A. Ordinary Shareholders' Meeting,

- After having examined and discussed the section of the report on remuneration foreseen by Art. 123-ter, paragraph 3, of Legislative Decree No. 58/1998, which was approved by the Board of Directors upon the Nomination and Remuneration Committee so proposing, which contains the description of the Company's policy on remuneration for members of boards of directors, the general manager and managers with strategic responsibilities, and the procedures used for adopting and implementing this policy and which was made available to the public in the manner and time required by law;

- Considered that the aforementioned section of the remuneration report and the policy described therein are compliant with the provisions of the applicable legislation on the remuneration of members of the Board, the general manager and managers with strategic responsibilities

resolves

- to adopt the first section of the report on remuneration provided for under Article 123-ter, paragraph 3, of Legislative Decree. No. 58/98, which was approved by the Board of Directors on 24 March 2017, and which illustrates the Company's policy on the remuneration of members of Boards of directors, the general manager and managers with strategic responsibilities, as well as the procedures used for adopting and implementing this policy.”

The Chairman opened the discussion, reserving himself the right to reply to any questions once all those so requesting had taken the floor.

In order to allow the discussion to proceed smoothly, the Chairman invited those who wished to speak to kindly bring to the meeting’s secretary the application form for making a request to speak in connection with the meeting’s agenda item, which had been handed out at registration.

Mr. ARTURO ALBANO sought and obtained permission to address the meeting in representation of the shareholder Amber Capital and stated as follows:

“I just have a question for Mr. Corsi, regarding the preceding point, because Mr. Corsi said… he informed us that the news of the liability action against the directors has come out. The proposal, yes. The news has come out that a proposal… I don’t understand, because you said it by announcing: “the stock market is open”, almost as if to say if the Ansaldo STS stock performs in an anomalous way, the reason can be found in the proposal. Because otherwise I’d like you to inform us when the news comes out that Hitachi has changed its affirmation; first it said that 0.18 was fine, and then it said it was not voting, and now it rejected the dividend distribution proposal … at least we’ll see how the stock goes.

The Chairman called on Mr. FILIPPO CORSI, to speak, who stated as follows:

“I simply made a service announcement, I don’t think it will come out … if it does I'll make the other one."

The Chairman gave the floor to Mr. Raimondo Premonte, who asked to reiterate what previously stated with regard to distribution of possible dividends.

The podium was therefore taken by Mr. RAIMONDO PREMONTE, who stated as follows:

“So, with this in mind and urging the Company's management to invest in research and development, and although the proposal by the Board of Directors to distribute a dividend of 0.18 cent per share may be in line with the practice of the Company, we intend to vote against the distribution of any, any, dividend. Thank you”.

Mr. ARTURO ALBANO returned to the podium to address the meeting, and stated as follows:

“Well, I think you said this in the answers, not in your first intervention. You said that subsequently. Earlier you made a different comment, earlier you made a different comment. I do not know if it was recorded but I hope it will be reported."

In light of the fact that no-one had requested to speak, the Chairman put to the vote the draft resolution concerning the Remuneration Report that had been previously read out.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the Articles of Association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, to record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman informed that that there are no. 176 people entitled to vote representing, either in person or via proxy, 167,944,060 ordinary shares equal to 83.97% of no. 200,000,000 (two hundred million) of ordinary shares comprising the share capital.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing in one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results: 104,889,572 voted, representing 62.46% of the shareholders taking part in the vote, for the proposal of item 2 on the agenda regarding the remuneration pursuant to Art. 123-ter, paragraph 6 of Legislative Decree no. 58/98; 17,810,771 voted against, representing 10.61% of the shareholders taking part in the vote; 45,243,717 abstentions representing 26.94% of the shareholders taking part in the vote and no one not voting, all of which would be recorded in the voting record to be attached, at the Chairman's request, to the meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the proposal to approve the financial statements had been approved by a majority of the shareholders attending the meeting.

The Chairman moved on to the third item on the agenda:

3. Appointment of the Board of Statutory Auditors.

The Chairman reminded that the meeting is called to proceed with the appointment of the new Board of Statutory Auditors, because at the present Ordinary General Meeting called to approve the Financial Statements for the year ended on 31 December 2016, the term of office of the Company's Board of Statutory Auditors, appointed by the Ordinary General Meeting on April 15, 2014 for the three-year period 2014-2016, will expire.

The Chairman informed that, in relation to the mechanism for appointing the Board of Statutory Auditors and the alternate Auditors, the following is the procedure to be followed, pursuant to Article 27 paragraph 2, subsection 10 of the By-laws:

a) two regular Auditors and two alternate Auditors shall be drawn from the list that has achieved the highest number of votes, in the sequential order in which they appear in the sections of the list itself;

b) the remaining regular Auditor and the remaining alternate

Auditor are drawn from the other lists, as provided for by Article 16.3, letter b) of the Articles of Association, to be applied separately to each of the sections of the other lists, and in compliance with applicable legislative and regulatory provisions.

It has to be ensured that the composition of the Board of Statutory Auditors is in compliance with the provisions of Article 1, paragraph 1 of the Decree of the Minister of Justice no. 162 of March 30, 2000 and the regulations in force relating to the gender balance.

The Chairman informed that, pursuant to Article 148, paragraph 2-bis of Legislative Decree no. 58/98 and Article 27.2, last paragraph of the Articles of Association, the Chairman of the Board of Statutory Auditors is appointed by the Ordinary General Meeting as the regular Auditor chosen by the minority, i.e. by the minority Shareholders who have no relationship or connection - direct or otherwise - with the Shareholders who submitted or voted for the list that received the highest number of votes).

The Chairman also reminded that this argument is discussed in the explanatory report of the Board of Directors drafted pursuant to Art. 125-ter, paragraph 3 of the Consolidated Finance Act, published in accordance with the provisions and terms of the law in force, handed to those who intervened and to which reference is made.

With regard to the agenda item, the Chairman – in order to allow more room for discussion - proposed to the shareholders to jointly submit the subsections and to carry out the proposals regarding the determination of the annual remuneration, and then proceed with separate votes on each of these points.

The Chairman then proceeded to discuss all the subsections regarding the third item of the ordinary part:

3.1 Appointment of three Regular Statutory Auditors and three Alternate Auditors.

3.2 Appointment of the Chairman of the Board of Statutory Auditors.

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.

The Ordinary General Meeting, following the abovementioned modalities, appoints the Board of Statutory Auditors, consisting of three regular Auditors, and also three alternate Auditors.

The Auditors thus appointed shall remain in office for three years, and their office shall expire at the Ordinary General Meeting called to approve the Financial Statements for their last financial year in office.

The Chairman informed that, in accordance with the provisions and terms of the law in force and with Art. 27 of the Articles of Association, two slates of candidate were presented within the terms of law, and more specifically:

- a slate was presented on 13 April 2017 by the shareholder

Hitachi Rail Italy Investments S.r.l, holding no. 101,544,702 ordinary Ansaldo STS shares, equal to 50.772% of the share capital. Such list was identified as slate no. 1;

- another slate was presented on 12 April 2017, jointly by the shareholders Elliott International L.P. and The Liverpool Limited Partnership, holding no. 45,086,943 ordinary Ansaldo STS shares, equal to 22.543% of the share capital. Such list was identified as slate no. 2.

The Chairman stated that the shareholders who presented slate no. 2 had declared the absence of relations among the shareholders holding a controlling interest or relative majority interest, in accordance with the law and the Articles of Association, taking into consideration the recommendations of Consob communication no. dem/9017893 of 26 February 2009.

The slates of candidates presented are accompanied by:

- information relating to the identity of the Shareholders who submitted the lists, specifying the total percentage held and the communications received by the Company from the intermediaries, which prove the ownership of the shareholding;
- curriculum vitae with information relating to the personal and professional qualities of the candidates;
- a declaration by which the individual candidates accept their candidacy and attest, under their own responsibility, the absence of any causes of ineligibility and incompatibility provided for by law as well as that they satisfy the require-

ments laid down by applicable rules.

The Chairman acknowledged that the slates, together with the accompanying documents and the statements certifying the absence of any connection with the controlling shareholder, were put, on 20 April 2017, at the public's disposal at the registered office, on the Company's website and on the www.emarketstorage.com storage mechanism.

The slates, with the accompanying documents, had been put at the disposal of all those attending the shareholders' meeting.

The Chairman reminded that each person entitled to vote could only vote one slate.

The Chairman read out the slates of candidates contained in slate no.1 submitted by Hitachi Rail Italy Investments S.r.l.:

Statutory Auditors section

1. Giovanni Naccarato
2. Alessandra Stabilini
3. Alfredo Mernone

Alternate Auditors section

1. Alessandro Speranza
2. Valeria Galardi
3. Stefano Saponaro

He then read out the slates of candidates listed on slate no. 2 submitted by the shareholders Elliott International L.P. and The Liverpool Limited Partnership:

Statutory Auditors section

4. Antonio Zecca

Alternate Auditors section

4. Cristiano Proserpio

The Chairman opened the floor, reserving himself the right to respond to any questions once all the shareholders had spoken, after having suspended the shareholders' meeting for a limited period of time.

In order to allow the discussion to proceed regularly, the Chairman invited those who wished to speak to kindly bring to the shareholders' meeting secretary the application form requesting to speak in connection with the agenda item, which had been handed out at registration.

The Chairman invited Mr. Matteo Pratelli, in representation of the shareholder The Liverpool Limited Partnership, to take the podium on the left for his contribution.

The podium was taken by Mr. MATTEO PRATELLI, in representation of the shareholder The Liverpool Limited Partnership, who stated as follows:

"Thank you Mr. Chairman, I'll be very brief. I'm speaking on behalf of The Liverpool Limited Partnership, and then for the Elliott Funds, as your recalled, the Elliott funds presented a minority list for the appointment of the Board of Statutory Auditors. It's a list we hope all minority shareholders of the Company will vote for, and it's made up of professionals and in particular the one we want to be the Chairman of the Board of Statutory Auditors, who we believe will be able to perform well the task that awaits them in the interest of all shareholders in the Company. So, in the interest of clarity, given that there were some objections… even though I think it's obvious, but given that some objections have been repeatedly raised by the Company, in the litigation that Mr. Corsi recalled earlier, contentions that have never been upheld by the courts, we want to point out that the vote of the Elliott funds for list number 2, i.e. for the minority list that they themselves have presented, must be understood as a vote against the list number 1 submitted by the majority shareholder. Thank you”.

The Chairman invited Mr. RAIMONDO PREMONTE, in representation of the shareholder Hitachi Rail Italy Investments Srl, to take the podium on the left for his contribution.

Mr. RAIMONDO PREMONTE addressed the meeting in representation of the shareholder Hitachi Rail Italy Investments, and stated as follows:

“I’d like to make a proposal regarding point 3 on the agenda, and in fact Hitachi Rail Italy Investments proposes - with respect to the fees of the Board of Statutory Auditors, to set the annual fee for Chairman of the Board of Statutory Auditors at €75,000, plus a lump sum of €15,000 for participation in the meetings of committees within the Board of Directors, and to set the fees for the other members of the Board of Statutory Auditors at €50,000, plus a lump sum of €10,000 for participation in the meetings of committees within the Board of Directors. These fees are exactly in line with those of the current Board of Statutory Auditors. Finally, in the name of the shareholder Hitachi Rail Italy Investments, I would like to thank the entire Board of Statutory Auditors and in particular the Chairman for their contribution to the Company. Thank you."

The Chairman invited the shareholder Mr. Carlo Maria Braghero to take the podium on the left for his contribution.

Mr. CARLO MARIA BRAGHERO addressed the meeting as follows:

"Thanking the outgoing Board seems to be the least one can do, from my point of view, but along with this gratitude I want to add my regret to note that neither the majority nor the minority has decided to re-propose someone from the outgoing Board. Regardless of any other consideration, losing the historical memory of the Board seems to me to be an aspect that has not been properly evaluated, and therefore, in this respect, I must express my most profound disapproval with both lists. This disapproval is obviously not directed at my colleagues, the candidates, their professionalism. It's directed mainly at the principle I've just referred to. I want to express a wish for the new Board: if it can produce at least 50% of what the outgoing Board has produced, it will already be a good result. Having said that, it seems to me… appearance can be purely formal, but many times the formal appearance has psychological repercussions. The Hitachi list was submitted on 13 April 2017; the list submitted by Bonelli on behalf of Elliott and Liverpool was submitted on 12 April, i.e. the day before. So why is the list that was submitted after is number 1, and the list submitted before is number 2? Who said that it was necessary to go by order of importance, and not in the order in which they were submitted? I mean, it's completely absurd. Having said that… having said that, precisely because of the misgivings I expressed earlier, I prefer - because my votes are completely irrelevant - so I prefer not to vote, I'll leave the card, and leave the meeting with good wishes for the outgoing members. Thank you."

Given that no-one else had asked to speak, the Chairman declared the discussion closed and invited the shareholders to vote on the basis of the slates that had been read out by him in order to appoint the Board of Statutory Auditors, who would remain in office for the financial years 2017 and 2018 and 2019.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the articles of association. He noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, pointed to the exit.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman announced that 175 shareholders entitled to vote representing 167,944,050 shares, amounting to 83.97% of the 200,000,000 shares making up the share capital were personally in attendance or by proxy.

The Chairman invited those in attendance to cast their vote by using the tele-voter, by typing in one of the following keys:

list 1

list 2

against

abstention

and immediately afterwards the key “ok”.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported, as regarded point 3.1 of the agenda item, the following results:

- Slate no. 1: 101,563,394 votes, amounting to 60.47% of shareholders taking part in the vote;
- Slate no. 2: 66,305,542 votes, amounting to 39.48% of shareholders taking part in the vote;

- against: 75,114 votes, amounting to 0.04%, of shareholders taking part in the vote;

- abstentions: no-one;

- no votes: no-one.

The Chairman declared that the following candidates had been elected as member of the Board of Statutory Auditors:

as Statutory Auditors:

1. Mr. Giovanni Naccarato from slate no. 1
2. Ms. Alessandra Stabilini from slate no. 1
3. Mr. Antonio Zecca from slate no. 2

and as Alternate Auditors:

1. Mr. Alessandro Speranza from slate no. 1
2. Ms. Valeria Galardi from slate no. 1
3. Mr. Cristiano Proserpio from slate no. 2

The Chairman also acknowledged that the Board of Directors' composition was compliant with the Articles of Association and current legislation on gender balance.

The Board of Statutory Auditors thus elected would remain in office for the years 2017-2018-2019 and, therefore, until the date for which the shareholders' meeting would be convened for approving the financial statements for the last financial year.

The Chairman referred to the documentation already published regarding the governance and supervisory roles held in other companies, by the elected Auditors, in respect of which there seems not to be any updates, except as regards the positions of Ms. Stabilini, for whom the termination of the office held in Parmalat S.p.A. had been communicated, while the offices held in Librerie Feltrinelli S.r.L. and Brunello Cucinelli S.p.A. had been renewed for further three years.

The Chairman pointed out that, as previously stated, two slates of candidates having been presented for the appointment of the Board of Statutory Auditors, one of which is the minority, the meeting should not vote on point 3.2 as, pursuant to Art. 27.2, last paragraph of the Articles of Association, the presidency is reserved for the Statutory Auditor elected by the minority, therefore Mr. Antonio Zecca.

As regards point 3.3 "determination of the remuneration of the members of the Board of Statutory Auditors", the Chairman put to vote the proposal of the shareholder Hitachi Rail Italy Investments S.r.l to determine, for the period of office:

- for the Chairman EUR 75,000 gross annually in addiction to EUR 15,000gross annually referred to the participation in the meetings of the committees within the Board of Directors ;
- for other regular Auditors EUR 50,000gross annually in addiction to EUR 10,000gross annually referred to the participation in the meetings of the committees within the Board of Directors.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the articles of association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman announced that 175 shareholders entitled to vote representing 167,944,050 shares, amounting to 83.97% of the 200,000,000 shares making up the share capital were personally in attendance or by proxy.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing in one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the following results:

165,559,001 voted, representing 98.58% of the shareholders taking part in the vote, for the proposal of point 3.3 "determination of the remuneration of the members of the Board of Statutory Auditors"; 2,228,375 voted against, representing 1.33% of the shareholders taking part in the vote; 156,674 abstentions, representing 0.09% of the shareholders taking part in the vote and no one not voting, all of which was recorded in the voting record to be attached, at the Chairman's request, to the meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the proposal to approve the aforementioned proposal had been approved by a majority of the shareholders in attendance at the meeting.

The two Statutory Auditors Ms. Maria Enrica Spinardi and Mr. Renato Righetti left the meeting at 5:41 p.m.

The Chairman moved on to the fourth item on the agenda:

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

and reminded that the topic had been discussed in the Board of Director's report drafted pursuant to Art. 73 of the Issuers' Regulations, published according to the terms and conditions prescribed by law and handed to those intending to speak.

The Chairman submitted to the meeting the following proposal of resolution regarding this item on the agenda, entirely compliant with that contained in the Report of the Board of Directors in the meeting:

"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' Regulations, as well as any other applicable laws,

resolved

1. to authorize the purchase, in one or more transactions, for a period of eighteen 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 authorize 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 accord-

ance 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."

The Chairman opened the discussion, reserving himself the right to reply to any questions once all those so requesting had taken the floor.

No one asking to speak, the Chairman put to vote the proposal of resolution previously read.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the articles of association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder.

The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, record that they had done so.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman announced that 175 shareholders entitled to vote representing 167,944,050 shares, amounting to 83.97% of the 200,000,000 shares making up the share capital were personally in attendance or by proxy.

The Chairman invited those in attendance to cast their vote by using the tele-voter, typing one of the following keys:

for

against

abstention

and immediately afterwards the "ok" button.

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported the results:

115,292,478 voted, representing 68.65% of the shareholders taking part in the vote, for the proposal of point “4. Authorization to purchase and dispose of own shares. Related and consequent resolutions.”; 32,000 voted against representing 0.02% of the shareholders taking part in the vote; 52,619,275 abstentions representing 31.33% of the shareholders taking part in the vote and no one not voting, all of which would be recorded in the voting record to be attached, at the Chairman’s request, to the meeting’s minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the aforementioned proposal had been approved by a majority of the shareholders in attendance at the meeting.

The Chairman moved on to the fifth point on the agenda:

“5.Approval of the Stock Grant Plan of Ansaldo STS to its employees. Related and consequent resolutions”

and reminded that the topic had been discussed in the Board of Director’s report on 24 March 2017 after having obtained the approval of the Nomination and Remuneration Committee, handed to those who were present and made available to the public according to the terms and conditions prescribed by law.

The Chairman therefore asked the meeting to vote on the following proposed resolution on this point on the agenda, which conformed in full with that contained in the Board of Directors' report to the meeting:

“The Ordinary General Meeting of Ansaldo STS S.p.A., having examined the informative document drawn up by the Board of Directors pursuant to Art. 84-bis of the Issuers’ Regulations

resolved

- to approve the Ansaldo STS Stock Grant Plan 2017-2019 destined for the Chief Executive Officer and General Manager, for the Managers with Strategic Responsibilities and all those deemed to be key resources of Ansaldo STS S.p.A. and/or its subsidiaries pursuant to Art. 2359 Civil Code, according to the terms and conditions described in the informative document prepared pursuant to art. 84-bis of the Issuers' Regulations;
- to grant the Board of Directors and, on its behalf, the Chairman and Chief Executive Officer, separately, the widest powers necessary to implement the Ansaldo STS Stock Grant Plan 2017-2019, including the power of sub delegation to the Nomination and Remuneration Committee, to be exercised in accordance with the criteria described in the informative document prepared pursuant to art. 84-bis of the Issuers' Regulations."

The Chairman opened the discussion, reserving himself the right to reply to any questions once all those so requesting had taken the floor.

No one asking to speak, the Chairman put to vote the proposal of resolution previously read.

The Chairman reiterated his call to those in attendance to declare any inability to vote pursuant to the law and the Articles of Association and noted that Mr. Pratelli reaffirms what he previously stated with regard to the non-entitlement to vote of the majority shareholder. The Chairman again invited those who did not wish to be counted for the purpose of calculating the majority to leave the room and, to this end, pointed to the exit.

Before voting, the Chairman asked the staff to provide updated data on those in attendance and invited those entitled to vote not to leave the meeting until the voting procedure had been finished.

The Chairman announced that 175 shareholders entitled to vote representing 167,944,050 shares, amounting to 83.97% of the 200,000,000 shares making up the share capital were personally in attendance or by proxy.

The Chairman invited those in attendance to cast their vote by using the tele-voter, by typing in one of the following keys:

for

against

abstention

and immediately afterwards the key "ok".

The Chairman then declared the voting open.

Once the shareholders had finished voting, the Chairman declared the vote closed and reported, as regarded point 5 of the agenda item, the following results:

106,973,524 voted, representing 63.70% of the shareholders taking part in the vote, for the proposal referred to in point "Approval of the Stock Grant Plan of Ansaldo STS to its employees. Related and consequent resolutions."; 15,883,573 voted against, representing 9.46% of the shareholders taking part in the vote; 45,086,853 abstentions, representing 26.85% of the shareholders taking part in the vote; no one not voting, all of which was recorded in the voting record to be attached, at the Chairman's request, to meeting's minutes, together with a list of those voting and the individual statements of vote.

The Chairman declared that the aforementioned proposal had been approved by a majority of the shareholders in attendance at the meeting.

The Chairman – having acknowledged that all the items on the meeting's agenda had been dealt with and that no further requests had been made from the floor - delivered to me, Notary Public, for the purpose of attaching them to these minutes as they are, in fact, respectively attached under the letters indicated below, so that they become an integral and substantial part thereof:

- Under letter "A": A list of those attending the shareholders' meeting.
- Under letter "B": Folder containing the Company Ansaldo STS S.p.A. financial statements for the year ending 31 December 2016, the consolidated financial statements for the same financial year, which is also accompanied by the schedule of the financial statements of non-EU foreign subsidiaries, as well as related Management Reports of the Board of Directors, of the External Audit Firm and of the Board of Statutory Auditors;

- Under letter “C": Board of Directors’ report on "Corporate Governance" system and compliance with Corporate Governance Code by Companies listed for 2016 financial year;

- Under letter “D": Board of Directors’ report on Remuneration drafted pursuant to Article 125-ter of Legislative Decree No. 58 dated 24 February 1998;

- under letter “E”: Explanatory reports drafted by the Board of Directors on the items on the agenda of the ordinary and extraordinary session as well as the informative document drafted pursuant to Art. 84-bis of Issuers’ Regulations;

- Under letter “F”: Explanatory report of the company Litespeed Management LLC – Litespeed Master Fund Ltd” containing the request to supplement the agenda and the new proposal of resolution on an item already on the agenda, drafted pursuant to Art. 126-bis of Legislative Decree No. 58 dated 24 February 1998;

- Under the letter "G": 2 lists of candidates for the appointment of the Board of Statutory Auditors;

- Under the letter "H": the folder containing the slides related to the Company’s management report distribute to the attendances;

- Under the letter "I": the folder containing the voting and list of movements of those attending shareholders’ meeting;

- Under letter “J”: letter dated 20 March 2017 from “Litespeed Management LLC” to “Hitachi Ltd”.

The Chairman dispensed me, Notary Public, from reading out all the annexes to the minutes, which I did not do and acknowledged that all attachments to these minutes were an integral and substantial hereof.

The attachments have been signed by the Chairman and me, Notary Public in each sheet.

After which the Chairman declared the Shareholders' meeting closed at seventeen and fifty-two minutes, thanking those present.

* * * * *

Pursuant to Legislative Decree No. 196/2003 (Personal Data Protection Code) the person in attendance acknowledged that the certifying Notary Public is the "data controller" for the purposes of the personal data contained in these Minutes.

Upon being so requested, I, Notary, I have prepared these minutes, which I have read to the person appearing before me, who has approved it.

These minutes have been drafted by a person appointed by me and consist of hundred and seventy-one pages and forty-three pages and part of a hundred and seventy two page.

SIGNED: ALBERTO DE BENEDICTIS

PAOLO TORRENTE notary (Initialled)

SHAREHOLDERS' MEETING
11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
ASTENGO GIACOMO	Accountholder	ASTENGO GIACOMO	ASTENGO GIACOMO			100	0,00%
BRAGHERO CARLO MARIA	Accountholder	BRAGHERO CARLO MARIA	BRAGHERO CARLO MARIA			10	0,00%
CARADONNA GIANFRANCO MARIA	Accountholder	CARADONNA GIANFRANCO MARIA	CARADONNA GIANFRANCO MARIA			1	0,00%
ALBANO ARTURO	Delegate	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALPHA UCITS SICAV-AMBER EQUITY FUND			492.548	0,25%
ALBANO ARTURO	Delegate	AMBER ACTIVE INVESTORS LIMITED	AMBER ACTIVE INVESTORS LIMITED			3.394.140	1,70%
ALBANO ARTURO	Delegate	AMBER GLOBAL OPPORTUNITIES MASTER FUND	AMBER GLOBAL OPPORTUNITIES MASTER FUND			318.875	0,16%
ALBANO ARTURO	Delegate	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK LLP	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK LLP			634.283	0,32%
BALDELLI SONIA	Delegate	56053 IP GLOBAL EQUITIES I	56053 IP GLOBAL EQUITIES I			5.454	0,00%
BALDELLI SONIA	Delegate	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND			3.863	0,00%
BALDELLI SONIA	Delegate	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND			7.746	0,00%
BALDELLI SONIA	Delegate	ALASKA PERMANENT FUND CORPORATION	ALASKA PERMANENT FUND CORPORATION			17.502	0,01%
BALDELLI SONIA	Delegate	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.			14.936	0,01%
BALDELLI SONIA	Delegate	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC			11.370	0,01%
BALDELLI SONIA	Delegate	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B			26.589	0,01%
BALDELLI SONIA	Delegate	BGI MSCI EMU IMI INDEX FUND B	BGI MSCI EMU IMI INDEX FUND B			166	0,00%
BALDELLI SONIA	Delegate	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F			13.161	0,01%
BALDELLI SONIA	Delegate	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN			763	0,00%
BALDELLI SONIA	Delegate	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR			51.029	0,03%
BALDELLI SONIA	Delegate	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE			107.468	0,05%

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
		BENEFIT TR	BENEFIT TR				
BALDELLI SONIA	Delegate	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR			414.564	0,21%
BALDELLI SONIA	Delegate	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN			4.504	0,00%
BALDELLI SONIA	Delegate	BNYTD CF CANLIFE GLBL INFRA FD	BNYTD CF CANLIFE GLBL INFRA FD			22.210	0,01%
BALDELLI SONIA	Delegate	BURROUGHS WELLCOME FUND	BURROUGHS WELLCOME FUND			1.823	0,00%
BALDELLI SONIA	Delegate	CAISSE DES DEPOTS ET CONSIGNATIONS	CAISSE DES DEPOTS ET CONSIGNATIONS			49.769	0,02%
BALDELLI SONIA	Delegate	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM			2.288	0,00%
BALDELLI SONIA	Delegate	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM			15.527	0,01%
BALDELLI SONIA	Delegate	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM			19.481	0,01%
BALDELLI SONIA	Delegate	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM			193.351	0,10%
BALDELLI SONIA	Delegate	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM			23.943	0,01%
BALDELLI SONIA	Delegate	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM			51.171	0,03%
BALDELLI SONIA	Delegate	CF DV ACWI EX-U.S. IMI FUND	CF DV ACWI EX-U.S. IMI FUND			883	0,00%
BALDELLI SONIA	Delegate	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASSIVE II	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASSIVE II			3.090	0,00%
BALDELLI SONIA	Delegate	CHEVRON MASTER PENSION TRUST	CHEVRON MASTER PENSION TRUST			10.490	0,01%
BALDELLI SONIA	Delegate	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN			17.684	0,01%
BALDELLI SONIA	Delegate	CITY OF NEW YORK GROUP TRUST	CITY OF NEW YORK GROUP TRUST			8.148	0,00%
BALDELLI SONIA	Delegate	CITY OF NEW YORK GROUP TRUST	CITY OF NEW YORK GROUP TRUST			20.750	0,01%
BALDELLI SONIA	Delegate	CITY OF NEW YORK GROUP TRUST	CITY OF NEW YORK GROUP TRUST			24.229	0,01%

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
BALDELLI SONIA	Delegate	COLLEGE RETIREMENT EQUITIES FUND	COLLEGE RETIREMENT EQUITIES FUND			130.467	0,07%
BALDELLI SONIA	Delegate	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	DEUTSCHE XTRK MSCI EAFE SC HDG ETF			443	0,00%
BALDELLI SONIA	Delegate	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	DEUTSCHE XTRK MSCI EMU HDG EQ ETF			1.329	0,00%
BALDELLI SONIA	Delegate	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20			47.167	0,02%
BALDELLI SONIA	Delegate	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA			446.768	0,22%
BALDELLI SONIA	Delegate	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30			10.091	0,01%
BALDELLI SONIA	Delegate	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40			102.800	0,05%
BALDELLI SONIA	Delegate	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70			25.928	0,01%
BALDELLI SONIA	Delegate	FCP ERAFP ACT IND11	FCP ERAFP ACT IND11			167.325	0,08%
BALDELLI SONIA	Delegate	FCP REGARD SEL.ACT EURO.	FCP REGARD SEL.ACT EURO.			69.540	0,03%
BALDELLI SONIA	Delegate	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	FIDELITY SAL ST T SPARTAN TOTAL INT IN F			1.453	0,00%
BALDELLI SONIA	Delegate	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS			2.145	0,00%
BALDELLI SONIA	Delegate	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST			4.697	0,00%
BALDELLI SONIA	Delegate	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST			132	0,00%
BALDELLI SONIA	Delegate	GAIKOKUKABU SUB FUND 1 LP	GAIKOKUKABU SUB FUND 1 LP			3.481	0,00%
BALDELLI SONIA	Delegate	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL			9.856	0,00%
BALDELLI SONIA	Delegate	GOVERNMENT OF NORWAY	GOVERNMENT OF NORWAY			2.082.399	1,04%
BALDELLI SONIA	Delegate	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	GOVERNMENT OF THE REPUBLIC OF SINGAPORE			1.823	0,00%
BALDELLI SONIA	Delegate	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)			1.850	0,00%
BALDELLI SONIA	Delegate	IBM 401K PLUS PLAN	IBM 401K PLUS PLAN			18.433	0,01%

SHAREHOLDERS' MEETING

11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
BALDELLI SONIA	Delegate	ILLINOIS STATE BOARD OF INVESTMENT	ILLINOIS STATE BOARD OF INVESTMENT			21.615	0,01%
BALDELLI SONIA	Delegate	INDIANA PUBLIC RETIREMENT SYSTEM	INDIANA PUBLIC RETIREMENT SYSTEM			9.901	0,00%
BALDELLI SONIA	Delegate	INTERNATIONAL MONETARY FUND	INTERNATIONAL MONETARY FUND			2.875	0,00%
BALDELLI SONIA	Delegate	INTERNATIONAL MONETARY FUND	INTERNATIONAL MONETARY FUND			7.838	0,00%
BALDELLI SONIA	Delegate	ISHARES CORE MSCI EAFE ETF	ISHARES CORE MSCI EAFE ETF			185.422	0,09%
BALDELLI SONIA	Delegate	ISHARES CORE MSCI EAFE IMI INDEX ETF	ISHARES CORE MSCI EAFE IMI INDEX ETF			5.901	0,00%
BALDELLI SONIA	Delegate	ISHARES CORE MSCI EUROPE ETF	ISHARES CORE MSCI EUROPE ETF			46.498	0,02%
BALDELLI SONIA	Delegate	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF			50.954	0,03%
BALDELLI SONIA	Delegate	ISHARES MSCI EAFE SMALL CAP ETF	ISHARES MSCI EAFE SMALL CAP ETF			417.586	0,21%
BALDELLI SONIA	Delegate	ISHARES MSCI EUROPE IMI INDEX ETF	ISHARES MSCI EUROPE IMI INDEX ETF			2.084	0,00%
BALDELLI SONIA	Delegate	ISHARES MSCI EUROPE SMALL-CAP ETF	ISHARES MSCI EUROPE SMALL-CAP ETF			8.875	0,00%
BALDELLI SONIA	Delegate	ISHARES VII PLC	ISHARES VII PLC			148.854	0,07%
BALDELLI SONIA	Delegate	KP INTERNATIONAL EQUITY FUND	KP INTERNATIONAL EQUITY FUND			5.792	0,00%
BALDELLI SONIA	Delegate	LBPAM RESPONSABLE ACTIONS ENVT	LBPAM RESPONSABLE ACTIONS ENVT			146.016	0,07%
BALDELLI SONIA	Delegate	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED			11.716	0,01%
BALDELLI SONIA	Delegate	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.			2.580	0,00%
BALDELLI SONIA	Delegate	LONDON LIFE INSURANCE COMPANY .	LONDON LIFE INSURANCE COMPANY .			330.872	0,17%
BALDELLI SONIA	Delegate	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM			13.093	0,01%
BALDELLI SONIA	Delegate	MARYLAND STATE RETIREMENT & PENSION SYSTEM	MARYLAND STATE RETIREMENT & PENSION SYSTEM			1.062	0,00%
BALDELLI SONIA	Delegate	MERCER DIOCESE OF BROOKLYN	MERCER DIOCESE OF BROOKLYN			2.040	0,00%

SHAREHOLDERS' MEETING

11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
		LAY PENSION INVESTMENT TRUST	LAY PENSION INVESTMENT TRUST				
BALDELLI SONIA	Delegate	MERCER UNHEDGED OVERSEAS SHARES TRUST	MERCER UNHEDGED OVERSEAS SHARES TRUST			6.752	0,00%
BALDELLI SONIA	Delegate	MERRILL LYNCH INVESTMENT SOLUTIONS	MERRILL LYNCH INVESTMENT SOLUTIONS			9.739	0,00%
BALDELLI SONIA	Delegate	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST			5.319	0,00%
BALDELLI SONIA	Delegate	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST			16.130	0,01%
BALDELLI SONIA	Delegate	MM SELECT EQUITY ASSET FUND	MM SELECT EQUITY ASSET FUND			1.759	0,00%
BALDELLI SONIA	Delegate	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F			30.521	0,02%
BALDELLI SONIA	Delegate	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO			7.537	0,00%
BALDELLI SONIA	Delegate	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C			10.341	0,01%
BALDELLI SONIA	Delegate	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH			22.625	0,01%
BALDELLI SONIA	Delegate	NEW MEXICO STATE INVESTMENT COUNCIL	NEW MEXICO STATE INVESTMENT COUNCIL			2.248	0,00%
BALDELLI SONIA	Delegate	NEW MEXICO STATE INVESTMENT COUNCIL	NEW MEXICO STATE INVESTMENT COUNCIL			3.797	0,00%
BALDELLI SONIA	Delegate	NEW ZEALAND SUPERANNUATION FUND	NEW ZEALAND SUPERANNUATION FUND			3.389	0,00%
BALDELLI SONIA	Delegate	NEW ZEALAND SUPERANNUATION FUND	NEW ZEALAND SUPERANNUATION FUND			7.050	0,00%
BALDELLI SONIA	Delegate	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST			24.519	0,01%
BALDELLI SONIA	Delegate	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST			66.958	0,03%
BALDELLI SONIA	Delegate	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND			3.285	0,00%
BALDELLI SONIA	Delegate	OMERS ADMINISTRATION CORPORATION	OMERS ADMINISTRATION CORPORATION			11.900	0,01%

SHAREHOLDERS' MEETING
11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
BALDELLI SONIA	Delegate	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	ONEPATH GLOBAL SHARES - SMALL CAP INDEX			6.904	0,00%
BALDELLI SONIA	Delegate	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM			40.050	0,02%
BALDELLI SONIA	Delegate	PARAMETRIC INTERNATIONAL EQUITY FUND	PARAMETRIC INTERNATIONAL EQUITY FUND			6.279	0,00%
BALDELLI SONIA	Delegate	PENSION RESERVES INVESTMENT TRUST FUND	PENSION RESERVES INVESTMENT TRUST FUND			35.556	0,02%
BALDELLI SONIA	Delegate	PHC NT SMALL CAP	PHC NT SMALL CAP			7.485	0,00%
BALDELLI SONIA	Delegate	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO			18.026	0,01%
BALDELLI SONIA	Delegate	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO			7.322	0,00%
BALDELLI SONIA	Delegate	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF			25.708	0,01%
BALDELLI SONIA	Delegate	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF			69.849	0,03%
BALDELLI SONIA	Delegate	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF			4.270	0,00%
BALDELLI SONIA	Delegate	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL			1.895	0,00%
BALDELLI SONIA	Delegate	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL			19.958	0,01%
BALDELLI SONIA	Delegate	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL			66.058	0,03%
BALDELLI SONIA	Delegate	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL			100.291	0,05%
BALDELLI SONIA	Delegate	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND			1.033	0,00%
BALDELLI SONIA	Delegate	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY			1.072	0,00%
BALDELLI SONIA	Delegate	SSGA SPDR ETFS EUROPE II	SSGA SPDR ETFS EUROPE II			2.156	0,00%

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
		PUBLIC LIMITED COMPANY	PUBLIC LIMITED COMPANY				
BALDELLI SONIA	Delegate	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY			7.581	0,00%
BALDELLI SONIA	Delegate	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY			8.334	0,00%
BALDELLI SONIA	Delegate	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS			3.495	0,00%
BALDELLI SONIA	Delegate	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS			4.708	0,00%
BALDELLI SONIA	Delegate	STG PFDS V.D. GRAFISCHE	STG PFDS V.D. GRAFISCHE			36.631	0,02%
BALDELLI SONIA	Delegate	STICHTING PENSIOENFONDS APF	STICHTING PENSIOENFONDS APF			1.627	0,00%
BALDELLI SONIA	Delegate	STICHTING PENSIOENFONDS VOOR HUISARTSEN	STICHTING PENSIOENFONDS VOOR HUISARTSEN			7.250	0,00%
BALDELLI SONIA	Delegate	STICHTING PHILIPS PENSIOENFONDS	STICHTING PHILIPS PENSIOENFONDS			13.519	0,01%
BALDELLI SONIA	Delegate	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST			3.253	0,00%
BALDELLI SONIA	Delegate	SUNSUPER SUPERANNUATION FUND	SUNSUPER SUPERANNUATION FUND			4.916	0,00%
BALDELLI SONIA	Delegate	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO			2.606	0,00%
BALDELLI SONIA	Delegate	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN			5.272	0,00%
BALDELLI SONIA	Delegate	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F			5.099	0,00%
BALDELLI SONIA	Delegate	THE CANADA LIFE ASSURANCE COMPANY	THE CANADA LIFE ASSURANCE COMPANY			34.718	0,02%
BALDELLI SONIA	Delegate	THE GREAT-WEST LIFE ASSURANCE COMPANY	THE GREAT-WEST LIFE ASSURANCE COMPANY			28.263	0,01%
BALDELLI SONIA	Delegate	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA			12	0,00%
BALDELLI SONIA	Delegate	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA			461	0,00%
BALDELLI SONIA	Delegate	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA			12.454	0,01%
BALDELLI SONIA	Delegate	TRUST AND CUSTODY SERVICED BANK LIMITED	TRUST AND CUSTODY SERVICED BANK LIMITED			8.864	0,00%

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
BALDELLI SONIA	Delegate	U.S. AND INTERNATIONAL SPECIALTY CLASS	U.S. AND INTERNATIONAL SPECIALTY CLASS			2.474	0,00%
BALDELLI SONIA	Delegate	UAW RETIREE MEDICAL BENEFITS TRUST	UAW RETIREE MEDICAL BENEFITS TRUST			6.040	0,00%
BALDELLI SONIA	Delegate	UAW RETIREE MEDICAL BENEFITS TRUST	UAW RETIREE MEDICAL BENEFITS TRUST			6.749	0,00%
BALDELLI SONIA	Delegate	UAW RETIREE MEDICAL BENEFITS TRUST	UAW RETIREE MEDICAL BENEFITS TRUST			7.682	0,00%
BALDELLI SONIA	Delegate	UAW RETIREE MEDICAL BENEFITS TRUST	UAW RETIREE MEDICAL BENEFITS TRUST			8.350	0,00%
BALDELLI SONIA	Delegate	UAW RETIREE MEDICAL BENEFITS TRUST	UAW RETIREE MEDICAL BENEFITS TRUST			11.343	0,01%
BALDELLI SONIA	Delegate	UBS (US) GROUP TRUST	UBS (US) GROUP TRUST			4.003	0,00%
BALDELLI SONIA	Delegate	UBS ETF	UBS ETF			4.929	0,00%
BALDELLI SONIA	Delegate	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII			20.005	0,01%
BALDELLI SONIA	Delegate	UTAH STATE RETIREMENT SYSTEMS	UTAH STATE RETIREMENT SYSTEMS			3.595	0,00%
BALDELLI SONIA	Delegate	UTAH STATE RETIREMENT SYSTEMS	UTAH STATE RETIREMENT SYSTEMS			5.487	0,00%
BALDELLI SONIA	Delegate	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND			154	0,00%
BALDELLI SONIA	Delegate	VANGUARD DEVELOPED MARKETS INDEX FUND	VANGUARD DEVELOPED MARKETS INDEX FUND			391.821	0,20%
BALDELLI SONIA	Delegate	VANGUARD EUROPEAN STOCK INDEX FUND	VANGUARD EUROPEAN STOCK INDEX FUND			155.625	0,08%
BALDELLI SONIA	Delegate	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	VANGUARD FTSE ALL WORLD SMALL CAP IND FU			153.614	0,08%
BALDELLI SONIA	Delegate	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF			1.126	0,00%
BALDELLI SONIA	Delegate	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF			831	0,00%
BALDELLI SONIA	Delegate	VANGUARD INTERNATIONAL SMALL COMPANIES I	VANGUARD INTERNATIONAL SMALL COMPANIES I			5.808	0,00%
BALDELLI SONIA	Delegate	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL			102	0,00%

SHAREHOLDERS' MEETING

11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
		CAP IND FUND	CAP IND FUND				
BALDELLI SONIA	Delegate	VANGUARD INVESTMENT SERIES PLC	VANGUARD INVESTMENT SERIES PLC			22.744	0,01%
BALDELLI SONIA	Delegate	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	VANGUARD TOTAL INTERNATIONAL STOCK INDEX			1.059.315	0,53%
BALDELLI SONIA	Delegate	VANGUARD TOTAL WORLD STOCK INDEX FUND	VANGUARD TOTAL WORLD STOCK INDEX FUND			99.978	0,05%
BALDELLI SONIA	Delegate	WASHINGTON STATE INVESTMENT BOARD	WASHINGTON STATE INVESTMENT BOARD			4.560	0,00%
BALDELLI SONIA	Delegate	WASHINGTON STATE INVESTMENT BOARD	WASHINGTON STATE INVESTMENT BOARD			57.475	0,03%
BALDELLI SONIA	Delegate	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR			7.638	0,00%
BALDELLI SONIA	Delegate	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO			4.371	0,00%
BALDELLI SONIA	Delegate	WEST YORKSHIRE PENSION FUND	WEST YORKSHIRE PENSION FUND			156.664	0,08%
BALDELLI SONIA	Delegate	WHEELS COMMON INVESTMENT FUND	WHEELS COMMON INVESTMENT FUND			4.969	0,00%
BALDELLI SONIA	Delegate	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND			28.436	0,01%
BALDELLI SONIA	Delegate	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND			165	0,00%
BALDELLI SONIA	Delegate	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF			414	0,00%
BALDELLI SONIA	Delegate	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND			30.681	0,02%
BALDELLI SONIA	Delegate	WISDOMTREE EUROPE LOCAL RECOVERY FUND	WISDOMTREE EUROPE LOCAL RECOVERY FUND			648	0,00%
BALDELLI SONIA	Delegate	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND			137.421	0,07%
BALDELLI SONIA	Delegate	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY			257	0,00%
BALDELLI SONIA	Delegate	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY			4.156	0,00%

SHAREHOLDERS' MEETING
11TH MAY 2017

Ansaldo STS A Hitachi Group Company

List of participants

Name	Type	Entitled person	Owner securities	Agent	Encumbrance	Shares	%
COCIRIO STEFANO	Delegate	THE LIVERPOOL LIMITED PARTNERSHIP	THE LIVERPOOL LIMITED PARTNERSHIP			11.956.212	5,98%
FURLANI GIORGIO	Delegate	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED			2.584.378	1,29%
FURLANI GIORGIO	Delegate	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED			2.587.349	1,29%
FURLANI GIORGIO	Delegate	ELLIOTT INTERNATIONAL LP	ELLIOTT INTERNATIONAL LP			1.027.285	0,51%
FURLANI GIORGIO	Delegate	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) LTD	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) LTD			1.041.854	0,52%
PICCININI VALENTINA	Delegate	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD			7.532.322	3,77%
PRATELLI MATTEO MARIA	Delegate	THE LIVERPOOL LIMITED PARTNERSHIP	THE LIVERPOOL LIMITED PARTNERSHIP			505.977	0,25%
PREMONTE RAIMONDO	Delegate	HITACHI RAIL ITALY INVESTMENTS	HITACHI RAIL ITALY INVESTMENTS			101.544.702	50,77%
SCIANNACA BRUNO	Delegate	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) LTD	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) LTD			570.795	0,29%
SUCCI GIANPIERO	Delegate	ELLIOTT INTERNATIONAL LP	ELLIOTT INTERNATIONAL LP			24.813.093	12,41%
TARICCO MARCO	Attorney	BLUEBELL PARTNERS	BLUEBELL PARTNERS			10	0,00%

TOTAL PARTICIPANTS n° 177 entitled to vote representing no. 167.944.061 ordinary shares

Connecting Pieces of Your World

2016 ANNUAL REPORT
ANSALDO STS S.P.A.

DRAFT FINANCIAL STATEMENTS

Ansaldo STS A Hitachi Group Company

2016 Annual Report
Ansaldo STS **S.p.A.**

(Translation from the Italian original which remains the definitive version)

Company bodies and committees

BOARD OF DIRECTORS
(elected by the shareholders on 13 May 2016
for the 2016 - 2018 three-year period)

ALISTAIR DORMER (1)
Chairperson

ALBERTO DE BENEDICTIS (2) (3) (4)
Deputy chairperson *

ANDREW THOMAS BARR (1)
Chief executive officer
and general manager

ROSA CIPRIOTTI (4)

MICHELE ALBERTO FABIANO CRISOSTOMO ** (4)

MARIO GARRAFFO (2) (3) (4)

FABIO LABRUNA (4)

KATHERINE JANE MINGAY (1)

KATHARINE ROSALIND PAINTER (2) (3) (4)

FRANCESCO GIANNI***
Board secretary

BOARD OF STATUTORY AUDITORS
(for the 2014 - 2016 three-year period)

GIACINTO SARUBBI
Chairperson

RENATO RIGHETTI

MARIA ENRICA SPINARDI

SUBSTITUTE STATUTORY AUDITORS
(for the 2014 - 2016 three-year period)

FABRIZIO RICCARDO DI GIUSTO

GIORGIO MOSCI

DANIELA ROSINA

INDEPENDENT AUDITORS
(for the 2016 - 2024 period)

EY S.p.A. ****

(1) Member of the executive committee (i.e. bid committee)
(2) Member of the risk and control committee
(3) Member of the appointments and remuneration committee
(4) Member meeting independence requirements

* Position held by Katherine Jane Mingay from 13 May 2016 to 28 October 2016. Alberto De Benedictis was appointed deputy chairperson by the board of directors during the meeting of 28 October 2016.
** Michele Alberto Fabiano Crisostomo was appointed director of Ansaldo STS S.p.A. by the shareholders' meeting of 19 January 2017, to replace Giuseppe Bivona who, pursuant to art. 2393 of the Italian Civil Code, was removed from the position of company director.
*** Appointed on 16 May 2016 to replace Filippo Corsi.
**** Following the resignation of KPMG S.p.A. on 14 November 2016, the shareholders' meeting of 19 January 2017 appointed the independent auditors EY S.p.A. to audit the company's accounts for the years 2016-2024.

Directors' report at **31 December 2016**

Directors' report at 31 December 2016

Dear shareholders

The profit for 2016 totalled €145.9 million, including dividends from subsidiaries and associates of €112.7 million, compared to €35.9 million in 2015, which included dividends totalling €6.0 million.
Operating profit came to €60.7 million compared to €49.8 million last year.
Equity amounted to €475.3 million compared to €362.6 million for 2015.

The Company's financial and economic performance can be considered particularly positive despite certain exceptional events that characterised the year, particularly with reference to the negative effects of the arbitration with the Russian customer Zarubezhstroytechnology (ZST) relating to the project in Libya, thanks to the professional skills and qualities of your company's resources.

The year 2016 was full of significant events; we note in particular the change in the shareholding structure, the Company's updated governance and events correlated with deeds carried out by the individual shareholders, regarding which the Company provided prompt market disclosure and which will be addressed below.

Information about the takeover bid made by Hitachi Rail Italy Investments S.r.l. is provided in the communications and documentation made available to the public pursuant to the relevant legislation on the company's website page http://www.ansaldo-sts.com/it/investor-relations/offerta-pubblica-dacquisto.

Key events of the year

The key performance indicators table below presents the key data relating to the company's financial position and results of operations:

(€'000)	**31.12.2016**	31.12.2015
New orders*	735,067	451,911
Order backlog*	5,056,649	5,206,525
Revenue	829,992	721,731
Turnover	898,709	650,942
Gross profit	122,018	104,666
Gross profit %	*14.7%*	*14.5%*
Operating profit (EBIT)*	60,707	49,834
Adjusted EBIT*	60,707	49,834
ROS*	7.3%	6.9%
Profit for the year	145,857	35,901
Net financial position*	(160,251)	(57,627)
Net cash flows*	102,624	(23,416)
EVA*	17,319	8,721
Headcount	1,704	1,551
Research and development*	19,157	20,697

* please refer to Note 2.4 *Non-Gaap Alternative Performance Indicators* and other indicators for the definition of the performance indicators presented in the table above.

Orders acquired totalling roughly €735.1 million (approximately €451.9 million in 2015), and regard important contracts signed in Italy and abroad.
In particular, we highlight: in Italy, roughly €74.8 million relating to the signalling of the Rome-Florence section of the high-speed line and, as awarded by the Saturno consortium, around €174.6 million relating to the supply of technological systems for the Milan-Genoa high-speed line, "Terzo Valico dei Giovi"; abroad, the turnkey agreement entered into by the consortium consisting of Ansaldo STS, Hitachi Ltd. and RSEA Engineering Corp. with NCTG DORTS (New Taipei City Government Department of Rapid Transit System), relating to the San-Ying (Sanxia-Yingge) line of the Taipei underground railway system, for a value of around €219.8 million.
The order backlog totalled €5,056.6 million at 31 December 2016 (€5,206.5 million at 31 December 2015).

Revenue increased to around €830.0 million from €721.7 million in 2015 (+€108.3 million) essentially due to progress on the contracts acquired in the past few years, including Line 3 of the Riyadh metro, the Copenhagen Cityringen metro line, the Aarhus tramway line and the Honolulu metro.
In more detail, the Operating Profit rose by €10.9 million from €49.8 million in 2015 to €60.7 million; the increase was due to the effect of the higher production volumes during the year and the different and more favourable mix of contracts worked on during the period, offset by negative results relating to the Libya project due to the arbitration with the Russian customer (€8.1 million), the increase in costs relating to more intense commercial activities and the recognition of costs correlated with settlements taking place following the resignation of strategic figures within the company (€2.4 million).
The Profit for the year of €145.9 million was higher than in 2015 (€35.9 million), due to the improvement of the operating profit and, primarily, the increase in the overall value of net financial expense and income, which includes the collection of dividends from subsidiaries and associates (€112.7 million compared to €6.0 million in 2015), as well as the negative impact of the arbitration cited above (€7.7 million).

The company's net financial position was €160.3 million (€57.6 million at 31 December 2015) and net cash inflows came to €102.6 million (outflows of €23.4 million in 2015); the latter includes, in particular, the dividend pay-out to shareholders of €36.0 million (€30.0 million in 2015) and the collection of dividends from subsidiaries and associates of €112.7 million (€6.0 million in 2015) as well as the outlay to the Russian customer ZST to close the dispute (€37.4 million).

Financial position and results of operations

The company's reclassified schedules showing its financial position and results of operations are presented below.

Income statement

Reclassified schedules are presented by nature and function for 2016 and the previous year, in order to provide full disclosure on Ansaldo STS S.p.A.'s ("ASTS" or "Ansaldo STS") financial position and results of operations.

(€'000)	**31.12.2016**	31.12.2015
Revenue	**829,992**	**721,731**
Purchases and personnel expense (*)	(772,468)	(677,277)
Change in work-in-progress, semi-finished products and finished goods	620	85
Amortisation, depreciation and impairment losses	(12,247)	(12,104)
Other net operating income (**)	14,810	17,399
Adjusted EBITA	**60,707**	**49,834**
Restructuring costs	-	-
Operating profit (EBIT)	**60,707**	**49,834**
Net financial income	101,256	1,708
Income taxes	(16,106)	(15,641)
Profit for the year before discontinued operations	**145,857**	**35,901**
Profit (loss) from discontinued operations	-	-
Profit for the year	**145,857**	**35,901**

Reconciliation between the reclassified income statement and the income statement included in the separate financial statements:
(*) Includes the captions "Purchases", "Services", "Personnel expense" and "Accrual to (use of) the provision for expected losses to complete contracts", net of "Restructuring costs" and "Internal work capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expense" (net of restructuring costs and accrual to (use of) the provision for expected losses to complete contracts).

2016 revenue totalled €829,992 thousand, up €108,261 thousand on 2015 (15.0%) due to the development of the significant order backlog. Revenue earned on the Italian market came to €307,683 thousand (€321,228 thousand in 2015) and €522,309 thousand on the foreign market (€400,503 thousand in 2015).
Total purchases and personnel expense increased by €95,191 thousand, mainly due to greater volumes.
EBIT came to €60,707 thousand (7.3% as a percentage of revenue), compared to €49,834 thousand (6.9% as a percentage of revenue) in 2015.
Net financial income (€101,256 thousand), which also includes the negative results of the arbitration for the project in Libya, increased compared to 2015 (€1,708 thousand), substantially due to the collection of dividends from subsidiaries and associates of €112,660 thousand (€6,041 thousand in 2015).
Income taxes equalled €16,106 thousand (1.9% as a percentage of revenue) compared to €15,641 thousand (2.2% as a percentage of revenue) in 2015; as a percentage of pre-tax profit, they came to 9.9% (2015: 30.3%). The change in the percentage is due essentially to the arithmetic effect of the weight of dividends.
Profit for the year totalled €145,857 thousand (17.6% as a percentage of revenue), compared to €35,901 thousand (5.0% as a percentage of revenue) in 2015.

The income statement reclassified by function is as follows:

(€'000)	**31.12.2016**	31.12.2015
Revenue	829,992	721,731
Operating expense	(707,974)	(617,064)
Gross operating profit	122,018	104,667
Gross operating profit as a percentage of revenue	*14.7%*	*14.5%*
Overheads	(64,061)	(62,095)
Net operating income	2,750	7,262
Operating profit (EBIT)	**60,707**	**49,834**

The increase in revenue compared to the previous year was due to the progress of the main projects acquired in recent years; overall average profitability is substantially in line with the previous year due to the different mix and profitability of the projects worked on in the two years being compared, although it does take into account the impact of the negative results of the arbitration relating to the Libya contract.
Overheads increased by €1,966 thousand due to higher commercial overheads (€3,571 thousand), partially offset by lower research expense (€1,540 thousand).
Net operating income amounts to €2,750 thousand (2015: €7,262 thousand); the decrease can be attributed substantially to the recognition of costs correlated with transactions that took place following the resignation of strategic figures within the company and the reduction of other operating income from related parties referring to the closure in 2015 of specific transactions with the consortia/companies of which Ansaldo STS S.p.A. is part.

Statement of financial position

The company's statement of financial position as at 31 December 2016 and corresponding previous year figures are set out below:

(€'000)	**31.12.2016**	31.12.2015
Non-current assets	304,485	305,088
Non-current liabilities	(31,021)	(30,198)
	273,464	**274,890**
Inventories	95,279	95,642
Contract work in progress (net)	178,438	179,483
Trade receivables	606,054	548,539
Trade payables	(398,666)	(345,525)
Progress payments and advances from customers (net)	(427,932)	(455,573)
Working capital	**53,174**	**22,566**
Provisions for risks and charges - current portion	(2,105)	(2,475)
Other current assets (liabilities), net (*)	(9,460)	10,001
Net working capital	**41,609**	**30,091**
Net invested capital	315,073	304,982
Equity	**475,323**	**362,608**
Net financial position	**(160,251)**	**(57,627)**

Reconciliation between the reclassified statement of financial position and the statement of financial position included in the separate financial statements:
(*) Includes "Tax assets", "Other current assets" and "Derivative assets", net of "Tax liabilities", "Other current liabilities" and "Derivative liabilities".

The net amount of non-current assets and liabilities (€273,464 thousand) is substantially in line with that of the previous year (down €1,426 thousand).
Net working capital increased €11,518 thousand from €30,091 thousand to €41,609 thousand.
This is to be attributed to the decline in the item progress payments and advances from customers, which includes changes in the balance of advances from customers, the increase in trade receivables, only partially offset by the increase in trade payables and the lower balance of other current assets and liabilities.

The €112,715 thousand increase in equity mainly follows the recognition of profit for the year of €145,857 thousand, the payment of €36,000 thousand in dividends for 2015 and the change in the stock grant reserve.

Net financial position

The company's net financial position at 31 December 2016 and 2015 is set out below:

(€'000)	**31.12.2016**	31.12.2015
Current loans and borrowings	1,771	1,607
Cash and cash equivalents	(202,996)	(178,636)
Bank loans and borrowings	**(201,225)**	**(177,029)**
Related party loan assets	(22,791)	(22,079)
Other loan assets	(28,443)	(28,443)
Loan assets	**(51,234)**	**(50,522)**
Related party loans and borrowings	92,208	169,924
Other loans and borrowings	-	-
Loans and borrowings	**92,208**	**169,924**
Net financial position	**(160,251)**	**(57,627)**

The company's net financial position of €160,251 thousand at 31 December 2016 compares with €57,627 thousand at the previous year end.
Specifically, the loan assets of €51,234 thousand at 31 December 2016 (31 December 2015: €50,522 thousand) represent a short-term loan granted to the associate S.P. M4 S.c.p.a. and joint current accounts with the subsidiaries Ansaldo STS Malaysia SDN BHD and Ansaldo STS UK LTD (with the latter fully impaired).
Loan assets include the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya deposited in a local bank (€28,443 thousand).
The reduction in related party loans and borrowings with respect to the previous year (€77,716 thousand) is attributable primarily to dividends distributed by certain subsidiaries.

The net financial position in 2015 included the €29,345 thousand remainder of the advance received from the Russian customer, Zarubezhstroytechnology (ZST), for the project agreed in August 2010 and suspended as from 21 February 2011, for the development of signalling, automation, telecommunication, power supply, security and ticketing systems on the Sirth to Benghazi section in Libya. In 2013, a dispute began with ZST, which launched an arbitration procedure at the Vienna International Arbitral Centre, which in May 2016 decided in favour of the Russian customer, almost completely rejecting the demands of Ansaldo STS.
In October 2016, Ansaldo STS reimbursed ZST for its part of the advance held by the JV in addition to legal expenses and interest accrued until the repayment date.

The company's reclassified statement of cash flows for 2016 is presented below, with corresponding prior year figures.

(€'000)	31.12.2016		31.12.2015	
Opening cash and cash equivalents	**178,636**		**179,381**	
Profit for the year	145,857		35,901	
Amortisation, depreciation and impairment losses	12,247		12,104	
Income taxes	16,105		15,641	
Accruals to/reversals of provisions for risks	646		845	
Italian post-employment and other employee benefits	519		324	
Defined benefit plans and stock grant plans	3,922		1,521	
Financial income/(expense), net of impairment losses on equity investments measured at cost	(101,256)		(1,708)	
Gross cash flows from operating activities	**78,040**		**64,628**	
Changes in other operating assets and liabilities	(15,041)		(23,894)	
Funds from operations		**62,999**		**40,734**
Change in working capital	(30,608)		(15,509)	
Cash flows from operating activities	**32,391**		**25,225**	
Cash flows used in ordinary investing activities	(2,760)		(6,238)	
Free operating cash flow		**29,631**		**18,987**
Strategic transactions	(2,099)		(15,503)	
Dividends from ASTS group companies	111,092		3,100	
Cash flows from (used in) investing activities	**106,233**		**(18,641)**	
Dividends paid	(36,000)		(30,000)	
Cash flows from (used in) financing activities	(78,264)		22,671	
Cash flows used in financing activities	**(114,264)**		**(7,329)**	
Net increase (decrease) in cash and cash equivalents	**24,360**		**(745)**	
Closing cash and cash equivalents	**202,996**		**178,636**	

Free operating cash flow performance improved compared to 2015, due in general to operations, as well as the outlay inherent in the dispute relating to the project in Libya.
The increase in cash flows from investing activities, the result of higher dividends from Group Companies, was offset by the reduction in loans and borrowings from the same Companies.

Non-GAAP alternative performance indicators and other indicators

Non-GAAP alternative performance indicators

Ansaldo STS's management also assesses the performance of the company and the business units using certain indicators that are not defined by the IFRS, also used as financial targets in internal and external presentations.
As required by CESR communication 05 - 178b, the components of each of these indicators are described below:

- **Operating profit (EBIT):** represents an indicator for the assessment of operating performance and is equal to the unadjusted profit before income taxes and financial income and expense.
- **Adjusted EBIT (Adj):** is the EBIT as described above, net of the following items (where applicable):
  - any impairment losses on goodwill;
  - amortisation of the portion of any purchase price allocated to intangible assets as part of business combinations, pursuant to IFRS 3;
  - restructuring costs in relation to defined and significant plans;
  - other income or expense not of an ordinary nature, i.e., related to particularly significant events unrelated to ordinary activities.
- **Free Operating Cash Flow (FOCF):** the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investments in and disinvestments of property, plant and equipment, intangible assets and equity investments, net of cash flows for acquisitions or disposals of equity investments which qualify as "strategic transactions" given their nature or materiality. The method used to calculate the FOCF for the current and previous years is shown in the reclassified statement of cash flows in the "Net financial position" section.
- **Funds From Operations (FFO):** the cash flows generated by (used in) operating activities, net of changes in working capital. The method used to calculate the FFO for 2016 and 2015 is shown in the reclassified statement of cash flows in the "Net financial position" section.
- **Economic Value Added (EVA):** the difference between operating profit net of income taxes and the cost of the average invested capital of the two years under comparison, calculated using the weighted average cost of capital (WACC).
- **Net working capital:** it include trade receivables and payables, inventories and work in progress, advances from customers and provision for risks.
- **Net invested capital:** the sum of non-current assets, non-current liabilities and net working capital.
- **Net cash flows:** the change in the statement of cash flows for the current and previous years.
- **Net financial position or debt:** the calculation method used complies with paragraph 127 of CESR recommendation 05-054b, implementing EC regulation 809/2004.
- **Return on Sales (ROS):** the ratio of operating profit to revenue.
- **Research and development expense:** the total expense incurred for research and development, both expensed and sold. Research expense taken to profit or loss usually relates to "general technology", i.e., aimed at gaining scientific knowledge and/or techniques applicable to various new products and/or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms. These types of costs are generally not capitalised given the fast-changing nature of the production sector in which Ansaldo STS operates.

Other indicators

- **New orders:** the sum of the contracts agreed with customers during the year that meet the contractual requirements to be recorded in the orders book.
- **Order backlog:** the difference between new orders and revenue for the year (less the change in contract work in progress). This difference is added to the backlog for the previous year.
- **Headcount:** the number of employees recorded in the relevant register on the reporting date.

Sales performance

New orders acquired in 2016 totalled €735.1 million (2015: €451.9 million).
Specifically, the key events of the year by geographical segment are described below:

ITALY

The orders acquired during the period amount to €429.2 million.
They regard primarily contracts for a total value of €74.8 million related to the design and implementation of the ERTMS L2 Trackside Subsystem and the technological upgrade of the Florence-Rome high-speed line and, as awarded by the Saturno Consortium, the contract relating to the Milan-Genoa high-speed line (the "Terzo Valico dei Giovi"), for a value of €174.6 million, the work scope of which regards the supply of technological systems relating to signalling equipment, the command and control system (SCCM/AV), the light and utility power system and the tunnel safety monitoring system.
In addition, there were order variations on existing contracts, in particular those relating to the Line 6 project for the Naples metro for around €30.0 million and assistance and components contracts for a total of €28.2 million.

REST OF EUROPE

New orders approximate €50.8 million, consisting for the most part of order variations relating to projects in Denmark of €31.7 million.

NORTH AFRICA AND THE MIDDLE EAST

Orders totalled around €3.2 million, consisting exclusively of variations on the maintenance contract for the metro line dedicated to the Princess Nourah women's university in Riyadh.

AMERICAS

They totalled €2.6 million relating to orders from the US subsidiary (€1.2 million) and variants in the project in Honolulu (€1.4 million).

ASIA - ASIA PACIFIC

Orders during the period amount to roughly €249.3 million.
The main purchase order regards the turnkey agreement entered into by the consortium consisting of Ansaldo STS, Hitachi Ltd. and RSEA Engineering Corp. with NCTG DORTS (New Taipei City Government Department of Rapid Transit System), relating to the San-Ying (Sanxia-Yingge) line of the Taipei underground railway system.
The scope of work for Ansaldo STS, as consortium leader, involves the supply of CBTC (*Communication Based Train Control*) technology and all electro-mechanical systems (power supply, telecommunications, platform doors, ticketing systems, SCADA and depot equipment), for a value of €219.8 million.
Lastly, a contract (€15.9 million) was entered into with NMRC (*Noida Metro Rail Corporation*) relating to the implementation of the CBTC signalling system for the Noida - Greater Noida Metro project in India.

Order backlog

The company's order backlog at 31 December 2016 totalled €5,057 million, compared to €5,207 million at the previous year end and mainly consists of the Copenhagen metro (approximately 14.6%); the Honolulu metro (roughly 16.5%); the Lima metro (10.8%); the Riyadh metro (8.5%); the concessions to build the Naples and Genoa metros (around 5.2%); the Brescia and Milan automated metros (approximately 4.2%); the Taipei and Sanying metros (6.9%); the Thessaloniki metro (3.5%); Line C of the Rome metro (2.1%); the construction of the Aarhus tram line (1.1%); the projects inherent in Wayside technologies in Italy and abroad (roughly 4.8%); high-speed railway contracts in Italy (approximately 4.2%) and components and services (around 1.0%).
The total value of the backlog includes €428.9 million (8.5%) related to the project in Libya, which is still halted.

Production performance

Revenue totalled €830.0 million (2015: €721.7 million).
The main events by geographical segment are presented below:

ITALY

HIGH-SPEED RAILWAYS:

Production activities during the year were focused mainly on the Treviglio-Brescia section as part of the Saturno consortium. The entire 56 km line was activated in December in accordance with the accelerated schedule requested by the customer RFI.

In addition, with regard to a dispute between the Saturno Consortium (in which the Company holds a 33.33% investment) and one of its main consortium members, in the third quarter the arbitration award was issued in favour of the consortium, concerning in particular compensation for damages due to failure to participate in a tender. Any effects, in terms of assets and liabilities, income and expense that may arise from the complete closure of that dispute, will be charged back to the consortium members by the Saturno Consortium.

RAILWAYS - CENTRAL AUTOMATED SYSTEM:

The activities involved especially the project for the technological upgrade of the Turin-Padua line, for which various milestones of partial activations along the line were reached during the year; in particular, in December phase 4.3 was activated relating to 4 stations and the activation of a further 50 km section of the line.
In relation to the other projects, please note that for the Brescia Centrale station, in August the Roncadelle system was rolled out in support of the activation of the Treviglio-Brescia high-speed section, and in September the Central Automated System was activated for the Villa Literno – San Marcellino – Aversa section.

ON-BOARD SYSTEMS:

With respect to the SCMT/ERTMS systems, work to equip the ETR1000 high speed trains for the Trenitalia fleet continued using the ASTS on-board technology, with the completion and delivery of 38 trains.

MAINTENANCE & SERVICE AND SPARE PARTS:

Activities in the component area mainly involved the supply of spare parts to RFI (High-speed railway buoys), the production of circuit boards for AnsaldoBreda (now Hitachi Rail Italy) and intragroup component supplies to Ansaldo STS France, China and USA.
The service activities mainly related to RFI, as well as the services outsourcing contract with FS (the Italian railways) for technical system support.

NAPLES METRO LINE 6:

Civil works continued in addition to the electro-mechanical installations for the Mergellina-S. Pasquale line; in particular, the S. Pasquale station has been essentially completed in accordance with the updated schedule.

ROME METRO LINE C:

In March, civil works resumed for the construction of the San Giovanni station and the T3 section (from San Giovanni to Fori Imperiali), which were previously suspended.
The economic/financial disputes of Metro C with the customer are still under way.
Please note that the judicial authority intervened for analyses of the relationships between Metro C and the client.

MILAN METRO LINE 5:

The project relating to Milan metro line 5 has been completed, the entire line is operating and the management is currently focused on the guarantee phase.
There were some delays in obtaining work completion certificates due to alleged issues relating to system performance, which are currently being investigated.

MILAN METRO LINE 4:
During the year, engineering and procurement activities continued, while the initial access to the line was postponed due to delays in the execution of the works of civil partners.
The municipality also approved a significant variation which streamlines civil work activities relating to stations in the historical centre.

GENOA METRO:
The project has experienced delays due to civil works at the Dinegro depot; they are currently in the completion stage and delivery is expected in the first half of 2017.

ALIFANA:
The works are substantially halted and negotiations are ongoing between the supplier companies and the customer for their resumption.
With respect to the dispute between the Company and Metro Campania Nord Est relating to injunctions due to unpaid invoices, please note that at the end of July, the ruling was issued rejecting the opposing party's claims with respect to the nullity of the concession relationship and the connected contract riders, sentencing the counterparty to pay the amounts due.
However, the judge accepted the requests of the opposing party on the claimed lack of jurisdiction of the ordinary judge, in relation to certain invoices, in favour of the administrative judge. On this point, the Company is preparing the dedicated documentation to proceed with an appeal.

REST OF EUROPE

TURKEY:
In Turkey, recent geopolitical events have not yet had consequences on contracts in progress.
With reference to the Mersin-Toprakkale project, works were completed for the installation of multi-station devices on the north section, in particular MS2 (Yesilhisar, Akkoy, Arapli), MS3 (Huyuk, Ovacik, Nidge), MS4 (Bor, Bereket) and MS5 (Altay, Karalar) devices. At the same time, works on the south section are in the completion stage, where the MS12 device, which covers an additional 50 km of line, was activated in December, while the last MS11 device is now complete and ready for activation.
With respect to the Ankara metro, since March 2016, the safety assessment documents were issued as well as the relative certification of lines M1, M2 and M3 for the regular entry into service in CBTC mode. The CBTC system for these lines is therefore available for the customer's use, ready for passenger service.

GREECE:
With reference to the project for the construction of the Thessaloniki metro, works resumed pending the formalisation of the agreement with the customer to close the arbitration procedure concerning the request by the contractor consortium for the recognition of higher expenses and/or costs incurred. The team continues with the design and procurement activities relating to the technological systems.

DENMARK:
In Denmark, project activities moved forward relating to the Copenhagen Cityringen metro line, in parallel with the dynamic testing activities on the trial rail.
The company has been awarded additional work for the supply of equipment for the line and the depot.
The activities related to supplies and installation will continue during 2017. The O&M activities related to the existing metro line, will progress steadily.
At the same time, installation activities continued in the country along the line for the construction of the tramway in the city of Aarhus, albeit with delays in reaching certain milestones.

NORTH AFRICA AND THE MIDDLE EAST

SAUDI ARABIA:
In Saudi Arabia, activities continue for the Riyadh Metro Line 3 project, with a delay compared to the initial schedule, due to project modifications and variations requested by the customer. During 2017 it is expected the completion of the shipping of goods as well as the beginning of the installation phase.

LIBYA:
The Libyan railway project is still on hold and it is difficult to say when it will resume. With respect to the contract with the Russian customer Zarubezhstroytechnology for the Sirth - Benghazi line in Libya, the arbitration initiated by the customer in Vienna against the Ansaldo STS - Selex ES joint venture was concluded with the almost complete acceptance of the demands of the opposing party.

TUNISIA:
With respect to the contract in Tunisia, please note that, with respect to the dispute between the ASTS /Alstom Consortium and Société Nationale des Chemins de Fer Tunisiens, in September the Court of Arbitration of the Paris Chamber of Commerce concluded its procedures and issued the final document which partially accepts the demands of the consortium. Activities are under way for the finalisation of the dispute.

AMERICAS

USA:
Activities for the construction of the Honolulu metro continued in Hawaii: specifically, static testing began on the first two trains that arrived on site.
There were delays in the completion of civil works that were not part of the scope of work of ASTS, but were in preparation for it.

PERU:
The design and procurement activities continued for the construction of Lines 2 and 4 of the Lima metro; the civil works are still affected by the delays caused by the difficulties in acquiring the areas to be expropriated. During 2017 goods supply and engineering activities are expected to progress based upon the ongoing negotiations with the final customer. It is expected also the final acceptance for engineering activities regarding the project phase 1 & 2 and a further progress related to phase 3. In addition, during this year, the impact of the delays related to civil works and the possible changes on track line will be assessed.

ASIA - ASIA PACIFIC

TAIWAN:
Design and production activities continued for the construction of the Taipei Metro Circular Line metro. The delays in civil works heavily impacted the metro construction times, and this postponement is currently under discussion with the customer.
Please note that the first vehicle functional for the work in the last part of the year has been delivered.

In parallel, also in Taipei, engineering and procurement activities began for the new contract for the construction of the new San-Ying metro line, acquired in the first part of 2016.

CHINA:
The project for the construction of the Zhuhai cable-free tramway was basically concluded in 2016 with the resolution of the technical issues identified during the field tests which led to a delay in completion of the works in 2015.

INDIA:
The Kolkata metro project continues to incur delays caused by the civil works and the unavailability of design inputs. However, during the year the customer reassigned the rolling stock supply contract in preparation for the resumption of the various technological activities.

Investments

Investments in property, plant and equipment and intangible assets and deferred expense recognised in 2016 approximated €8.8 million.

They may be analysed as follows:

• Buildings	€0.1 million
• Plant	€0.2 million
• Equipment	€1.0 million
• Other assets	€2.4 million
• Licences and software	€1.0 million
• Capitalised development expense	€4.1 million

The Satellite and Rail Telecom project launched in 2012 continued in 2016. This is a development plan to include satellite technologies in the new railway signalling systems. Costs of €4.1 million were incurred in 2016 and capitalised as development expense for which the company received grants of €1.1 million. The project is co-financed by the European Space Agency and the Galileo Supervisory Authority.

Key risks and uncertainties

The risks described below stem from a consideration of the features of Ansaldo STS's market (demand and offer) and business, together with the key findings of the updated risk assessment process. Risk assessment aims at identifying and evaluating the main risks that could have an impact on achieving objectives, for those processes identified as relevant, and the related mitigating actions, as well as defining additional actions to be taken to further reduce the risk or improve process performance.

Ansaldo STS's risk assessment process is based on the Committee of Sponsoring Organisations of the Treadway Commission's internationally-recognised Enterprise Risk Management framework (COSO report) and seeks to integrate risk assessment into the processes of planning, pursuing corporate and internal control targets in order to create value while properly managing risks and mitigation plans, in addition to exploiting any opportunities.

The key risks and uncertainties faced by Ansaldo STS S.p.A. are outlined below following the classification adopted by the company (strategic, operational, financial and IT risks). Risks may exist that have not yet been identified or that are deemed immaterial but which could nonetheless impact company operations.

Strategic risks

A) Changes in the macroeconomic and market context

Ansaldo STS operates internationally and is exposed to risks arising from macroeconomic/geopolitical changes and a reference market presenting the greatest opportunities in emerging nations and those with the highest growth rates. Moreover, the market has seen greater volatility in the acquisition of contacts, due partly to the fact that projects tend to grow in size and scope and there is an increasingly consolidated trend towards the standardisation of products and technological solutions, especially in the signalling business unit. This leads to tougher competition, with decreasing prices and market consolidation even though the market shows modest growth in the medium term. The clauses in new contracts are more complex and generate greater risks which include the greater resort to project financing due to the contraction in funding available to customers. This market situation could negatively impact the company's competitive edge and performance, e.g., difficulties in obtaining new contracts, contracting margins on new orders and exposure to less advantageous contractual terms.

Macroeconomic and geopolitical factors that could impact the company's operations include the growth rate in the reference countries and public spending on infrastructure. The current macroeconomic and financial uncertainty, low raw material prices, which reduces customers' spending capacity in certain markets, political instability in some geographical areas of interest and plans to reduce public debt could generate delays or reductions in new orders, delays in payments and less favourable terms for new contracts, having a negative impact on Ansaldo STS's performance.

The company's strategy may not be immediately updated and adjusted in response to these many variables and uncertainties in the macroeconomic and market context, negatively impacting its competitiveness and performance.

A key element of the company's strategy is to optimise its operating structure by standardising the solutions and products offered and greater efficiency/optimisation in the use of resources during project implementation.

B) Innovation: a competitive factor
The company's business units feature a high level of technological innovation and this represents an important competitive factor.

Ansaldo STS's ability to anticipate technological changes and implement an efficient investment policy is therefore paramount. If it fails to accurately assess innovation requirements, the contents of innovation and development projects, their benefits and related priorities, the company runs the risk of delays in the availability of new products and technical solutions, instability of new products, additional development costs on projects and lost sales. Processes to update the product portfolio and regularly assess products' technical competitiveness are in place to mitigate these risks and ensure greater optimisation when making bids.

The features and degree of technological innovation of the company's products and technical solutions generate a risk of obsolescence. There are specific processes in place to ensure its effective management.

Operational risks

C) Country risk
Ansaldo STS's policy of penetrating new markets, particularly those with the highest rates of development, expose it to risks such as: political, social and economic instability, not accurately evaluating local legislation (as applies to companies, the sector and tax), the challenge of protecting intellectual property, exchange rate fluctuations, as well as the creditworthiness of counterparties, which can negatively impact the company's financial position and results of operations. Country risk is assessed when the company decides which offers and bids to make. Any mitigating actions are also contemplated at the time the bids are prepared and contracts managed.

D) Reliance on public customers and complex long-term contracts
The operations of Ansaldo STS are highly dependent on public customers and, particularly in the turnkey systems business, on complex long-term contracts of a significant amount.

Delays, amendments, revisions or cancellations of one or more significant contracts acquired could negatively impact Ansaldo STS's operations and its financial position and results of operations.

Assessing long-term contracts using the percentage of completion method requires the estimates of costs to complete the activities, project risks (technical, legal, tax and commercial) and contract progress. These estimates are based on assumptions related to the impact of future events which, by their very nature and given the complexity of the projects underway, may not occur as envisaged, thus negatively impacting the project's financial and economic performance. Indeed, there is often an element of uncertainty related to third-party performance of civil works for transportation infrastructure and the company cannot always cover the related impacts on programs with contractual clauses.

Market diversification and monitoring of country and compliance risk, structured project review processes involving senior management, the regular review and adjustment of contract and programme estimates and the adoption of risk management processes both at the time the bid is made and throughout project implementation, as well as lifecycle management processes involving the regular comparison of physical and accounting progress are in place to mitigate these risks.

E) Budgeting and project planning
Ineffective project planning and control processes and weak project technical management could mean the project team cannot implement the project within the set budget and timeframes, especially complex projects. These risks could cause delays in identifying issues during project roll-out and related remedial actions as well as inaccurate reporting and planning, with a consequent negative impact on the company's financial position and results of operations.
To mitigate this risk, there are formalised and monitored processes to check physical and accounting progress and risk management, clear allocation of responsibilities within the project team, managerial review of project performance, review of the estimates during the bidding and project phases and an independent review carried out by the risk management department.

F) Third parties (subcontractors, sub-suppliers and partners)
Ansaldo STS makes considerable use of subcontractors to supply subsystems or assembly and installation services and of subsuppliers for goods or services in its business. The company's ability to fulfil its obligations to customers therefore relies on both subcontractors and subsuppliers properly fulfilling their contractual obligations. A breach thereby could in turn cause a breach by Ansaldo STS, negatively impacting its reputation and, unless it is possible to obtain compensation from the subcontractors and subsuppliers, the company's financial position and results of operations.

Moreover, particularly in the turnkey projects business, the company also carries out contracts in conjunction with other operators. In these cases, each operator generally has joint and several responsibility vis-à-vis the customer for the completion of the entire contract. In the event of a breach or damage caused to the customer by an operator, Ansaldo STS could be called on to replace the operator causing the breach or damage, and to compensate the damage caused to the customer in full, without prejudice to the company's right of recourse vis-à-vis the defaulting operator. If the right of recourse against the operator responsible for the breach or damage is ineffective or protracted, this could negatively impact the company's operations as well as its financial position and results of operations.

The preliminary assessment and consequent qualification of partners, suppliers, subcontractors and subsuppliers, particularly in new markets, may be inadequate, with negative impacts on the competitive nature of the technical solutions offered, project performance and on the effectiveness of partnership governance (for instance, differences of opinion between the partners, misalignment of risks and costs/benefits for the individual partners).

To mitigate these risks, the company has processes in place to select and evaluate suppliers, subcontractors and subsuppliers, it works with known and reliable partners, it defines, agrees and manages appropriate contractual and joint venture clauses, it has risk management processes and it requests specific guarantees, where applicable.

G) Efficient technical operations and relevant technical references
Development and engineering activities carried out without a clear understanding and identification of the requirements, specifications or effective configuration management could negatively affect the project budget, compliance with deadlines, performance and customer satisfaction. To mitigate this risk, the company has requirement and configuration management processes in place to ensure quality, compliance with deadlines and efficiency in projects and development management. It has rolled out special projects to monitor the proper implementation of these processes during projects.
Furthermore, if Ansaldo STS does not have adequate market and operating references for products, this could lead to lost sales and non-compliant project implementation, negatively impacting the company's competitiveness and its financial position and results of operations. Such risk is carefully assessed when the bid is being prepared. It is managed through processes designed to ensure adequate interaction between the engineering unit, which communicates the customers' requirements, the portfolio unit, which assesses the market's technical requirements and possible technical solutions, and the development unit, as well as via the development and monitoring of the product development roadmap.

H) Liability to customers or third parties for product defects or delivery delays
Technological complexity and tight delivery times for company products and systems could leave Ansaldo STS liable for delays in or failure to supply contractually-agreed products or services, for their non-compliance with customer requirements (for instance, due to design or construction faults) and for breaches of and/or delays in roll-out, the provision of post-sales services and product maintenance and servicing. Moreover, many products and systems supplied by the company are subject to certifications and approval, including by third-party bodies.
Such liability could be directly attributable to Ansaldo STS or to third-party operators such as subsuppliers or subcontractors. These risks could negatively impact the company's operations, its financial position and results of operations and its reputation, and could also result in the company incurring costs to repair faulty products or their withdrawal from the market in extreme cases. Even if adequate insurance is in place, the sum insured could be exceeded or the premiums could be raised following a claim, negatively impacting the company's financial position and results of operations.
To mitigate these risks, the company agrees specific insurance coverage and carefully supervises its engineering, validation and returns monitoring processes.

I) Legal disputes
The complexity of dealings with third parties (customers, subcontractors/subsuppliers and partners), especially for international projects and the content of systems and products developed, as well as specific business risks expose the company to a significant risk of legal disputes. Legal disputes could also relate to the awarding of bids. The settlement of disputes could be complex and take a long time, leading to delays in completing projects and negative impacts on the company's operations and its financial position and results of operations.
To mitigate this risk, there are risk management processes in place during both the bid and management stages, disputes are monitored closely, contractual clauses are examined carefully with the legal department, and a prudent approach is adopted in recognising specific items under contract costs and provisions for risks.
In addition, as the company operates within a complex international environment, it could be exposed to trade compliance risks. The lack of awareness or underestimation of trade compliance risk could negatively impact the company's reputation and profitability.
To mitigate this risk, the company has initiated a process of mapping and evaluating the controls in place and those to be implemented, which is currently in the completion phase.

J) Human resource management
Ansaldo STS supplies products and systems featuring cutting-edge technology on a global scale and to do so, it requires human resources with specific expertise, which can be difficult to procure on the labour market. The success of the business development plans, especially in new markets, also depends on the ability to attract, retain and develop the skills of its human resources, particularly in order to operate in a global market context and on complex projects.

To mitigate this risk, human resource management policies reflect the business needs. Ansaldo STS also has an integrated human resource management and development system under which regular checks of expertise and performance are carried out and relevant training initiatives identified, as well as enabling the best possible allocation of resources.

K) Health, safety and environmental compliance
The company has to comply with health, safety and environmental legislation in the various countries in which it operates. Failure to comply with such legislation as a result of operating processes which are not adequately monitored or - especially in new markets in countries where standards are below-par or that are exposed to specific risks (e.g., high crime rates, terrorist attacks or epidemic risks) - due to an inadequate evaluation of such requirements and necessary measures, could expose the company to risks having significant impacts on its operations, its financial position and results of operations and its reputation.
To mitigate this risk, Ansaldo STS adopts health, safety and environmental management systems ensuring rigorous compliance with legislation in accordance with best practices, subject to internal and external monitoring and integrated with the security processes monitored by an independent internal unit.

Requirements in new markets are evaluated at the time the bid is prepared and the assistance of external consultants is also sought. Policies and procedures have also been set to ensure a consistent approach throughout the company's various units while still allowing for specific local legislation.

Financial risks

L) Ability to finance a high level of current assets and obtain guarantees

To carry out contracts, Ansaldo STS requires:

- adequate funding of current assets;
- bank and/or insurance guarantees issued to the customer in the various project stages (bid bond, advance payment bond, performance bond, retention money bond and warranty bond) and/or guarantees issued by the parent (parent company guarantees).

Current assets are usually funded by customer advances and progress payments.

The company's ability to obtain guarantees at good rates depends on the evaluation of its financial position and results of operations, which is usually based on various indices including an analysis of its financial position, analysis of the contract risk and experience and competitive positioning in the reference sector. Ansaldo STS believes it complies with the relevant parameters. At 31 December 2016, it had guarantees of €3,957,292 thousand.

Difficulty in negotiating suitable financial terms for new contracts, payment delays and/or suspension and deterioration of existing terms of payments, or the inability or greater difficulty in obtaining guarantees at good rates, would negatively impact the company's operations and its financial position and results of operations.

To mitigate these risks, the company has commercial and contract management policies focussed on financial aspects, centralised treasury management which optimises its cash flows; its financial position is solid and the contract parameters are assessed right from the time of the bid stage.

In the present economic and market context, due to new contracts which have less favourable financial terms, working capital is monitored closely and specific initiatives are in place to mitigate its impact.

IT risks

M) IT systems

IT systems are a vital part of Ansaldo STS's operating structure and their management must be in line with the company's strategic objectives. IT solutions that do not match business needs, or upgrades thereof that do not meet users' needs, or inefficient system or outsourcer management, could compromise the efficiency and effectiveness of company operations.

Moreover, the unavailability or interruption of IT services or network and data loss or damage (including sensitive data or intellectual property), also as a result of hacking, could compromise company operations.

To mitigate this risk, the IT policies took into account the organisational and process change initiatives. Moreover, the company has a governance system based on best practices and follows structured and monitored processes for hardware and software management, including cyber-security aspects.

Research and development

Research and development expense taken directly to profit or loss for the year ended 31 December 2016 totalled €21.1 million (€23.5 million in the previous year), against grants approximating €1.9 million (€2.8 million in the previous year).

In 2016, the PLUG IN projects were concluded (as part of the activities of the Liguria District on Research in collaboration with the MIUR) with the creation of an urban mobility platform to manage multi-source information and CRYSTAL, with the development of safety tools.

The projects financed by the MIUR are:

- Tesys Rail, to define strategies for the energy optimisation of rail traffic.
- the PON3 projects carried out through the Campania district DATTILO (High technology district for transport and logistics) and the Campania laboratory TOP IN (Optoelectronic technologies for industry):
  - MODISTA, which deals with innovative solutions for the monitoring and preventative diagnosis of infrastructure and vehicle fleets in order to increase the levels of availability, efficiency and safety;
  - OPTOFER for the application of innovative optoelectronic technologies for railway infrastructure monitoring and diagnosis;
  - FERSAT, which studies a railway signalling system suitable for urban environments based on the innovative use of satellite technologies and their integration with existing technologies; in the first half of 2016, the in the field survey activities necessary for the future installation of the equipment relating to the Demonstrator and the development of the main software components were completed;
  - NEMBO for the study and experimentation of highly-efficient innovative embedded systems for railway applications.

The projects financed by the European Commission are:

- NGTC, aimed at developing future rail and urban traffic control systems. Ansaldo STS heads up the work package related to satellite positioning;
- MANTIS, financed by the ECSEL Joint Undertaking (a public private body which provides European Commission grants for embedded system innovation) and the Ministry for Research, which aims to increase knowledge regarding the decision-making process for the railway system maintenance phase;
- IN2RAIL, funded by the European Commission as part of the Shif2Rail project; the project is aimed at optimising railway infrastructure reducing the construction and maintenance costs and increasing capacity;
- SHIFT2RAIL JU, for which the following projects were launched in the second half of the year:
  - CONNECTA, *CONtributing to Shift2Rail's NExt generation of high Capable and safe TCMS and brAkes*, which aims to contribute to the next generation of TCMS architecture and components with wireless functionality, as well as the next generation of electronic braking systems;
  - X2RAIL1, *Start-up activities for Advanced Signalling and Automation System*, which aims to respond to the long-term requirements of a future flexible and intelligent traffic management system;
  - IN2SMART, Intelligent maintenance systems and strategies to provide a holistic, innovative solution for the maintenance of railway assets;
  - ATTRACTIVE, *Advanced Travel Companion & Tracking Services* which aims to improve the travel experience of passengers using railway transport systems through the development of an integrated solution;
  - FR8RAIL, *Development of functional requirements for sustainable and attractive European rail freight*, with a focus on facing the main challenges to the development of sustainable and attractive rail freight in Europe;
  - PLASA, *Smart Planning and Safety for a safer and more robust European railway sector*, the objectives of which are, on one hand, to improve the planning activities of the various railway system operators through railway simulation and, on the other hand, to provide a methodology for managing railway system safety based on a risk assessment;
  - IMPACT1, *Indicator Monitoring for a new railway PAradigm in seamlessly integrated Cross modal Transport chains* – Phase 1 for the creation of an integrated sub-system which allows for the representation of all Shift2Rail innovations;
  - ARCC, *Start-up activities for freight automation*, essentially relating to freight traffic matters.

The European Commission also finances satellite technology projects.
Specifically, the aim of the ERSAT EAV project, coordinated by Ansaldo STS, is to adopt and customise satellite technologies for railway signalling, notably with respect to checking that the EGNSS/EGNOS technology and the new Galileo services can be used in ERTMS signalling. As part of the ERSAT EAV project, in the first half of 2016 GNSS algorithms were defined which are capable of using Signal In Space from the GPS, EGNOS and Galileo constellations. In addition, the preliminary verifications were conducted on their proper behaviour, confirming the accuracy of the open and modular architecture of the Ansaldo augmentation system. In addition, demonstrations of the proper functioning of the trial site in Sardinia were carried out as part of national workshops.

In 2016, activities began for the STARS and RHINOS projects, which are part of the European GNSS Agency (GSA) research programme, Horizon H2020.

Development activities also took place on the following projects, which do not receive external funding:
- CBTC *(Communication-Based Train Control)*;
- Automatic Train Supervision (ATS) – Metro applications;
- MacroLok Interlocking;
- “FAST” tools suite;
- FDU-3G (new third-generation entity controllers);
- MicroLok Interlocking;
- On Board;
- Shift2Rail – IP2.

Human resources

Headcount

The headcount in 2016 came to 1,704, against 1,551 in 2015. The breakdown is as follows: 57 managers, 330 junior managers, 1,272 white collars and 45 blue collars; 206 employees work in branches operating abroad.
The 153 employee increase on 31 December 2015 was a result of 199 new hires and 46 employees leaving the company.

New employees included:
- 27 new employees, hired with open-ended contracts;
- 3 employees, hired with a fixed-term contract;
- 62 employees, previously hired with temporary work contracts or from related sectors;
- 107 employees, hired at branches, considering the new orders.

Outgoing personnel was as follows:
- 13 resignations;
- 2 employees who retired;
- 7 employees for other reasons (death, transfers, dismissals, end of trial period);
- 24 employees of branches which were closed.

Training

1,006 employees took part in training courses in 2016, for a total of 23,056 hours, equal to an average per capita of approximately 23 hours.
The key initiatives were as follows:

Technical-specialist training:
- Project Management Programme - SME;
- Advanced negotiations;
- Specialist courses in railway techniques.

Managerial training:
- Economics courses for talents;
- Emotional intelligence.

Compliance training:
- Safety training courses (the “365 SafetyDays 365 SafetYes” campaigns) for building site personnel;
- Specific risks course as per article 37 of Italian Legislative decree no. 81/08.

Language training:
- English project offering traditional classroom, video call and e-learning courses;
- Non-English language training for employees working in certain areas (for example, Spanish for resources in Peru).

Industrial relations

The company met with the trade unions in July 2016 to provide greater disclosure on its position. During the meeting, the current situation, company performance, the backlog, the headcount and personnel expense were described.
In addition, the 2016 hiring plan focusing primarily on the strengthening and in-sourcing of skills was presented, based mainly on the hiring of resources from staffing providers (temporary staff/staff leasing and personnel from external firms).
Thanks to this plan, the company was able to consistently reduce external consulting contracts.
During the same meeting, the efficiency and profitability targets for the 2016 Performance bonus were defined and the actual results of the 2015 Performance bonus were presented, which entailed the disbursement of 100% of the bonus along with the July 2016 salary payments.

Incentive plans
Ansaldo STS developed and regulated:
- a medium-term stock grant plan;
- a long-term cash incentive plan (LTIP).

These plans form part of a series of short-, medium- and long-term incentive plans and represent a considerable portion of company management's total remuneration.
They are designed to link a significant portion of managers' remuneration to the achievement and improvement of financial ratios, as well as strategic objectives that are especially important for the company's creation of value.

Stock grant plans
2014-2016 stock grant plan
On 20 February 2014, the board of directors based of the proposal of the remuneration committee of 17 February 2014, which was subsequently passed by the shareholders on 15 April 2014, approved a three-year stock grant plan. The plan, which applies to a maximum of 46 employees plus the CEO and key managers, has the same vesting conditions as the 2012-2013 plan (EVA, FOCF and share performance against the FTSE Italia All-Share index).
Like the previous plan, the 2014-2016 stock grant plan complies with the recommendations of article 7 of the Code of conduct, as modified in March 2010 by Borsa Italiana S.p.A.'s Corporate Governance committee, and of the current article 6 of such code, as amended in December 2011, and confirms:
- a three-year vesting period for all beneficiaries;
- a two-year lock-up period for 20% of the shares due to the CEO and key managers;
- a very thin (2.5%) tolerance band, within which a proportional amount of the shares will vest on a linear basis, for each objective.

The company formally checked that the objectives underlying the granting of the portion related to 2015 were achieved.

All three objectives assigned of EVA, FOCF and share performance compared to the FTSE IT All-Share index were met for 2015.
Accordingly, in compliance with the plan regulation, 100% of the shares initially earmarked were assigned to the beneficiaries.
The total shares due to the 33 current beneficiaries numbered 210,769. As a result of the three-year vesting period, the shares will actually be delivered in April 2018.

2012-2013 stock grant plan
In May 2016, the shares for the 2013 instalment of the 2012-2013 stock grant plan were delivered. Of the three objectives assigned for 2013 (EVA, FOCF and share performance compared to the FTSE Italia All-Share index) only the last one was met.
The company assigned 85,799 shares, net of the quota withheld from Italian investors to comply with the legal tax requirements and the quota for the lock-up clause.

LTIPs

2013-2015 cash plan - 2015 instalment

This plan was set up for the CEO and one key manager of Ansaldo STS.
It has a three-year term and provides for a cash payment not exceeding one year's gross remuneration based on the achievement of agreed objectives.
The plan also includes an access threshold defined as the company's profit for the year which, as it was not reached, meant that no incentives were earned. Accordingly, checking that the 2015 objectives were met was immaterial even though the company did check them for documentary completeness.

2014-2016 cash plan - 2015 instalment

This plan was set up for the CEO and three key managers of Ansaldo STS.
It has a three-year term and provides for a cash payment not exceeding one year's gross remuneration based on the achievement of agreed objectives.
The plan also includes an access threshold defined as the company's profit for the year.
As the access threshold and one of the two performance objectives (working capital) were met, 50% of the amounts due will be paid to the beneficiaries. As a result of the annual vesting period, the cash will actually be paid in May 2017.
In May 2016, 100% of the 2014 tranche was disbursed.

2015-2017 cash plan - 2015 instalment

This plan was set up for the CEO and three key managers of Ansaldo STS.
As the plan was not assigned at the time, in accordance with the decisions made in board of directors resolution of 3 November 2015, the share for the 2015 tranche will be equal to that disbursed for 2014.
As a result of the annual vesting period, the relative cash will actually be paid in May 2017.

Investments held by directors

Following the amendments made by CONSOB (the Italian commission for listed companies and the stock exchange) with resolution no. 18049 of 23 December 2011 to the Regulation adopted with resolution no. 11971 of 14 May 1999 (the "Issuer Regulation"), information on investments held in the issuer or companies controlled thereby by members of management bodies, general managers and key managers, as well as their spouses, unless legally separated, and minor children, directly or via subsidiaries, trustees or nominees referred to in the repealed article 79 of such regulation is now presented in compliance with the provisions of article 84-quater.4 of the regulation, in the remuneration report prepared pursuant to article 123-ter of Italian Legislative decree no. 58/98 and in compliance with schedule 7-bis of annex 3A to the Issuer Regulation. The remuneration report is made available to the public as provided for by law and regulations.

Company facilities

The company's facilities are located as follows

GENOA	VIA MANTOVANI 3-5 - 16151	Registered offices
NAPLES	VIA ARGINE 425 - 80147	Branch

The company has permanent foreign establishments in Bucharest (Romania), Athens and Thessaloniki (Greece), Tunis (Tunisia), Copenhagen (Denmark), Taipei (Taiwan), Ankara (Turkey), Riyadh (Saudi Arabia), Tripoli (Libya), Kolkata, Mumbai and Noida (India - project office), Abu Dhabi (United Arab Emirates) and Lima (Peru).
The company also forms part of a joint venture in Honolulu (Hawaii).

Financial disclosure

Financial market transactions

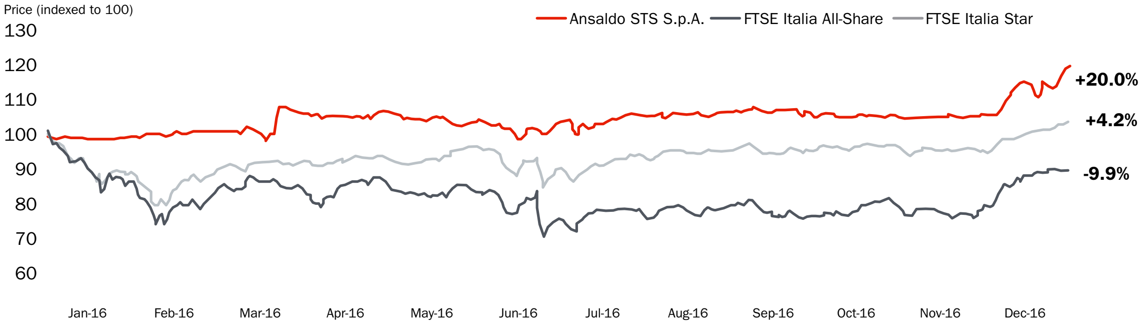
The Investor relations department liaises constantly with analysts and investors in order to grasp market disclosure requirements and accurately tailor communications from senior management.
The aim is to maintain ongoing dialogue with the Italian and international financial community, providing sensitive information for the market in a timely and transparent manner and ensuring that the parent is presented properly.
Total share coverage remained basically the same as last year, with 10 investment banks; in particular, only 5 of them maintained active involvement after the conclusion of the takeover bid by Hitachi on the Ansaldo STS share capital and the entry into the shareholding structure of the US Elliott fund, while the other 5, despite the fact that they did not officially stop their coverage, maintained a more detached attitude pending future developments.
On a quarterly basis before the financial results are issued, the Investor Relations department requests brokers assigned to the parent's share for their latest forecasts on its key financial indicators. This is an accurate update of sell-side analysts' perception, which is discussed and considered by management.

With regard to communication activities, the annual plan is used to plan and develop Investor Relations activities. The aim is to disseminate and communicate the company's market analyses, policies and strategies.
For the year 2016, Ansaldo STS temporarily suspended its participation in conferences and roadshows, focusing its communication activities with analysts and investors mainly through conference calls.
With the same resources and quality of its activities compared to 2015, the investor relations department continued to monitor and analyse the market and the competition in 2016, in order to support management.
In addition to the usual daily focus on and weekly collection of market "rumours", the department periodically distributes in-depth updated analyses on the performance of competitors, markets and main business sector analyses.
The website, which contains a section specifically dedicated to all Investor Relations topics, remains the main instrument for the collection and disclosure of financial information to stakeholders.

Share performance

The official share price in the **31 December 2015** to **31 December 2016** period rose from €9.87 to €11.84, up 20.0%.
The share's high for the year and all-time company record of €11.84 was recorded on 30 December 2016 and its low for the year of €9.73 on 18 March 2016.
An average of 201,762 shares were traded daily in the year, compared to 1,308,883 in 2015. The decrease in volumes was a direct consequence of the decline in the free float, following the conclusion of the takeover bid and the subsequent acquisitions by Hitachi Rail Italy Investments, which led to an increase in its investment to the current level of 50.772%, and as a result of the aggregate position of roughly 30% reached by the Elliott fund.
The FTSE Italia All-Share index lost 9.9% during the year while the FTSE Italia STAR index gained 4.2%.

Share performance compared to the main indices (base 100)



Key shareholders at 31 December 2016

On the basis of the communications sent to CONSOB and received by the parent as required by Italian Legislative Decree no. 25 of 15 February 2016, which entered into force on 18 March 2016, in implementation of directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013, which amended art. 120, paragraph 2 of the Consolidated finance act, the table below gives a list of the investors which hold more than 3% of Ansaldo STS S.p.A.'s share capital at 31 December 2016:

Shareholder	No. of shares	% held
HITACHI RAIL ITALY INVESTMENTS	101,544,702	50.772
PAUL E. SINGER		
(as general partner, directly and indirectly, of the Limited Partnerships Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership)	43,818,344	21.909
UBS	12,619,952	6.310

Dividend per share

(in euro)	**2016**	2015
Dividend per share	**0.18***	**0.18**

*proposed to the shareholders.

The parent distributed dividends for the first time in 2007, one year after its stock market listing on 29 March 2006. The amount proposed to the shareholders to be distributed as dividends in 2016 totalled €36,000 thousand (dividends with the same value were distributed in 2015).

Litigation

In general, the following should be noted:

1. Tecnocostruzioni Costruzioni Generali S.p.A. versus Ansaldo STS S.p.A.

Tecnocostruzioni S.p.A, as a member of the joint venture engaged by Ansaldo Trasporti S.p.A. (now Ansaldo STS S.p.A.) to carry out the civil works for Line 6 of the Naples metro (formerly "L.T.R."), initiated legal proceedings to confirm an alleged breach by the company of a commitment undertaken in 1998, vis-à-vis the joint venture, to terminate the agreement entered into with ANM and the Naples municipality due to the delayed payment of the final agreed instalment. The compensation claimed equals €17.4 million, plus interest and cost-of-living adjustments. The Naples Court's ruling was published in October 2006, rejecting Tecnocostruzioni's claim and dividing court fees between the parties. Tecnocostruzioni appealed this ruling before the Naples Court of Appeals with a claim form served to Ansaldo Trasporti Sistemi Ferroviari S.p.A. (now Ansaldo STS S.p.A.) in December 2007.
In October 2011, the Naples Court of Appeals disallowed Tecnocostruzioni's appeal, handing down its ruling at the end of December; Tecnocostruzioni appealed to the Court of Cassation in February 2012.
Ansaldo STS appeared before the court. The date for the hearing has not yet been set.

2. Metro C Società Consortile per Azioni versus Roma Metropolitane S.r.l.
In 2007, the contractor of the works, design and construction of the new line "C" of the Rome metro (Metro C consortium, 14% held by Ansaldo STS S.p.A.), served the customer (Roma Metropolitane S.r.l.), with a request for arbitration concerning the additional fees and time required following delays in validating the T4 and T5 section executive designs.
Pending the conclusion of the arbitration, a compromise committee was set up, which at the end of 2011, proposed an outline agreement whereby the work plan would be redesigned and the claims reformulated on a lump-sum, all-inclusive basis, in the amount of €230 million.
In December 2012, CIPE (Interministerial economic planning committee) granted Roma Metropolitane the amounts necessary to financially cover the settlement agreement between Roma Metropolitane and Metro C; this resolution took effect and came into operation with its publication in the Italian Official Journal in June 2013.

Instead of implementing the provisions of the settlement agreement, the newly-installed municipal council challenged the contents. The situation became more tense and Metro C was forced to suspend/slow works given the enormous financial difficulties produced by the persistent failure to pay.
In September 2013, Metro C and Roma Metropolitane signed the "Implementing deed for CIPE resolution no. 127 of 11 December 2012 and resulting adjustment of the Contract of 12 October 2006" which, inter alia, recalculated the deadlines for the completion of the functional stages following the variations made during the work, ruled that Metro C was due €230 million plus €90 million for general contractor costs and VAT for the higher costs claimed, excluding any amounts related to additional claims, provided that Metro C waived all claims recognised at the deed date and that Roma Metropolitane would renounce appealing the partial award.
As the amounts certified and invoiced as per the Implementing deed were not paid (mainly the general contractor costs), in January 2014 Metro C was forced to notify Roma Metropolitane of the order of the court for the total amount of approximately €269 million plus VAT. Roma Metropolitane opposed such court order, requesting authorisation to summon the financing bodies, which was granted by the appeal judge at the first hearing held in September 2014. Accordingly, a second hearing was scheduled, where Metro C was not granted the provisional seizure of the amounts not yet paid by Roma Metropolitane to date, in addition to accrued interest.
At the subsequent hearing in September 2016, the Parties presented their conclusions and the Judge assigned a deadline for the submission of final statements and reply briefs, with the resulting reservation of judgment in the case.
At the end of 2015, as the amount provided for in the Implementing deed had not been paid nor the amounts invoiced for work regularly performed and certified, Metro C sued Roma Metropolitane S.r.l. and the Rome municipality, challenging a number of instances of non-compliance in the period from September 2013 to October 2015. It also requested payments of various amounts including the outstanding receivables of approximately €350 million referred to in the claim form.
At the hearing in September 2016, the discussion was held on the claim pursuant to article 186 ter of the Italian penal code; the Court of Rome assigned a deadline to Roma Metropolitane for any observations on the new calculations carried out by Metro C. We are waiting for the court to make a decision on the merits for the subsequent assignment of legal deadlines for the briefs pursuant to article 183 of the Italian Code of Civil Procedure.
Please note that the judicial authority intervened for analyses and the acquisition of documentation as part of the investigations initiated in relation to the construction of Line C of the Rome Metro, in particular in the relationships between the company and the client relating to the use of the system of reserves and the associated settlement agreements.

3. Ansaldo STS versus Metro Campania Nord Est
In April 2011, Ansaldo STS produced two orders of the court against Metro Campania Nord Est (MCNE), as part of the Alifana project, for unpaid invoices approximating €31 million. MCNE opposed the orders on various grounds. With respect to the order relating to the works on the Piscinola-Teverola section, in September 2011 the Judge rejected the request to suspend enforceability and Ansaldo STS collected the first initial payment in December.
At the end of July 2016, the ruling was issued rejecting the opposing party's claims with respect to the nullity of the concession relationship and the connected contract riders, sentencing the counterparty to pay the amounts due. However, the judge accepted the requests of the opposing party on the claimed lack of jurisdiction of the ordinary judge, in relation to certain invoices, in favour of the administrative judge. On this point, the Company is preparing the dedicated documentation to proceed with an appeal in order to obtain full payment of the receivables due.
With reference to the second opposed court order, the Judge rejected the opposition of the opposing party, which most recently filed an appeal, with regard to which the first hearing has not yet been scheduled.

4. Ansaldo STS versus Naples municipality
With respect to the court order filed by the company against the Naples municipality in 2011 for the collection of outstanding receivables, the municipality submitted a formal opposition. As negotiations were under way for an amicable settlement, the case was postponed to the first part of 2017.
In the meantime, the parties came to an agreement to settle their claims.

5. Ansaldo STS – Collapse of a building in Via Riviera di Chiaia
The company is involved in the criminal proceeding following the accident of 4 March 2013 where a building located in Via Riviera di Chiaia 72, Naples, partially collapsed, allegedly due to the works underway to construct the Arco Mirelli station for Line 6 of the Naples metro. In this project, the company is the operator appointed by the Naples municipality.
The alleged crimes are those assumed when recorded in the criminal records registry, i.e. articles 676 and 434 of the Italian Penal code: "*Destruction of buildings or other constructions" and "Collapse of constructions or other malicious disasters*".
In 2015 and until the first hearing before the Judge for the Preliminary Hearing, the company's defendants were called for spontaneous questioning. Based on the results of this questioning and the findings of the preliminary investigations, two employees were committed for trial while the motion to dismiss the case for the third employee is pending. During the preliminary hearing of June 2015, certain third parties joined the proceeding as civil parties seeking damages, including the Naples municipality. The Judge for the Preliminary Hearing set another hearing for December 2015, during which the company was held liable for compensation for pecuniary and moral damage to the civil parties. Following the request for the exclusion of ASTS as the civilly liable party and the integration of the notices to the civil parties, a series of scheduled hearings were held for the relative measures, as a result of which the exclusion of ASTS as the civilly liable party was declared and the requests for the admission of the requested evidence were handled. At the subsequent hearings in December 2016 and January 2017, the admitted witnesses were examined, and the examination of the experts appointed during the initial phase of the proceedings was scheduled for February 2017.
With respect to the civil proceedings related to the collapse of the buildings, 31 cases for claims for damages were pending in 2016.

6. Ansaldo STS versus the Russian customer Zarubezhstroytechnology (ZST)
In relation to the project for the construction of a technological system in Libya for the Sirth-Benghazi section, halted by Zarubezhstroytechnology (ZST) - a Russian-based construction company which is the customer of the ASTS-Selex joint arrangement - at the beginning of August 2013, ZST enforced the advance payment bond and notified its intention to terminate the contract.

Ansaldo STS appealed immediately as per article 700 of the Italian Code of Civil Procedure to stop the bank (Banca Crédit Agricole) enforcing the guarantee (advance payment bond) issued for the advances paid on the contract price.
This contract had originally been halted by the customer in February 2011 following the well-known events of the "Arab spring".
The appeal as per article 700 of the Italian Code of Civil Procedure was lodged before the Milan Court in August 2013.
In August 2013, the Milan Civil Court upheld the claims of the applicants, Ansaldo STS and Selex ES, ordering Crédit Agricole not to enforce ZST's guarantee.
In October 2013, the judge reserved their judgement on whether the injunction on the bank paying the guarantee would be confirmed or not.
Later in October, the Milan Civil Court confirmed the decree of August, also ruling that Crédit Agricole and ZST, with the latter intervening in the proceedings, should pay the court costs.
In November 2013, the Milan Court issued an order whereby Crédit Agricole shall not pay the guarantee requested by ZST up to €29.3 million, which is the same amount claimed by Ansaldo STS for design and supplying activities carried out for the contract until its halt.
Accordingly, the guarantor bank paid the above amount subsequently replacing the Russian creditor and thereby acting retrospectively vis-a-vis Ansaldo STS which, at the beginning of December 2013, paid the bank €41.3 million.
Subsequently, in March 2014, ZST issued the statement of claim and formally launched the arbitration procedure at the Vienna International Arbitral Centre in order to obtain payment of the portion of the Advance payment bond not allowed by the Milan Court on a provisional basis.

In May 2014, the procedure to form the arbitration panel was completed with the appointment of the chairperson, in addition to the arbitrators. In January 2015, the ASTS-Selex joint arrangement filed its Statement of defence and counterclaim with the VIAC.
In May 2016, the arbitration panel rejected nearly all of the demands of Ansaldo STS, in particular requiring the reimbursement to ZST of the advance withheld, in addition to legal costs and interest accrued until the date of repayment.
The Company evaluated all other possible solutions with the support of its lawyers, and in the end deemed any other path unfeasible. In October, the Company paid ZST its part totalling €37.4 million.

7. AISA JV - Attiko Metro arbitration
In January 2014, the AIASA joint venture (of which Ansaldo STS holds 22%) issued an arbitration request to the Greek company ATTIKO METRO S.A. and the Greek Ministry for Infrastructure and Transport.
The aim is to request payment of greater expense and/or curtailments on some progress reports and/or extra costs incurred by the joint venture in completing the contract for the design and construction of the Thessaloniki metro.
Given the considerable number of issues under arbitration, and for a more efficient settlement of the dispute, six different arbitration panels were set up, each resolving on a certain group of claims made by the AIASA joint venture against ATTIKO METRO.
In December 2014, the arbitration panel deciding on Dispute 66 ruled that the current work schedule discretionally set by the customer is illegitimate. In light of such award, AIASA informed the customer Attiko Metro that the contract was terminated as its term had expired now that the discretional extension had expired.
To date a series of arbitration awards was also issued in relation to some of which an appeal was filed before the Athens Court of Appeals by Attiko Metro.
The AIASA JV and the customer Attiko Metro subsequently sought to define a contractual solution to allow for the resumption of works.

8. ASTS /Alstom consortium - Société Nationale des Chemins de Fer Tunisiens arbitration
An arbitration panel was set up in May 2014 to resolve the dispute between the Ansaldo STS – Alstom consortium and Société Nationale des Chemins de Fer Tunisiens (SNCFT), in relation to the claim for compensation of greater expense and higher costs incurred by the consortium due to the technical variations and additional works requested by the customer in the technological upgrading of the railway line from Tunis Ville to Borj Cédria.
The parties formally set up the arbitration panel that will rule in accordance with the procedural rules of the International Chamber of Commerce (ICC) and pursuant to applicable French law.
The arbitration panel issued its final award in September 2016 in favour of the Ansaldo STS - Alstom consortium; with reference to the party ASTS, sums were recognised for damages due to delays and variations in the amount of roughly €2.5 million, including outstanding receivables, plus interest and legal costs.
The ensuing actions to have the results of the award become enforceable are currently being analysed.

9. Ansaldo STS S.p.A. - Metro C S.p.A. arbitration
In December 2014, the procedure to form the arbitration panel for the dispute introduced by Ansaldo STS versus Metro C S.p.A. commenced. It involved the company's request for greater expense and extra costs (for delays in the delivery of areas, archaeological finds and requests for variations from the customer) incurred due to delays which led to longer times to complete the contracts for the system engineering, construction of the sub systems for the automated train controls and on-board communications. Following the appointment of a court-appointed expert and the filing of the relative report, the arbitration panel has set the deadlines for the parties to submit their briefs, reserving any decision to after that time.

10. Alstom Ferroviaria S.p.A. – Ansaldo STS S.p.A. / RFI
In 2016, proceedings began before the Puglia Regional Administrative Court in Bari, lodged by Alstom Ferroviaria S.p.A., which requested the cancellation of the measures awarding tender no. DAC1.2015.0008, for a contractual value of roughly €15.0 million, relating to the design and implementation of a line ACC-M system located in Bari Lamasinata and for the line systems in the Foggia-Bari section. The applicant requested the cancellation, after precautionary suspension, of the awards in favour of ASTS by way of succession. Following the ruling of the Puglia Regional Administrative Court in Bari no. 1210 of 20/10/2016 accepting Alstom's petition against the acts of the tender carried out by RFI, an appeal was lodged before the Council of State. The hearing for the discussion of the suspension is expected to take place in the first few months of 2017, which will be followed by the judge's decision on the merits.

11. AISAF SA – Ansaldo STS S.p.A.
In the second half of 2016, the company ISAF SA submitted an application for arbitration to the International Chamber of Commerce, Bucharest, Romania. The arbitration regards the Consortium formed by ISAF and ASTS in relation to the "Rehabilitation of the section Campina-Predeal on the railway line Bucharest – Brasov, Lot 4" project. It regards a demand for compensation for damages of up to around €5.0 million from ISAF SA in relation to non-payments in its favour by the customer, allegedly attributable to delays and/or omissions of ASTS. The arbitration proceedings are currently suspended pending the resolution of the separate arbitration between ISAF SA and the customer concerning the demand for compensation for damages caused by the above-mentioned non-payments in its favour and the relative delays and/or omissions. If it loses, ISAF SA would continue with the arbitration against ASTS, as it deems it liable for the damages suffered.
Attempts to amicably settle the dispute are currently under way.

12. Other minor legal proceedings
The company has accrued a provision for risks to cover any minor liabilities arising from legal proceedings underway related to contracts performed. The provision which reflects the risks and charges of legal proceedings underway approximated €1 million.
At the reporting date, the company believes the amounts accrued in the provision for risks and charges and those accrued for each contract within the allowance for write-down, in order to cover any liabilities generated by pending or potential litigation, are adequate on the whole for the charges estimated by the company which are deemed probable.
With respect to disputes where the company is claimant in enforcement procedures against railway-sector companies in which the region holds a stake, the moratorium - originally provided by Italian Decree law no. 83/2012 and subsequently by Italian Decree law no. 151/2013 -, which suspended enforcement procedures against such companies until 31 December 2014, was most recently reiterated with Italian Decree law no. 193/2016.
However, the parties are attempting to meet in order to reach an out-of-court settlement.

Corporate Governance and ownership structure pursuant to article 123-bis of Italian Legislative Decree no. 58 of 24 february 1998 and subsequent amendments and integrations (the Consolidated Finance Act)

The Ansaldo STS shares have been listed on the Star segment of the markets organised and managed by Borsa Italiana S.p.A. since 29 March 2006.
They were included in the FTSE MIB index from 23 March 2009 to 23 March 2014 and in the FTSE Italia Mid Cap index from 24 March 2014 until 6 April 2015. They then were re-included in the FTSE MIB index from 7 April 2015 until 20 December 2015. Since 21 December 2015, the shares have been included in the FTSE Italia Mid Cap index again.
With the approval of the board of directors given on 19 December 2006, Ansaldo STS adopted the Code of conduct endorsed by Borsa Italiana S.p.A. in March 2006 and came into line with its requirements during 2007.
Borsa Italiana S.p.A.'s corporate governance committee adopted a new Code of conduct in December 2011. On 18 December 2012, Ansaldo STS's board of directors resolved to comply with the principles of this new code and to update its own governance systems to comply with them. The committee adopted a new version of such code in July 2014 and, furthermore, in July 2015; Ansaldo STS's corporate governance system basically comply with the latest version.
Lastly, Ansaldo STS is completing a review of its documents and operating protocols in order to align its corporate governance system with the new regulations on "market abuse" introduced with Directive 2014/57/EU (MAD 2) and Regulation (EU) 569/2014 (MAR), which repealed Directive 2003/6/EC and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.
Detailed disclosure on the parent's corporate governance structure is provided in the section of the directors' report covering corporate governance and the adoption of the Code of conduct for listed companies related to 2016, approved by the board of directors on 27 February 2017, published at the same time as this annual report.

On 9 November 2015, the board of directors, pursuant to article 2386 of the Italian Civil Code, appointed Alessandra Piccinino as new non-executive independent director to replace Barbara Poggiali.
Furthermore, on 25 November 2015, in relation to Mr. Hirayangi’s resignation, the board of directors pursuant to article 2386 of the Italian Civil Code, appointed Mario Garraffo as new non-executive independent director.
On the same date, the directors appointed Karen Boswell as the company’s new deputy chairperson.
Ms. Piccinino and Mr. Garraffo remained in office until the next shareholders’ meeting as provided for by article 2386 Paragraph 1 second part of the Italian Civil Code.
Subsequently, following the resignation on 30 March 2016 of Alistair Dormer, Karen Boswell and Stefano Siragusa, and as the majority of directors appointed by the shareholders’ meeting held on 2 November 2015 were no longer in office, the board of directors, taking into account the provisions of article 16.8 of the by-laws, called the shareholders’ meeting to, inter alia, appoint the new board of directors.
The shareholders’ meeting held on 13 May 2016 determined that there would be nine directors and then appointed the new board for 2016-2018. In particular, the meeting appointed the following as new directors of Ansaldo STS S.p.A.: Alistair Dormer (chairperson), Katherine Jane Mingay, Andrew Thomas Barr, Giuseppe Bivona, Rosa Cipriotti, Mario Garraffo, Alberto de Benedictis, Fabio Labruna and Katharine Rosalind Painter.
Subsequently, at its meeting on 16 May 2016, the board of directors appointed Katherine Jane Mingay as deputy chairperson of the board of directors.
On 24 May 2016, the board of directors appointed Andrew Thomas Barr as chief executive officer and general manager of Ansaldo STS S.p.A.
Lastly, following the resignation of Katherine Jane Mingay from the role of deputy chairperson of Ansaldo STS S.p.A. on 21 October 2016 effective immediately, during its meeting on 28 October 2016 the board of directors appointed Alberto de Benedictis as deputy chairperson of the board of directors.

During the meeting held on 28 October 2016, the board of directors resolved by majority to establish an executive committee (the bid committee). The committee was vested with the power to evaluate and approve bids for the acquisition of contracts for public and private sector customers exceeding €150 million and within the limit of €350 million per transaction. The executive committee consists of chairperson Alistair Dormer, chief executive officer Andrew Thomas Barr and director Katherine Jane Mingay.

The company’s board of statutory auditors, appointed for the three-year term from 2014 to 2016 by the shareholders on 15 April 2014, includes Giacinto Sarubbi (chairperson), Renato Righetti and Maria Enrica Spinardi and the substitute statutory auditors Fabrizio Riccardo Di Giusto, Giorgio Mosci and Daniela Rosina.

On 16 May 2016, the board of directors appointed Francesco Gianni as board secretary.
On 16 May 2016, the board of directors appointed the members of the risk and control committee (Alberto de Benedictis – chairperson, Mario Garraffo and Katharine Rosalind Painter) and the appointments and remuneration committee (Katharine Rosalind Painter– chairperson, Alberto de Benedictis and Mario Garraffo).
On 24 May 2016, the board of directors also confirmed the CFO Roberto Carassai as manager in charge of financial reporting pursuant to article 154-bis of Italian Legislative decree no. 58/1998.
On 19 October 2016, Roberto Carassai signed a consensual termination agreement with the company, based on which he will take leave of his role as CFO and Manager in charge of financial reporting as of 28 February 2017.
On their appointment, the directors Giuseppe Bivona, Rosa Cipriotti, Fabio Labruna, Katharine Rosalind Painter, Alberto de Benedictis and Mario Garraffo confirmed that they meet the requirements for independence pursuant to the current legislation and the Code of conduct. The board of directors also assessed these requirements on 16 May 2016 and, with respect to Mr. Garraffo, on 24 May 2016. Also at the request of the board of statutory auditors, on 11 July and 19 December 2016 the board of directors evaluated whether director Alberto de Benedictis continued to meet the independence requirements.

Furthermore, in the meeting held on 24 May 2016, pursuant to principle 7.P.3 of the Code of conduct, the company’s board of directors appointed the CEO, Andrew Thomas Barr, as director in charge of the internal control and risk management system. During the same meeting, the board of directors also confirmed the assignment of the internal audit function to the external company Protiviti S.r.l., and Giacomo Galli, managing director and country leader of that company as internal audit manager.
On the same date, the board of directors confirmed Nicoletta Garaventa and Alberto Quagli as chairperson and external member, respectively, of the company’s supervisory body, as well as Filippo Corsi, general counsel of Ansaldo STS, as the internal member of the supervisory body.

Pursuant to the Code of conduct, during the first meeting of the board of statutory auditors, held on 15 April 2014, the statutory auditors Giacinto Sarubbi, Renato Righetti and Maria Enrica Spinardi, also confirmed that they meet the independence requirements pursuant to current legislation and stated thereby at the time of their appointment. Compliance with the independence requirements was subsequently verified and confirmed by the members of the board of statutory auditors during the meetings held on 9 December 2014 and 2 February 2016, for 2015, as well as on 28 November 2016.
With respect to the independent auditors appointed to perform the legally-required audit of Ansaldo STS S.p.A.'s financial statements, in their meeting of 7 May 2012, the shareholders awarded the audit engagement for the 2012-2020 period to KPMG S.p.A.
Following the resignation of the independent auditors KPMG S.p.A. received on 14 November 2016, at its meeting held on 24 November 2016 the board of directors called the ordinary shareholders' meeting to engage a new auditor.
On 19 January 2017, the shareholders awarded the audit engagement for the 2016-2024 period to EY S.p.A..

Lastly, on 25 February 2016 the board of directors approved the parent's remuneration policy for the year 2016, in compliance with the recommendations of article 6 of the Code of conduct, on the basis of the proposal prepared by the appointments and remuneration committee dated 25 February 2016.

On 25 February 2016, after discussion with the appointments and remuneration committee, the board of directors also approved the remuneration report prepared by the company pursuant to article 123-ter of the Consolidated finance act and article 84-quater of the Issuer regulation.
Finally, pursuant to article 123-ter, paragraph 6 of the Consolidated finance act, the ordinary shareholders' meeting held on 13 May 2016, approved the first section of the above-mentioned report required by article 123-ter, paragraph 3 of the Consolidated finance act, which describes the company's remuneration policy for its officers and key managers, and the procedure followed to implement and describe this policy.

Pursuant to articles 70, paragraph 8 and 71, paragraph 1-bis of the Issuer regulation, we note that, on 28 January 2013, in compliance with articles 70, paragraph 8 and 71, paragraph 1-bis of the Issuer regulation, the Board of directors of Ansaldo STS S.p.A. resolved to opt out of the requirement to publish the relevant documents for transactions such as mergers, demergers, share capital increases via contributions in kind, acquisitions and sales.
The key corporate governance tools that the company has implemented in compliance with the most recent legislative and regulatory requirements, as well as by the Code of conduct and national and international best practices, are as follows:
- By-laws;
- Code of ethics;
- Organisational, management and control model pursuant to Italian Legislative decree no. 231/01;
- Shareholders' meeting regulations;
- Board of directors' regulations;
- Executive committee (i.e. bid committee) regulations;
- Risk and control committee regulations;
- Appointments and remuneration committee regulations;
- Related party transactions - Procedure adopted pursuant to article 4 of CONSOB regulation no. 17221 of 12 March 2010 as amended;
- Procedure for the establishment and updating of the list of people with access to privileged information;
- Procedure for the handling and communication of privileged and confidential information;
- Internal Dealing code of conduct.

For further details on the parent's corporate governance, reference should be made to the "Corporate governance report", comprising all disclosure required by article 123-bis of the Consolidated finance act, available on the company's website www.ansaldo-sts.com

Statement pursuant to article 2.6.2.8/9 of the Regulations for markets organised and managed by Borsa Italiana S.p.A.

The company's board of directors confirms the compliance with the conditions referred to in articles 36, letters a), b) and c), point i) and 37 of the Regulation implementing Italian Legislative decree no. 58 of 24 February 1998 on markets, adopted by Consob with resolution no. 16191 of 29 October 2007 and subsequent amendments.

Data protection document

Pursuant to paragraph 26 of the Technical requirements governing minimum security measures, which forms Annex B to Italian Legislative decree no. 196 of 30 June 2003 (personal data protection code), Ansaldo STS S.p.A. has drawn up a Data protection document for the processing of personal data.
This document contains the information required by paragraph 19 of Annex B and describes the security measures implemented by the company to minimise the risk of destruction or loss, including accidental, of personal data, unauthorised access or unapproved processing, or processing that does not comply with the purposes for which it was gathered.

The environment

Ansaldo STS S.p.A. has pursued sustainability in recent years in the belief that respecting environmental and social values leads to the creation of long-term value for the business. In its Sustainability report, the group transparently discloses its values, strategies, policies and decisions in terms of economic, environmental and social sustainability.
In full compliance with ruling legislation, the law, the code of ethics, 231 Model, policies and all health and safety (HSE) regulations, Ansaldo STS pursues sustainable management of social and environmental matters linked to the services in all its business areas.
Ansaldo STS's commitment to "sustainable development" has seen it focus on:
- quality of life;
- ensuring the protection of natural resources;
- ensuring the safeguarding and protection of the environment and the adoption of environmental sustainability principles and values;
- avoiding permanent environmental damage.

Environmental protection is part of our social responsibility and is key to our business strategy promoting growth in the company's value over the long term.
From an environmental point of view, Ansaldo STS S.p.A. is involved:
- as a producer, committed to pursuing environmental protection policies not only by just complying with existing laws, regulations and directives but by pursuing ongoing improvement in the environmental impact of its products and production processes;
- as a supplier of railway operators, in the knowledge that offering increasingly evolved, safe and reliable railway traffic control and automation products promotes the rapid development of the most environmentally-friendly transport system available today.

Strategic orientation and management approach

The company has implemented an Integrated Management System (IMS) for environment, safety and quality issues. It has set policies and procedures to ensure the controlled management of the processes and workplace safety and environmental protection activities.
It has defined local policies in relation to the environment, safety and instructions in order to achieve the following objectives:
- ensuring the best available technologies are used and international best practices adopted in order to continuously improve operating management, the rational and efficient use of energy, the prevention of pollution and the reduction of the environmental impact related to the use of fossil fuels;

- ensuring liquid waste, gas emissions and waste from assets in running conditions and activities performed are controlled, gradually reduced and kept at a minimum;
- ensuring compliance with legal requirements applicable to its processes in the various countries in which the subsidiaries operate, by formalising procedures that increase awareness of the applicable legislative framework;
- identifying significant direct and indirect environmental issues in order to reduce and control the related impact, both as relates to the companies and its suppliers and partners;
- defining key indicators with a view to facilitating the assessment of performance;
- defining roles, duties and responsibilities within the scope of activities.

Ansaldo STS follows the ISO 14001 framework and EMAS (Eco-Management and Audit Scheme) regulation in developing its management systems. Certification is regarded as key to developing an entrenched environmental awareness and has been obtained for the Tito production site.

Innovation and the promotion of good practices

The environmental management system adopted by Ansaldo STS S.p.A. is applied to the following:

- **PRODUCTION FACILITIES** for products used in safety, control and monitoring systems supplied by Ansaldo STS S.p.A.
- **OFFICES** (non-production sites) mainly for signalling plant design; the analysis of safety, reliability and availability; laboratory testing; contract management and control; research and development; procurement; and prevention and protection;
- **WORK SITES** Ansaldo STS's direct activities at work sites relate to management and coordination, surveillance and control of production, commissioning and roll-out of plant and delivery to the customer. With respect to environmental issues as a result of such activities, Ansaldo STS operates in accordance with operating control procedures, based on an initial environmental analysis of the work to be performed at the site, prepared and agreed with the subcontractors, followed by an environmental monitoring plan to continuously ensure legal compliance and that all steps are taken to limit the environmental impact that the opening of any site inevitably entails.

Ansaldo STS is also committed to providing the best and safest products and the best system solutions, using the best design methodologies and procedures and the best possible manufacturing methods and processes, in line with its aim of reducing energy consumption and both direct and indirect environmental impact.

Energy efficiency

Ansaldo STS's search for energy efficiency is broken down into the following macro-areas:

- Support for the design of turnkey systems through holistic hardware-in-the-loop type simulators intended to provide a transport system that uses energy efficiently.
- "Operation – rail & driverless", the focus of which is seeking out the optimal speed profile, taking into account scheduling and driving conduct.
- "Energy saving technologies", with a focus on trackside recovery systems, geothermal heat pumps and simulators for the optimal sizing of supercapacitor battery systems.

These areas are developed in the MERLIN (Management of Energy in Railway Systems), OSIRIS (Optimal Strategy to Innovate and Reduce energy consumption In urban rail Systems) and SFERE (Sistemi FERroviari: eco-sostenibilità e risparmio Energetico [Railway Systems: eco-sustainability and energy savings]) projects.

Eco-design

Partially due to certain new contracts, Ansaldo STS is focusing more closely on eco-design aspects, also in relation to customer environmental requirements, regarding for example:

- Analysis of conformity with the REACH – Registration, Evaluation and Authorisation of Chemicals regulation (an integrated chemical substance registration, evaluation, authorisation and restriction system established by the European Union);
- Analysis of material reuse and recyclability;
- Life Cycle Assessment (LCA).

LED technology

For some years now Ansaldo STS has been manufacturing safety semaphore systems in its Tito Scalo plant using LED technology. This innovation has a positive impact on energy consumption, maintenance management and the disposal of materials after maintenance works. It is sufficient to think that traditional lamps are changed every 4 months on average, while LEDs operate continuously for at least 10 years.

Commitment to fight climate change

Ansaldo STS is committed to progressively reducing CO2 emissions in all areas of operations. The activities and initiatives to deal with climate change are undertaken within the context of a global-level carbon management strategy. This entails definition of an emission reduction objective.
The following principles underpin Ansaldo STS's climate strategy:

1. A global approach: developing mechanisms that take into account the commitment of all Ansaldo STS S.p.A. facilities.
2. Reasonable and feasible long-term objectives: it is crucial to establish a clear and realistic vision of the steps to be taken.
3. Support the development of technologies: research into advanced technological solutions.

Communication, training and education

The company's specific training programme is fundamental to fostering a sense of environmental responsibility and constructive environment-related dialogue among employees and suppliers/contractors.
Ansaldo STS S.p.A.'s training and educational programmes are designed to increase awareness of:

- the importance of complying with the environmental policy and the environmental management system procedures and requirements;
- actual or potential significant environmental impacts of activities and the environmental benefits that each individual can pursue;
- roles and responsibilities in order to comply with the environmental policy and environmental management system procedures and requirements, including the preparation of contingency and response plans;
- the potential consequences of deviating from the operating procedures;
- the potential offered by the effective implementation of a combined quality, environment and safety policy for Ansaldo STS's business development.
  Subsequent environmental management system training sessions are held for personnel based on the specific corporate processes and related environmental aspects relevant to their activity.
  Records are kept of all training provided to personnel in its facilities.

General environment-related information

The operations of Ansaldo STS S.p.A.'s subsidiaries mainly comprise office-based activities which ensure full control in terms of direct and indirect environmental aspects.
The operations of several production facilities are fully compliant with the concepts of environmental protection and are among those which have been certified or for which the certification process is underway.

Management of water resources

Water consumption is purely for sanitary uses and is monitored and subject to regular sampling. Ansaldo STS S.p.A. has rolled out water-saving initiatives in recent years, such as the installation of automatic sensor taps.

Generation and management of special waste

The activities carried out at the facilities involve the generation of non-toxic special waste, mainly paper and cardboard and plastic packaging. This is handled by companies authorised for its transport and recycling.
Hazardous special waste generated by maintenance activities is disposed of by the global service companies contracted by Ansaldo STS S.p.A.

Energy consumption, CO_2 emissions, emission trading and other emissions

Energy consumption mainly stems from heating, lighting and utility power; it is monitored and is in line with consumption levels reported for similar businesses.
Ansaldo STS has obtained RECS (Renewable Energy Certificate System) certification for the consumption of electrical energy at its Italian facilities. These 1 MWh certificates attest the use of renewable resources.

Management of dangerous substances

Dangerous substances used in group processes are handled in full respect of the environment by adopting all possible precautions.

Disclosure on management and coordination and related party transactions

As described in the introduction, Finmeccanica S.p.A. executed the sale of its entire investment in the company to Hitachi Rail Italy Investments S.r.l., wholly controlled by Hitachi Ltd., on 2 November 2015.
Pursuant to article 2497-bis of the Italian Civil Code, we note that, as ascertained on 21 December 2015 by the company's directors, the company is managed and controlled by Hitachi Ltd.
Key figures from the most recently-approved financial statements of Hitachi Ltd. are presented in the table under note 39.
Pursuant to article 2497-bis, last point, of the Italian Civil Code, the following tables present the relationships between the company exercising management and coordination activity and the other companies subject to such activity in 2016 and the previous year.
The other companies subject to management and coordination by Hitachi Ltd. are those included in the consolidated financial statements of Hitachi Ltd., pursuant to article 2497-sexies of the Italian Civil Code. They include, as well as Hitachi Ltd. itself, all the subsidiaries of Ansaldo STS S.p.A. and Hitachi Ltd.
This disclosure is also required by article 2428.3.2 of the Italian Civil Code, together with that related to the subsidiaries and associates and companies subject to the control thereof.
The tables presented in notes 10 and 26 of the notes to the financial statements also disclose details of the companies that are related parties in Hitachi Ltd's consolidated financial statements due to the total investments held by the Hitachi Ltd. Group companies in Ansaldo STS companies. Moreover, note 38 presents total and individual directors', statutory auditors' and key managers' fees.
Disclosure on transactions with the company exercising management and coordination activities and other companies subject thereto, together with disclosure on the amount of related party transactions in Hitachi Ltd.'s consolidated financial statements and directors, statutory auditors' and key managers' fees, represent the related party disclosure required by IAS 24 "Related party disclosures".

FINANCIAL ASSETS AT 31 DECEMBER 2016 (€'000)	**Loan assets**	**Trade receivables**	**Other current financial assets**	**Total**
Ultimate parents	-	467	-	467
Subsidiaries	22,524	37,322	-	59,846
Associates	267	10,332	-	10,598
Consortia	-	48,916	4	48,920
Total	**22,791**	**97,035**	**4**	**119,831**
% of the total corresponding financial statements caption	**44%**	**16%**	**0.01%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2016 (€'000)	**Loans and borrowings**	**Trade payables**	**Other current financial liabilities**	**Total**
Ultimate parents	-	-	-	-
Subsidiaries	92,208	20,952	3	113,163
Associates	-	16,335	371	16,705
Consortia	-	3,103	36	3,139
Total	**92,208**	**40,389**	**410**	**133,007**
% of the total corresponding financial statements caption	**98%**	**10%**	**0.7%**	

AT 31 DECEMBER 2016 (€'000)	**Revenue**	**Other operating income**	**Costs**	**Recovery of costs**	**Other operating expense**	**Financial income**	**Financial expense**
Ultimate parents	492	-	567	11	-	-	-
Subsidiaries	29,460	10,723	52,904	1,322	-	112,922	270
Associates	31,584	1,300	61,213	16	4	1,568	-
Consortia	60,799	-	2,888	48	-	-	-
Total	**122,334**	**12,023**	**117,571**	**1,397**	**4**	**114,490**	**270**
% of the total corresponding financial statements caption	**15%**	**66%**	**18%**		**0,1%**	**96%**	**1%**

FINANCIAL ASSETS AT 31 DECEMBER 2015 (€'000)	Loan assets	Trade receivables	Other current financial assets	Total
Ultimate parents	-	301	-	301
Subsidiaries	21,516	36,897	-	58,412
Associates	563	13,515	-	14,078
Consortia	-	41,560	4	41,564
Total	**22,079**	**92,273**	**4**	**114,356**
% of the total corresponding financial statements caption	**44%**	**17%**	**0.01%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2015 (€'000)	Loans and borrowings	Trade payables	Other current financial liabilities	Total
Ultimate parents	-	-	-	-
Subsidiaries	167,424	12,247	3	179,676
Associates	2,500	21,517	371	24,386
Consortia	-	3,314	29	3,343
Total	**169,924**	**37,078**	**402**	**207,404**
% of the total corresponding financial statements caption	**99%**	**11%**	**0.7%**	

AT 31 DECEMBER 2015 (€'000)	Revenue	Other operating income	Costs	Recovery of costs	Financial income	Financial expense
Ultimate parents	-	-	-	301	-	-
Subsidiaries	31,863	11,345	29,500	1,459	3,646	2,572
Associates	29,944	4,151	60,303	6,041	3,161	-
Consortia	43,540	-	2,672	68	-	-
Total	**105,347**	**15,496**	**92,475**	**7,869**	**6,807**	**2,572**
% of the total corresponding financial statements caption	**15%**	**71%**	**15%**		**29%**	**12%**

In 2016, the Company entered into transactions with Hitachi Ltd.; in particular, revenues amount to €492 thousand and relate to services provided for a project in Vietnam, while costs, amounting to €567 thousand, relate primarily to information technology activities.

Transactions with subsidiaries are as follows:

financial

Financial income includes dividends collected from the subsidiaries totalling €111,092 thousand.
Ansaldo STS S.p.A. has joint current accounts with its subsidiaries to settle trading and non-trading items with Ansaldo STS group companies. Financial income and expense presented in the table and which arise from such transactions totalled €462 thousand in income and €215 thousand in expense.

The balance of the joint current accounts with the subsidiaries at 31 December 2016 consists of credit balances due from Ansaldo STS Malaysia (€22,524 thousand), and debit balances due to Ansaldo STS France (€52,109 thousand), Ansaldo STS USA (€33,155 thousand), Ansaldo STS Australia (€6,807 thousand) and ASTS Sweden AB (€137 thousand). The terms applied to the current accounts with Ansaldo STS group companies are presented below.

For those contracts expressed in Euros:
- the debit interest rate applied by the parent to the subsidiary on each debit balance on the current account is the 1-month EURIBOR + 100 basis points;
- the credit interest rate applied by the parent to the subsidiary on each credit balance on the current account is the 1-month EURIBOR - 25 basis points.

For contracts expressed in foreign currency:
- the debit interest rate applied by the parent to the subsidiary on each debit balance on the current account is the 1-month LIBOR for the relevant currency + 100 basis points;
- the credit interest rate applied by the parent to the subsidiary on each credit balance on the current account is the 1-month LIBOR for the relevant currency - 25 basis points.

trading and other

- trading transactions with subsidiaries include the supply of spare parts and subsupplies by the subsidiary Ansaldo STS France;
- important contracts are in place with the subsidiary Ansaldo STS USA International Co. for the Aarhus, Milan, Riyadh, Copenhagen metro and Lima metro projects;
- operating income from Ansaldo STS Australia, Ansaldo STS France, Ansaldo Railway System Trading (Beijing), Ansaldo STS Sweden, Ansaldo STS Spain and Ansaldo STS Germany mainly relate to subcontracts or supplies to fulfil specific contracts signed by foreign subsidiaries;
- other operating income mainly relates to recharges for services provided by Ansaldo STS S.p.A. to all ASTS group companies under the general service agreement for a total of €8,973 thousand;
- recovery of expense mainly relates to the recharge of costs of €812 thousand to use the “Ansaldo” trademark and of €510 thousand for the supply of an international centralised videoconference service.

Transactions with other related companies mainly relate to trading activities, for sales of systems, components or spare parts and to purchase materials. These include the contracts with Metro Service AS for the Copenhagen contract and Hitachi Rail Italy S.p.A. (AnsaldoBreda S.p.A. until 2 November 2015) for the vehicle supply contracts for the Genoa and Copenhagen metro projects.

The most significant of the non-trading transactions with related parties include the lease instalment and recharge for the management and use of shared services in the Naples facilities by Hitachi Rail Italy S.p.A. The 2016 lease payment amounts to €894 thousand, and the charge for shared services is equal to €1,999 thousand.

Consortia are set up to carry out works; specifically, Saturno consortium was set up to carry out works related to the high-speed railway and the MM4 consortium was established for the Milan metro line 4.

Disclosure on financial risk management and financial instruments

Reference should be made to the relevant section of the notes to the financial statements for disclosure on financial instruments and financial risks pursuant to article 2428.2.6-bis of the Italian Civil Code, which also complies with the requirements of IFRS 7 "Financial instruments: disclosures".

Key events of and after the reporting period

Please recall that on 24 February 2015, Hitachi Ltd. and Finmeccanica S.p.A. communicated their signing of a binding contract for Hitachi's purchase of Finmeccanica's entire investment in Ansaldo STS S.p.A., equal to 40% of its share capital. As a result, on 2 November 2015, Finmeccanica S.p.A. executed the sale of its investment in Ansaldo STS (80,131,081 shares for 40.07% of its share capital) to Hitachi Rail Italy Investments S.r.l., wholly owned by Hitachi Ltd. Accordingly, Hitachi Ltd., by its wholly owned controlled company, became the company's controlling shareholder of Ansaldo STS S.p.A., pursuant to article 2359.1.2) of the Italian Civil Code and article 93 of the Consolidated finance act. On 21 December 2015, the company's board of directors verified that Ansaldo STS is managed and coordinated by Hitachi Ltd. in accordance with article 2497 and subsequent articles of the Italian Civil Code.

Please recall that on 2 November 2015 and following the sale of the above shares, the legal conditions materialised obliging Hitachi Rail Italy Investments S.r.l., Hitachi Ltd.'s subsidiary, to make a takeover bid for all the company's remaining ordinary shares (119,868,919 shares equal to 59.93% of its share capital) pursuant to articles 102 and 106.1-bis of the Consolidated finance act (the "takeover bid"). The period for acceptance of the takeover bid was concluded on 14 March 2016. The ordinary shares of Ansaldo STS S.p.A. for which the bid was accepted numbered 12,832,398, equal to 6.416% of the company's share capital. Therefore, on 21 March 2016, the date of payment of the consideration due to holders of the shares for which the bid was accepted and their simultaneous transfer to the bidder, the investment in Ansaldo STS S.p.A. held by Hitachi Rail Italy Investments S.r.l. was equal to 46.482% of the share capital.

As Hitachi Rail Italy Investments S.r.l.'s investment came to lower than 90% of the share capital of Ansaldo STS S.p.A., the requirements were not met for the exercise of the commitment to buy pursuant to art. 108.2, of the Consolidated finance act or the commitment to buy pursuant to art. 108.1 of the Consolidated finance act and the right to buy, pursuant to article 111 of the Consolidated finance act.
Subsequently, Hitachi Rail Italy Investments S.r.l. acquired an additional 8,581,223 ordinary shares of Ansaldo STS S.p.A. Due to this purchase, the investment held by Hitachi Rail Italy Investments S.r.l. in Ansaldo STS S.p.A. is currently equal to 50.772% of the share capital.

More information about the takeover bid is provided in the communications and documentation made available to the public pursuant to the relevant legislation on the company's website page http://www.ansaldo-sts.com/it/investor-relations/offerta-pubblica-dacquisto.

On 21 June 2016, Ansaldo STS and Hitachi, Ltd., as members of the ARH consortium (consisting of Ansaldo STS SpA, RSEA Engineering Corp. and Hitachi, Ltd.), signed a turnkey agreement with New Taipei City Government Department of Rapid Transit System (NTCG DORTS) with a total value of roughly €885 million.
The scope of work for Ansaldo STS, as consortium leader, involves the supply of CBTC (Communication Based Train Control) technology and all electro-mechanical systems (power supply, telecommunications, platform doors, ticketing systems, SCADA and depot equipment), for a value of €219.8 million (excluding VAT).
CBTC technology is leading to a new era in the sector of railway transport control, boosting flexibility, reducing maintenance costs and improving interoperability.
The scope of the supply of Hitachi, Ltd. includes the design and construction of cars for metropolitan trains and consists of 29 two-car trains for a total of 58 cars.
For NTCG DORTS, this turnkey project includes civil, electro-mechanical and rolling stock works and is the first medium capacity metro built and managed by New Taipei City.
The entire Sanying line is 14.29 km long, with 12 stations and a depot. The line, which includes completely elevated stations, goes from Dingpu station on the MRT blue line in Tucheng, and goes through Sanxia to Yingge.

As part of the "3-*rings*-3-*lines*" project, the Sanying line will enter the construction phase in the second half of 2016 and is expected to be completed in 2023. It will provide a comfortable and safe public transport system to the citizens of New Taipei City.

In September 2016, Ansaldo STS was awarded two contracts with a total value of €74.8 million relating to signalling on the direct Rome - Florence section of the high capacity/high speed Turin-Milan-Naples line.
In the contracts awarded by RFI (Rete Ferroviaria Italiana), the scope of the work for Ansaldo STS encompasses the design and execution of works for the implementation of the ERTMS/ETCS Level 2 Trackside Subsystem, the ACC-M and complementary and accessory activities for the technological upgrade of the direct Rome - Florence section of the high capacity/high speed Turin-Milan-Naples line.
Ansaldo STS's signalling systems will support the current 234 km of double track line, elevating the line to the highest technological levels.

At the end of December 2016, "Consorzio Saturno per la realizzazione di opere ferroviarie ad elevato contenuto tecnologico per il sistema ferroviario italiano ad alta velocità" [Saturno Consortium for the implementation of railway works with high technological content for the Italian high speed railway system], of which Ansaldo STS S.p.A. is a member, signed an engagement with the General Contractor, Consorzio Collegamenti Integrati Veloci ("Cociv"), for the implementation of technological systems relating to the high speed/high capacity project of the Milan-Genoa line, "Terzo Valico dei Giovi".
The scope of the work pertaining to Ansaldo STS regards the supply of technological systems relating to railway signalling equipment, the command and control system (SCCM/AV), the light and utility power system and the tunnel safety monitoring system.
The works awarded to Ansaldo STS are worth a total of €174.6 million.

By deed dated 14 July 2016, the Funds Elliott petitioned the Court of Genoa to cancel the shareholders' meeting resolution of 13 May 2016 appointing the board of directors and chairperson Dormer, after suspending its effectiveness and prohibiting Hitachi Rail, which was also served with the summons, from exercising its voting rights.

The Elliot Funds had also submitted a petition for the appointment of a special receiver pursuant to art. 78 of the Italian Code of Civil Procedure, who would represent the company in court. On 18 July 2016, the Elliott Funds served the company with the order signed on 14 July 2016 whereby the chief judge of the Court of Genoa, in acceptance of their petition, appointed a special receiver.
The appointment measure was revoked by the chief judge of the Court of Genoa on 1 August 2016 due to procedural irregularities.
On 11 August 2016, in acceptance of a new petition from the Elliot Funds, the Court of Genoa again appointed attorney Alessandro Barca as special receiver.
After the company submitted a complaint, on 6 September 2016 the Genoa Court of Appeals definitively cancelled the Court's appointment of the receiver, ruling out "*the existence of conflicting interests between the legal representatives and the company*".
The company therefore appeared before the court in the proceedings for the precautionary suspension of the appealed resolution, presenting its defence, and after the hearing of the directors and statutory auditors, on 9 November 2016 the Court of Genoa rejected the request for the precautionary suspension of the shareholders' resolutions of 13 May 2016. In particular, the Court recognised that circumstances prior to the appoint of the board of directors could not be enforced with respect to the company and its board of directors - as they "*are outside the sphere of knowledge of the current corporate bodies (as these are facts pre-existing their appointment, in which Ansaldo STS did not participate*)" - and that all directors in office had been appointed legitimately. The Elliot Funds did not submit any complaint against the order in question.
The decision on the merits is pending, the parties have presented their conclusions and the decision is expected for the first months of 2017.

On 23 November 2016, the Elliott International L.P., The Liverpool Limited Partnership and Elliott Associates L.P. Funds sent the Board of Statutory Auditors a report pursuant to art. 2408 of the Italian Civil Code, requesting a verification regarding certain corporate governance aspects, of which the company was informed on 27 November 2016.

At the ordinary shareholders' meeting of Ansaldo STS S.p.A. on 19 January 2017, the Board of Statutory Auditors presented its conclusions with respect to the report pursuant to art. 2408 of the Italian Civil Code submitted by the Elliott Funds; they have been made available to the public by means of publication on the company website at www.ansaldo-sts.com/it/governance/assemblea-azionisti/assemblea-nomina-revisore-legale-conti-2017.
Please recall that, also during the shareholders' meeting held on 13 May 2016, the board of statutory auditors responded to a previous report dated 9 April 2016 pursuant to art. 2408 of the Italian Civil Code from the shareholders Elliott International L.P., The Liverpool Limited Partnership and Elliott Associates L.P., with respect to which reference is made to the company webpage http://www.ansaldo-sts.com/it/governance/assemblea-azionisti/assemblea-2016.

On 19 January 2017, the ordinary shareholders' meeting of Ansaldo STS S.p.A., acknowledging the resignation of KPMG S.p.A. on 14 November 2016, appointed EY S.p.A. to audit the company's accounts for the years 2016-2024. On the basis of a request to supplement the agenda submitted on 29 December 2016 and pursuant to art. 126-bis of the Consolidated finance act by the shareholder Hitachi Rail Italy Investments s.r.l., the meeting also resolved to lodge a corporate action for liability pursuant to art. 2393 of the Italian Civil Code against director Giuseppe Bivona who, as a result, was removed from office. Therefore, as set forth in relevant legislation and the by-laws, the shareholders' meeting appointed Michele Alberto Fabiano Crisostomo as company director, as he was the first unelected candidate on the non-controlling shareholder list submitted jointly on 21 April 2016 by the non-controlling shareholders Elliott Associates L.P., Elliott International L.P. and The Liverpool Limited Partnership ("Elliott Funds"); when the list was submitted, the candidate had declared that he met the independence requirements laid out by relevant legislation and the Code of conduct for listed companies promoted by Borsa Italiana S.p.A. The Elliott shareholders declared during the meeting that the office was accepted and that the independence requirements were fulfilled.

Outlook

2017 will continue to see progress on the contracts acquired in the past few years with a related increase in revenue. The commercial activity is expected to considerably grow both in domestic and overseas markets.

Proposal to the shareholders

Dear shareholders
We present the 2016 financial statements for your approval, which show profit for 2016 of €145,857,237.53.
Pursuant to article 2433 of the Italian Civil Code, the shareholders are also required to resolve on the allocation of the profit for the year shown in the statutory financial statements.
In this regard the company's board of directors formulated a proposal for the allocation of the profit for the year and dividend distribution included in the relevant report required by article 125-ter of Italian Legislative decree no. 58 of 24 February 1998 ("Consolidated finance act"), as amended, made available to the public in the manner and within the timeframe provided for by enacted legislation.
This proposal provides for: (i) the distribution of a €0.18 dividend, gross of withholdings, to shareholders, for each of the shares with a nominal amount of €0.50, currently outstanding and bearing the right to dividends; (ii) the carry forward of the remaining amount.
It does not provide for any accrual to the legal reserve as it amounts to €20,000,000.00, equal to 20% of the share capital, which represents the maximum amount provided for by article 2430 of the Italian Civil Code.
Specifically, the above proposal provided for the allocation of the profit for the year in the amount of €36,000,000.00 to shareholders in the form of a dividend of €0.18, gross of withholdings, for each of the 200,000,000 shares currently outstanding and bearing the right to dividends, and for the retention of the remaining amount of €109,857,237.53.
The total amount of the dividend proposed for distribution corresponds to 36% of the share capital, roughly 25% of the profit for the year of Ansaldo STS S.p.A. and around 46% of the group's profit for 2016, which amounts to €77,968,238.27.
For further information about detachment, payable dividends date and the relevant record date pursuant to ex article 83-quarter ("Consolidated finance act"), please refers to the above mentioned report formulated by the company's board of directors pursuant to article 125-ter ("Consolidated finance act").

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Dear shareholders

We invite you to approve the following resolution:
"In their ordinary meeting, the shareholders of Ansaldo STS S.p.A.,
- having read the directors' report,
- the report of the board of statutory auditors,
- the financial statements at 31 December 2016,
- and having acknowledged the report of the independent auditors, EY S.p.A.

resolve

to approve the directors' report and the financial statements at 31 December 2016."

Milan, 27 February 2017

On behalf of the board of directors
The Chairperson

Alistair Dormer

Separate financial statements at **31 December 2016** and notes thereto

Separate financial statements at 31 December 2016 and notes thereto

Income statement

in euros	Note	2016	of which, related parties	2015	of which, related parties
Revenue	27	829,991,777	122,334,367	721,730,800	105,347,373
Other operating income	28	18,327,633	12,023,183	21,895,916	15,496,056
Purchases	29	(275,734,297)	(49,115,871)	(222,092,924)	(19,741,621)
Services	29	(356,683,508)	(67,058,233)	(327,321,269)	(64,864,925)
Personnel expense	30	(144,064,413)	897,999	(128,781,324)	1,655,524
Amortisation, depreciation and impairment losses	32	(12,246,977)	-	(12,103,590)	-
Other operating expense	28	(4,203,676)	(4,386)	(8,272,397)	-
Changes in finished goods, work-in-progress and semi-finished products	31	620,482	-	85,170	-
(-) Internal work capitalised	33	4,700,268	-	4,693,608	-
Operating profit (EBIT)		**60,707,289**		**49,833,990**	
Financial income	34	121,097,521	114,489,712	23,626,798	6,807,354
Financial expense	34	(19,842,036)	(270,423)	(21,918,494)	(2,572,357)
Profit before taxes and discontinued operations		**161,962,774**		**51,542,294**	
Income taxes	35	(16,105,536)	-	(15,641,407)	-
Profit (loss) from discontinued operations		-	-	-	-
Profit for the year		**145,857,238**		**35,900,887**	

Statement of comprehensive income

in euros	Note	2016	2015
Profit for the year		145,857,238	35,900,887
Items that will not be reclassified to profit or loss:			
- Actuarial gains (losses) on defined benefit plans	19	(37,009)	527,271
- Income tax	35	11,783	(145,000)
		(25,226)	**382,271**
Items that will or may be reclassified to profit or loss:			
- Change in fair value of cash flow hedges	19	(1,129,428)	(3,158,877)
- Foreign operations – foreign currency translation differences	19	114,715	5,215,420
- Income tax	35	394,817	(565,550)
		(619,896)	**1,490,993**
Other comprehensive income (expense), net of taxes		**(645,122)**	**1,873,264**
Comprehensive income for the year		**145,212,116**	**37,774,151**

Statement of financial position

in euros		2016	of which, related parties	2015	of which, related parties
Non-current assets					
Intangible assets	7	10,061,520	-	12,252,228	-
Property, plant and equipment	8	62,792,005	-	63,767,725	-
Equity investments	9	169,786,813	-	167,181,485	-
Loans and receivables	11	27,634,202	25,521,827	25,234,362	21,210,250
Deferred tax assets	15	18,120,644	-	18,320,643	-
Other non-current assets	11	16,090,169	-	18,332,007	36,041
		304,485,353		**305,088,450**	
Current assets					
Inventories	12	95,279,408	-	95,642,164	-
Contract work in progress	13	178,438,024	-	179,482,642	-
Trade receivables	14	606,054,373	97,035,403	548,538,790	92,272,983
Tax assets	16	17,446,617	-	15,008,472	-
Loan assets	14	51,233,847	22,790,842	50,521,847	22,078,842
Derivatives	17	9,801,950	-	8,437,775	-
Other current assets	18	57,280,535	4,334	64,811,967	4,334
Cash and cash equivalents	19	202,995,688	-	178,636,361	-
		1,218,530,442		**1,141,080,018**	
Total assets		**1,523,015,795**		**1,446,168,468**	
Equity					
Share capital	20	100,000,000	-	100,000,000	-
Other reserves	20	98,276,030	-	95,418,260	-
Retained earnings, including the profit for the year	20	277,047,347	-	167,190,109	-
Total equity		**475,323,377**		**362,608,369**	
Non-current liabilities					
Loans and borrowings		-	-	-	-
Employee benefits	23	18,294,171	-	17,947,846	-
Deferred tax liabilities	35	9,218,684	-	8,730,698	-
Other non-current liabilities	23	3,508,509	-	3,520,020	-
		31,021,364		**30,198,564**	
Current liabilities					
Progress payments and advances from customers	13	427,931,841	-	455,572,919	-
Trade payables	24	398,666,380	40,389,387	345,524,783	37,078,022
Loans and borrowings	20	93,978,687	92,207,799	171,531,126	169,923,893
Tax liabilities	15	8,303,752	-	4,726,387	-
Provisions for risks and charges	21	2,104,648	-	2,475,119	-
Derivatives	16	22,615,176	-	16,436,212	-
Other current liabilities	23	63,070,570	409,694	57,094,989	402,109
		1,016,671,054		**1,053,361,535**	
Total liabilities		**1,047,692,418**		**1,083,560,099**	
Total liabilities and equity		**1,523,015,795**		**1,446,168,468**	

Statement of cash flows

in euros	Note	2016	of which, related parties	2015	of which, related parties
Gross cash flows from operating activities:					
Profit for the year		145,857,238	-	35,900,887	-
Depreciation and impairment losses		12,246,978	-	12,103,590	-
Income texes		16,105,536	-	15,641,407	-
Accruals to provisions		646,000	-	844,564	-
Italian post-employment benefits		518,793	-	323,994	-
Defined benefit plans and stock grant plans		3,921,212	-	1,521,911	-
Financial income (expenses), net of impairment losses on equity investments measured at cost		(101,255,485)	-	(1,708,304)	-
Gross cash flows from operating activities	**36**	**78,040,272**	**(114,219,290)**	**64,628,049**	**(4,234,997)**
Inventories		362,756	-	(15,619,887)	-
Work in progress and progress payments and advances from customers		(26,596,460)	-	(51,141,178)	-
Trade receivables and Payables		(4,373,986)	-	51,252,365	-
Change in operating working capital	**36**	**(30,607,690)**	**(1,451,055)**	**(15,508,700)**	**35,246,258**
Changes in other operating assets and liabilities	36	(2,389,555)	378,085	(9,999,108)	(246,524)
Net interest paid	36	(9,554,091)	-	(7,706,439)	(4,234,997)
Income taxes paid	36	(3,098,222)	-	(6,188,142)	-
Cash flows from operating activities		**32,390,713**		**25,225,660**	
Cash flows from investing activities:					
Acquisitions of companies, net of cash acquired		(2,099,400)	-	(15,502,713)	-
Investments in property, plant and equipment and intangible assets		(2,601,749)	-	(4,221,421)	-
Dividends received from ASTS group companies		111,092,053	111,092,053	3,100,000	3,100,000
Other investing activities		(158,001)	(1,765,301)	(2,017,368)	(4,542,874)
Cash flows used in investing activities		**106,232,903**		**(18,641,502)**	
Cash flows from financing activities:					
Net change in loan assets and loans and borrowings		(78,264,289)	-	22,671,008	33,387,496
Dividends paid		(36,000,000)	-	(29,999,789)	-
Cash flows from (used in) financing activities		**(114,264,289)**		**(7,328,781)**	
Net increase (decrease) in cash and cash equivalents		24,359,327	-	(744,623)	-
Opening cash and cash equivalents		178,636,361	-	179,380,984	-
Closing cash and cash equivalents		**202,995,688**		**178,636,361**	

Statement of changes in equity

in euros	Share capital	Retained earnings	Stock grant reserve	Hedging reserve	Other reserves	Total equity
Equity at 1 January 2015	**99,999,298**	**161,579,070**	**3,183,342**	**3,369,245**	**86,830,044**	**354,960,999**
Use of treasury shares for SGP	702	-	-	-	-	702
Other comprehensive income (expense), net of taxes	-	-	-	(3,158,878)	5,032,142	1,873,264
Change in SGP reserves - Ansaldo STS S.p.A.	-	(290,059)	189,242	-	-	(100,817)
Change in SGP reserves - other companies	-	-	-	-	(26,877)	(26,877)
Dividends (199,998,595 x 0.15)	-	(29,999,789)	-	-	-	(29,999,789)
Profit for the year ended 31 December 2015	-	35,900,887	-	-	-	35,900,887
Equity at 31 December 2015	**100,000,000**	**167,190,109**	**3,372,584**	**210,367**	**91,835,309**	**362,608,369**
Other comprehensive income (expense), net of taxes	-	-	-	(1,129,428)	484,306	(645,122)
Change in SGP reserves - Ansaldo STS S.p.A.	-	-	2,948,771	-	-	2,948,771
Change in SGP reserves - other companies	-	-	-	-	554,121	554,121
Dividends (200,000,000 x 0.18)	-	(36,000,000)	-	-	-	(36,000,000)
Profit for the year ended 31 December 2016	-	145,857,238	-	-	-	145,857,238
Equity at 31 December 2016	**100,000,000**	**277,047,347**	**6,321,355**	**(919,061)**	**92,873,736**	**475,323,377**

Notes to the separate financial statements at 31 December 2016

1. General information

Ansaldo STS is a company limited by shares with its registered office in Via Paolo Mantovani 3-5, Genoa, a branch in Via Argine 425, Naples, a plant in Tito (Potenza) and an office in Piossasco (Turin).
The Ansaldo STS shares have been listed on the Star segment of the markets organised and managed by Borsa Italiana S.p.A. since 29 March 2006.
Its shares were included in the FTSE MIB index from 23 March 2009 to 23 March 2014 and in the FTSE Italia Mid Cap index from 24 March 2014 until 6 April 2015. They then were re-included in the FTSE MIB index from 7 April 2015 until 20 December 2015. Since 21 December 2015, the shares have been included in the FTSE Italia Mid Cap index again.

On 2 November 2015, Finmeccanica S.p.A. executed the sale of its entire investment in Ansaldo STS (80,131,081 shares for 40.07% of the share capital) to Hitachi Rail Italy Investments S.r.l., indirectly controlled by Hitachi Ltd. Accordingly, Hitachi Ltd., by its wholly owned controlled company, became the company's controlling shareholder of Ansaldo STS S.p.A., pursuant to article 2359.1.2) of the Italian Civil Code and article 93 of the Consolidated finance act.
At 31 December 2016 Hitachi Rail Italy Investments S.r.l. holds 101,544,702 ordinary shares of the company, equal to 50.772% of the share capital of Ansaldo STS S.p.A..
In addition, please note that Hitachi Ltd. exercises management and coordination activities with respect to Ansaldo STS S.p.A. pursuant to articles 2497 et seq. of the Italian Civil Code.

Ansaldo STS operates internationally in the design, construction and operation of signalling and transport systems for above-ground and underground railway lines, both for freight and passengers. It operates worldwide as a main contractor and supplier of turnkey systems. Ansaldo STS S.p.A., as parent, also exercises industrial and strategic guidance and control, coordinating the activities of its operating subsidiaries.

2. Basis of preparation

Ansaldo STS S.p.A.'s separate financial statements at 31 December 2016 are drafted in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Commission pursuant to EC regulation no. 1606/2002 of 19 July 2002, integrated by the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standard Interpretations Committee (IFRSIC) issued by the International Accounting Standards Board (IASB).

These separate financial statements have been prepared on a historical cost basis, except for those captions which, as required by the IFRS-EU, are to be recognised at fair value or for which this methodology is chosen, as described in the relevant accounting policies.

As permitted by IAS 1, assets and liabilities are presented in the statement of financial position as current and non-current (assets and liabilities are considered current when it is expected to realized or settled in their normal operating cycle), while income statement captions are shown by nature. The statement of cash flows was prepared using the indirect method. The income statements presents the Operating profit (EBIT), a significant indicator of the operating performance of the Group. The Operating profit is equal to the unadjusted profit before income taxes and financial income and expense. It does not include income and expense on non-consolidated equity investments and securities or the gains (losses) on the disposal of consolidated equity investments, classified in "Financial income and expense" in the financial statements or, for equity-accounted investees, in the caption "Share of profit or loss of equity-accounted investees".
Amounts are shown in thousands of euros, as allowed by law, unless stated otherwise.
The separate financial statements of Ansaldo STS S.p.A. at 31 December 2016 were approved and authorised for publication on 27 February 2017 by the board of directors in accordance with ruling legislation.

These financial statements have been prepared in accordance with the IFRS endorsed by the EU and audited by EY S.p.A..
Preparation of the separate financial statements required management to make estimates. Reference should be made to note 4 for information on the main areas which entailed particularly significant measurements and assumptions, along with those having a significant effect on the financial statements.

3. Accounting policies

Functional currency: these separate financial statements are presented in euros, which is the company's functional currency.

Foreign currency transactions: foreign currency monetary items, cash and cash equivalents, assets and liabilities to be received or settled in established or determinable monetary amounts, etc., as well as non-monetary items, advances to suppliers of goods and/or services, goodwill, intangible assets, etc., are initially recognised at the transaction date exchange rate. Subsequently, monetary amounts are translated into the functional currency at the closing rate and any translation differences are taken to profit or loss. Non-monetary amounts are maintained at the exchange rate ruling at the date of the transaction, unless continuing adverse economic trends affect the rate, in which case exchange rate differences are taken to profit or loss.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance that generate future economic benefits for the group. They are recognised at purchase and/or production cost, including directly related charges incurred to prepare them for use, net of accumulated amortisation, except for assets with an indefinite useful life, and any impairment losses. Amortisation begins when the asset becomes available for use and is calculated systematically over the residual useful life of each asset. Amortisation is calculated considering the actual use of the asset in the year in which an intangible asset is initially recognised.

(i) Concessions, licences and trademarks

These include trademarks identifying the origin of products or goods from a specific company and licences to use third-party know-how or software. The costs, including direct and indirect expenses incurred to obtain these rights, are capitalised after the rights have been acquired and are amortised systematically over the shorter of the period of expected use and the period for which the right has been acquired.

(ii) Research and development expense

Research expense is taken to profit or loss when incurred.
Internally generated intangible assets and the related development expense are recognised only when all the following conditions exist simultaneously:
- the asset can be identified;
- the asset may generate future economic benefits;
- the cost to develop the asset can be measured reliably;
- there is a reference market for the product generated by the development activity.

If these conditions are not met, development expense is recognised in profit or loss when incurred. This expense, which is capitalised only when the above four conditions are met, is amortised on a straight-line basis over the asset's useful life.
The initial capitalisation of development costs is also based on whether the management's opinion on the technical and economic feasibility of the project is confirmed, and capitalisation includes only expenses incurred which may be attributed directly to the development process.

Leased assets

Assets held under finance lease, whereby the risks and rewards of ownership are substantially transferred to the company, are recognised as assets at their present value or, if lower, at the present value of minimum lease payments. The corresponding liability to the lessor is recognised under loans and borrowings. These assets are depreciated using the above criterion and rates described in the section about property, plant and equipment.
Leases whereby the lessor substantially retains the risks and rewards of ownership are classified as operating leases.
Costs related to operating leases are recognised in profit or loss on a straight-line basis over the lease term.

Property, plant and equipment
Property, plant and equipment are measured at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes direct charges incurred to prepare assets for use and any disposal and removal costs that will be incurred to restore the site to its original conditions in line with contractual terms.

Costs for ordinary and/or routine maintenance and repairs are taken directly to profit or loss when incurred. Costs to expand, upgrade or improve owned or leased assets are capitalised only to the extent they meet the requirements to be classified separately as assets or part of an asset. Grants related to assets are taken as a direct decrease in the cost of the asset to which they relate.

The carrying amount of each asset is depreciated on a systematic basis. Depreciation is calculated on a straight-line basis each year over the residual useful lives of assets. Depreciation is calculated considering the actual use of the asset in the year in which an item of property, plant and equipment is initially recognised. The following table lists depreciation periods for each item of property, plant and equipment:

	Years
Land	indefinite useful life
Buildings	33.33
Plant and machinery	6.45 – 10
Industrial equipment	4
Other assets	4 – 8.33

If a depreciable asset is comprised of separately identifiable components with useful lives that differ significantly from the other components comprising the asset, depreciation is calculated separately for each component, using the component approach.

Profits and losses on the sale of assets are measured by comparing the sales price with the related carrying amount.

Impairment losses
Assets with an indefinite useful life are not depreciated/amortised, but are tested for impairment annually. Depreciable assets are tested to check whether there is any indication that they may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any excess thereof is recognised in profit or loss. When the reasons underlying a previously recognised impairment loss no longer exist, the carrying amount of the asset is restored to the extent of its original carrying amount. Reversals of impairment losses are also recognised in profit or loss. An impairment loss recognised for goodwill is never reversed.

Equity investments
The company classifies its equity investments as follows:
- “subsidiaries”, in which the investor has the power to govern the financial and operating policies so as to obtain benefits from the investee’s activities;
- “associates”, in which the investor has significant influence (at least 20% of votes in ordinary shareholders’ meetings). Jointly controlled entities (e.g., joint arrangements) are included in this category;
- “parents”, when the investee holds shares of its parent;
- “other companies” that do not fall into either of the above categories.

Subsidiaries, including jointly-controlled subsidiaries, associates and other entities, with the exception of those that are classified as “assets held for sale”, are measured at acquisition or incorporation cost. This cost remains in subsequent financial statements unless there are impairment losses or reversals of impairment losses following a variation in the purpose of the company or equity transactions.

The table in note 9 “Equity investments” summarises equity investments. Figures about subsidiaries are taken from the respective draft financial statements at 31 December 2016 approved by the relevant board of directors, while the carrying amounts of investments in subsidiaries, associates and other companies were compared with the equity of such investees, as per the most recently approved financial statements.

Inventories

Inventories are measured at the lower of purchase/production cost and net realisable value. Cost is calculated using the weighted average cost method. Finished goods and semi-finished products include costs for raw materials, direct labour costs and indirect costs allocated considering ordinary production capacity.

Net realisable value is the estimated sales price in the ordinary course of business considering any costs of completion and the estimated costs necessary to make the sale. The carrying amount of inventories is adjusted through a specific allowance to consider slow-moving or obsolete items.

Contract work in progress

Contract work in progress is recognised in accordance with the percentage of completion method whereby contract cost, revenue and contract profits (losses) are recognised using the percentage of completion method at the reporting date. The company uses the cost-to-cost percentage of completion method.
The measurement reflects the best estimate of the stage of completion at the reporting date. The entity periodically updates the assumptions underlying these measurements. Any profits or losses are recognised in the year in which the adjustments are made.
The estimations also include the evaluation of the probability of occurrence of potential liabilities (projects' risks like, for example, delivery delaies); these estimations are considered in preparing projects' budget costs if the underlined risk is considered probable. With reference to claims that could arose during the execution of the project or even and the end, they are considered in evaluating write-downs of work in progress if the underlined risk is considered probable.
The expected loss on a contract is recognised in full under operating expense when it becomes reasonably foreseeable, along with an accrual to the provision for expected losses to complete contracts.
Contract work in progress is recognised net of any allowances, expected losses to complete contracts and progress payments and advances relating to contracts in progress. This analysis is performed individually for each contract, recognising the positive difference (work in progress in excess of payments on account, allowance and expected losses to complete contracts) under contract work in progress and the negative difference under "Progress billings". If the amount recognised under advances is not collected at the preparation date of the annual and/or interim financial statements, a balancing entry is recognised under trade receivables.
Contracts with consideration in a currency other than the functional currency are measured by translating the portion of consideration accrued, as per the percentage of completion method, at the closing rate.
However, under the company's policy governing currency risk, all contracts whose cash inflows and outflows are significantly exposed to exchange rate fluctuations are adequately hedged.

Financial instruments

Financial instruments include financial assets and financial liabilities which are classified upon initial recognition based on the reason for which they were purchased. Purchases and sales of financial instruments are recognised on the date the transaction took place, being the date on which the company undertakes to purchase or sell the asset.

Financial assets

Financial assets are initially recognised in one of the following categories:

(i) Loans and receivables: these are non-derivative financial instruments, mainly related to trade receivables, with fixed or determinable payments that are not quoted on an active market. They are included in the current section, except for those which are due after more than twelve months after the reporting date which are therefore included under the non-current section. They are initially recognised at fair value, adjusted to reflect any transaction costs, and subsequently measured at amortised cost using the effective interest method. If there is objective evidence of impairment, the carrying amount of the asset is discounted to the estimated future cash flows. Impairment losses are recognised in profit or loss. If, in subsequent years, the reasons underlying the previous impairment losses no longer exist, the carrying amount of the asset is restored to the extent of the carrying amount that would have been obtained had the impairment not been recognised.

(ii) Available-for-sale financial assets: these are non-derivative financial assets that are designated as available for sale or are not classified under any of the above categories. They are measured at fair value and fair value gains or losses are taken to an equity reserve which is released to profit or loss only when the financial asset is actually sold or, in the case of cumulative losses, when the impairment loss recognised in equity will not be recovered.

Classification under current or non-current assets depends on strategic choices about the term of ownership of the asset and its actual trading possibilities. Assets which are expected to be realised within one year of the reporting date are recognised as current assets.

(iii) Financial assets at fair value through profit or loss
This category includes financial assets acquired for sale in the short term or designated as such by management, in addition to derivative instruments, in relation to which reference should be made to the paragraph below. The fair value of these instruments is based on the bid price at the reporting date: the fair value of unlisted instruments is determined using generally accepted financial valuation techniques. Fair value gains or losses of the financial instruments included in this category are recognised immediately in profit or loss.

Classification as current or non-current reflects management expectations about trading: they are included under current assets when they are expected to be traded within twelve months or when they are recognised as held for trading.
The factoring of receivables without recourse based on which all risks and benefits are substantially transferred to the assignee results in the derecognition of the receivables from the balance sheet assets, as the requirements laid out in IAS 39 are met.

(iv) Held-to-maturity investments
These are non-derivative financial assets with fixed maturity that the company has the positive intention and ability to hold to maturity. They are measured at amortised cost, using the effective interest method. They are initially recognised at fair value on the trade date, inclusive of any transaction costs and subsequently classified under current assets when their contractual maturity is within twelve months. If there is objective evidence of impairment, the carrying amount of the asset is reduced to that of discounted future cash flows. Impairment losses identified by means of impairment tests are recognised in profit or loss. If, in subsequent years, the reasons underlying the impairment loss cease to exist, the carrying amount of the asset is restored to the amount that it would have had had the impairment not been recognised.
Financial assets are derecognised when the company's right to receive cash flows from the instrument no longer exists and the company has transferred all risks and rewards of the instrument and control thereof.

Financial liabilities
Financial liabilities relate to loans, trade payables and other payment obligations. They are initially recognised at fair value, less any transaction costs, and subsequently measured at amortised cost, using the effective interest method. If changes in expected cash flows can be estimated reliably, the carrying amount of loans is recalculated to reflect the change based on the present value of the new expected cash flows and the initially determined internal rate of return. Financial liabilities are classified under current liabilities, unless the company has the unconditional right to defer payment by at least twelve months of the reporting date.
Financial liabilities are derecognised upon settlement and when the company has transferred all the risks and charges related to the instrument.

Derivatives
The company uses only derivatives exclusively as part of its strategies of hedging the risk of fluctuations in the fair value of recognised assets or liabilities or due to contractual commitments (fair value hedges), using the so-called forward instruments which, sometimes, despite a substantial and operating hedging effect, do not qualify for hedge accounting under IAS 39. Specifically, fluctuations in the fair value of these instruments and the related underlying items are recognised immediately in profit or loss, under financial items.

The effectiveness of hedges is documented at the inception of the transaction, as well as periodically at each annual or interim reporting date. Hedge effectiveness is measured by comparing the variations in the fair value of the hedging instrument with those of the hedged item (dollar offset ratio), or, for more complex instruments, using statistical analyses based on risk variations.
Fair value hedges: changes in the fair value of derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, as are changes in the fair value of the underlying assets or liabilities attributable to the risk eliminated by the hedging transaction.
Cash flow hedges: changes in the fair value of derivatives designated as cash flow hedges and which qualify as such are recognised to the extent of the portion determined to be "effective", in a specific equity reserve ("hedging reserve"). This is subsequently reclassified to profit or loss when the forecast transaction affects profit or loss.

The change in the fair value of the ineffective portion is recognised immediately in profit or loss. If the hedging instrument for which it was agreed is sold or no longer meets the criteria for hedge accounting or the forecast transaction is no longer highly probable, the relevant portion of the "hedging reserve" is released immediately to profit or loss.

Determining the fair value of financial instruments: the fair value of financial instruments quoted on active markets is calculated using the bid price at the reporting date. In the absence of an active market, fair value is calculated based on the prices provided by external operators and using models which are mainly based on objective financial variables considering, where possible, the recent prices of actual transactions and the quotations of similar financial instruments.

Financial assets and financial liabilities carried at fair value (derivatives) are classified based on the three following hierarchy levels which reflect the significance of the inputs used in measuring fair value. Specifically:
- Level 1: financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than the quoted prices referred to in level 1 that may be observed either directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable market data.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits with banks, other highly liquid short-term investments and current account overdrafts (the latter are recognised under current liabilities). They are recognised at fair value.

Equity

Share capital: share capital is fully subscribed and paid-up. Costs which are strictly related to share issues are recognised as a reduction of share capital, net of any deferred tax effect, if directly attributable to equity transactions.

Treasury shares: they are classified as a decrease in share capital. Profits and losses on the sale, issue or cancellation of treasury shares are not recognised in profit or loss.

Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred tax assets and liabilities are measured at the tax rates that are expected to be enacted when realising assets and settling liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available in the years the related temporary differences reverse against which the deductible temporary differences can be utilised.

Employee benefits

(i) Post-employment benefits: several pension (or supplementary) schemes are in place. They can be analysed as follows:
- Defined contribution plans under which the company pays fixed contributions into a separate entity (e.g. a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employees benefits relating to employee service. Contributions payable to a defined contribution plan are recognised only when employees have rendered service in exchange for such contributions.
- Defined benefit plans whereby the company has an obligation to provide the agreed benefits to current and former employees and bears the actuarial and investment risks of the plan. Consequently, the cost of this plan is not calculated based on the contributions of the year, rather, actuarial and financial assumptions are applied using the projected unit credit method.

Defined benefit plans are recognised using the so-called equity method whereby the actuarial gains and losses of all plans are recognised directly in equity when they take place.
With respect to the classification of costs related to defined benefit plans, current and past service costs and curtailment (where applicable) are recognised under "Personnel expense". Conversely, interest expense, net of the expected return on any plan assets, are classified under "financial interest". Moreover, costs related to defined contribution plans are recognised under "personnel expense".

(ii) Other long-term employee benefits
Some employees are granted benefits such as, for example, jubilee benefits and seniority bonuses. The accounting treatment is the same as that applied to defined benefit plans, hence the "projected unit credit method" is used and any actuarial gains and losses are recognised immediately and entirely when they arise.

(iii) Termination benefits
Termination benefits are recognised as a liability and an expense when the company is demonstrably committed to terminating the employment of an employee or group of employees before their normal retirement date or providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits do not generate future economic benefits for the company and, accordingly, are immediately expensed.

(iv) Stock grant plans
Stock grant plans are in place for the company's senior management. In this case, the theoretical benefits granted to the relevant parties are recognised in profit or loss for the years covered by the plan, with a balancing entry in equity. These benefits are calculated by measuring the fair value of the relevant instrument using financial valuation techniques which include market conditions, if any, and by adjusting the number of rights which are expected to be granted at each annual or interim reporting date.

Provisions for risks and charges
The provisions for risks and charges are recognised against certain or probable losses and expenses for which the group is uncertain of the timing and/or amount at the reporting date.
Provisions for risks and charges are recognised if, at the reporting date, as a result of a past event, the group has a legal or constructive obligation that will lead to an outflow of resources. The amount recognised as a provision is the best estimate of the discounted outlay required to settle the obligation. The discount rate used reflects current market assessments and the additional effects of the risk specific to the liability.
Risks for which liabilities are only possible are disclosed in a specific section of the notes on commitments and risks. They are not provided for.

Recognition of revenue
Revenue is measured at the fair value of the consideration received or due, net of value added tax, discounts and volume rebates. Revenue also includes work in progress.
Revenue relating to the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods which generally coincides with transfer of title or possession to the buyer, or when the revenue can be measured reliably.
Revenue from the rendering of services is recognised based on the percentage of completion method, provided that it can be estimated reliably.
Revenue from contracts with Italian customers only is recognised under "progress payments and advances from customers" in the statement of financial position and subsequently reversed to profit or loss upon completion of the contract and, hence, of the related work in progress.

Grants
In accordance with the accounting standards, government grants, including non-monetary grants at fair value, are only recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received. Grants related to income are recognised on an accruals basis and in direct correlation with costs incurred when their allocation has been formally approved. Grants related to assets are recognised in profit or loss directly in line with the depreciation/amortisation of the assets/projects to which they relate and are recognised as a direct reduction in depreciation/amortisation.

Costs
Costs are recognised based on the criteria of proper qualification, temporal allocation and classification established by the accounting standards adopted by the enterprise.
Costs are recognised when they relate to goods and services, excluding contract work in progress, sold or consumed during the year or based on a systematic allotment, or when their future useful life cannot be identified.
Personnel expense includes the amount of remuneration paid, accruals to the provisions for pension funds and for unused holidays accrued and social security and pension contributions in application of contracts and legislation in force.

Costs for the acquisition of new knowledge or discoveries, the study of alternative products or processes and new techniques or models, the design and construction of prototypes or, in any event, incurred for other scientific research or technological development activities, are generally considered current costs and recognised in the income statement in the year in which they are incurred; these costs are recognised in the balance sheet assets ("Intangible assets") only when the conditions described in IAS 38 are met.

Net financial income/(expense)
Interest income and expense are recognised on an accruals basis using the effective interest method, i.e., at the interest rate that makes all cash inflows and outflows (including any premiums, discounts, commissions, etc.) comprising the transaction financially equivalent. Financial expense is not capitalised under assets as it does not meet the requirements set out in IAS 23 (revised).

Dividends
Dividends are recognised when the right to receive payment is established. This usually coincides with the shareholders' resolution approving their distribution.
Dividends paid to the shareholders of Ansaldo STS S.p.A. are considered as a change in equity and recognised as a liability in the year in which the distribution was approved by the company's shareholders.

Income taxes
Income taxes are recognised based on an estimate of taxable income in accordance with ruling legislation, taking into account any applicable exemptions and tax assets.
Current taxes are recognised in profit or loss, except for those related to captions that are directly taken to equity or comprehensive income, in which case the tax effect is recognised directly in equity or comprehensive income. They are offset when they are levied by the same taxation authority, there is a legally enforceable right to set off the recognised amounts and settlement on a net basis is expected.

Related party transactions
All related party transactions take place on an arm's length basis.

Other information
As the company owns investments in subsidiaries, it is required to prepare group consolidated financial statements.

New reporting standards (IFRS) and interpretations (IFRIC)

At the preparation date of these separate financial statements, the EU has endorsed several standards and interpretations which are not yet mandatory and which the company will apply in the next few years. The main changes (excluding the annual improvements) and potential impacts on the company are as follows:

IFRS - IFRIC		**Nature and impacts on the group**
IAS 7	Statement of cash flows	The amendments to IAS 7 Statement of cash flows are part of the IASB disclosure initiative and require an entity to provide supplemental information that enables users of financial statements to evaluate changes in liabilities linked with financing activities. Application of these amendments are not expected to have any significant effect on the company's financial statements. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Application of these amendments are not expected to have any significant effect on the company's financial statements. The company will apply these amendments starting from 1 January 2017.
Amendment to IAS 12	Income taxes	The amendments aim to clarify how to account for deferred tax assets relating to debt instruments measured at fair value. Application of these amendments are not expected to have any significant effect on the company's financial statements. The company will apply these amendments starting from 1 January 2017.
IFRS 2	Share-based Payment	The amendments aim to clarify the recognition of certain types of transactions with share-based payment. The impact on the group of adopting this standard is currently being analysed. The company will apply this standard starting from 1 January 2018.
IFRS 9	Financial instruments	This standard significantly amends the accounting treatment of financial instruments and will eventually replace IAS 39. At present, the IASB has amended the requirements for classifying and measuring financial assets currently set out in IAS 39. Moreover, the IASB has published a document on measuring financial instruments at amortised cost and assessing any impairment indicators. However, the competent bodies are still discussing the new general approach to financial instruments and, at present, it is not yet known when the adoption date will be. The impact on the company of adopting this standard is currently being analysed. The current version of IFRS 9 will be applicable as of 1 January 2018, subject to the EU's endorsement.
IFRS 15	Revenue from contracts with customers	This standard redefines how to recognise revenue, which must be recognised when control of goods or services is transferred to customers, and requires that additional disclosure be provided. The impact on the company of adopting such standard is currently being analysed. The company will apply this standard starting from 1 January 2018.
IFRS 16	Leases	The standard published in January 2016 to replace IAS 17 Leases, IFRIC 4, SIC-15 and SIC-27 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements based on a single model similar to that used to account for financial leases in accordance with IAS 17. The company will apply this standard starting from 1 January 2019.

As regards the adoption of IFRS 15 and IFRS 16, analysis activities are under way which will make it possible to evaluate in 2017 any effects deriving from the application of those standards.

Insights into IFR15

As mentioned elsewhere in the Notes to the Financial Statements, the IASB issued IFRS 15 Revenue recognition, a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under IFRS, for Ansaldo STS, in particular, the new standard will supersede IAS 11 Construction Contracts and IAS 18 Revenue.

The new standard applies to revenue from contracts with customers: its core principle is that a company will recognize revenue when it transfers goods or services to customers at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, management will need to use more judgement and make more estimates than under today's guidance.

Application of the new standard is required for annual periods beginning on or after 1 January 2018; Ansaldo STS will not early adopt the new standard, even if permitted under IFRS. The new standard is required to be applied retrospectively and the transition will follow either a full retrospective approach or a modified retrospective approach. The modified approach allows the standard to be applied to existing contracts beginning with the current period. Ansaldo STS does not decided yet which option adopt for the retrospective approach.

IFRS 15 establishes a five-step model that will apply to revenue earned from contracts with a customers (with limited exceptions), regardless of the type of revenue transaction.

Regarding revenue streams, they basically fall into two main categories: (i) designing, building, operating and maintaining Railway and Mass Transit solutions that range from fully integrated turnkey solutions to traditional signalling systems for passenger rail systems; (ii) designing and production of a full range of signalling solutions and components and provides operation and maintenance services for Heavy Haul and Freight customers around the world.

Implementation plan of IFRS 15 will require Ansaldo STS to review its contracts following the five steps approach of the new standard in order to identify potential effects on net equity and income statements. Based on the preliminary overview performed, the main focus area of analysis and of potential impact have been identified in the following:

- accounting for contract modification (in particular, change order);
- transactions among partners (contracts with customers of Ansaldo STS frequently involved other partners in managing relationships and transactions with the final customers: based on contracts' clauses, in accordance with IFRS 15, transactions with partners could not represent revenue for the Company);
- costs to obtain contracts (incremental costs sustained to obtain contracts must be capitalized if recoverable through the sale);
- performance obligation in the contracts (the new standards requires to identify "multiple elements" within the contract which could be subject to separate evaluation and accounting with potential impact on revenue and margins from contracts);
- warranties (based on the characteristics of the warranties required and allowed, they could be considered separate performance obligation to be spin off from the main contract);
- transfer of control (critical analysis of contract terms for the purposes of identification of the model that better reflects the principles of the standard based on the transfer of control of goods and services).

The timeline of IFRS 15 implementation has been design to complete the analysis of the most significant existing contracts, in terms of size of revenue, within June 2017, in order to be able to provide preliminary conclusions in the consolidated half year report as of and for the six months period ended on June 30, 2017. A second a final step of the plan is actually expected within the end of 2017, in order to provide quantitative disclosure of the new standard in the year end consolidated financial statements as of December 31, 2017.

4. Significant accounting policies

The application of generally accepted accounting principles for the preparation of the financial statements and the interim accounting reports requires the company management to make accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions deemed reasonable and realistic on the basis of the information known at the moment of the estimate.
The use of these accounting estimates impacts the value at which assets and liabilities are recognised and the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenue and costs in the reference year. The actual results may differ from those estimated due to the uncertainty characterising the assumptions and conditions on which the estimates are based.

The most significant accounting policies which require that directors prepare estimates based on a greater degree of subjectivity and for which a change in one of the underlying conditions would have a significant impact on financial statements are described below:
(i) Costs estimation to complete construction contracts: the company operates in a business and with contractual arrangements which are recognised using the percentage of completion method. Profits recognised in profit or loss reflect contract progress and the profits which will be recognised for the entire contract once it is completed. Consequently, for the purposes of correctly recognising work in progress and profits related to works yet to be completed, management is required to make an accurate estimate of expected losses, expected increases and delays, additional costs and penalties which could have an impact on the expected margin. More specifically, the expected loss estimate procedure requires estimates of the cost of materials, the number of hours required to carry out the works set forth in the contract, the financial expense incurred to cover guarantees issued by financial institutions and the possible outcome of disputes with contractual counterparties, partners and suppliers. In order to better assist management's estimates, the company has adopted contract risk management and analysis procedures which identify, monitor and quantify the risks related to contract performance. Carrying amounts reflect management's best estimate at that time, assisted by the above procedural tools.
The valuation of work in progress consider the estimations of the possible impacts arising from disputes with customers; in cases where there are disputes for risk of probable future liabilities, management sets aside special bad debt provision of the work in progress.

(ii) Bad debt provision for receivables: the company has a credit analysis procedures aimed to identify, monitor and quantify the risks reflected in the provision for doubtful receivables, which therefore represents the best estimate at the time of preparation of the consolidated financial statements.

(iii) Impairment losses: the company's assets with an indefinite useful life are tested for impairment at least once each year or more often if there is evidence of impairment. Likewise, all assets showing evidence of impairment are tested, also when depreciation/amortisation has already begun. Impairment tests are usually performed using the discounted cash flow method; however, this method is considered highly sensitive to the assumptions included in the estimate of future cash flows and of the interest rates applied.

For the purposes of these valuations, the company uses the plans approved by the body and financial parameters which are in line with those reflecting the current trend of reference markets. Expected cash flows may be quantified in light of the information available at the moment of the estimate on the basis of subjective judgements regarding the future performance of variables such as prices, costs, demand growth rates and production profiles, and are discounted using a rate that takes into account the risk inherent in the activity concerned.

5. Effects of amendments to the IFRS

The company has adopted certain accounting standards and amendments for the first time which are in force for financial years starting on 1 January 2016.

The nature and impact of each new accounting standard and amendment are described below:
- The amendment to IAS 19, which introduced a simplification of the accounting treatment of certain types of contributions to defined benefit plans by employees or third parties. This has not impacted the company's financial position and results of operations;
- IAS 27 provides for the possibility of measuring investments in subsidiaries, joint ventures and associates at

equity;

- The amendment to IAS 16 and 38 clarifies that it is inappropriate to use revenue-based methods to calculate the depreciation of an asset as revenues reflect a model of economic benefits which are generated by the running of a business, rather than the economic benefits that are consumed with the use of the asset.

Although these new standards and amendments were applied for the first time in 2016, they have not had material impacts on the financial statements or the notes.

6. Segment reporting

In compliance with the aggregation criteria laid out in IFRS 8, ASTS has identified one single operating segment. Therefore, the information required by IFRS 8 correspond to those presented in the consolidated income statement in line with previous years.
Some consolidated accounting information is provided below on a geographical basis, which represents the main way in which the management monitors business performance.
A breakdown of revenue by geographical segments is as follows:

(€'000)	**2016**	2015
Revenue:		
Italy	221,446	247,524
Rest of Europe	214,146	179,483
North Africa and the Middle East	106,996	93,603
Americas	95,460	53,344
Asia/Pacific	69,609	42,429
Total revenue	**707,657**	**616,384**
Revenue from related parties:		
Italy	86,237	73,697
Rest of Europe	20,503	10,090
North Africa and the Middle East	-	-
Americas	762	156
Asia/Pacific	14,832	21,403
Total revenue from related parties:	**122,334**	**105,347**
Total	**829,992**	**721,731**

Assets are considered based on the area where they are located:

(€'000)	**2016**	2015
Assets:		
Italy	71,391	75,486
Rest of Europe	192	171
North Africa and the Middle East	778	184
Americas	428	138
Asia/Pacific	65	41
Total	**72,854**	**76,020**

7. Intangible assets

(€'000)	Development expense	Patents and similar rights	Concessions, licences and trademarks and other similar rights	Other	Assets under construction	Total
At 31 December 2015						
Cost	22,172	20,177	4,880	3,025	-	50,254
Grants	(4,617)	-	(9)	-	-	(4,626)
Amortisation and impairment losses	(13,118)	(12,812)	(4,430)	(3,014)	-	(33,375)
Carrying amount	**4,436**	**7,365**	**440**	**11**	**-**	**12,253**
Changes of 2016						
Investments	4,126	893	105	5	-	5,129
Transfers from assets under construction	-	-	-	-	-	-
Grants	(1,141)	-	-	-	-	(1,141)
Amortisation	(2,043)	(3,857)	(277)	(2)	-	(6,180)
At 31 December 2016						
Cost	26,298	21,070	4,985	3,030	-	55,383
Grants	(5,758)	-	(9)	-	-	(5,767)
Amortisation and impairment losses	(15,161)	(16,670)	(4,707)	(3,016)	-	(39,554)
Carrying amount	**5,379**	**4,401**	**269**	**14**	**-**	**10,062**

Intangible assets at 31 December 2016 totalled €10,062 thousand, down by €2,191 thousand on €12,253 thousand at 31 December 2015.

They can be analysed as follows:

- "Development expense" (€5,379 thousand) mainly includes the Satellite and Rail Telecom project to develop satellite technologies. This year saw an increase of €4,126 thousand, the €1,141 thousand grant and amortisation of €2,043 thousand. This project is co-financed by the European Space Agency and the Galileo Supervisory Authority.
  The Stream project was fully amortised in previous years.
- "Patents and similar rights" (€4,401 thousand) fell €2,964 thousand.
  Specifically, the fall is due to new investments (€893 thousand) and amortisation (€3,857 thousand).
  In more detail, during the year investments related primarily to the "*Nuovo Internet Global Company*" (€479 thousand), "*New Hyperion Application*" (€100 thousand), "*Workload Management System (WMS)*" (€58 thousand) and "*Tool IET Enterprise for Facility MGT*" (€35 thousand).
- "Concessions, licences and trademarks and other similar rights" (€269 thousand) relate to software licences. Investments of the year amount to €105 thousand and mainly relate to the purchase of licences relating to the "*Network Security*" project dedicated to the protection of the company's ICT systems (€25 thousand), the "*Dogana Virtuale*" project for the centralisation of the control and management of personnel user access (€31 thousand) and for other "Cyber Security" activities (€16 thousand).
  Please also note the development of several technical tools (€33 thousand).
  As a consequence of the grants received, these assets cannot be sold before five years. The carrying amount of concessions, licences, trademarks and other similar rights subject to this limitation amounts to €21 thousand.
- "Other" of €14 thousand, net of accumulated amortisation, rose €5 thousand with amortisation of €2 thousand.
- "Assets under development" had a nil balance.

8. Property, plant and equipment

(€'000)	Land and buildings	Plant and machinery	Equipment	Other	Assets under construction	Total
At 31 December 2015						
Cost	81,106	15,352	12,026	12,926	12	121,422
Grants	(171)	(885)	(406)	-	-	(1,462)
Depreciation and impairment losses	(25,306)	(11,156)	(9,933)	(9,797)	-	(56,191)
Carrying amount	**55,629**	**3,311**	**1,687**	**3,129**	**12**	**63,768**
Changes of 2016						
Investments	98	198	1,032	2,363	74	3,765
Transfers from assets under construction	-	12	-	-	(12)	-
Write-offs	-	-	-	-	-	-
Depreciation	(2,018)	(593)	(818)	(1,312)	-	(4,742)
At 31 December 2016						
Cost	81,204	15,562	13,058	15,289	74	125,187
Grants	(171)	(885)	(406)	-	-	(1,462)
Depreciation and impairment losses	(27,324)	(11,749)	(10,751)	(11,109)	-	(60,933)
Carrying amount	**53,709**	**2,928**	**1,901**	**4,180**	**74**	**62,792**

"Property, plant and equipment", net of accumulated depreciation, amount to €62,792 thousand (31 December 2015: €63,768 thousand).

Specifically:
"Land and buildings" of €53,709 thousand (net of accumulated depreciation and grants) relate to the real estate complex in via Salita della Grotta, Naples (€1,686 thousand), the industrial buildings in Turin and Tito (€6,943 thousand) and the property purchased in via Paolo Mantovani 3/5, Genoa (€45,080 thousand) for a consideration of €62,378 thousand.
The decrease of the year is due to new investments (€98 thousand) into the maintenance of the Tito (€51 thousand), Turin (€10 thousand) and Genoa (€37 thousand) facilities and depreciation (€2,018 thousand).

"Plant and machinery" amount to €2,928 thousand, net of accumulated depreciation (31 December 2015: €3,311 thousand).
The variation of the year is the sum of the increase, €198 thousand, depreciation of €593 thousand and the transfers from assets under construction of €12 thousand related to the partial upgrade of the fluid mechanics system in the Piossasco facility office building.
The increases of the year are as follows:
- the Tito production facility (€43 thousand), relating to the nitrogen storage plant for the temperature chamber (€29 thousand), the re-layout of the welding area plant (€7 thousand) and the upgrade of the dark chamber electrical system (€7 thousand);
- the Turin office (€145 thousand) relating to bringing the "open space" lighting system up to regulations (€28 thousand), the overhaul of the air conditioning and aeraulic systems (€43 thousand), bringing the heating sub-station pump units up to regulations (€23 thousand), upgrading the low building power supply panels (€41 thousand) and lastly to the heating sub-station HVAC plant supervision system (€10 thousand);
- the Naples offices (€5 thousand) relating to the office CDZ machine;
- the Genoa office (€6 thousand) relating to real estate maintenance.

"Equipment" (€1,901 thousand) rose as a consequence of investments of the year (€1,032 thousand) and fell as a result of depreciation (€818 thousand).
Investments relate to:
- the Tito facility (€234 thousand), relating to the EDA burn-in chamber completion (€28 thousand), the upgrade of the FLEXY machine to ATEXI (€4 thousand), the implementation of Fixtures and SW for FDC circuit board testing (€69 thousand), the development of new automatic testing on the PXI platform (€35 thousand), new testing equipment for FDC circuit boards (€25 thousand) and lastly new laboratory equipment (€73 thousand);
- the Genoa offices (€194 thousand), relating to new generation hardware devices based on the new product WSP, QMR and WSP2G (€154 thousand) and other laboratory equipment (€40 thousand);

- the Piossasco facility (€292 thousand) for the renewal of equipment for systems of instruments and tools for MIS activities on Italian and foreign plants (€35 thousand), new laboratory equipment (€144 thousand) and lastly new pallet racks to increase warehouse storage space (€113 thousand);
- the Naples offices (€312 thousand) related to the upgrade of electrical measurement instruments and laboratory equipment.

“Other assets” (€4,180 thousand) rose as a consequence of investments of the year (€2,363 thousand). They relate to the renewal or replacement of IT equipment used by company personnel (€659 thousand), laboratory instruments and equipment (Genoa €80 thousand; Naples €195 thousand; Piossasco €60 thousand) and the purchase of furniture and fittings (Naples €12 thousand; Piossasco €6 thousand). The residual €1,351 thousand relates to the capitalisation of branch costs (Saudi Arabia €928 thousand, Honolulu €235 thousand, Peru €95 thousand, Denmark €84 thousand, others €9 thousand).
The €1,312 thousand decrease is due to depreciation of the year.

The historical cost of “Land and buildings”, “Plant and machinery” and “Equipment” is reduced by the grants received pursuant to Italian Law no. 488/92, applications 8 and 11, first and second application of the PIA Innovazione (Integrated Aids Package), totalling €1,462 thousand.
As a consequence, the assets covered by the above grants cannot be sold before five years. The historical cost of these assets is equal to €340 thousand for “Land and buildings”, €2,189 thousand for “Plant and machinery” and €946 thousand for “Equipment”.

“Assets under construction” amount to €74 thousand due to maintenance works on the Piossasco facility buildings. The €12 thousand decrease is due to the completion of the partial upgrade of the fluid mechanics system in the Piossasco facility office building.

The company did not enter into any finance leases.

Finally, in 2004, a restriction concerning the use of the company parking lot by third parties was granted in favour of the Piossasco municipality (Turin). Based on the above restriction, in 2007, said Municipality approved the zoning of part of the area used as a parking lot, allowing the construction of a company canteen.
The Piossasco municipality placed a restriction on such area that the canteen may also be used by third parties.

9. Equity investments

At 31 December 2016, equity investments amounted to €169,787 thousand, up by €2,606 thousand, net, on the previous year.

(€'000)	**2016**	2015
Opening balance	**167,181**	**157,482**
Acquisitions/subscriptions and capital increases	2,113	11,202
Reversals of impairment losses/impairment losses	(55)	(1,389)
Principal repayment	(2)	(86)
Sales	-	(1)
Other changes	549	(27)
Closing balance	**169,787**	**167,181**

The change was caused primarily by the share capital increase subscribed in the SPV Linea M4 S.p.A. (€2,100 thousand) for the completion of assigned works and the increase in the value of investments in subsidiaries (€554 thousand).

The table below lists equity investments at 31 December 2016 as permitted by IFRS 12, also containing the additional disclosures required by CONSOB (the Italian commission for listed companies and the stock exchange) communication no. DEM/6064293 of 28 July 2006:

Name	Registered office	Type of activity	Reference reporting date	Accounting standards used*	Share capital (€'000)	Functional currency	Equity (€'000)	Profit (loss) (€'000)	Total assets (€'000)	Total liabilities (€'000)	Stake (%)	Percentage of voting rights (%)	Holding type > 50% of voting rights without control	Holding type < 50% of voting rights with control	Holding type > 20% of voting rights without significant influence	Holding type < 20% of voting rights with significant influence	Measurement with the equity method 31/12/2016	Carrying amount
Investments in subsidiaries																		
Alifana S.c.r.l.	Naples (Italy)	Transportation	31.12.2016	ITAGaap	26	EUR	26	-	814	788	65.85%	65.85%	N/A	N/A	N/A	N/A	17	17
Alifana Due S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2016	ITAGaap	26	EUR	26	-	1,466	1,440	53.34%	53.34%	N/A	N/A	N/A	N/A	14	14
Ansaldo STS Sweden AB	Solna (Sweden)	Transportation	31.12.2016	IFRS	419	SEK	5,139	2,761	43,818	38,679	100.00%	100.00%	N/A	N/A	N/A	N/A	5,139	240
Ansaldo STS France S.A.	Les Ulis (France)	Transportation	31.12.2016	IFRS	5,000	EUR	52,602	38,372	243,184	190,582	100.00%	100.00%	N/A	N/A	N/A	N/A	52,602	22,481
Ansaldo STS USA Inc.	Wilmington (Delaware USA)	Transportation	31.12.2016	IFRS	-	USD	136,004	9,699	226,320	90,316	100.00%	100.00%	N/A	N/A	N/A	N/A	136,004	55,623
Ansaldo STS UK Ltd.	London (United Kingdom)	Transportation	31.12.2016	IFRS	1,168	GBP	-8,070	575	1,991	10,061	100.00%	100.00%	N/A	N/A	N/A	N/A	-8,070	-
Ansaldo STS Australia PTY Ltd.	Eagle Farm (Australia)	Transportation	31.12.2016	IFRS	3,443	AUD	64,418	2,321	98,387	33,969	100.00%	100.00%	N/A	N/A	N/A	N/A	64,418	26,276
Ansaldo STS Transportation Systems India Private Limited	Bangalore (India)	Transportation	31.12.2016	IFRS	78,400	INR	15,866	-1,369	36,002	20,136	0.00%	0.00%	N/A	N/A	N/A	N/A	-	-
Ansaldo STS Deutschland GmbH	Berlin (Germany)	Transportation	31.12.2016	IFRS	26	EUR	2,440	446	10,862	8,422	100.00%	100.00%	N/A	N/A	N/A	N/A	2,440	2,176
Ansaldo STS do Brasil Sistema de Transporte Ferroviario e Metropolitano Ltda	Fortaleza (Brazil)	Transportation	31.12.2016	Local Gaap	292	BRL	245	-27	246	1	99.99%	99.99%	N/A	N/A	N/A	N/A	245	334
Ansaldo Railway System Trading (Beijing) Ltd	Beijing (China)	Transportation	31.12.2016	IFRS	1,400	CNY	16,618	7,620	32,297	15,679	100.00%	100.00%	N/A	N/A	N/A	N/A	16,618	1,078
																		108,238
Investments in associates																		
International Metro Service S.r.l.	Milan (Italy)	Transportation	31.12.2015	ITAGaap	700	EUR	8,044	2,979	8,337	293	49%	49.00%	N/A	✓	N/A	N/A	3,942	343
MetroBrescia Srl	Brescia (Italy)	Transportation	31.12.2015	ITAGaap	4020	EUR	5379	986	61,014	55,635	19.80%	19.80%	N/A	N/A	N/A	✓	1,065	796
S.P.M4 S.C.p.a.	Milan (Italy)	Transportation	31.12.2015	ITAGaap	360	EUR	360	-	4,126	3,766	16.90%	16.90%	N/A	N/A	N/A	✓	61	61
Metro 5 S.p.A.	Milan (Italy)	Transportation	31.12.2015	ITAGaap	53,300	EUR	56,694	-4,304	732,034	675,340	24.60%	24.60%	N/A	N/A	N/A	N/A	13,947	13,112
Pegaso S.c.r.l. (in liquidation)	Rome (Italy)	Construction	31.12.2015	ITAGaap	260	EUR	260	-	4,551	4,291	46.87%	46.87%	N/A	✓	N/A	N/A	122	122
																		14,433
Consortia																		
Saturno consortium	Rome (Italy)	Transportation	31.12.2015	ITAGaap	31	EUR	31	-	1,676,378	1,676,347	33.34%	33.34%	N/A	✓	N/A	N/A	10	10
Ascosa Quattro consortium	Rome (Italy)	Transportation	31.12.2014	ITAGaap	57	EUR	57	-	78,574	78,517	24.92%	25.00%	N/A	N/A	✓	N/A	14	14
San Giorgio Volla Due consortium	Naples (Italy)	Transportation	31.12.2015	ITAGaap	71	EUR	72	-	59,001	58,929	25.46%	25.00%	N/A	N/A	✓	N/A	18	18
CRIS consortium	Naples (Italy)	Research	31.12.2015	ITAGaap	2,377	EUR	2,445	-	4,583	2,138	1%	1.00%	N/A	N/A	N/A	N/A	24	24
Cosila consortium (in liq.)	Naples (Italy)	Research	31.12.2015	ITAGaap	100	EUR	100	-	100	-	1%	0.92%	N/A	N/A	N/A	N/A	1	1
ISICT consortium	Genoa (Italy)	Research	31.12.2015	ITAGaap	43	EUR	51	1	241	190	14.29%	14.29%	N/A	N/A	N/A	✓	7	6
Train consortium	Rome (Italy)	Transportation	31.12.2015	ITAGaap	120	EUR	1,180	-	33,664	32,484	4.55%	4.55%	N/A	N/A	N/A	✓	54	5
San Giorgio Volla consortium	Naples (Italy)	Transportation	31.12.2015	ITAGaap	71	EUR	72	-	6,155	6,083	25.46%	25.00%	N/A	N/A	N/A	N/A	18	18
Ferroviario Vesuviano consortium	Naples (Italy)	Transportation	31.12.2015	ITAGaap	153	EUR	155	-	217,788	217,633	33.34%	33.34%	N/A	N/A	N/A	N/A	52	51
Iricav Uno consortium	Rome (Italy)	Transportation	31.12.2015	ITAGaap	520	EUR	520	-	7,850	7,330	17.44%	17.44%	N/A	N/A	N/A	✓	91	91
MetroB srl	Rome (Italy)	Transportation	31.12.2015	ITAGaap	20,000	EUR	17,693	-344	17,772	79	2.47%	2.47%	N/A	N/A	N/A	✓	437	494
Dattilo Scarl	Naples (Italy)	Transportation	31.12.2015	ITAGaap	100	EUR	99	-	360	261	14.00%	14.00%	N/A	N/A	N/A	✓	14	14
MM4 consortium	Milan (Italy)	Transportation	31.12.2015	ITAGaap	200	EUR	200	-	17,191	16,991	17.68%	18.20%	N/A	N/A	N/A	✓	36	35
D.I.T.S. srl	Rome (Italy)	Research	31.12.2015	ITAGaap	40	EUR	69	-	112	43	12.00%	12.00%	N/A	N/A	N/A	✓	8	5
TOP IN Scarl consortium	Naples (Italy)	Transportation	31.12.2015	ITAGaap	80	EUR	79	-	118	39	5.29%	5.29%	N/A	N/A	N/A	N/A	4	4
Radiolabs consortium	Rome (Italy)	Research	31.12.2015	ITAGaap	258	EUR	233	12	1,608	1,375	25.00%	25.00%	N/A	N/A	✓	N/A	58	52
SPV Linea M4 S.p.A.	Milan (Italy)	Transportation	31.12.2015	ITAGaap	26700	EUR	102897	-303	213,332	110,435	5.55%	5.55%	N/A	N/A	N/A	N/A	N/A	7,740
Iricav Due consortium	Rome (Italy)	Transportation	31.12.2015	ITAGaap	510	EUR	516	-	85,833	85,317	17.05%	17.05%	N/A	N/A	N/A	✓	88	88
Metro de Lima Linea 2 S.A.	Lima (Peru)	Transportation	31.12.2015	IFRS	55,112	USD	118,064	6,345	198,713	80,649	12.24%	16.90%	N/A	N/A	N/A	✓	19,953	16,639
																		25,310
Other companies																		
I.M. Intermetro S.p.A. (in liquidation)	Rome (Italy)	Transportation	31.12.2015	ITAGaap	2,461	EUR	1,877	-259	5,320	3,443	21.26%	16.67%	N/A	N/A	N/A	✓	313	523
Metro C S.c.p.A.	Rome (Italy)	Transportation	31.12.2015	ITAGaap	150,000	EUR	149,518	-	404,634	255,116	14.00%	14.00%	N/A	N/A	N/A	✓	20,933	21,000
SESAMO Security and Safety Mobility S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2015	ITAGaap	100	EUR	91	-11	854	763	2.00%	2.00%	N/A	N/A	N/A	N/A	2	2
SIIT S.c.p.a.	Genoa (Italy)	Research	31.12.2015	ITAGaap	600	EUR	614	5	1,991	1,377	2.33%	2.30%	N/A	N/A	N/A	N/A	14	14
Tram di Firenze S.p.A.	Florence (Italy)	Transportation	31.12.2015	ITAGaap	7,000	EUR	12,484	2,030	228,596	216,111	3.80%	3.80%	N/A	N/A	N/A	N/A	474	266
																		21,805
TOTAL EQUITY INVESTMENTS at 31.12.2016																		**169,787**

* For certain equity investments, accounting standards other than IAS/IFRS are applied, but there are no significant adjustments that would arise from standardising them

In particular, the total value of equity investments (€169,787 thousand) is broken down into: investments in subsidiaries (€108,238 thousand), in associates (€14,433 thousand), in consortia (€25,310 thousand) and in other companies (€21,805 thousand).

Changes of the year are as follows:
1. a €2,100 thousand increase for the share capital increase of SPV Linea M4 S.p.A., which will build and maintain the Milan metro line M4 under concession and will be responsible for its technical, administrative, economic and financial management;
2. a €13 thousand increase following the exit of one of the shareholders from the Ferroviario Vesuviano consortium;
3. a decrease of €57 thousand following the liquidation of the subsidiary, Kazakhstan TZ Ansaldo STS Italy LLP, in November, with reimbursement of the share capital of €2 thousand and impairment of the residual amount of the equity investment (€55 thousand);
4. the €554 thousand increase due primarily to the adjustment of carrying amounts of the investments in Ansaldo STS USA Inc, Ansaldo STS France S.A. and Ansaldo STS Australia Pty Ltd following the granting of the 2016 shares as per the 2014-2016 Stock grant plan and the delivery of the 2013 shares after the three-year vesting period provided for by the 2012-2013 stock grant plan.

The carrying amount of the investment in Metro C reflects the 38% subscribed quota capital. Consequently, with respect to the carrying amount of the investment equal to €21,000 thousand, the residual portion still unpaid (€12,950 thousand) was recognised under other current liabilities.

Together with the other shareholders, the company undertook to increase the contribution to Metro 5 S.p.A., partly as equity and partly as a shareholder loan. During the year, a shareholder loan of €524 thousand was disbursed which, together with the loans granted in the previous year, brings the total loans to €22,534 thousand, including interest.

Metro 5 S.p.A. shares were pledged to guarantee the contractual obligations to the other financial institutions involved in the project financing to build Line 5 of the Milan metro under concession.
The shares of Tram di Firenze were also pledged as agreed with the bodies financing the works. The same guarantee was given on the financing granted to the investee (see note 11 on “Receivables and other non-current assets”).
In relation to the investment in the Iricav Due consortium, at the end of 2015 undertakings were signed for the transfer of the stakes to civil partners which did not come into effect in 2016.
With respect to the measurement of investments in subsidiaries, in accordance with group policies, impairment tests are conducted when annual financial statements are prepared. Each subsidiary is tested by comparing their carrying amounts with their recoverable amounts, using the discounted cash flow and the multiple method.
The cash flows used are those generated by group assets, in their present condition, before financial expense. They include capital expenditure and monetary changes in working capital and exclude cash flows from financing activities, non-recurring events or dividend distributions.
These cash flows are discounted using the WACC (Weighted Average Cost of Capital) method which is calculated based on the Capital Asset Pricing Model. At 31 December 2016 the average WACC is 7.39% compared to 7.45% used in previous year.
The comparables panel in 2016 is the same of the previous year.
The performed tests have pointed out a levels of coverage; in addition, there are no other external indicators showing evidence of impairment.
The Company performed a sensitivity analysis considering a WACC increase of 0.5%, 1.0% and 1.5% and, at the same time, shortening the terminal value growth rate about 0.5% and 1.0%. These analysis show a broad coverage about the recoverability of the assets under impairment tests.
The impairment tests carried out at 31 December 2016, on the basis on the Five-year strategic plan (2017-2021) approved by the company’s board of directors had a positive outcome.

The growth rates included in the terminal values were equal to the expected long-term inflation rates in the countries where the Group’s subsidiaries are based (in line with the International Monetary Fund outlook). The basic assumptions underlying the projected cash flows for the five-year plans approved by board of directors are described in detail in the directors’ report.

The company participates in the foreign joint arrangement AIASA set up to construct the Thessaloniki metro.
Ansaldo Honolulu became operative in 2012. In November 2011, the consortium set up by Ansaldo STS and AnsaldoBreda (now Hitachi Rail Italy) entered into an agreement with HART (Honolulu Authority for Rapid Transportation) to construct the technological part and provide the vehicles of the new driverless underground line in Honolulu (Hawaii).
Finally, the company participates in the ArRiyadh New Mobility (ANM) in Riyadh and Nuevo Metro de Lima consortia for the related contracts.

10. Related party assets and liabilities

Related party assets and liabilities at 31 December 2016 and 2015 are shown below:

FINANCIAL ASSETS AT 31 DECEMBER 2016 (€'000)	**Loan assets**	**Trade receivables**	**Other current financial assets**	**Total**
Ultimate parents				
Hitachi Rail Europe LTD	-	312	-	**312**
Hitachi Ltd (Rail)	-	155	-	**155**
Associates				
Hitachi Rail Italy S.p.A.	-	6,188	-	**6,188**
MetroBrescia S.r.l.	-	629	-	**629**
Hitachi High-Technologies Europe GmbH	-	68	-	**68**
S.P. M4 S.c.p.a. (in liquidation)	267	-	-	**267**
Metro 5 S.p.A.	-	1,390	-	**1,390**
I.M. Intermetro S.p.A. (in liquidation)	-	387	-	**387**
Metro Service AS	-	1,668	-	**1,668**
Subsidiaries				
Ansaldo STS Transportation Systems India Private Limited	-	2,123	-	**2,123**
Ansaldo STS Australia PTY Ltd.	-	7,339	-	**7,339**
Ansaldo STS Deutschland GmbH	-	1,679	-	**1,679**
Ansaldo STS France S.A.	-	5,820	-	**5,820**
Ansaldo Railway System Trading (Beijing) Ltd	-	1,327	-	**1,327**
Ansaldo STS UK Ltd.	-	23	-	**23**
Ansaldo STS Sweden AB	-	11,942	-	**11,942**
Ansaldo STS Southern Africa PTY LTD - Botswana	-	5	-	**5**
Ansaldo STS Espana S.A.U.	-	701	-	**701**
Ansaldo STS USA Inc.	-	4,645	-	**4,645**
Ansaldo STS Canada Inc	-	7	-	**7**
Ansaldo STS Malaysia SDN BHD	22,524	1,380	-	**23,904**
Alifana Due S.c.a.r.l.	-	238	-	**238**
Alifana S.c.a.r.l.	-	93	-	**93**
Consortia				
Saturno Consortium	-	29,529	-	**29,529**
San Giorgio Volla Due consortium	-	3,489	4	**3,493**
San Giorgio Volla consortium	-	1,421	-	**1,421**
Ascosa Quattro consortium	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	1,462	-	**1,462**
MM4 consortium	-	11,857	-	**11,857**
	22,791	**97,035**	**4**	**119,831**
% of the total corresponding financial statements caption	**44%**	**16%**	**0.01%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2016 (€'000)	**Loans and borrowings**	**Trade payables**	**Other current financial liabilities**	**Total**
Associates				
Metro Service AS	-	2,704	-	**2,704**
Hitachi Rail Italy S.p.A.	-	13,569	-	**13,569**
MetroB S.r.l.	-	-	371	**371**
Pegaso S.c.r.l. in liquidation	-	61	-	**61**
Subsidiaries				
Ansaldo STS Australia PTY Ltd.	6,807	165	-	**6,972**
Ansaldo STS Espana S.A.U.	-	95	-	**95**
Ansaldo STS Malaysia SDN BHD	-	211	-	**211**
Ansaldo STS USA Inc.	33,155	1,074	-	**34,229**
Ansaldo STS France S.A.	52,109	11,545	-	**63,654**
Ansaldo Railway System Trading (Beijing) Ltd	-	196	-	**196**
Ansaldo STS Transportation Systems India Private Limited	-	472	-	**472**
Ansaldo STS Sweden AB	138	-	-	**138**
Ansaldo STS Deutschland GmbH	-	2,461	-	**2,461**
Ansaldo STS USA International CO.	-	4,501	-	**4,501**
Alifana Due S.c.r.l.	-	109	-	**109**
Alifana S.c.a.r.l.	-	125	3	**128**
Consortia				
Saturno Consortium	-	2,066	-	**2,066**
MM4 consortium	-	591	-	**591**
San Giorgio Volla Due consortium	-	206	-	**206**
San Giorgio Volla consortium	-	5	8	**13**
Ascosa Quattro consortium	-	150	8	**158**
Ferroviario Vesuviano consortium	-	85	21	**106**
Total	**92,208**	**40,389**	**410**	**133,007**
% of the total corresponding financial statements caption	**98%**	**10%**	**0.7%**	

FINANCIAL ASSETS AT 31 DECEMBER 2015 (€'000)	Loan assets	Trade receivables	Other current financial assets	Total
Ultimate parents				
Hitachi Rail Europe LTD	-	301	-	**301**
Associates				
International Metro Service S.r.l.	-	121	-	**121**
Hitachi Rail Italy S.p.A.	-	9,689	-	**9,689**
MetroBrescia S.r.l.	-	1,070	-	**1,070**
S.P. M4	563	-	-	**563**
Metro 5 S.p.A.	-	1,733	-	**1,733**
I.M. Intermetro S.p.A. (in liquidation)	-	389	-	**389**
Metro Service AS	-	512	-	**512**
Subsidiaries				
Ansaldo STS Transportation Systems India Private Limited	-	1,251	-	**1,251**
Ansaldo STS Australia PTY Ltd.	-	7,215	-	**7,215**
Ansaldo STS Deutschland GmbH	-	2,270	-	**2,270**
Ansaldo STS France S.A.	-	4,377	-	**4,377**
Ansaldo Railway System Trading (Beijing) Ltd	-	3,062	-	**3,062**
Ansaldo STS UK Ltd.	-	48	-	**48**
Ansaldo STS Sweden AB	-	12,603	-	**12,603**
Ansaldo STS Southern Africa PTY LTD - Botswana	-	25	-	**25**
Ansaldo STS Espana S.A.U.	-	16	-	**16**
Ansaldo STS USA Inc.	-	4,338	-	**4,338**
Ansaldo STS Canada Inc	-	3	-	**3**
Ansaldo STS Malaysia SDN BHD	21,516	1,200	-	**22,715**
Alifana Due S.c.r.l.	-	360	-	**360**
Alifana S.c.a.r.l.	-	128	-	**128**
Consortia				
Saturno Consortium	-	23,536	-	**23,536**
San Giorgio Volla Due consortium	-	1,137	4	**1,141**
San Giorgio Volla consortium	-	1,421	-	**1,421**
Ascosa Quattro consortium	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	1,168	-	**1,168**
MM4 consortium	-	13,141	-	**13,141**
	22,079	**92,273**	**4**	**114,356**
% of the total corresponding financial statements caption	**44%**	**17%**	**0.01%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2015 (€'000)	Loans and borrowings	Trade payables	Other current financial liabilities	Total
Associates				
Metro Service AS	-	4,821	-	**4,821**
I.M. Intermetro S.p.A. (in liquidation)	-	2	-	**2**
MetroBrescia S.r.l.	-	142	-	**142**
S.P. M4	-	553	-	**553**
Hitachi Rail Italy S.p.A.	2,500	15,998	-	**18,498**
MetroB S.r.l.	-	-	371	**371**
Subsidiaries				
Ansaldo STS Australia PTY Ltd.	34,577	98	-	**34,675**
Ansaldo STS Espana S.A.U.	-	22	-	**22**
Ansaldo STS Malaysia SDN BHD	-	161	-	**161**
Ansaldo STS USA Inc.	-	1,102	-	**1,102**
Ansaldo STS France S.A.	102,933	5,428	-	**108,361**
Ansaldo Railway System Trading (Beijing) Ltd	-	154	-	**154**
Ansaldo STS Transportation Systems India Private Limited	-	318	-	**318**
Ansaldo STS Sweden AB	29,915	-	-	**29,915**
Ansaldo STS Deutschland GmbH	-	476	-	**476**
Ansaldo STS USA International CO.	-	4,081	-	**4,081**
Alifana Due S.c.r.l.	-	313	-	**313**
Alifana S.c.a.r.l.	-	93	3	**96**
Consortia				
Saturno Consortium	-	2,232	5	**2,237**
CRIS consortium	-	1	-	**1**
MM4 consortium	-	592	-	**592**
San Giorgio Volla Due consortium	-	181	-	**181**
San Giorgio Volla consortium	-	5	8	**13**
Ascosa Quattro consortium	-	157	8	**165**
Ferroviario Vesuviano consortium	-	145	8	**153**
Total	**169,924**	**37,078**	**402**	**207,404**
% of the total corresponding financial statements caption	**99%**	**11%**	**0.7%**	

Total related party assets amount to €119,831 thousand (31 December 2015: €114,356 thousand). The increase was caused mainly by the value of trade receivables (€97,035 thousand in 2016; €92,273 thousand in 2015) and in particular the position with respect to the Saturno consortium (€29,529 in 2016; €23,536 thousand in 2015).

Total related party liabilities amount to €133,007 thousand (31 December 2015: €207,404 thousand). The decrease was caused primarily by the reduction in loans and borrowings due to the collection of dividends from the subsidiaries; they declined by a total of €77,716 thousand, in particular relating to the subsidiary Ansaldo STS France S.A. (€52,109 thousand in 2016; €102,933 thousand in 2015), Ansaldo STS Sweden AB (€138 thousand in 2016; €29,915 thousand in 2015) and Ansaldo STS Australia (€6,807 thousand in 2016, €34,577 thousand in 2015).
For additional information about related party transactions, reference should be made to the directors' report ("Management and coordination and related party transactions" section) and to note 38 ("Directors' and statutory auditors' fees and key managers' remuneration").

11. Loans and receivables and other non-current assets

(€'000)	**2016**	2015
Guarantee deposits	1,290	923
Other	26,344	24,311
Non-current financial assets	**27,634**	**25,234**
Other prepayments - non-current portion	16,090	18,296
Other prepayments - associates	-	36
Other non-current assets	**16,090**	**18,332**

Non-current financial assets at 31 December 2016 amount to €27,634 thousand (31 December 2015: €25,234 thousand). They mainly include:

- €22,534 thousand related to the shareholder loan (principal of €18,783 thousand and accrued interest of €3,751 thousand) of Metro 5 S.p.A. following the agreements to construct the related section of the Milan metro;
- €2,534 thousand related to the shareholder loan (principal of €2,401 thousand and accrued interest of €133 thousand) of SPV Linea M4 S.p.A. following the agreements to construct the related section of the Milan metro;
- €788 thousand related to a loan granted to Tram di Firenze on which a pledge exists in favour of the financing bodies. The same guarantee was used in respect of the investment held therein;
- €182 thousand paid to the MM4 consortium to cover costs incurred before activities began;
- €272 thousand paid as an advance to Consorcio EPC Lima to cover costs on the related project;
- €1,290 thousand (31 December 2015: €923 thousand) related to guarantee deposits for premises and areas leased after the opening of work sites.

Other non-current assets amount to €16,090 thousand (31 December 2015: €18,332 thousand). They can be analysed as follows:

- €3,222 thousand (31 December 2015: €3,853 thousand) related to prepaid insurance, down €631 thousand on the previous year;
- €12,868 thousand (31 December 2015: €14,479 thousand) related to the deferred income on the "Ansaldo" trademark which fell by €1,611 thousand, with respect to the portion for the year. With reference to the trademark, Ansaldo STS S.p.A. agreed a contract with Finmeccanica on 27 December 2005 allowing the company to use the "Ansaldo" trademark on the market. Against the advance payment of a consideration of €32,213 thousand, which was supported by a specific assessment carried out by an independent party, this contract gives Ansaldo the exclusive right to use this trademark for twenty years.

12. Inventories

(€'000)	**2016**	2015
Raw materials, consumables and supplies	5,943	6,299
Work-in-progress and semi-finished products	7,733	7,245
Finished goods	1,574	1,440
Advances to suppliers	80,030	80,658
Total	**95,279**	**95,642**

Net inventories amount to €95,279 thousand, down by €363 thousand compared to €95,642 thousand at 31 December 2015.
The carrying amount of raw materials decreased by €356 thousand on the previous year and they were recognised net of the allowance for write-down (€806 thousand; 31 December 2015: €1,225 thousand). The decrease in the allowance (€419 thousand) is due to the scrapping of obsolete codes which could no longer be used (€428 thousand) and provisions for new positions (€9 thousand).

Third party assets with the company amount to €3 thousand (31 December 2015: €3 thousand), while the company's assets with third parties total €29,736 thousand (31 December 2015: €14,895 thousand).
The company outsourced its warehouse management to the service company, Fata Logistic System.

13. Work in progress and progress payments and advances from customers

(€'000)	**2016**	2015
Work in progress (gross)	2,099,941	2,078,289
Progress payments	(1,886,966)	(1,842,741)
Advances from customers	(13,318)	(32,761)
Provision for expected losses to complete contracts	(4,269)	(5,854)
Allowance for write-down	(16,950)	(17,450)
Work-in-progress (net)	**178,438**	**179,483**
Progress payments	(1,997,034)	(1,739,850)
Work-in-progress	1,867,186	1,659,996
Advances from customers	(288,177)	(364,634)
Provision for expected losses to complete contracts	(8,557)	(6,385)
Allowance for write-down	(1,350)	(4,700)
Progress payments and advances from customers (net)	**(427,932)**	**(455,573)**
Work-in-progress, net of progress payments and advances from customers	**(249,494)**	**(276,090)**

Work in progress, net of progress payments and advances from customers, is a negative €249,494 thousand, improving €26,596 thousand on the €276,090 thousand of the previous year. This is due primarily to the reduction in the value of advances from customers, including the return of the remaining advance from the Russian customer Zarubezhstroytechnology (ZST) for the contract in Libya (€29,345 thousand), only partially offset by the higher turnover in the previous year in relation to the production volume.
The net balance of work in progress includes the net advance of €112,154 thousand related to the contract in Libya, which is still halted given the well-known events which have affected this country over the past few years, as detailed in the directors' report. This advance amply covers the work carried out to date and not yet invoiced. As a consequence, at the reporting date, there are no probable risks which would require any accrual.

Contract work in progress, net, decreased from €179,483 thousand at 31 December 2015 to €178,438 thousand at 31 December 2016, while progress payments and advances from customers, net, decreased from €455,573 thousand at 31 December 2015 to €427,932 thousand at 31 December 2016. The latter caption includes advances from customers of €301,495 thousand (31 December 2015: €397,395 thousand).
Specifically, work in progress under assets net of the provision for expected losses to complete contracts amounted to €2,095,672 thousand (31 December 2015: €2,072,435 thousand) and included costs of €2,218,757 thousand (31 December 2015: €2,186,045 thousand) and profit of €269,159 thousand (31 December 2015: €319,620 thousand), gross of final billing.
Work in progress under liabilities net of the provision for expected losses to complete contracts amounted to €1,858,629 thousand (31 December 2015: €1,653,611 thousand) and included costs of €3,844,420 thousand (31 December 2015: €3,780,715 thousand) and profit of €875,061 thousand (31 December 2015: €882,137 thousand), gross of final billing.

Similarly to inventories, contract work in progress and progress payments and advances from customers are shown net of the allowance for write-down which, at 31 December 2016, amounted to €18,300 thousand (31 December 2015: €22,150 thousand).
Specifically, €16,950 thousand reflects the decrease in "contract work in progress, net" and €1,350 thousand that of "progress payments and advances from customers, net".
This allowance is adequate for the possible liabilities which may arise from critical issues and risks on existing contracts, which were also assessed based on the risk management procedure.

The allowance for write-down covers the following risks:
- contractual risks: penalties for late delivery of contracted works or significant parts thereof at final or interim dates; performance penalties for failure to comply with functional requirements or the specified RAM parameters;
- technological risks.

The above risks are typical of all construction contracts and increase when contracts have a complex contractual structure of a highly technical nature which could give rise to contractual changes or issues at any stage of the

contracts, including, sometimes, after the delivery of works and their roll out. Consequently, many risks cease to exist only once the contract is terminated.
Starting from 2012, the provision for expected losses to complete contracts is shown separately. This provision reflects losses not yet incurred but for which a provision was accrued on a prudent basis when the contract budget corresponds to a loss.
The provision refers to the relevant contracts. Specifically, €4,269 thousand (31 December 2015: €5,854 thousand) reflects the decrease in "contract work in progress, net" and €8,557 thousand (31 December 2015: €6,385 thousand) that of "progress payments and advances from customers, net".

14. Trade receivables and loan assets

	2016		2015	
(€'000)	**Trade receivables**	**Loan assets**	Trade receivables	Loan assets
Third parties	509,019	28,443	456,266	28,443
Related parties	97,035	22,791	92,273	22,079
Total	**606,054**	**51,234**	**548,539**	**50,522**

The nominal value of trade and financial receivables corresponds to their fair value.
There was an increase in trade receivables (€606,054 thousand) compared to 2015 (€548,539 thousand); in particular, trade receivables from third parties rose by €52,753 thousand and those from related parties rose by €4,762 thousand.
The main increasing positions were those with respect to the EPC consortium in Lima, City and Industrial Development for the Mumbai project, Metroselskabet I/S in Denmark and the municipality of Naples.
Trade receivables are shown net of the allowance for impairment of €23,294 thousand (31 December 2015: €21,971 thousand). Of this amount, €255 thousand relates to related parties. The increase of the year is due to the collection risk of doubtful receivables. The €4,785 thousand included in the allowance relates to the impairment of the Firema receivable following the latter company's extraordinary administration which began on 2 August 2010, as per the decree of the Ministry of Economic Development.
During the year, the company factored without recourse receivables not yet due for a total of €11,939 thousand.

Loan assets increased (€712 thousand) as a result of the increase in the portion from related parties, as specified in note 10.
This caption also includes the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya and deposited in a local bank. This amount (€28,443 thousand) is tied up pending the resumption of activities.

15. Tax assets and liabilities

	2016		2015	
(€'000)	**Loans and receivables**	**Liabilities**	Loans and receivables	Liabilities
Direct taxes	17,447	8,304	15,008	4,726
Total	**17,447**	**8,304**	**15,008**	**4,726**

Tax assets equalled €17,447 thousand, up on the €15,008 thousand at 31 December 2015. The increase on 2015 is due to the greater assets generated during the year by the branches.
They are comprised of foreign tax assets of €12,729 thousand (31 December 2015: €9,974 thousand); a tax credit recognised in December 2012 in connection with the claim for reimbursement pursuant to article 2.1-quater of Italian Law decree no. 201/2011, related to the lower IRES due for the 2007-2011 period as a result of the IRAP deductibility on personnel expense (€3,716 thousand); an IRES tax credit of €70 thousand which refers to the 10% flat rate deduction of the IRAP tax paid in 2006 and 2007 pursuant to Italian Law decree no. 185/2008 (the so-called Anti-Crisis Decree) and discussed by the Tax authorities with circular 16/E of 14 April 2009.

Tax liabilities relate to current IRES for €8,304 thousand (31 December 2015: €4,726 thousand) and current IRAP for €100 thousand (31 December 2015: IRAP tax assets of €304 thousand).

16. Derivatives

Derivative assets and liabilities may be analysed as follows:

	2016		2015	
(€'000)	**Assets**	**Liabilities**	Assets	Liabilities
Fair value hedges	8,611	8,749	8,331	7,364
Currency hedges				
Cash flow hedges	1,191	13,866	107	9,072
Currency hedges				
	9,802	**22,615**	**8,438**	**16,436**

The total value of fair value hedges includes hedges on cash flows of subsidiaries as well as on foreign currency joint accounts.
The company uses derivatives to hedge the currency risk (fair value hedges) for subsidiaries. This risk arises from the exposure to cash flows in currencies other than the functional currency. These are back-to-back transactions as the currency risk is hedged by identifying the exposure to the bank issuing the hedging instrument, while recognising a balancing entry with respect to the subsidiary. At 31 December 2016, the fair value of these transactions amounted to €8,510 thousand (31 December 2015: €7,254 thousand) and the relative economic effects, with a nil balance, are recognised in financial income and expense.

At 31 December 2016, the company had derivatives hedging foreign currency joint accounts with the aim of hedging the company against year-end currency risk. At the reporting date, these derivatives were recognised under assets and liabilities at €101 thousand (31 December 2015: €1,076 thousand) and €239 thousand (31 December 2015: €110 thousand), respectively.

At 31 December 2016, the company also had cash flow hedges relating to the cash flows of the Abu Dhabi, Riyadh Metro, Lima and Kolkata Metro contracts.

17. Other current assets

(€'000)	**2016**	2015
Prepayments - current portion	9,134	5,836
Grants	18,938	18,013
Employees	1,789	1,189
Social security institutions	2	38
Other tax assets	22,760	33,373
Other	4,654	6,359
Total current third party assets	**57,277**	**64,808**
Total current related party assets	4	4
Total	**57,281**	**64,812**

Other current assets amounted to €57,281 thousand at 31 December 2016 (31 December 2015: €64,812 thousand). The decrease is mainly due to tax assets.

Prepayments amount to €9,134 thousand (31 December 2015: €5,836 thousand) and mainly relate to activities pertaining to subsequent years relating to the Riyadh branch (€4,557 thousand), insurance premiums pertaining to subsequent years (€1,857 thousand), fees on sureties paid early (€737 thousand) and the current portion (€1,610 thousand) to purchase the right to use the "Ansaldo" trademark.

At the reporting date, grants amounted to €18,938 thousand (31 December 2015: €18,013 thousand). They can be analysed as follows:

- grants for projects financed by the European Community or the Ministry for Education and Research (€18,643 thousand);
- grants pursuant to Italian Law no. 488, first application, PIA, (€69 thousand);
- grants related to assets pursuant to Italian Law no. 488, eleventh application, 2001 (€226 thousand).

With reference to research grants, please refer to the directors' report for details on projects financed. Please note that the disbursement of grants is subject to the implementation of a specific project and/or the channelling of grants for the projects financed.

Paragraph 20, Equity, provides details on the reserves established and restricted in relation to decisions to award grants.
For additional information reference should be made to the "Research and development" section of the directors' report.

Other tax assets amount to €22,760 thousand (31 December 2015: €33,373 thousand) and are related to the VAT credit in Italy for €19,611 thousand (31 December 2015: €24,206) and the branches for €2,823 thousand (31 December 2015: €8,977), and a receivable for undeducted VAT on the use of vehicles and other receivables requested for reimbursement for €326 thousand.

18. Cash and cash equivalents

(€'000)	**2016**	2015
Cash-in-hand	50	65
Bank accounts	202,946	178,571
Total	**202,996**	**178,636**

The balance is made up of cash-in-hand and bank account balances.

Moreover, it includes the advances (€2,574 thousand) received from the customer Iricav Uno consortium through the investee Pegaso S.c.r.l., which constructed the high-speed railway Rome-Naples section on behalf of the company (31 December 2015: €2,755 thousand) and advances of €155 thousand (31 December 2015: €155 thousand) received from the customer Metro Campania NordEst through the Alifana Due consortium which constructs the Piscinola-Aversa railway section on behalf of the company. These advances are allocated to specific current accounts held by the company which are used exclusively to support the future costs of the works to be performed by the company.
Cash and cash equivalents are totally available and there are no disposal costs.

19. Equity

At 31 December 2016, equity amounted to €475,323 thousand, up by a net €112,715 thousand on 31 December 2015 (€362,608 thousand).
The increase is due to the profit for the year (€145,857 thousand), the dividend distribution related to 2015 (€36,000 thousand), the net change in the stock grant reserve (€3,503 thousand), the net decrease in the hedging reserve (€851 thousand), the net change in the translation reserve (€231 thousand) and the net decrease in the actuarial reserve for defined benefit plans (€25 thousand).

Equity can be analysed as follows:

Share capital

	No. of shares	Nominal amount	Treasury shares	Total
31 December 2009	**100,000,000**	**50,000,000**	**(806,054)**	**49,193,946**
Bonus issue of 5 July 2010 as per the minutes of the extraordinary shareholders' meeting of 23 April 2010	20,000,000	10,000,000	-	10,000,000
Use of treasury shares for SGP	-	-	513,643	513,643
31 December 2010	**120,000,000**	**60,000,000**	**(292,411)**	**59,707,589**
Bonus issue of 4 July 2011 as per the minutes of the extraordinary shareholders' meeting of 23 April 2010	20,000,000	10,000,000	-	10,000,000
Use of treasury shares for SGP	-	-	290,586	290,586
31 December 2011	**140,000,000**	**70,000,000**	**(1,825)**	**69,998,175**
Bonus issue of 9 July 2012 as per the minutes of the extraordinary shareholders' meeting of 23 April 2010	20,000,000	10,000,000	-	10,000,000
Use of treasury shares for SGP	-	-	133	133
31 December 2012	**160,000,000**	**80,000,000**	**(1,692)**	**79,998,308**
Bonus issue of 15 July 2013 as per the minutes of the extraordinary shareholders' meeting of 23 April 2010	20,000,000	10,000,000	114	10,000,114
31 December 2013	**180,000,000**	**90,000,000**	**(1,578)**	**89,998,422**
Bonus issue of 14 July 2014 as per the minutes of the extraordinary shareholders' meeting of 23 April 2010	20,000,000	10,000,000	-	10,000,000
Use of treasury shares for SGP	-	-	876	876
31 December 2014	**200,000,000**	**100,000,000**	**(702)**	**99,999,298**
Use of treasury shares for SGP	-	-	702	702
31 December 2015	**200,000,000**	**100,000,000**	**-**	**100,000,000**
Use of treasury shares for SGP	-	-	-	-
31 December 2016	**200,000,000**	**100,000,000**	**-**	**100,000,000**

The fully paid-up share capital amounts to €100,000,000 and is comprised of 200,000,000 ordinary shares with a nominal amount of €0.50 each.

The company does not have treasury shares at 31 December 2016 as the shares acquired during the year to grant shares to the company managers as part of the 2013 Stock Grant Plan ("SGP") were all delivered.

At 31 December 2016, share capital was as follows:

Shareholder	No. of shares	% held
HITACHI RAIL ITALY INVESTMENTS	101,544,702	50.772
PAUL E. SINGER *(as general partner, directly and indirectly, of the Limited Partnerships Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership)*	43,818,344	21.909
UBS	12,619,952	6.310
Other shareholders with an investment of less than 3%	42,017,002	21.009

Retained earnings, including the profit for the year

(€'000)	Retained earnings	Profit for the year	Total
2015	**131,289**	**35,901**	**167,190**
Allocation of profit for the year:			
- dividends	-	(36,000)	(36,000)
- legal reserve	-	-	-
- reserve for legal reserve adjustment	-	-	-
- retained earnings	(99)	99	-
Profit for the year	-	145,857	145,857
2016	**131,190**	**145,857**	**277,047**

Retained earnings, including the profit for the year, may be analysed as follows:
- "Retained earnings" declined from €131,289 thousand at 31 December 2015 to €131,190 thousand at 31 December 2016, following the decision of the shareholders who approved the 2015 financial statements to use, in addition to profit for the year, €99 thousand of the retained earnings for the distribution of the dividend;
- the profit for the year of €145,857 thousand (€35,901 thousand in 2015).

Other reserves

(€'000)	Legal reserve	Negative goodwill	Reserve as per Law no. 413/91	Reserve as per Law no. 488/92, second application, PIA	Reserve for 50% grant as per article 55 of Law no. 219/81 TUIR (Consolidated income tax act)	Reserve as per Law no. 488/92, first application, PIA	Stock grant reserve	Deferred tax reserve	Hedging reserve	Coverage of losses	Actuarial gains and losses on Italian post-employment benefits	Translation reserve	Total
2015	**20,000**	**67,216**	**832**	**145**	**209**	**854**	**4,611**	**(574)**	**210**	**37**	**(2,234)**	**4,112**	**95,418**
Stock grant plans:													
- 2016 Stock grant plan allocation - ASTS	-	-	-	-	-	-	3,577	-	-	-	-	-	**3,577**
- Stock grant plan disbursement	-	-	-	-	-	-	(628)	-	-	-	-	-	**(628)**
- SGP reserve - other companies	-	-	-	-	-	-	554	-	-	-	-	-	**554**
Other changes:													
- actuarial gains on 2016 Italian post-employment benefits	-	-	-	-	-	-	-	-	-	-	(37)	-	**(37)**
- deferred taxes on equity items	-	-	-	-	-	-	-	406	-	-	-	-	**406**
- hedging	-	-	-	-	-	-	-	-	(1,129)	-	-	-	**(1,129)**
- foreign currency translation differences	-	-	-	-	-	-	-	-	-	-	-	115	**115**
2016	**20,000**	**67,216**	**832**	**145**	**209**	**854**	**8,114**	**(168)**	**(919)**	**37**	**(2,271)**	**4,227**	**98,276**

The legal reserve amounts to €20,000 thousand and is unchanged from the previous year, having already reached 20% of the share capital at 31 December 2015.

Negative goodwill recognised in the 2009 financial statements amounted to €67,216 thousand.
Of this amount, €83,237 thousand arose from the merger of Ansaldo Segnalamento Ferroviario and Ansaldo Trasporti Sistemi Ferroviari on 1 January 2009, specifically:

- €93,094 thousand representing the difference between the carrying amounts of the investments in Ansaldo Segnalamento Ferroviario (€76,298 thousand), wholly owned by Ansaldo Trasporti Sistemi Ferroviari and Ansaldo Trasporti Sistemi Ferroviari (€38,123 thousand), wholly owned by Ansaldo STS, and the equity of the merged companies;
- €9,857 thousand reflecting the elimination of goodwill included in the financial statements of Ansaldo Segnalamento Ferroviario S.p.A. (€1,825 at 31 December 2008) and Ansaldo Trasporti Sistemi Ferroviari S.p.A. (€12,687 thousand at 31 December 2008), net of deferred taxes of €4,655 thousand. The above goodwill was eliminated as it pertained to prior year infragroup non-recurring transactions; specifically: Ansaldo Segnalamento Ferroviario S.p.A. residual goodwill of €1,825 thousand relates to the contribution of the “Signalling” business unit by Ansaldo Trasporti S.p.A. in 1996 and Ansaldo Trasporti Sistemi Ferroviari’s residual amount (€12,687 thousand) refers to the contribution of the “Systems” business unit by Ansaldo Trasporti S.p.A. in 2001.

The other transactions that led to the overall balance were:

- €13,649 thousand relating to goodwill arising from the merger of Ansaldo Signal N.V. in liquidation which took place on 1 October 2009. It arises from the derecognition of the investment in Ansaldo Signal N.V. in liquidation (€21,946 thousand), which was wholly owned by Ansaldo STS S.p.A.;
- €50 thousand was used following the reclassification of the 2005 costs for the share capital increase. The amount was reclassified by allocating the above costs to an available equity reserve as permitted by IAS 32;
- €2,321 thousand in 2014 following the last instalment of the bonus issue, after having fully used the reserve for capital injections (€7,679 thousand), as per the shareholders’ resolution of 23 April 2010;

There were no changes in 2016.

The revaluation reserve as per Italian Law no. 413/91 amounts to €832 thousand. It was already present in Ansaldo Segnalamento Ferroviario S.p.A.’s equity and, therefore, was recognised by Ansaldo STS S.p.A. following the merger, as it was taxable on distribution.

The reserve as per Italian Law no. 488/92 second application, PIA, amounts to €145 thousand. It was already present in Ansaldo Segnalamento Ferroviario’s equity and, therefore, was recognised by Ansaldo STS S.p.A. after the merger. This reserve, which was set up as resolved by the shareholders during the meeting called to approve the 2006 financial statements, is subject to the limitations established by the provisional licence decree issued by the Ministry of Production Activities on the second application, PIA, in accordance with the above law.

The reserve for Ministerial grants as per Italian Law no. 219/81 amounts to €209 thousand. It was already present in Ansaldo Segnalamento Ferroviario’s equity and, therefore, was recognised by Ansaldo STS S.p.A. after the merger, as it was taxable on distribution. This reserve became unavailable when the company received the grants related to assets in prior years.

The reserve as per Italian Law no. 488/92 first application, PIA, amounts to €854 thousand. It was already present in Ansaldo Segnalamento Ferroviario S.p.A.’s equity and, therefore, was recognised by Ansaldo STS S.p.A. after the merger. This reserve, which was set up as resolved by the shareholders during the meeting called to approve the 2004 financial statements, is subject to the limitations established by the temporary licence decree issued by the Ministry of Production Activities on the first application, PIA, in accordance with the above law.

The Stock grant reserve amounts to €8,114 thousand, compared to €4,611 thousand at 31 December 2015. This reserve was set up in 2007 following the board of directors’ approval of the Stock Grant Plan (SGP) under which Ansaldo STS shares are awarded to “strategic” and “key” resources and high potential managers upon reaching the agreed targets. For additional information, reference should be made to the section on “Human resources and organisation” in the directors’ report.
The increase in the balance (€3,503 thousand) is due to:

- the €4,131 thousand attributable to the shares related to 2016 vesting conditions (2014-2016 plan) recognised at the grant date (€10.5 per share);
- a €628 thousand decrease due to the 2013 awarding of shares related to the 2012-2013 stock grant plan.

The deferred tax reserve amounts to -€168 thousand (31 December 2015: -€574 thousand). It is comprised as follows:
- deferred taxes on the 2016 actuarial losses on Italian post-employment benefits (€12 thousand), allocated to the specific reserve using the equity method (31 December 2016: €626 thousand);
- deferred taxes on the cash flow hedges recognised in equity during the year for €278 thousand (31 December 2016: €220 thousand);
- deferred taxes on the translation reserve in the financial statements of the branch for €116 thousand (31 December 2016: -€1,014 thousand).

The hedging reserve amounts to -€919 thousand and fell by a net €1,129 thousand as a result of the individual transactions performed (the related tax effect of €278 thousand is recognised in the "Deferred tax reserve").

The actuarial reserve for defined benefit plans amounts to -€2,271 thousand. It changed following application of the equity method to actuarial gains/losses on Italian post-employment benefits. During the year, it decreased as a consequence of the actuarial loss of €37 thousand, as per the independent actuarial appraisal of Italian post-employment benefits at 31 December 2016 (the related tax effect for the year of €12 thousand is recognised under the "Deferred tax reserve").

The translation reserve amounts to €4,227 thousand. It increased €115 thousand during the year due to the exchange rate differences which arose from the translation of the financial statements of foreign branches, prepared in a currency other than the company's presentation currency.

The table below shows the origin, possible use, distribution and actual use of reserves in the past three years.

				Use in 2015		Use in 2014		Use in 2013	
Nature/Description	Amount	Possible use	Available portion	to cover losses	other reasons	to cover losses	other reasons	to cover losses	other reasons
Share capital									
Outstanding shares	100.000			-	-	-	-	-	-
Treasury shares				-	-	-	-	-	-
Equity-related reserves:									
Revaluation reserve as per Law no. 413/91	832	A - B - C	832	-	-	-	-	-	-
Capital injections	-	A - B	-	-	-	-	-	-	10.000
Coverage of losses	37	B	-	-	-	-	-	-	-
Negative goodwill	67.216	A - B - C	67.216	-	-	-	-	-	-
Income-related reserves:									
Legal reserve	20.000	B	-	-	-	-	-	-	-
Reserve for Ministerial grants as per article 55 of Law no. 219/81 of the Consolidated income tax act	209	A - B - C	209	-	-	-	-	-	-
Reserve as per Law no. 488/92, application 11, 2001			-	-	-	-	-	-	-
Reserve as per Law no. 488/92, application 14, 2002			-	-	-	-	-	-	-
Reserve as per Law no. 488/92, application 1, PIA, 2003	854	A - B - C	854	-	-	-	-	-	-
Reserve as per Law no. 488/92, application 2, PIA	145	A - B - C	145	-	-	-	-	-	-
Stock grant reserve:			-	-	-	-	-	-	-
- allocation	8.114	B	-	-	-	-	-	-	-
- delivery			-	-	-	-	-	-	-
Translation reserve	4.227	A - B	-	-	-	-	-	-	-
Hedging reserve	(919)		-	-	-	-	-	-	-
Reserve for actuarial gains/losses (IAS 19)	(2.271)	n.a.	-	-	-	-	-	-	-
Deferred tax reserve	(168)	n.a.	-	-	-	-	-	-	-
Retained earnings	131.190	A - B - C	131.190	-	-	-	-	-	-
Total	**329.466**	**-**	**200.446**	**-**	**-**	**-**	**-**	**-**	**10.000**
Undistributable portion	-	-	**5.378**	-	-	-	-	-	-
Residual distributable portion	-	-	**195.068**	-	-	-	-	-	-

Key:
A: for share capital increase
B: to cover losses
C: dividends

20. Loans and borrowings

(€'000)	2016 Current	2016 Non-current	2016 Total	2015 Current	2015 Non-current	2015 Total
Bank loans and borrowings	-	-	-	-	-	-
Loans and borrowings from other financial backers	-	-	-	-	-	-
Finance lease payables	-	-	-	-	-	-
Other loans and borrowings	1,771	-	1,771	1,607	-	1,607
Total loans and borrowings from third parties	**1,771**	**-**	**1,771**	**1,607**	**-**	**1,607**
Related party loans and borrowings	92,208	-	92,208	169,924	-	169,924
Total	**93,979**	**-**	**93,979**	**171,531**	**-**	**171,531**

Third party loans and borrowings amounted to €1,771 thousand at 31 December 2016 and related to companies part of joint ventures for which Ansaldo STS is lead contractor.
The value of related party loans and borrowings relates to joint current accounts with the subsidiaries to settle trading and non-trading items with Ansaldo STS group companies. The reduction with respect to the previous year (€77,716 thousand) is attributable primarily to dividends distributed by certain subsidiaries.

Loans and borrowings may be analysed as follows:

(€'000)	2015	**Increases**	**Decreases**	**2016**
Bank loans and borrowings	-	-	-	-
Loans and borrowings from other financial backers	-	-	-	-
Other loans and borrowings	1,607	1,771	1,607	1,771
Total	**1,607**	**1,771**	**1,607**	**1,771**

Please also note that at 31 December 2016, the company's credit lines amounted to €106,000 thousand and are to be used mainly for overdrafts.

Financial position

The following disclosure is presented in accordance with the format required by CONSOB communication no. DEM/6064293 of 28 July 2006.

(€'000)	**2016**	2015
Cash-in-hand	50	65
Bank accounts	202,946	178,571
Securities held for trading	-	-
Cash and cash equivalents	**202,996**	**178,636**
Third party loan assets	28,443	28,443
Related party loan assets	22,791	22,079
Current loan assets	**51,234**	**50,522**
Current bank loans and borrowings	-	-
Current portion of non-current loans and borrowings	-	-
Other current loans and borrowings	93,979	171,531
Current financial debt	**93,979**	**171,531**
Net current financial position	**(160,251)**	**(57,627)**
Non-current bank loans and borrowings	-	-
Loans and borrowings from other financial backers - non-current	-	-
Bonds issued	-	-
Other non-current financial liabilities	-	-
Non-current financial debt (position)	**-**	**-**
Net financial position	**(160,251)**	**(57,627)**

There is no collateral on the company's assets.

21. Provisions for risks and charges and contingent liabilities

(€'000)	Disputes with employees	Completed contracts	Taxation	Other	Total
At 1 January 2015	**439**	**399**	**-**	**1,013**	**1,851**
Accruals	195	100	550	-	845
Utilisation	7	103	-	41	151
Reversals	70	-	-	-	70
Other changes	-	-	-	-	-
At 31 December 2015	**557**	**396**	**550**	**972**	**2,475**
Broken down as follows:					
Current	557	396	550	972	2,475
Non-current	-	-	-	-	-
	557	**396**	**550**	**972**	**2,475**
At 1 January 2016	**557**	**396**	**550**	**972**	**2,475**
Accruals	546	100	-	-	646
Utilisation	74	90	550	15	729
Reversals	287	-	-	-	287
Other changes	-	-	-	-	-
At 31 December 2016	**742**	**406**	**-**	**957**	**2,105**
Broken down as follows:					
Current	742	406	-	957	2,105
Non-current	-	-	-	-	-
	742	**406**	**-**	**957**	**2,105**

At 31 December 2016, the provision for risks and charges reflects probable and quantifiable risks in accordance with relevant accounting standards.

It amounts to €2,105 thousand (31 December 2015: €2,475 thousand). Specifically:

- the provision for disputes with employees reflects the assessment of disputes with a probably unfavourable outcome for the company. In 2016, €74 thousand of this provision was used for disputes that were resolved during the year and €287 thousand was absorbed for positions no longer considered at risk. It contains an accrual (€546 thousand) for the estimation of new situations that arose in 2016;
- the provision for completed contracts was accrued in respect of contractually mandatory obligations to update product technologies and documentation and implement changes to equipment and facilities related to completed contracts. In 2016, this provision was used for €90 thousand, accruing €100 thousand for future works;
- the entire provision for taxation was used upon completion of the tax audit at the Danish branch;
- other provisions cover minor disputes currently underway (€957 thousand). €15 thousand was used to settle minor disputes during the year, while the residual amount was deemed adequate to cover probable risks at the reporting date.

22. Employee benefits

Italian post-employment benefits can be analysed as follows:

(€'000)	**2016**	2015
Italian post-employment benefits	18,294	17,948
Defined benefit pension plans	-	-
Other provisions for personnel	-	-
Total	**18,294**	**17,948**

Pursuant to article 2120 of the Italian Civil Code, Italian post-employment benefits provide for the payment of the amount accrued by employees until the date they leave the company.
Italian Law no. 296 (2007 Finance act) of 27 December 2006 and the subsequent decrees and regulations issued in early 2007 as part of the reform of supplementary pensions, considerably changed the structure of Italian post-employment benefits and for companies with more than 50 employees, post-employment benefits accrued after the date of the reform must be transferred to supplementary pension schemes or the Treasury funds managed by INPS (the Italian social security institute).

The tables below show changes in the Italian post-employment benefits and the amounts recognised in profit or loss:

(€'000)	**2016**	2015
Opening balance	**17,948**	**20,120**
Current service costs	519	324
Interest expense	268	289
Actuarial (gains) losses taken to equity	37	(527)
of which:		
Actuarial gains (losses) taken to equity following changes to financial assumptions	*62*	*(282)*
Actuarial gains (losses) taken to equity following experience-based adjustments	*(25)*	*(245)*
Other changes		
Benefits paid	(478)	(2,258)
Intragroup transfers		
Other changes		
Closing balance	**18,294**	**17,948**

	Italian post-employment benefits	
(€'000)	**2016**	2015
Current service costs	519	324
Personnel expense	**519**	**324**
Interest expense	268	289
Total	**787**	**613**

The following main actuarial assumptions were used in measuring Italian post-employment benefits at year end:

	Italian post-employment benefits	
(€'000)	**2016**	2015
Discount rate	1.56%	1.91%
Salary increase rate	N.A.	N.A.
Turnover rate	2.09% - 5.69%	2.09% - 5.69%

A sensitivity analysis was performed for each significant actuarial assumption, showing the effects on the company's obligation:

	Italian post-employment benefits	
	-0.25%	**0.25%**
Discount rate (p.a.)	18,671	17,938
Inflation rate	18,027	18,567
Annual turnover rate	18,291	17,297

The average term of the Italian post-employment benefits is 13 years.

23. Other current and non-current liabilities

(€'000)	Non-current		Current	
	2016	2015	**2016**	2015
Employees	3,509	3,520	19,667	17,283
Supplementary pension schemes and INPS Treasury fund	-	-	1,716	1,534
Social security institutions	-	-	9,671	9,268
R&D grants	-	-	10,601	8,843
Other tax liabilities	-	-	4,042	4,297
Deferred income	-	-	-	-
Other	-	-	16,964	15,468
Total other current and non-current third party liabilities	**3,509**	**3,520**	**62,661**	**56,693**
Total other related party liabilities	-	-	410	402
Total	**3,509**	**3,520**	**63,071**	**57,095**

Other non-current liabilities relate to other long-term benefits (employees' jubilee bonuses).

The following main actuarial assumptions were used in measurements at year end:

	Long-term benefits	
	2016	2015
Discount rate (p.a.)	1.56%	1.91%
Salary increase rate	2.47% - 3.58%	2.47% - 3.58%
Turnover rate	2.09% - 5.69%	2.09% - 5.69%

Other current liabilities amount to €63,071 thousand, compared to €57,095 thousand at 31 December 2015. The overall increase (€5,976 thousand) is mainly due to the increase in payables to employees and R&D grants.
Other includes the residual unpaid 62% of the subscribed share capital of Metro C S.c.p.A. (€12,950 thousand).
Other tax liabilities of €4,042 thousand mainly relate to withholding taxes on employees' remuneration to be paid as withholding agent.

24. Trade payables

(€'000)	**2016**	2015
Trade payables	358,277	308,447
Total trade payables	**358,277**	**308,447**
Related party trade payables	40,389	37,078
Total	**398,666**	**345,525**

The nominal value of trade and financial receivables corresponds to their fair value.
Total trade payables rose from €345,525 thousand at 31 December 2015 to €398,666 thousand at 31 December 2016.
The increase was seen almost exclusively in third party trade payables and is due to the greater volumes, particularly in the final quarter of the year and the back-to-back contracts in respect of the credit position with the end customer.
Details regarding the increase in related party liabilities are provided in note 10.

As in 2015, no maturity factoring transactions were completed during the year.
This tool enables the company's suppliers to carry out factoring transactions which entail the transfer and collection of amounts due from the company for the supply of goods and/or services, allowing the company to further extend settlement of trade payables, bearing the related interest.

25. Leases, guarantees and other commitments

Leases

The company has certain operating leases mainly for use of properties and cars. Minimum future commitments related to operating leases amount to €4,505 thousand for properties (31 December 2015: €5,585 thousand) and €3,946 thousand (31 December 2015: €175 thousand) for the renewal of car lease agreements.

They may be analysed as follows:

	2016		2015	
(€'000)	**Operating leases**	**Finance leases**	Operating leases	Finance leases
Within one year	2,059	-	1,267	-
Between two and five years	6,392	-	3,662	-
After five years	-	-	831	-
Total	**8,451**	**-**	**5,760**	**-**

Reference should be made to note 29 for detailed information about the amounts recognised in profit or loss in respect of operating leases of properties and cars.
Operating leases of properties mainly relate to the Naples offices and were entered into with the related company Hitachi Rail Italy S.p.A, as the lessor. The property houses the company's administrative and branch offices.

Car leases, which usually have a five-year term, provide for price revisions based on the consumer price index, motor third-party insurance increases, car registration tax increases and price increases as per car manufacturers' official price lists.

Guarantees and other commitments

The company had the following guarantees at 31 December 2016:

(€'000)	**2016**	2015
Sureties issued by Hitachi Ltd to ASTS customers*	1,468,018	1,447,861
Sureties issued by ASTS and banks and insurance companies to third party customers on behalf of subsidiaries	1,138,534	898,144
Sureties issued by banks and insurance companies to third party customers	1,350,740	1,418,863
Subtotal	**3,957,292**	**3,764,868**
Guarantees received	687,084	595,226
Guarantees received from related parties	749,896	533,284
Subtotal	**1,436,980**	**1,128,510**
Total	**5,394,272**	**4,893,378**

** the data from 2015 are positions with respect to Finmeccanica, before Hitachi Ltd. took over the sureties.*

Guarantees given total €3,957,292 thousand (31 December 2015: €3,764,868 thousand). They are mainly comprised of bank/insurance and company sureties given to Italian and foreign customers to guarantee participation in tenders, proper fulfilment of contracts and orders, advances and early payments of guarantees received from customers.
The change in the balance compared to last year is mainly due to the completion and reduction of existing commitments, including the release of the guarantees given as part of the Metro C, Copenhagen Cityringen and Zhuhai Tramwave projects and new commitments in relation to new orders.

At 31 December 2016, the company has parent company guarantees issued by the parent Hitachi Ltd (€1,284,230 thousand) to foreign customers and insurance guarantees granted on credit lines of the parent (€183,788 thousand) relating to the project in Honolulu. Sureties issued by ASTS, banks and insurance companies to third party customers on behalf of subsidiaries amount to €1,138,534 thousand and are comprised as follows:

- €904,548 thousand related to parent company guarantees and bank guarantees against the company's credit lines, given in favour of foreign customers on behalf of the subsidiaries.
- €233,986 thousand related to counter guarantees for the use of the company's credit lines, given in favour of subsidiaries.

Sureties issued by banks and insurance companies to third parties (€1,350,740 at 31 December 2016) include the counter guarantees given in favour of banks for the relevant portion of sureties in relation to participation in consortia and joint arrangements of €113,757 thousand.

Guarantees received by the company total €1,436,980 thousand (31 December 2015: €1,128,510 thousand). They can be analysed as follows:

- €687,084 thousand related to guarantees received from the company's suppliers or subcontractors for the proper fulfilment of tenders and orders, advances and retentions paid by the company;
- €749,896 thousand related to company guarantees given by subsidiaries and related parties.

During the year, the company carried out direct negotiations with banks to obtain credit lines of approximately €416,000 thousand. Part of this amount may be used for Ansaldo STS group companies. The company has available bank overdrafts of €106,000 thousand at year end.

Purchase and sale commitments

At 31 December 2016, the following purchase and sale commitments were in place:

(€'000)	**2016**	2015
Third party customers order backlog	4,537,911	4,790,450
Related party customers order backlog	518,738	400,970
Third party suppliers order backlog	1,218,090	1,258,686
Related party suppliers order backlog	254,992	288,860
Total	**6,529,731**	**6,738,966**

These amounts include commitments to purchase property, plant and equipment and intangible assets of €1,034 thousand and €588 thousand, respectively.

26. Impact of related party transactions on profit or loss

The impact of related party transactions on profit or loss for 2016 and 2015 is shown below:

AT 31 DECEMBER 2016 (€'000)	**Revenue**	**Other operating income**	**Costs**	**Recovery of costs**	**Other operating expense**	**Financial income**	**Financial expense**
Ultimate parents							
Hitachi Rail Europe LTD	-	-	4	11	-	-	-
Hitachi Ltd (Rail)	492	-	563	-	-	-	-
Associates							
International Metro Service S.r.l.	(76)	6	-	-	4	1,568	-
S.P. M4 S.c.p.a. (in liquidation)	-	-	33	-	-	-	-
Metro 5 S.p.A.	12,979	1,277	110	-	-	-	-
Hitachi Rail Italy S.p.A.	11,951	-	28,055	16	-	-	-
MetroBrescia S.r.l.	345	16	9	-	-	-	-
Hitachi High-Technologies Europe GmbH	101	-	-	-	-	-	-
Metro Service AS	6,283	-	32,797	-	-	-	-
I.M. Intermetro S.p.A. (in liquidation)	1	-	-	-	-	-	-
Pegaso S.c.r.l. (in liquidation)	-	-	209	-	-	-	-
Subsidiaries							
Ansaldo STS Transportation Systems India Private Limited	580	700	1,850	57	-	-	-
Ansaldo STS Australia PTY Ltd.	10,428	2,066	799	365	-	16,670	148
Ansaldo STS UK Ltd.	277	4	-	3	-	1,488	-
Ansaldo STS Sweden AB	3,186	473	12	63	-	26,156	-
Ansaldo STS Deutschland GmbH	2,505	-	2,461	-	-	-	-
Ansaldo STS France S.A.	5,294	3,942	23,428	385	-	55,000	-
Ansaldo STS Espana S.A.U.	2,933	-	198	42	-	-	-
Ansaldo STS USA Inc.	762	3,539	12,414	349	-	-	67
Ansaldo STS Canada Inc	-	-	4	-	-	-	-
Ansaldo STS USA International CO.	-	-	9,826	-	-	-	-
Ansaldo STS Malaysia SDN BHD	-	-	1,273	11	-	341	-
Ansaldo Railway System Trading (Beijing) Ltd	3,225	-	286	48	-	13,266	-
Alifana Due S.c.r.l.	137	-	260	-	-	-	-
Alifana S.c.a.r.l.	25	-	94	-	-	-	-
KazakhstanTz-AnsaldoSTS Italy LLP	107	-	-	-	-	-	55
Consortia							
Saturno consortium	34,809	-	1,697	14	-	-	-
San Giorgio Volla Due consortium	2,877	-	197	-	-	-	-
MM4 consortium	22,467	-	912	34	-	-	-
San Giorgio Volla consortium	(5)	-	4	-	-	-	-
Ascosa Quattro consortium	59	-	-	-	-	-	-
Ferroviario Vesuviano consortium	592	-	78	-	-	-	-
Total	**122,334**	**12,023**	**117,571**	**1,397**	**4**	**114,490**	**270**
% of the total corresponding financial statements caption	**15%**	**66%**	**18%**		**0.1%**	**96%**	**1%**

AT 31 DECEMBER 2015 (€'000)	Revenue	Other operating income	Costs	Recovery of costs	Other operating expense	Financial income	Financial expense
Ultimate parents							
Hitachi Rail Europe LTD	-	-	-	301	-	-	-
Associates							
International Metro Service S.r.l.	-	10	-	-	-	2,940	-
S.P. M4 S.c.p.a. (in liquidation)	-	-	503	-	-	210	-
Metro 5 S.p.A.	26,390	4,067	112	-	-	-	-
Hitachi Rail Italy S.p.A.*	2,162	-	14,329	245	-	-	-
MetroBrescia S.r.l.	1,370	74	60	-	-	11	-
Hitachi Rail Espana SAU	8	-	-	-	-	-	-
Metro Service AS	-	-	45,113	5,796	-	-	-
I.M. Intermetro S.p.A. (in liquidation)	15	-	2	-	-	-	-
Pegaso S.c.r.l. (in liquidation)	-	-	185	-	-	-	-
Subsidiaries							
Ansaldo STS Transportation Systems India Private Limited	674	16	1,613	56	-	-	(112)
Ansaldo STS Australia PTY Ltd.	12,061	3,850	1,072	405	-	-	895
Ansaldo STS UK Ltd.	261	2	-	3	-	153	400
Ansaldo STS Ireland LTD	-	-	-	-	-	3,100	1,389
Ansaldo STS Sweden AB	3,564	399	265	73	-	-	-
Ansaldo STS Deutschland GmbH	954	-	-	-	-	-	-
Ansaldo STS France S.A.	4,595	3,345	11,717	409	-	-	-
Ansaldo STS Espana S.A.U.	709	-	159	43	-	-	-
Ansaldo STS USA Inc.	156	3,733	7,254	392	-	117	-
Ansaldo STS USA International CO.	-	-	6,883	-	-	-	-
Ansaldo STS Malaysia SDN BHD	522	-	158	11	-	277	-
Ansaldo Railway System Trading (Beijing) Ltd	8,147	-	166	49	-	-	-
Alifana Due S.c.r.l.	195	-	213	19	-	-	-
Alifana S.c.a.r.l.	25	-	-	-	-	-	-
Consortia							
Saturno consortium	21,343	-	1,911	-	-	-	-
San Giorgio Volla Due consortium	668	-	70	-	-	-	-
MM4 consortium	22,468	-	604	68	-	-	-
San Giorgio Volla consortium	(80)	-	(4)	-	-	-	-
CRIS consortium	-	-	1	-	-	-	-
Ascosa Quattro consortium	134	-	40	-	-	-	-
Ferroviario Vesuviano consortium	(993)	-	49	-	-	-	-
Total	**105,347**	**15,496**	**92,475**	**7,869**	**-**	**6,807**	**2,572**
% of the total corresponding financial statements caption	**15%**	**71%**	**15%**		**0%**	**29%**	**12%**

* As of 2 November 2015.

Revenue with related parties (€122,334 thousand) increased since the previous year by €16,987 thousand (from €105,347 thousand in 2015 to €122,334 thousand in 2016).
The expense increased by €31,568 thousand, from €84,606 thousand in 2015 to €116,174 thousand in 2016.
Other operating income mainly related to services (€8,973 thousand) provided to other group companies under the general service agreement.

Related party income and expense can be analysed as follows:
- €55,000 thousand for the dividend from the subsidiary Ansaldo STS France S.A., €26,156 thousand for the dividend from the subsidiary ASTS Sweden, €16,670 thousand for the dividend from the subsidiary ASTS Australia PTY Ltd., €13,266 thousand for the dividend from the subsidiary ASTS Railway System Trading (Beijing) Ltd. and €1,568 thousand for the dividend from the associate International Metro Service S.r.l.;
- €1,367 thousand for the revaluation of the joint current account with Ansaldo STS UK Limited due to the transfer of the allowance for impairment recognised in previous years;
- €463 thousand for interest on the joint current accounts with subsidiaries which had a debit position during the year;
- €270 thousand for financial expense relating to the loss on the equity investment in KazakhstanTz-Ansaldo STS Italy LLP (€55 thousand), whose liquidation process was completed during the year, and interest on the joint current account with the subsidiaries Ansaldo STS Australia (€148 thousand) and Ansaldo STS USA Inc. (€67 thousand), which had credit positions towards the company during the year.

27. Revenue

(€'000)	**2016**	2015
Sales - third parties	504,914	2,061,047
Sales – related parties	29,922	359,425
Total revenue from sales	**534,836**	**2,420,472**
Services - third parties	33,969	35,004
Services - related parties	28,495	17,561
Total revenue from services	**62,464**	**52,565**
Change in work in progress - third parties	168,774	(1,479,667)
Change in work in progress - related parties	63,918	(271,639)
Total change in work in progress	**232,692**	**(1,751,306)**
Total revenue	**829,992**	**721,731**

Total revenue increased €108,261 thousand from €721,731 thousand in 2015 to €829,992 thousand in 2016, mainly due to the progress made in metro projects in Saudi Arabia, Denmark and Honolulu.
Italian and foreign production amounted to €307,683 thousand (2015: €321,228 thousand) and €522,309 thousand (2015: €400,503 thousand), respectively.

During the year, revenue of €39,655 thousand (2015: €2,084,753 thousand) was recognised thanks to the recording of the final progress reports related to the CTC Nodo project in Naples.

28. Other operating income and expense

	2016		2015	
(€'000)	**Revenue**	**Costs**	Revenue	Costs
R&D grants	1,898	-	2,843	-
Gains on sales of property, plant and equipment and intangible assets	-	-	9	-
Accruals/Reversals of provisions for risks and charges	-	100	70	100
Accruals for expected losses	-	586	-	3,778
Royalties	292	-	288	-
Net exchange rate gains	403	512	242	396
Prior year items	228	98	385	338
Indirect taxes	-	790	-	950
Interest on trade receivables/payables	1,900	1,347	2,218	1,873
Other net operating income	1,584	767	345	837
Total other third party operating income	**6,305**	**4,200**	**6,400**	**8,272**
Total other related party operating income	12,023	4	15,496	-
Total	**18,328**	**4,204**	**21,896**	**8,272**

Other third party operating income amounts to €6,305 thousand (2015: €6,400 thousand), down by €95 thousand on the previous year.
This caption is mainly comprised as follows:

- R&D grants of €1,898 thousand (2015: €2,843 thousand). For additional information about the amount and a breakdown of the research and development expense recognised in profit or loss, reference should be made to the relevant section of the directors' report;
- operating interest on trade receivables of €1,900 thousand (2015: €2,218 thousand);
- prior year debit items of €228 thousand (2015: €385 thousand);
- royalties on hardware licences of €292 thousand (2015: €288 thousand);
- exchange rate gains on operative items of €403 thousand (2015: €242 thousand).

Other third party operating expense amounts to €4,200 thousand (2015: €8,272 thousand). It is comprised of indirect taxes of €790 thousand, other operating expense of €767 thousand, exchange rate losses on operative items of €512 thousand, inexistence of prior year credit items of €98 thousand, accruals to the provisions for risks and charges of €100 thousand, operating interest on trade payables of €1,347 thousand and expected losses to complete contracts of €586 thousand. The €4,072 thousand decrease in other third party operating expense is mainly due to the lower expected losses to complete contracts.
Other operating expense of €767 thousand relates to membership fees of €422 thousand, donations of €48 thousand, gifts and entertainment expenses of €155 thousand and sundry expenses of €142 thousand.

For a breakdown of other revenue and related party operating expense, reference should be made to note 26 on related parties and the directors' report ("Management and coordination and related party transactions" section).

29. Purchases and services

(€'000)	**2016**	2015
Materials from third parties	226,262	205,066
Change in raw materials	356	(2,715)
Total purchases from third parties	**226,618**	**202,351**
Purchases from related parties	49,116	19,742
Total purchases	**275,734**	**222,093**
Services from third parties	280,776	254,924
Rentals and operating leases	4,522	3,960
Hire expense	4,328	3,572
Total services from third parties	**289,626**	**262,456**
Services from related parties	67,058	64,865
Total services	**356,684**	**327,321**
Total	**632,418**	**549,414**

Total purchases and services for 2016 (€632,418 thousand) increased on 2015 by €83,004 thousand due to greater production volumes developed during the year.
Purchases of raw materials, consumables, supplies and goods amounted to €275,734 thousand (2015: €222,093 thousand), up €53,641 thousand.
Services amount to €356,684 thousand (2015: €327,321 thousand), up by €29,363 thousand.
Rentals and operating leases mainly relate to long-term rentals of company cars, software licences and the lease of the premises housing the Naples offices.
For a breakdown of costs for purchases and services from related parties, reference should be made to note 27 on related parties and the directors' report ("Management and coordination and related party transactions" section).

30. Personnel expense

(€'000)	**2016**	2015
Wages and salaries	103,977	95,816
Stock grant plans	3,933	1,444
Social security and pension contributions	27,340	26,627
Italian post-employment benefits	519	324
Other defined benefit plans	(12)	78
Defined contribution plans	4,363	4,439
Disputes with personnel	255	195
Recharge of personnel expense	(982)	(1,990)
Other costs	4,671	1,848
Total	**144,064**	**128,781**

Personnel expense for 2016 amounts to €144,064 thousand (2015: €128,781 thousand).
The total amount rose by €15,283 thousand compared to last year, for wages and salaries, as a result of the higher average headcount, and other costs correlated with costs recognised for transactions with the company's strategic and non-strategic personnel.
Recharge of personnel expense relates to personnel seconded to "related" companies mainly for: €524 thousand related to Ansaldo STS group companies, €62 thousand to MM4 consortium, €235 thousand to the Saturno consortium and €77 thousand to Hitachi Rail Italy S.p.A.

The headcount at 31 December 2016 numbered 1,616, compared to 1,498 employees in the previous year.

The table below shows employees by category and average number:

	2016	2015
Managers	60	60
Junior managers	318	309
White collars	1.193	1.084
Blue collars	45	45
Total	**1.616**	**1.498**

On 20 February 2014, the board of director on the basis of the proposition of the remuneration committee on 17 February 2014 and subsequently passed by the shareholders on 15 April 2014 approved a three-year stock grant plan (2014-2016).. The plan, which applies to a maximum of 46 employees plus the CEO and key managers, has the same vesting conditions as the 2012-2013 plan (EVA, FOCF and share performance against the FTSE Italia All-Share index), with a three-year vesting period.
The stock grant plan cost is recognised on an accruals basis in the reporting period in which the services are rendered. The amount therefore relates to the portion pertaining to the year of the shares related to the 2016 vesting conditions (as per the 2014-2016 plan), which will be delivered considering the three-year vesting conditions.
The cost is determined on the basis of the number of shares to be assigned and their fair value.
In accordance with IFRS 2 “Share-based payment” and IFRIC 11 “Group and treasury share transactions” and their current interpretations, the cost for the stock grant plan for 2016, equal to €3,933 thousand (2015: €1,444 thousand), was recognised with a balancing entry in an equity reserve.

31. Changes in finished goods, work-in-progress and semi-finished products

(€’000)	**2016**	2015
Changes in finished goods, work-in-progress and semi-finished products	**620**	**85**

This caption improved by €535 thousand, from €85 thousand in 2015 to €620 thousand in 2016.

32. Amortisation, depreciation and impairment losses

(€’000)	**2016**	2015
Amortisation and depreciation:		
- intangible assets	6,180	5,227
- property, plant and equipment	4,742	4,376
	10,922	**9,603**
Impairment losses:		
- current loans and receivables	1,325	2,501
- other property, plant and equipment and intangible assets	-	-
	1,325	**2,501**
Total amortisation, depreciation and impairment losses	**12,247**	**12,104**

Amortisation and depreciation amounted to €10,922 thousand, up by €1,319 thousand on 2015.
Specifically, €6,180 thousand relates to intangible assets and €4,742 thousand to property, plant and equipment.
The balance is shown net of deferred income of €4 thousand for grants related to assets (Italian Law no. 488/92) and for the satellite project (€1,152 thousand).
The value of impairment losses on current loans and receivables fell compared to the previous year.

33. Internal work capitalised

In 2016, this caption amounted to €4,700 thousand (2015: €4,694 thousand).
The "Satellite and Rail Telecom" project to develop satellite technologies for new railway signalling systems began in 2012. Costs incurred during the year amount to €4,126 thousand. This project is co-financed with the European Space Agency and the Galileo Supervisory Authority.

34. Net financial income/(expense)

	2016			2015		
(€'000)	**Income**	**Expense**	**Net**	Income	Expense	Net
Interest	58	7,722	(7,663)	32	14	18
Interest on Italian post-employment benefits	-	268	(268)	-	289	(289)
Exchange rate gains and losses	2,122	4,789	(2,667)	6,976	1,822	5,154
Fair value gains and losses	4,198	2,966	1,233	9,774	13,966	(4,192)
Cash flow gains and losses	229	3,234	(3,005)	38	2,526	(2,488)
Other financial income and expense	-	593	(593)	-	729	(729)
Total net financial expense	**6,608**	**19,572**	**(12,964)**	**16,820**	**19,346**	**(2,526)**
Dividends	112,660	-	112,660	6,041	-	6,041
Reversals of impairment losses/Impairment losses on investment	1,367	55	1,312	-	1,790	(1,790)
Interest and other financial income/(expense)	463	215	247	766	782	(16)
Net related party financial income	**114,490**	**270**	**114,219**	**6,807**	**2,572**	**4,235**
Total	**121,098**	**19,842**	**101,255**	**23,627**	**21,918**	**1,709**

Net financial income and expense rose considerably compared to the previous year, with a positive balance in 2016 of €101,255 thousand compared to a positive balance of €1,709 thousand in 2015. Net third party financial income and expense include interest paid to the Russian customer following the conclusion of the arbitration on the Libyan contract (€7,670 thousand). Related party income and expense increased essentially due to the distribution of dividends by some subsidiaries and associates.

Third party income and expense can be analysed as follows:

- interest income on current accounts for €58 thousand (2015: €32 thousand) and interest expense on current accounts of €52 thousand (2015: €14 thousand). The remaining share of interest expense (€7,670 thousand) relates, as noted above, to interest paid to the Russian customer following the conclusion of the arbitration on the Libyan contract (please refer to the directors' report for more details);
- interest expense on Italian post-employment benefits of €268 thousand (2015: €289 thousand) arising from the actuarial calculation carried out in accordance with IAS 19;
- exchange rate gains of €4,198 thousand (2015: €9,774 thousand) and exchange rate losses of €2,966 thousand (2015: €13,966 thousand) which relate to currency risk hedging transactions using fair value hedges;
- exchange rate gains/losses from the translation of current account balances in foreign currency using closing rates: positive effects on the 2016 profit and loss account of €2,122 thousand (2015: €6,976 thousand) and negative effects of €4,789 thousand (2015: €1,822 thousand);
- exchange rate gains and losses of €229 thousand and €3,234 thousand, respectively, arising from currency risk hedging transactions using cash flow hedges;
- finally, sundry financial expense of €593 thousand related essentially to banking fees and commissions.

For a breakdown of related party financial income and expense, reference should be made to note 26 on related parties and the directors' report ("Management and coordination and related party transactions" section).

35. Income taxes

Income taxes for 2016 amount to €16,106 thousand and may be analysed as follows:

(€'000)	**2016**	2015
IRES	12,663	12,595
IRAP	2,134	1,985
Prior year taxes	220	(315)
Provisions for tax risks	-	550
Net deferred tax (income) expense	1,089	826
Total	**16,106**	**15,641**

The difference between the theoretical and effective tax rates is analysed below:

	2016			2015		
(€'000)	**Taxable amounts**	**Income taxes**	%	Taxable amounts	Income taxes	%
Pre-tax profit	**161,963**			**51,542**		
Taxes calculated at ruling tax rates		44,540	27.50%		14,174	27.50%
Deferred tax assets recoverable during the year		-	-		-	-
Permanent differences						
- non-deductible expense	1,850	509	0.31%	5,148	1,416	2.75%
- tax-exempt dividends (95%)	(107,027)	(29,432)	-18.17%	(5,739)	(1,578)	-3.06%
- tax benefit (ACE)	(4,922)	(1,354)	-0.84%	(4,668)	(1,284)	-2.49%
- IRAP deduction - personnel expense	(1,316)	(362)	-0.22%	(997)	(274)	-0.53%
- tax-exempt income	(1,367)	(376)	-0.23%	-	-	0.00%
Profit net of permanent differences	**49,181**	**13,525**	**8.35%**	**45,286**	**12,454**	**24.16%**
Effective IRES recognised in profit or loss and effective tax rate	-	13,525	8.35%	-	12,454	24.16%
IRAP	-	2,310	1.43%	-	1,883	3.65%
Prior year taxes	-	220	0.14%	-	235	0.46%
Adjustment to new nominal rates	-	51	0.03%	-	1,069	2.07%
Total effective taxes recognised in profit or loss and related rate	**-**	**16,106**	**9.94%**	**-**	**15,641**	**30.35%**

The tax rate was 9.94% in 2016 compared to 30.35% in 2015. The decrease of 20.41% was caused primarily by the arithmetic effect of the weight of the value of dividends received in 2016 totalling €112,660 thousand, compared to €6,041 thousand in 2015, taxable for IRES purposes only to the extent of 5%. In addition, please note that in 2015 the tax rate was impacted by the adjustment to the IRES nominal rate of 24% for deferred tax assets and liabilities relating to items that would be reversed in years subsequent to 2016.

The following table shows the breakdown of temporary differences and related balances:

	31.12.16						31.12.15				
Importi in (K€)	Temporary differences	Tax rate	Deferred tax assets / liabilities	Equity effect	Reclassi-fication	Financial effect (+ income/- expenses), net of reclassification	Temporary differences	Tax rate	Deferred tax assets / liabilities	Reclassification / Equity effect	Financial effect (+ income/- expenses), net of reclassification
Deferred tax assets											
Write downs of work in progress	18,300	24.00%	4,392	-	-	-924	22,150	24.00%	5,316	-	-
Write downs of work in progress (only IRAP)	18,300	4.34%	794	-	-	-167	22,150	4.34%	961	-	-
Write downs of inventories (IRES)	806	24.00%	193	-	-	-100	1,224	24.00%	294	-	-
Provision for risks and charges (only IRES)	1,699	24.00%	408	-	-	41	1,529	24.00%	367	-	-
Provision for completed contracts and warranty provisions (IRES/IRAP)	406	28.34%	115	-	-	3	396	28.34%	112	-	-
Non-deductible amortization / depreciation (IRES/IRAP) - within 2016	-	31.84%	-	-	-	-3	9	31.84%	3		-
Non-deductible amortization / depreciation (IRES/IRAP)	1,185	28.34%	336	-	-	27	1,091	28.34%	309	-	-
Non-deductible amortization / depreciation (IRES)	94	24.00%	23	-	-	-	94	24.00%	23	-	-
Translation differences - branch	443	24.00%	106	-	-	-	443	24.00%	106	-	-
Costs deductible in subsequent years (IRES/IRAP)	-	31.84%	-	-	-	-10	32	31.84%	10		-
Costs deductible in subsequent years (IRES/IRAP) - over 2016	4	28.34%	1	-	-	-	4	28.34%	1	-	-
Loss-making contracts (IRES)	12,826	24.00%	3,078	-	-	1,014	8,601	24.00%	2,064	-	-
Loss-making contracts (IRES) - within 2016	-	27.50%	-	-	-	-1,001	3,639	27.50%	1,001	-	-
Loss-making contracts (IRAP)	12,826	4.34%	557	-	-	25	12,240	4.34%	531	-	-
Goodwill amortization (IRES/IRAP) - within 2016	-	31.84%	-	-	-	-264	829	31.84%	264	-	-
Goodwill amortization (IRES/IRAP)	2,073	28.34%	587	-	-	-	2,073	28.34%	587	-	-
Misalignment framework EC - EX ATSF (IRAP)	1,658	4.34%	72	-	-	-	1,658	4.34%	72	-	-
Non-deductible italian post-retirement benefits	1,255	24.00%	301	-	-	21	1,168	24.00%	280	-	-
Allowance for bad debts	2,691	24.00%	646	-	-	-	2,691	24.00%	646	-	-
Exchange rate losses	-	27.50%	-	-	-	-11	93	27.50%	26	-	-24
Allowance for impairment for interests in arreas	13,171	24.00%	3,161	-	-	363	11,659	24.00%	2,798	-	-
Interests in arreas	8,071	24.00%	1,937	-	-	164	7,388	24.00%	1,773	-	-
Deductible costs in subsequent years (IRES)	714	24.00%	171	-	-	10	585	27.50%	161	-	-
Net equity effect on traslation difference branch	-	24.00%	-	-	-	-	-	27.50%	-	-303	-
Cash flow hedge reserve	919	24.00%	221	221	-	-	-	-	-	-	-
Italian post-retirement benefits (IAS 19)	-	31.84%	-	12	-	-12	-	-	-	-	-
Others	4,256	24.00%	1,021	-	102	305	2,560	24.00%	615	286	-286
Total	**101,697**	**-**	**18,121**	**233**	**102**	**-519**	**104,306**	**-**	**18,321**	**-17**	**-310**

	31.12.16						31.12.15				
	Temporary differences	Tax rate	Deferred tax assets / liabilities	Equity effect	Reclassi-fication	Financial effect (+ income/- expenses), net of reclassification	Temporary differences	Tax rate	Deferred tax assets / liabilities	Reclassification / Equity effect	Financial effect (+ income/- expenses), net of reclassification
Deferred tax liabilities											
Research grants (IRES/IRAP)	41	28.34%	12	-	-	-	41	28.34%	12	-	-
Research grants (IRES)	9,080	24.00%	2,179	-	102	-39	8,817	24.00%	2,116	286	-286
Allowance for bad debts (EC framework)	2,106	24.00%	505	-	-	-	2,106	24.00%	505	-	-
Uncollecte interests for arreas	21,486	24.00%	5,157	-	-	446	19,629	24.00%	4,711	-	-
Italian post-employment benfits (IAS 19)	-	27.50%	-	-	-	-	-	27.50%	-	145	-145
Translation differences branch	91	24.00%	22	-	-	-	91	24.00%	22	-	-
Net equity effect on traslation difference branch	4,227	24.00%	1,014	-116	-	-	4,112	27.50%	1,131	1,131	-
Cash flow hedge reserve	-	27.50%	-	-58	-	-	210	27.50%	58	-869	869
Margin on projects below 12 months	1,372	24.00%	329	-	-	168	587	27.50%	161	-	-
Exchange rate gains	-	27.50%	-	-	-	-5	51	27.50%	14	-	2
Total	**38,403**	**-**	**9,218**	**-174**	**102**	**570**	**35,644**	**-**	**8,730**	**693**	**440**

The IRES and IRAP rates used for deferred taxes are those estimated when temporary differences will reverse. Specifically, for IRES purposes, deferred taxes were recognised at the new IRES rate in force starting in the tax period subsequent to 2016 (24%). The rate used for IRAP purposes is 4.34%.
The IRAP nominal rate rose by 3.9% as a consequence of the increase in the regions' health care deficit based on a local allocation (up 1.07% in Campania and 0.92% in Lazio).

Net deferred taxes recognised against equity in 2016 and in prior years (€168 thousand of net deferred taxes) arose from actuarial gains/losses on Italian post-employment benefits (deferred tax assets of €626 thousand against actuarial losses of €2,271 thousand) using the equity method as per IAS 19, and the hedging reserve (deferred tax assets of €221 thousand against an equity reserve of a negative €919 thousand) and the reserve for exchange rate gains or losses related to the branches (deferred taxes of €1,014 thousand against positive net reserves of €4,227 thousand).

36. Cash flows from operating activities

	For 12 months at 31 December	
(€'000)	**2016**	2015
Profit for the year	145,857	35,901
Depreciation and impairment losses	12,247	12,104
Income taxes	16,105	15,641
Accruals to provisions	646	845
Italian post-employment benefits	519	324
Defined benefit plans and stock grant plans	3,922	1,521
Financial income/(expense), net of impairment losses on equity investments measured at cost	(101,256)	(1,708)
Gross cash flows from operating activities	**78,040**	**64,628**

	For 12 months at 31 December	
(€'000)	**2016**	2015
Inventories	363	(15,620)
Work in progress and progress payments and advances from customers	(26,596)	(51,142)
Trade receivables and payables	(4,375)	51,253
Changes in working capital	**(30,608)**	**(15,509)**

	For 12 months at 31 December	
(€'000)	**2016**	2015
Payment of Italian and other post-employment benefits and stock grants	(478)	(2,258)
Utilisation of the provisions for risks	(1,016)	(221)
Changes in other operating items	(13,547)	(21,415)
Total changes in other operating items and net financial expense and taxes paid	**(15,041)**	**(23,894)**

Gross cash flows from operating activities rose compared to 2015. With reference to the change in working capital, the absorption of cash arising from the progress of new contracts is not offset by changes in trade receivables and payables.

37. Financial risk management

The following disclosure about financial risks and financial instruments is given as required by IFRS 7 "Financial instruments: disclosures" and article 2428.2.6-bis of the Italian Civil Code.

The company's operations expose it to the following financial risks:
- *market risks*, related to the company's exposure to interest-bearing financial instruments (interest rate risks) and to operations in areas that use currencies other than the company's functional currency (currency risk);
- *liquidity risks*, related to the availability of financial resources and access to the credit market;
- *credit risk*, arising from normal trading transactions or financing activities.

The company specifically monitors each of these financial risks and acts promptly to minimise them via tailored risk management policies and hedging derivatives.

The potential impact of hypothetical fluctuations in the reference parameters on actual results is analysed below using sensitivity analyses. As set out in IFRS 7, these analyses are based on simplified scenarios applied to the actual figures of the reference years. However, because of their nature, they cannot be considered as indicators of the real effects of future changes in reference parameters when a different financial position and results of operations and different market conditions are considered. Moreover, they do not reflect the interrelations and complexities of the reference markets.

Interest rate risk

As described in the treasury management policy, the aim of interest rate risk management is to reduce the negative effects of interest rate fluctuations on the company's financial position, results of operations and weighted average cost of capital.

Ansaldo STS manages interest rate risk to pursue the following objectives:
- stabilise the weighted average cost of capital;
- minimise and defer Ansaldo STS's WACC from medium- to long-term. Weighted average cost of capital by focusing on the effects of interest rates on both debt funding and equity funding;
- optimise the return on financial investments within a general risk/return trade-off;
- limit costs related to the implementation of interest rate management policies, including direct costs related to the use of specific instruments and indirect costs linked to the internal structure needed to manage the risk.

Thanks to the combined short-term management of assets and liabilities, the company's exposure to interest rate fluctuations in the long term is relatively neutral.
Again in 2016, the group managed this risk without the use of derivatives.

Cash flows from operations are deposited in a current account held with the parent, setting up from time to time short-term time deposits, not more than three months, for amounts in excess of operating requirements, which are remunerated with higher interest rates. The company uses third party financial resources: specifically it applies for fixed-rate subsidised loans when the interest payable is lower than the interest receivable on available financial resources.

Sensitivity analysis of interest rates

Interest rate risks are measured using sensitivity analyses in accordance with IFRS 7. With respect to the liquidity bearing floating rates, assuming an increase or decrease of 50 basis points in interest rates at year end, profit for the year (gross of the tax effect) and equity would have been greater (smaller) by €1,176 thousand, respectively.

	2015	2016		2016	2016
(€'000)	Value at Floating Rate	**Value at Floating Rate**	**Average**	**Assumption 1 50.00**	**Assumption 2 -50,00**
Non-current related party loans and receivables	21,028	22,534	21,781	109	(109)
Trade receivables	92,403	122,918	107,661	538	(538)
Assets at fair value	-	-	-	-	-
Third party loan assets	-	-	-	-	-
Related party loan assets	21,516	22,524	22,020	110	(110)
Derivative assets - CF Hedge	107	1,191	649	3	(3)
Derivative assets - FV hedges (no back-to-back)	1,076	101	588	3	(3)
Cash and cash equivalents	178,636	202,996	190,816	954	(954)
Assets	**314,766**	**372,263**	**343,515**	**1,718**	**(1,718)**
Third party trade payables	59,051	59,618	59,335	297	(297)
Third party financial liabilities	-	-	-	-	-
Related party financial liabilities	34,577	39,961	37,269	186	(186)
Derivative liabilities - CF Hedge	9,072	13,866	11,469	57	(57)
Derivative liabilities - FV Hedge (no back-to-back)	110	239	174	1	(1)
Liabilities	**102,810**	**113,684**	**108,247**	**541**	**(541)**
Total	**211,956**	**258,579**	**235,268**	**1,176**	**(1,176)**

Currency risk

As described in the above policy, the company manages currency risk by pursuing the following objectives:

- limit potential losses generated by unfavourable exchange rate fluctuations against the currencies used by Ansaldo STS and its subsidiaries. Losses are defined in cash flows rather than accounting terms;
- limiting forecast or actual costs related to the implementation of currency risk management policies.

Currency risk shall only be hedged if it has a material impact on cash flows, compared to the functional currency. Costs and risks related to a hedging policy (hedge, no hedge or partial hedge) must be acceptable in both financial and commercial terms.

Currency risk may be hedged using the following tools:

- purchase and sale of currency forwards: these are the most commonly used cash flows hedges;
- currency/cross currency swaps: used in conjunction with currency forwards to dynamically hedge currency risks represented by the early or deferred impact of future cash flows in currencies other than the functional currency;
- funding/lending in foreign currency: used to mitigate the currency risk related to similar receivable and payable positions with banks or group companies.

The use of funding and lending in foreign currency as a hedging instrument shall only take place when consistent with the company's overall treasury management and financial position (both long- and short-term).

The purchase and sale of foreign currency is generally the hedge tool used when exotic currency markets are not sufficiently liquid or when it is the most cost effective method of hedging.

Currency risk hedging

There are three main types of currency risk:

1. Economic risk:
   - is the impact exchange rate fluctuations can have on capital budgeting decisions (investments, the location of production facilities and supply markets).
2. Transaction risk:
   - is the possibility that exchange rates may fluctuate between the time a commitment is undertaken to make future collections or payments in foreign currency (price list, budgets, orders preparation and invoicing) and when the actual collection or payment takes place, generating either exchange rate gains or losses.
3. Translation risk:
   - is the effect on the financial statements of multinational companies of translating dividends, or of consolidating assets and liabilities when exchange rates adopted for consolidation purposes differ from one reporting period to the next.

The company hedges the transaction risk in line with the foreign exchange risk management policy, i.e., via the systematic hedge of cash flows generated by firm contractual commitments to buy and sell, in order to fix the exchange rates at the date the construction contracts are agreed, thereby neutralising the effects of exchange rate fluctuations.

Fair value hedges

These hedge fair value changes in a recognised asset or liability, an unrecognised firm commitment, an identified portion of this asset, liability or irrevocable commitment, related to a particular risk and that could impact profit or loss.

The company hedges fair value gains or losses related to the currency risk on recognised assets and liabilities.

Hedges are undertaken with banks. The company has contracts in place for the following notional foreign currency amounts at the reporting date:

(local currency '000)	**Sell16**	**Buy16**	**31.12.2016**	Sell15	Buy15	31.12.2015
US dollar	246,276	25,820	272,096	323,900	14,620	338,520
Pound sterling	18,426	-	18,426	7,350	-	7,350
Swedish krona	-	-	-	-	274,300	274,300
Australian dollar	-	9,900	9,900	-	51,300	51,300
United Arab Emirates dirham	50,000	-	50,000	50,000	-	50,000
Indian rupee	101,478	-	101,478	101,478	-	101,478
Total in €'000	**269,497**	**31,277**	**300,774**	**321,445**	**77,714**	**399,158**

The net fair value of the derivatives in place at 31 December 2016 was a negative €12,814 thousand (31 December 2015: a negative €7,998 thousand). Notional amounts are shown in the above table. The balance includes back-to-back contracts (see note 16).

During the year, new forward sale transactions of foreign currency took place against trade collections for the Glasgow project.

The currency risk relates to foreign currency receivables and payables and the balances of the company's permanent establishments.

Exchange rate gains and losses arise from the adoption of the local currency in preparing the financial position of permanent establishments. With the exception of a few cases, no hedging transactions were carried out with respect to the exchange rate differences related to foreign permanent establishments as the cost of the transaction would have exceeded the expected benefits.

Sensitivity analysis of exchange rates

For the purposes of the presentation of market risks, IFRS 7 requires a sensitivity analysis that shows the effects of the hypothetical changes in the most significant market variables on profit or loss and equity.
Currency risks arise from recognised financial instruments (including trade receivables and payables) or highly probable cash flows denominated in a currency other than the functional currency.
Since the US dollar is the primary foreign currency used by the company, a sensitivity analysis was performed on financial instruments denominated in US dollars in place at 31 December 2016, assuming a 5% appreciation (depreciation) of the euro against the US dollar.
This analysis showed that an appreciation or depreciation of the euro against the US dollar would have the following impact on the company's financial statements:

	2016		2015	
(€'000)	**+5% - appreciation of the euro against the US dollar**	**-5% - depreciation of the euro against the US dollar**	+5% - appreciation of the euro against the US dollar	-5% - depreciation of the euro against the US dollar
Income statement	(4,268)	4,717	(6,201)	6,853

Liquidity risk

Liquidity risk can result in the inability to efficiently manage ordinary business and investment operations and to repay the amounts due at their expiry date.
The company has rolled out a series of tools to optimise treasury management with a view to the efficient management of cash and cash equivalents and to help its business grow. This was achieved by centralising the treasury function and an active presence on financial markets to obtain short- and medium-term credit lines. In this context, the company obtained short- and long-term non-revolving cash and unsecured credit lines to meet its needs and those of the group.
It had a net financial position of - €160,251 thousand at 31 December 2016 (31 December 2015: - €57,627 thousand).
Considering the positive net financial position, comprised of on-demand liquidity and current account overdrafts of €106,000 thousand, management believes the company can meet its needs for investing activities and working capital management and settle its payables on their expiry dates.

Liquidity analysis

(€'000) - 31 December 2016	**Within one year**	**Between one and five years**	**After five years**
A – Financial liabilities excluding derivatives			
Current liabilities			
Related party trade payables	40,361	29	-
Third party trade payables	356,335	1,942	-
Related party loans and borrowings	92,208	-	-
Third party loans and borrowings	1,771	-	-
Other financial liabilities	-	-	-
Total A	**490,674**	**1,971**	**-**
B – Negative value of derivatives			
Hedging derivatives (including back-to-back derivatives)	22,615	-	-
Trading derivatives (economic hedge)	-	-	-
Total B	**22,615**	**-**	**-**
Total A + B	***513,290***	***1,971***	**-**

The following financial assets are recognised against financial liabilities for a total amount of €515,261 thousand:

C - Financial assets	
Securities held for trading	-
Cash-in-hand and cash and cash equivalents	202,996
Third party trade receivables	509,019
Related party trade receivables	97,035
Third party loan assets	28,443
Related party loan assets	22,791
Positive value of derivatives (including back-to-back)	9,802
TOTAL FINANCIAL ASSETS	**870,086**

D – Unsecured credit lines	**106,000**
TOTAL C + D	**976,086**
C+D-(A+B)	**460,825**

The company has a net credit position and has available liquidity to self-finance and does not have to use banks to finance its operations. Consequently, it has relatively limited exposure to the liquidity market tensions.

Credit risk
The company does not have significant credit risks, either in terms of its trading counterparties or its financing and investing activities.

With respect to trading transactions, its main customers are public entities or related to public bodies, mostly in the Eurozone. With respect to counterparty risks, for contracts with countries with which the company does not have regular trading transactions, solvency is analysed at the time the offer is placed, in order to avoid future credit risks. The nature of these customers is a guarantee of solvency; however, collection times (particularly in certain countries) may be significantly longer than those typical of other businesses, with sometimes considerable overdue amounts which may also trigger disposal transactions. As described below, this situation is particularly marked during this period of crisis.
At 31 December 2016, third party trade receivables amounted to €509,019 thousand (31 December 2015: €456,266 thousand) and were overdue for €216,433 thousand (31 December 2015: €216,846 thousand), of which €160,131 thousand (31 December 2015: €130,350 thousand) by more than 12 months.

With respect to the concentration of third party trade receivables at year end, the following table gives a break down of trade receivables by public body and other customers, geographical area and overdue bracket.

	Public bodies			Other customers			
(€'000)	Europe	Americas	Other	Europe	Americas	Other	Total
Retentions	18,466	7,871	10,125	15,637	-	1,516	53,616
Not overdue	42,861	-	20,051	108,510	-	67,548	238,970
Overdue by less than one year	22,713	2,582	-	21,295	-	9,711	56,302
Overdue between one and five years	64,060	-	46,166	47,175	-	2,731	160,131
Overdue by more than five years	-	-	-	-	-	-	-
Total	**148,100**	**10,454**	**76,342**	**192,617**	**-**	**81,506**	**509,019**

Classification of financial assets and liabilities

The table below gives a breakdown of the company's financial assets and liabilities by measurement category. Financial liabilities are all recognised using the amortised cost method.

(€'000)	Fair value through profit or loss	Loans and receivables	Held to maturity	Available for sale	Total	Fair value
Non-current assets						
Loans and receivables	-	4,918	-	-	4,918	4,918
Related party loan assets	-	22,716	-	-	22,716	22,716
Current assets						
Third party assets at fair value	-	-	-	-	-	-
Third party trade receivables	-	509,019	-	-	509,019	509,019
Related party trade receivables	-	97,035	-	-	97,035	97,035
Third party loan assets	-	28,443	-	-	28,443	28,443
Related party loan assets	-	22,791	-	-	22,791	22,791

IFRS 7 requires the classification of fair value of derivatives on the basis of reference parameters that can be inferred from the market or from other financial indicators (for example: exchange rates, interest rate curve, etc.). Financial derivatives on currencies to hedge the currency risk fall within Level 2 of the hierarchy since the fair value of these instruments is determined by recalculating the present value through the official fixing of closing exchange and interest rates listed on the market.

The table below shows the fair values of financial instruments in portfolio, excluding back-to-back instruments.

Fair value hierarchy at the reporting date (€'000)	**Fair value at 31.12.2016 Level 2**	Fair value at 31.12.2015 **Level 2**
Assets		
Interest rate swaps		
Trading	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Currency forward/swap/option		
Trading		
Fair value hedges	101	1,076
Cash flow hedges	1,191	*107*
Equity instruments (trading)	-	-
Embedded derivatives (trading)	-	-
Liabilities		
Interest rate Swap		
Trading	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Currency forward/swap/option		
Trading	-	-
Fair value hedges	239	110
Cash flow hedges	13,866	9,072
Equity instruments (trading)	-	-
Embedded derivatives (trading)	-	-

38. Directors’ and statutory auditors’ fees and the general manager’s and key managers’ remuneration

Fees paid to those who have the power to plan, manage and control the company, including executive and non-executive directors, are as follows:

(€’000)	**2016**	2015
Directors’ fees	5,549	4,161
Stock grants	180	247
Total	**5,729**	**4,408**

Fees paid to directors, key managers and the general manager amounted to €5,729 thousand in 2016 (2015: €4,408 thousand).
They include fees and any other type of remuneration and social security sums due for the position of director, key manager or general manager of the company, which represented a cost for the company.
Costs correlated with transactions with the company’s strategic figures were incorporated in 2016. A one-off financial incentive was incorporated in 2015 for those persons holding certain key roles within the group, with a view to maintaining business continuity in light of the transfer of the controlling interest in the parent’s share capital.
Fees include those paid to the members of the board of directors and the supervisory bodies.
Statutory auditors’ fees amounted to €210 thousand in 2016 (unchanged from 2015).
In order to implement an incentive and loyalty scheme for certain employees, the company has launched incentive plans which, upon reaching set vesting conditions, provide for the awarding of Ansaldo STS shares. Shares were delivered in 2016 as the 2013 vesting conditions of the 2012-2013 plan have a three-year term. In addition, the shares for the 2016 vesting conditions as part of the new 2014-2016 plan were accrued.
Shares held by members of the board of directors, the general manager and key managers are as follows:

Name and surname	Position	No. of shares held at the end of the previous year	No. of shares awarded	No. of shares purchased	No. of shares sold	No. of shares held at the end of the year
Eng. Andrew Thomas Barr	Chief executive officer and general manager	-	-	-	-	-
Eng. Stefano Siragusa*	Chief executive officer and general manager	-	-	-	-	-
Dr. Christian Andi	Key manager	-	2,890	-	2,890	-
Eng. Michele Fracchiolla	Key manager	-	3,292	-	3,292	-
Eng. Giuseppe Gaudiello	Key manager	1,960	3,723	-	3,723	1,960

* Eng. Stefano Siragusa has resigned from the director of BoD, Managing Director and CEO on March 30, 2016 with effect from 13 May 2016 and the information relates to the balance held on the latter date.

Annual fees paid to directors and statutory auditors are as follows:

(in euros)

POSITION	POSITION						
Name and surname	**Position**	**Date of appointment**	**End of term**	**Fees for the position held in the reporting company for 2016**	**Non-monetary benefits**	**Bonuses and other incentives**	**Other fees paid**
Alistair Dormer	Chairperson of the BoD	13/05/2016	Approval of 2018 financial statements	75,000 (1)			
Alberto de Benedictis (b) (c)	(Deputy chairperson)	13/05/2016	Approval of 2018 financial statements	60,219 (2)			
Katharine Rosalind Painter (a) (d)	Director	13/05/2016	Approval of 2018 financial statements	60,219 (3)			
Andrew Thomas Barr	Chief executive officer and general manager since 24/05/2016	24/05/2016	Approval of 2018 financial statements	48,387 (4)	9,175		194,917*
Mario Garraffo (b) (d)	Director	13/05/2016	Approval of 2018 financial statements	75,355 (5)			
Katherine Jane Mingay	Director and Deputy chairperson of the BoD until 28/10/2016	13/05/2016	Approval of 2018 financial statements	31,694 (6)			
Rosa Cipriotti	Director	13/05/2016	Approval of 2018 financial statements	31,694 (7)			
Fabio Labruna	Director	13/05/2016	Approval of 2018 financial statements	31,694 (7)			
Giuseppe Bivona	Director	13/05/2016	Approval of 2018 financial statements	31,694 (7)			
Karen Boswell	Director since 02/11/2015, holding the role of deputy chairperson since 25/11/2015	02/11/2015	Approval of 2017 financial statements	18,306 (8)			
Nicoletta Garaventa (e)	Chairperson of the supervisory body	06/05/2013	three-year term	25,000			
Alberto Quagli (f)	Member of the supervisory body	06/05/2013	three-year term	20,000			
Giacinto Sarubbi	Chairperson of the board of statutory auditors	15/04/2014	Approval of 2016 financial statements	75,000			15,000**
Maria Enrica Spinardi	Statutory auditor	15/04/2014	Approval of 2016 financial statements	50,000			10,000**
Renato Righetti	Statutory auditor	15/04/2014	Approval of 2016 financial statements	50,000			10,000**
Stefano Siragusa (g)	Chief executive officer and general manager until 13/05/2016	02/11/2015	Approval of 2017 financial statements	29,462 (9)	27,534		3,447,471***
Paola Giannotti (m)	Director in office until 13/05/2016	02/11/2015	Approval of 2017 financial statements	27,459 (10)			
Giulio Gallazzi (h)	Director in office until 13/05/2016	02/11/2015	Approval of 2017 financial statements	25,628 (11)			
Alessandra Piccinino (i)	Director in office until 13/05/2016	09/11/2015	Approval of 2017 financial statements	23,798 (12)			
Bruno Pavesi (i) (m)	Director in office until 13/05/2016	02/11/2015	Approval of 2017 financial statements	32,951 (13)			
Giovanni Cavallini (l)	Director in office until 13/05/2016	02/11/2015	Approval of 2017 financial statements	29,290 (14)			

* fixed remuneration of €194,917 for the position of general manager and other fees for 2016
** fees for positions on committees
*** fixed remuneration of €246,470 for the position of general manager and other fees for 2016 until 13/05/2016 and €3,201,001 for termination of the employment relationship.

(a) Chairperson of the appointments and remuneration committee
(b) Member of the appointments and remuneration committee
(c) Chairperson of the risk and control committee
(d) Member of the risk and control committee
(e) Chairperson of the supervisory body
(f) Member of the supervisory body
(g) Chief executive officer and general manager until 13/05/2016
(h) Chairperson of the appointments and remuneration committee until 13/05/2016
(i) Member of the appointments and remuneration committee until 13/05/2016
(l) Chairperson of the risk and control committee until 13/05/2016
(m) member of the risk and control committee until 13/05/2016

(1) chairperson of the BoD (in office since 13/05/2016 with a new mandate)
(2) in office since 13/05/2016 BoD - ARC - chair. RCC and from 28/10/2016 dep. chair. BoD
(3) in office since 13/05/2016 as member of BoD - RCC and chair. ARC
(4) since 24/05/2016 CEO
(5) in office since 02/11/2015 BoD and since 13/05/2016 RCC and ARC
(6) BoD and deputy chair. BoD from 13/05/2016 to 28/10/2016
(7) BoD since 13/05/2016
(8) in office BoD from 02/11/2015 to 13/05/2016 and dep. chair. BoD since 25/11/2015
(9) CEO and general manager until 13/05/2016
(10) BoD and RCC until 13/05/2016
(11) BoD - chair. ARC until 13/05/2016
(12) BoD and ARC until 13/05/2016
(13) BoD - ARC and RCC until 13/05/2016
(14) BoD - chair. RCC until 13/05/2016

In euros	Annual unit fees
Chairperson of the board of directors	75,000
Member of the board of directors	50,000
Chairperson of the supervisory body	25,000
Member of the supervisory body	20,000
Chairperson of the appointments and remuneration committee	20,000
Member of the appointments and remuneration committee	15,000
Chairperson of the risk and control committee	30,000
Member of the risk and control committee	25,000

39. Highlights at 31 march 2016 of the company that carries out management and coordination activities (article 2497-*bis* of the Italian Civil Code)

The highlights of the parent Hitachi Ltd., shown in the summary schedule as required by article 2497 bis of the Italian Civil Code, were taken from the financial statements at 31 March 2016.
For an adequate and comprehensive picture of Hitachi Ltd.'s financial position and results of operations as at and for the year ended 31 March 2016, reference should be made to Finmeccanica's financial statements, which are available as required by law along with the report of the independent auditors.
The most recently approved financial statements of Hitachi Ltd. are those at 31 March 2016, as its reporting period is from 1 April to 31 March.

HITACHI LTD (Millions of yen)

STATEMENT OF FINANCIAL POSITION	**31 March 2016***
ASSETS	
NON-CURRENT ASSETS	2,503,861
CURRENT ASSETS	1,364,772
TOTAL ASSETS	**3,868,633**
LIABILITIES	
EQUITY:	
- Share capital	458,790
- Reserves and retained earnings	854,718
- Profit for the year	64,934
	1,378,442
NON-CURRENT LIABILITIES	698,348
CURRENT LIABILITIES	1,791,843
TOTAL LIABILITIES	**3,868,633**
INCOME STATEMENT	
REVENUE	1,859,605
OTHER REVENUE	120,610
EXPENSE	(1,853,788)
EXTRAORDINARY INCOME AND EXPENSE	12,193
INCOME TAXES	(73,686)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	-
PROFIT FOR THE YEAR	**64,934**

Hitachi LTD prepares consolidated financial statements.

* The most recently approved financial statements of Hitachi Ltd are those at 31 March 2016, as its reporting period is from 1 April to 31 March.

40. Information pursuant to article 149-*duodecies* of the issuer regulation

The following schedule was prepared in accordance with article 149-duodecies of Consob regulation no. 11971/1999 and subsequent amendments (Issuer regulation) and shows the fees for 2016 related to services provided by the audit company or entities belonging to its network.

(€'000)	**Service provider**	**2016 fees**
Audit	KPMG S.p.A.	55
	EY S.p.A.	136
Attestation services	KPMG S.p.A.	72
	EY S.p.A.	-
Tax consultancy services	KPMG S.p.A.	-
	EY S.p.A.	-
Other services	KPMG S.p.A.	10
	EY S.p.A.	40
		313

Milan, 27 February 2017

On behalf of the board of directors
The Chairperson
Alistair Dormer

Statement on the separate financial statements pursuant to article 81-*ter* of Consob regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations and article 154-bis.2 of Italian Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and integrations

1. The undersigned, Andrew Thomas Barr, as CEO and general manager, and Roberto Carassai as manager in charge of financial reporting for Ansaldo STS S.p.A., also considering the provisions of article 154-bis.3/4 of Italian Legislative decree no. 58 of 24 February 1998 and subsequent amendments and integrations, state that the administrative and accounting procedures used to draft the separate financial statements at 31 December 2016:
   - are appropriate in relation to the nature of the business and
   - have been effectively applied.
2. There is nothing to report in this regard.
3. Moreover:
   3.1 the separate financial statements:
   a) are drafted in compliance with the IFRS endorsed by the European Community, pursuant to EC regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;
   b) are consistent with the accounting ledgers and accounting entries;
   c) give a true and fair view of the issuer's financial position and results of operations.

   3.2. The directors' report accompanying the separate financial statements provides a reliable analysis of the important events taking place in the year, together with a description of the key risks and uncertainties.

Milan, 27 February 2017

Signature of the CEO and general manager	Signature of the Manager in charge of financial reporting
Andrew Thomas Barr	**Roberto Carassai**

EY S.p.A.
Via XX Settembre, 42
16121 Genova

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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Ansaldo STS S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Ansaldo STS S.p.A., which comprise the statement of financial position as at December 31, 2016, the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Ansaldo STS S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997
A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ansaldo STS S.p.A. as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matters

The financial statements of Ansaldo STS S.p.A. for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 17 March 2016.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Ansaldo STS S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the financial statements of Ansaldo STS S.p.A. as at December 31, 2016.

Genoa, March 27, 2017
EY S.p.A.
Signed by: Enrico Lenzi, Partner

This report has been translated into the English language solely for the convenience of international readers.

Strategic Concept, Graphic Design and Execution by:

mercurio GP
www.mercuriogp.eu

Ansaldo STS A Hitachi Group Company

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Register of Enterprises of Genoa
Tax Code 01371160662

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A Hitachi Group Company

Connecting Pieces of Your World

2016 ANNUAL REPORT
ANSALDO STS **GROUP**

Ansaldo STS

A Hitachi Group Company

2016 Annual Report
Ansaldo STS Group

(Translation from the Italian original which remains the definitive version)

1 Company bodies and Committees

BOARD OF DIRECTORS
(elected by the shareholders on 13 May 2016
for the 2016 - 2018 three-year period)

ALISTAIR DORMER (1)
Chairperson

ALBERTO DE BENEDICTIS (2) (3) (4)
Deputy chairperson*

ANDREW THOMAS BARR (1)
Chief executive officer and general manager

ROSA CIPRIOTTI (4)

MICHELE ALBERTO FABIANO CRISOSTOMO ** (4)

MARIO GARRAFFO (2) (3) (4)

FABIO LABRUNA (4)

KATHERINE JANE MINGAY (1)

KATHARINE ROSALIND PAINTER (2) (3) (4)

FRANCESCO GIANNI***
Board secretary

BOARD OF STATUTORY AUDITORS
(for the 2014 - 2016 three-year period)

GIACINTO SARUBBI
Chairperson

RENATO RIGHETTI

MARIA ENRICA SPINARDI

SUBSTITUTE STATUTORY AUDITORS
(for the 2014 - 2016 three-year period)

FABRIZIO RICCARDO DI GIUSTO

GIORGIO MOSCI

DANIELA ROSINA

INDEPENDENT AUDITORS
(for the 2016 - 2024 period)

EY S.p.A. ****

(1) Member of the executive committee (i.e. bid committee)

(2) Member of the risk and control committee

(3) Member of the appointments and remuneration committee

(4) Member meeting independence requirements

* Position held by Katherine Jane Mingay from 13 May 2016 to 28 October 2016. Alberto De Benedictis was appointed deputy chairperson by the board of directors during the meeting of 28 October 2016.

** Michele Alberto Fabiano Crisostomo was appointed director of Ansaldo STS S.p.A. by the shareholders' meeting of 19 January 2017, to replace Giuseppe Bivona who, pursuant to art. 2393 of the Italian Civil Code, was removed from the position of company director.

*** Appointed on 16 May 2016 to replace Filippo Corsi.

**** Following the resignation of KPMG S.p.A. on 14 November 2016, the shareholders' meeting of 19 January 2017 appointed the independent auditors EY S.p.A. to audit the company's accounts for the years 2016-2024.

Directors' report
at **31 December 2016**

2 Financial position and results of operations of the Group

2.1 Introduction

Ansaldo STS Group recognised a profit of €77.9 million for 2016 (€93.0 million in 2015), revenue of €1,327.4 million (€1,383.8 million in 2015), ROS of 9.6% (9.8% in 2015) and a positive net financial position of €338.0 million (€338.7 in 2015).

The international context, which has also been characterised by unexpected events, the increasingly complex and competitive reference market and exceptional individual events dealt with by the Company, make the group's financial position and the results of operations even more impressive, thanks to the professional skills and qualities of your company's resources.

The change in the shareholding structure, the results of the takeover bid, the Company's updated governance and events relating to deeds carried out by the individual shareholders have been subject to specific, detailed corporate communications in compliance with regulations in force, and therefore are already known to the market.

New orders for the 2016, increasing Orders' Backlog (please refer to Note 2.4 "Non-Gaap Alternative Performance Indicators and other indicators" for the definition of Orders' Backlog) totalled €1,475.8 million (€1,336.0 million in 2015) and were characterised by projects relating to the Glasgow and Taipei (San-Ying line) metros, the supply of signalling systems for the modernisation of the Brussels metro, contracts in Italy relating to the technological upgrade of the Florence-Rome high-speed line and the awarding of works for the supply of technological systems relating to the Milan-Genoa high-speed line's railway signalling systems.

With respect to the positive operating performance, in particular, activities relating to certain functional lots for the technological improvement of the Turin-Padua section were completed and delivered, technological systems for the Treviglio-Brescia high-speed line in Italy and for the Sudokwon High Speed Line in South Korea were delivered and the satellite technology operating phase has started in Australia (please refer to Note 2.4 "Non-Gaap Alternative Performance Indicators and other indicators" for the definition of Operating profit – EBIT, as measure of the Group's operating performance).

In order to constantly streamline the group's corporate and organisational structure, the process of winding up the Company "Kazakhstan TZ-Ansaldo STS Italy LLP" was completed in November 2016.

2.2 Key performance indicators

(€'000)	**31.12.2016**	31.12.2015	Change
New orders*	**1,475,836**	1,336,027	139,809
Order backlog*	**6,488,378**	6,410,362	78,016
Revenue	**1,327,386**	1,383,837	(56,451)
Operating profit (EBIT)*	**126,801**	135,769	(8,968)
Adjusted EBIT*	**126,801**	135,769	(8,968)
Profit for the year	**77,903**	93,036	(15,133)
Net working capital*	**120,532**	64,481	56,051
Net invested capital*	**369,807**	316,419	53,388
Net financial position*	**(338,039)**	(338,674)	635
Free operating cash flow*	**37,944**	87,701	(49,757)
ROS*	**9.6%**	9.8%	-0.2 p.p.
ROE*	**11.4%**	15.1%	-3.7 p.p.
EVA*	**57,861**	65,788	(7,927)
Research and development*	**36,688**	36,914	(226)
Headcount (no.)	**3,951**	3,772	179

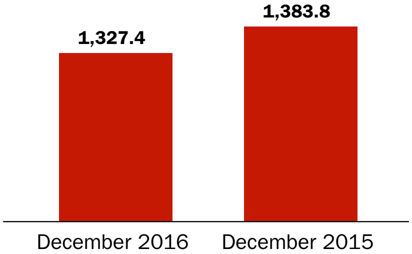
* please refer to Note 2.4 *Non-Gaap Alternative Performance Indicators* and other indicators for the definition of the performance indicators presented in the table above.

Orders in 2016 totalled €1,475.8 million compared to €1,336.0 million for 2015; the order backlog amounted to €6,488.4 million (€6,410.4 million in 2015).

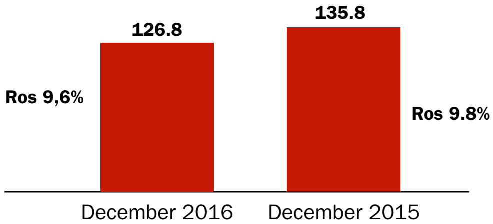
Revenue amounted to €1,327.4 million, down €56.5 million with respect to €1,383.8 million in 2015; the decrease, resulting in large part from reaching the final phase of several significant contracts in the Asia-Pacific area, was only partially offset by contracts acquired in recent years.

Operating profit (EBIT) came to €126.8 million, down €9.0 million on the previous year (€135.8 million); ROS was 9.6% (9.8% in 2015).
The profit for the year totalled €77.9 million (€93.0 million for 2015).
The group's net financial position came to -€338.0 million, basically in line with -€338.7 million at 31 December 2015.
Research and development expense recognised directly in profit or loss amounted to €36.7 million, in line with the amount in the previous year (€36.9 million).
The group's headcount came to 3,951 employees compared to 3,772 at 31 December 2015. The average headcount was 3,828 (3,748 in 2015).

Revenue (€M)



EBIT (€M)



The reclassified income statement, reclassified statement of financial position, reclassified net financial position and reclassified statement of cash flows follow to provide further disclosure on the group's financial position, results of operations and cash flows.

Reclassified income statement (€'000)

	31.12.2016	31.12.2015
Revenue	**1,327,386**	**1,383,837**
Purchases and personnel expense (*)	(1,182,421)	(1,233,338)
Amortisation, depreciation and impairment losses	(18,325)	(18,725)
Other net operating income (**)	674	4,259
Change in work-in-progress, semi-finished products and finished goods	(513)	(264)
Adjusted EBIT	**126,801**	**135,769**
Restructuring costs	-	-
Operating profit (EBIT)	**126,801**	**135,769**
Net financial income (expense)	(10,152)	943
Income taxes	(38,746)	(43,676)
Profit (loss) from discontinued operations	-	-
Profit for the year	**77,903**	**93,036**
attributable to the owners of the parent	*77,968*	*93,228*
attributable to non-controlling interests	*(65)*	*(192)*
Earnings per share		
Basic and diluted	0.39	0.47

Reconciliation between the reclassified income statement and the income statement included in the consolidated financial statements:
(*) Includes the captions "Purchases", "Services", "Personnel expense" (net of restructuring costs) and "Accrual to (use of) the provision for expected losses to complete contracts" net of "Internal work capitalised".
(**) Includes the net amount of "Other operating income" and "Other operating expense" (net of restructuring costs and accrual to (use of) the provision for expected losses to complete contracts).

Briefly:
Operating profit decreased by €9.0 million compared to the previous year. In particular, the effect of lower Revenue volumes, along with the impact on the margin of the results of the arbitration regarding the project in Libya (€8.1 million) and the recognition of costs correlated with settlements taking place following the resignation of strategic figures in the Company (€2.4 million), were partially offset by the improved mix of contracts worked on in the two periods subject to comparison.
The overall deterioration of financial expense and income derived primarily from the results of the above-mentioned dispute in Libya (€7.7 million).
The combined effect of the worse operating profit and the overall total financial expense and income along with the lower tax burden, due in practice to the lower taxable income, generated the total decline in profit for the year (€15.1 million).

Statement of financial position (€'000)	**31.12.2016**	31.12.2015
Non-current assets	310,406	307,250
Non-current liabilities	(61,131)	(55,312)
	249,275	**251,938**
Inventories	125,067	121,217
Contract work in progress	358,865	346,353
Trade receivables	728,852	663,558
Trade payables	(458,119)	(415,973)
Progress payments and advances from customers	(598,012)	(635,785)
Working capital	**156,653**	**79,370**
Provisions for risks and charges	(14,040)	(11,126)
Other liabilities, net (*)	(22,081)	(3,763)
Net working capital	**120,532**	**64,481**
Net invested capital	**369,807**	**316,419**
Equity attributable to the owners of the parent	707,626	654,787
Equity attributable to non-controlling interests	220	306
Equity	**707,846**	**655,093**
Non-current assets held for sale	-	-
Net financial position	**(338,039)**	**(338,674)**

* Includes “Tax assets” and “Other current assets”, net of “Tax liabilities” and “Other current liabilities”.

Net invested capital amounted to €369.8 million compared to €316.4 million for 2015.
The increase of €53.4 million was substantially due to the rise in net working capital (€56.1 million). In particular, the increase in trade receivables was offset by the rise in trade payables and other liabilities, while the reduction in advances from customers (also correlated with the results of the arbitration on the project in Libya) was only partially offset by the decline in work in progress within the item progress payments and advances from customers.

2.3 Net financial position

(€'000)	**31.12.2016**	31.12.2015
Current loans and borrowings	1,780	1,628
Medium/long-term loans and borrowings	-	-
Cash and cash equivalents	(305,586)	(304,306)
BANK LOANS AND BORROWINGS	**(303,806)**	**(302,678)**
Related party loan assets	(267)	(563)
Other loan assets	(33,966)	(37,933)
LOAN ASSETS	**(34,233)**	**(38,496)**
Related party loans and borrowings	-	2,500
Other current loans and borrowings	-	-
Other medium/long-term loans and borrowings	-	-
OTHER LOANS AND BORROWINGS	**-**	**2,500**
NET FINANCIAL POSITION	**(338,039)**	**(338,674)**

The net financial position (greater loan assets and cash and cash equivalents than loans and borrowings) was €338.0 million, in line with €338.7 million at 31 December 2015. Please note that dividends of €36.0 million were paid during the year (€30.0 million in 2015).

Loan assets include the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya obtained by the parent and deposited in a local bank and tied up pending the resumption of activities (€28.4 thousand).

The net financial position in 2015 included the €29.3 million remainder of the advance received from the Russian customer, Zarubezhstroytechnology (ZST), for the project agreed in August 2010 and suspended as from 21 February 2011, for the development of signalling, automation, telecommunication, power supply, security and ticketing systems on the Sirth to Benghazi section in Libya. In 2013, a dispute began with ZST, which launched an arbitration procedure at the Vienna International Arbitral Centre, which in May 2016 decided in favour of the Russian customer, almost completely rejecting the demands of Ansaldo STS.
In October 2016, the company reimbursed ZST for its part of the advance held by the JV in addition to legal expenses and interest accrued until the repayment date (€37.4 million).

The reclassified statement of cash flows for 2016 follows:

(€'000)	**31.12.2016**		31.12.2015	
Opening cash and cash equivalents	**304,306**		**270,067**	
Profit for the year	77,903		93,036	
Share of profits (losses) of equity-accounted investees	(4,345)		(5,324)	
Income taxes	38,746		43,676	
Italian post-employment and other employee benefits	787		613	
Stock grant plans	4,731		1,891	
Net gains on the sale of assets	71		87	
Net financial income	14,497		4,381	
Amortisation, depreciation and impairment losses	18,325		18,725	
Accruals to/reversals of provisions for risks	4,814		2,344	
Other operating income/expense	3,118		7,802	
Write-downs/reversals of write-downs of inventories and work in progress	(4,498)		(5,223)	
Gross cash flows from operating activities	**154,149**		**162,008**	
Changes in other operating assets and liabilities	(17,275)		(68,499)	
Funds from operations		**136,874**		**93,509**
Change in working capital	(83,152)		8,894	
Cash flows from operating activities	**53,722**		**102,403**	
Cash flows used in ordinary investing activities	(15,778)		(14,702)	
Free operating cash flow		**37,944**		**87,701**
Strategic transactions	(2,100)		(15,092)	
Other changes in investing activities	3,205		5,968	
Cash flows used in investing activities	**(14,673)**		**(23,826)**	
Dividends paid	(36,000)		(30,000)	
Cash flows from (used in) other financing activities	(1,290)		(18,027)	
Cash flows from (used in) financing activities	**(37,290)**		**(48,027)**	
Net exchange rate gains	**(479)**		**3,689**	
Closing cash and cash equivalents	**305,586**		**304,306**	

Cash and cash equivalents equalled €305.6 million at the reporting date, up by €1.3 million over the prior year figure. The main changes in the statement of cash flows were as follows:

- cash flows from operating activities decreased by €48.7 million to €53.7 million mainly due to: the negative change of Work in progress in the line item advances from customers, partially offset by the reduction of financial advances (connected with the definition of the claim in Lybia);
- cash flows used in investing activities amounted to €14.7 million, up €9.1 million over the previous year (2015: €23.8 thousand used);

- cash flows used in financing activities came to €37.3 million compared to cash flows used in financing activities of €48.0 million in 2015. The variation is due to the lower cash flows used for financing activities and the payment of dividends of €36.0 million by the parent Ansaldo STS S.p.A. (€30.0 million in 2015).

The Free Operating Cash Flows (FOCF) used before strategic transactions of the year totalled €37.9 million compared to €87.7 million for 2015. The €49.8 million decrease is due to the negative variation in working capital.

2.4 Non-GAAP alternative performance indicators and other indicators

Non-GAAP alternative performance indicators

Ansaldo STS's management also assesses the performance of the company and of the Group using certain indicators that are not defined by the IFRS, as required by CESR communication 05 - 178b and considering the guidelines of the ESMA communication of June 30, 2015 Guidelines on Alternative Performance Measures, the components of each of these indicators are described below:

- **Operating profit (EBIT)**: represents an indicator for the assessment of operating performance and is equal to the unadjusted profit before income taxes and financial income and expense. It does not include income and expense on non-consolidated equity investments and securities or the gains (losses) on the disposal of consolidated equity investments, classified in "Financial income and expense" in the financial statements or, for equity-accounted investees, in the caption "Share of profit or loss of equity-accounted investees".
- **Adjusted EBIT (Adj)**: is the EBIT as described above, net of the following items (where applicable):
  - any impairment losses on goodwill;
  - amortisation of the portion of any purchase price allocated to intangible assets as part of business combinations, pursuant to IFRS 3;
  - restructuring costs in relation to defined and significant plans;
  - other income or expense not of an ordinary nature, i.e., related to particularly significant events unrelated to ordinary activities.

A reconciliation of EBIT and Adjusted EBIT for the two years is set out below:

(€'000)	**2016**	2015
EBIT	126,801	135,769
Restructuring costs	-	-
Adjusted EBIT	**126,801**	**135,769**

- **Free Operating Cash-Flow (FOCF):** the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investments in and disinvestments of property, plant and equipment, intangible assets and equity investments, net of cash flows for acquisitions or disposals of equity investments which qualify as "strategic transactions" given their nature or materiality. The method used to calculate the FOCF for the current and previous years is shown in the paragraph 2.3.
- **Funds From Operations (FFO):** the cash flows generated by (used in) operating activities, net of changes in working capital. The method used to calculate the FFO for 2016 and 2015 is shown in the reclassified statement of cash flows in section 2.3.
- **Economic Value Added (EVA):** the difference between operating profit net of income taxes and the cost of the average invested capital of the two years under comparison, calculated using the weighted average cost of capital (WACC).
- **Net working capital:** it include trade receivables and payables, inventories and work in progress, advances from customers and provision for risks.
- **Net invested capital:** the sum of non-current assets, non-current liabilities and net working capital.
- **Net financial position or debt:** the calculation method used complies with paragraph 127 of CESR recommendation 05-054b, implementing EC regulation 809/2004.
- **Return on Sales (ROS):** the ratio of operating profit to revenue.

- **Return on Equity (ROE):** the ratio of the profit or loss for the year to the average amount of equity at the reporting date and the corresponding prior year reporting date.
- **Research and development expense:** the total expense incurred for research and development, both expensed and sold. Research expense taken to profit or loss usually relates to “general technology”, i.e., aimed at gaining scientific knowledge and/or techniques applicable to various new products and/or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms.

Other indicators

- **New orders:** the sum of the contracts agreed with customers during the year that meet the contractual requirements to be recorded in the orders book.
- **Order backlog:** the difference between new orders and revenue for the year (including the change in contract work in progress). This difference is added to the backlog for the previous year.
- **Headcount:** the number of employees recorded in the relevant register on the reporting date.

2.5 Related party transactions

Transactions with related parties relate to ordinary operations. They take place on an arm’s length basis (unless governed by specific contractual terms), as does the settlement of interest-bearing receivables and payables.
They mainly comprise the exchange of goods, the provision of services and the obtaining/granting of financing from and to the parent, associates, joint ventures, consortia and unconsolidated subsidiaries.
During the year, no atypical and/or unusual transactions[1] took place.

1. as defined by CONSOB communication no. DEM/6064293 of 28 July 2006.

Related party transactions (see notes 14 and 15 to the consolidated financial statements for greater detail) are as follows at 31 December 2016 and 2015.

31.12.2016 (€'000)	**Ultimate parent**	**Unconsolidated subsidiaries**	**Associates**	**Joint ventures**	**Consortia (*)**	**Other group companies**	**Total**
Non-current financial assets							
- loan assets	-	-	-	-	-	-	**-**
- other financial assets	-	-	25,068	-	454	-	**25,522**
Current financial assets							
- loan assets	-	-	267	-	-	-	**267**
- trade receivables	468	331	4,075	2,246	48,916	6,340	**62,376**
- other financial assets	-	-	-	-	4	-	**4**
Current financial liabilities							
- loans and borrowings	-	-	-	-	-	-	**-**
- trade payables	-	234	2,765	-	3,103	13,569	**19,671**
- other financial liabilities	-	3	370	-	37	-	**410**

31.12.2016 (€'000)	**Ultimate parent**	**Unconsolidated subsidiaries**	**Associates**	**Joint ventures**	**Consortia (*)**	**Other group companies**	**Total**
Revenue	517	162	19,531	(2,330)	60,799	13,439	**92,118**
Other operating income	-	-	1,300	-	-	-	**1,300**
Costs	556	353	33,158	41	2,840	28,039	**64,987**
Financial income	-	-	-	-	-	-	**-**
Financial expense	-	-	-	-	-	-	**-**
Other operating expense	-	-	4	-	-	-	**4**

(*) Consortia over which significant influence is exercised or subject to joint control. Please refer to note 12.2.1 of the consolidated financial statement for the evaluation and description of Consortia.

31.12.2015 (€'000)	Ultimate parent	Unconsolidated subsidiaries	Associates	Joint ventures	Consortia	Other group companies	Total
Non-current financial assets							
- loan assets	-	-	-	-	-	-	**-**
- other financial assets	-	-	20,733	-	478	-	**21,211**
Current financial assets							
- loan assets	-	-	563	-	-	-	**563**
- trade receivables	301	488	3,825	2,860	41,561	9,917	**58,952**
- other financial assets	-	-	-	-	4	-	**4**
Current financial liabilities							
- loans and borrowings	-	-	-	-	-	2,500	**2,500**
- trade payables	93	313	4,966	9	3,868	15,998	**25,247**
- other financial liabilities	3	-	370	-	29	-	**402**

31.12.2015 (€'000)	Ultimate parent	Unconsolidated subsidiaries	Associates	Joint ventures	Consortia	Other group companies	Total
Revenue	-	220	27,854	(2,770)	43,540	4,358	**73,202**
Other operating income	-	-	4,151	-	-	-	**4,151**
Costs	(301)	194	40,176	-	2,604	14,086	**56,759**
Financial income	-	-	221	-	-	-	**221**
Financial expense	-	-	-	-	-	-	**-**
Other operating expense	-	-	-	-	-	-	**-**

Finally, the group's corporate governance framework includes specific guidance on conduct to ensure related party transactions comply with criteria of procedural and substantial correctness.
Related party transactions between the parent and related parties take place on an arm's length basis.

2.6 Performance

2.6.1 The market and commercial situation

New orders acquired in 2016 approximated €1,476 million (2015: €1,336 million).
The key events of the year are described below:

ITALY

The orders acquired during the period amount to roughly €429 million.
Of particular note were contracts related to the technological upgrade of the Florence-Rome high-speed line (roughly €75 million in total), which envisages the implementation of the ERTMS L2 Trackside Subsystem and the ACC-M, and the contract relating to the Milan-Genoa high-speed line (the "Terzo Valico dei Giovi"), for a value of around €175 million, the work scope of which regards the supply of technological systems relating to railway signalling equipment, the command and control system (SCCM/AV), the light and utility power system and the tunnel safety monitoring system.
In addition, there were order variations on existing contracts, in particular those relating to the Line 6 project for the Naples metro for around €30 million and assistance and components contracts for a total of €28 million.

REST OF EUROPE

Orders amounted to approximately €427 million, consisting primarily of contracts in the UK, relating to the modernisation of the Glasgow metro with CBTC driverless signalling technology, including maintenance and an option exercised in the last part of the year, for €139 million, and the resignalling of the Ferriby - Gilberdyke line (€20 million) with CBI SEI technology and the contract in Belgium relating to the automation of lines 1 and 5 of the Brussels metro with CBTC technology (€88 million).
In France, orders totalled around €79 million, including the contract with the customer RATP for the maintenance of the Paris metro line (approximately €27 million).
As regards Northern Europe, orders amounted to around €81 million, consisting primarily of the ERTMS L2 contract in the town of Haparanda in Sweden (€21 million) and variations relating to the Copenhagen metro.

NORTH AFRICA AND THE MIDDLE EAST

Orders in this area totalled around €4 million, consisting almost exclusively of variations on the maintenance contract for the metro line dedicated to the *Princess Nourah* women's university in Riyadh.

AMERICAS

In the Americas, orders acquired during the period amounted to roughly €129 million; the main order relates to an approximately €38 million contract entered into with Long Island Rail Road (LIRR) for the design and construction of a new computerised train control signalling system. In addition, roughly €55 million related to the sale of components, maintenance and modernisation for freight lines and around €17 million to the LIRR Mid Day Yard contract with the Long Island Rail Road (LIRR) for the supply of interlocking, switch machines and track circuits.

ASIA PACIFIC

Orders during the period amount to roughly €486 million.
In Australia, orders amounted to approximately €139 million, primarily relating to lines for heavy haul mining and freight transport, including order variations relating to the Rio Tinto project (€96 million); there is also a contract in place relating to the railway line connecting the town of Forrestfield to the Perth airport (€30 million).
Around €37 million in orders was recorded in Malaysia for signalling works in a section of the Klang Valley railway network.
The main purchase order in the area regards the turnkey agreement entered into by the consortium consisting of Ansaldo STS, Hitachi Ltd. and RSEA Engineering Corp. with NCTG DORTS (New Taipei City Government Department of Rapid Transit System), relating to the San-Ying (Sanxia-Yingge) line of the Taipei underground railway system. The scope of work for Ansaldo STS, as consortium leader, involves the supply of CBTC (Communication Based Train Control) technology and all electro-mechanical systems (power supply, telecommunications, platform doors, ticketing systems, SCADA and depot equipment), for a value of around €220 million.
Lastly, the orders acquired in India came to roughly €46 million, consisting primarily of the contract entered into with NMRC (Noida Metro Rail Corporation) relating to the implementation of CBTC signalling system for the Noida - Greater Noida Metro project (around €26 million).

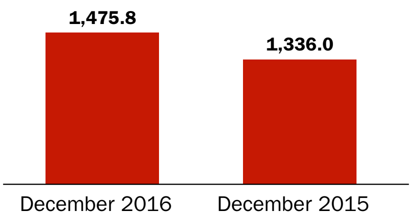
2.6.2 Sales information

New orders for the year totalled €1,475.8 million compared to €1,336.0 million in the previous year.

Key orders acquired in 2016 are as follows:

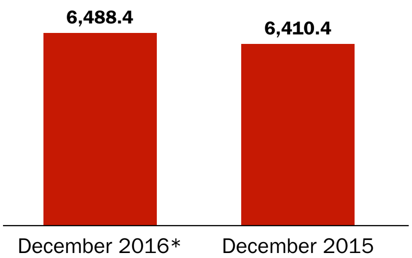
Country	Project	Customer	Amount (€m)
Taiwan	Sanying Line MRT System	NCTG DRTS	220
Italy	Milan-Genoa high speed	Saturno Consortium	175
Great Britain	Glasgow Metro - including maintenance	Strathclyde Partnership for Transport	139
Australia	Auto Haul - variations	Rio Tinto Iron Ore	96
Belgium	Brussels metro	STIB	88
Italy	ACC-MDD Rome-Florence including SST ERTMS ETCS Lev.2	RFI	75
USA	LIRR Ronkonkoma	LIRR	38
Malaysia	KVDT	Dhaya Maju Infrastructure	37
Italy	Line 6 - Variations	Naples municipality	30
Australia	Forrest field Airport Link	Salini Impregilo Spa - NWR Pty Ltd Joint Venture	30
France	Maintenance 2016	RATP	27
India	Noida Metro	Delhi Metro Rail Corporation Limited	26
Sweden	ESTER - Line 2	Trafikverket	21
Great Britain	Ferriby Gilberdyke	Network Rail	20
USA	LIRR MID-DAY - Depot	LIRR	17
Various EU / Asia	Service & Maintenance	Various	65
Various EU / Asia	Components	Various	49
USA	Components	Various	50

New orders for 2016 - 2015 (€m)



The order backlog at 31 December 2016 amounted to €6,488.4 million compared to €6,410.4 million at 31 December 2015. The total value of the backlog includes €428.9 million related to the project in Libya, which is still halted.

Order backlog at 31 December 2016 - 2015 (€m)



* The order backlog in December 2016 includes the residual amount of the contract in Libya, currently halted, worth €428.9 million.

2.6.3 Business performance

Revenue in 2016 came to €1,327.4 million, compared to €1,383.8 million in the previous year.
The key production activities are summarised by geographical segment below.

ITALY

With respect to the high-speed railways business segment, production activities were focused on the Treviglio-Brescia section as part of the Saturno consortium. The 56 km line was activated in December in accordance with the accelerated schedule requested by the customer RFI.
With respect to the on-board SCMT/ERTMS systems, work to equip the ETR1000 high speed trains for the Trenitalia fleet continued.

Production by the central automated system business unit mainly related to the project for the technological upgrade of the Turin-Padua line. In the reference period, an additional project milestone was achieved relating to the activation of a further 50 km section of the line (4 stations).

Civil works continued for Line 6 of the Naples metro as well as the electro-mechanical installations for the Mergellina-S. Pasquale line.
The S. Pasquale station has been essentially completed in accordance with the updated schedule.

In March, civil works for the Rome metro line C resumed, for the construction of the San Giovanni station and the T3 section (from San Giovanni to Fori Imperiali), which were previously suspended.

For the Milan metro Line 4, engineering and procurement activities continue. The initial access to the line is expected in the coming year.

REST OF EUROPE

In France, activities related primarily to the on-board systems and equipment for the country’s high-speed network (in particular the two main projects relating to the “*LGV Sud Europe Atlantique – Tours Bordeaux Tours*” and the “*LGV Bretagne Pays de la Loire*” lines), as well as the maintenance, assistance and production of individual parts contracts. In particular, for the *LGV Bretagne Pays de la Loire* project, the reference period saw the roll-out and start of field testing.

In late June, a popular referendum approved the United Kingdom’s exit from the European Union. There were no significant economic or financial impacts during the year.
In Scotland, planning activities continued with respect to Glasgow metro modernisation, for which a dedicated contract for hedging currency risk has been entered into.

In Sweden, production mainly related to the development of technological systems for the Stockholm Red Line metro, for which line installations continue, and the Ester project to upgrade the Swedish railway network to the ERTMS L2 standard.

In Germany, activities moved forward on the software development project related to the supply of on-board devices for the Siemens Velaro D and Velaro Eurostar high-speed trains for the end customers DB, Eurostar and SCNF.

In Turkey, recent geopolitical events have not yet had consequences on contracts in progress.
With reference to the Mersin-Toprakkale project, works continued to install and roll out the multi-station equipment for the south section as well. During the period, a further multi-station system relating to 50 km of line was activated.

With respect to the Ankara metro, since March 2016, the safety assessment documents were issued as well as the relative certification of lines M1, M2 and M3 for the regular entry into service in CBTC mode. The CBTC system for these lines is therefore available for the customer’s use, ready for passenger service.

In Greece, with reference to the project for the construction of the Thessaloniki metro, works continue pending the conclusion of an agreement with the customer to close the arbitration procedure concerning the request by the contractor consortium for the recognition of higher expenses and/or costs incurred.

In Denmark, the project relating to the Copenhagen Cityringen metro line is moving forward, for which the design and material procurement activities are being carried out in parallel with the dynamic testing activities on the trial rail.
The activities related to supplies and installation will continue during 2017. The O&M activities related to the existing metro line, will progress steadily.

In addition, installation activities proceed along the line for the construction of the tramway in the city of Aarhus, albeit with delays in reaching certain milestones.

AMERICAS

Activities for the construction of the Honolulu metro continued in Hawaii: specifically, static testing began on the first two trains that arrived on site.
There were delays in the completion of civil works that were not part of the scope of work of ASTS, but were in preparation for it.
In the United States, as regards the *Positive Train Control* project for the customer SEPTA in Philadelphia, the works are in the completion phase with a provisional roll-out.
In parallel, design and procurement activities continue for two projects for the design and implementation of the *Positive Train Control* system for 15 lines of the customer MBTA in Boston, and to equip the Sharon Hill railway/tramway line in Philadelphia managed by the customer SEPTA with CBTC technology.
Production for the sale of components for the existing eight product lines continued.
In Peru, the design and procurement activities moved forward on Lines 2 and 4 of the Lima metro. The planning of the first phase can be deemed concluded and second phase planning is in the completion stage. The civil works are still affected by the delays caused by the difficulties in acquiring the areas to be expropriated. During 2017 goods supply and engineering activities are expected to progress based upon the ongoing negotiations with the final customer. It is expected also the final acceptance for engineering activities regarding the project phase 1 & 2 and a further progress related to phase 3. In addition, during this year, the impact of the delays related to civil works and the possible changes on track line will be assessed.

NORTH AFRICA AND THE MIDDLE EAST

The Libyan railway project is on hold and it is difficult to say when it will resume.
With respect to the contract with the Russian customer Zarubezhstroytechnology for the Sirth - Benghazi line in Libya, the arbitration initiated by the customer in Vienna against the Ansaldo STS - Selex ES joint venture was concluded with the almost complete acceptance of the demands of the opposing party.

In Saudi Arabia, design activities for the Riyadh Metro Line 3 project have been delayed compared to the initial schedule due to project modifications and variations requested by the customer. During 2017 it is expected the completion of the shipping of goods as well as the beginning of the installation phase.

ASIA - ASIA PACIFIC

In Australia, production activities mainly focused on projects covered by the framework agreement with Rio Tinto (RAFA), the Roy Hill project and Moreton Bay Rail Link.
With respect to the RAFA projects, of particular note were activities in relation to the AutoHaul project, in which software upgrade and installation activities continued on the locomotives as well as system testing on the line. The project is currently expected to be completed in the first half of 2018.
With respect to the Roy Hill project, stage 3 (IETO) was delivered, while stage 4 (CBS) activities continue, although with a delay compared to the original schedules.
In Queensland, the Moreton Bay Rail Link line has been rolled out.
For RAFA, Roy Hill and Moreton Bay Rail Link, negotiations are taking place with the customers about the claims for higher costs incurred.

In India, works for the implementation of signalling systems relating to the KFW project continued. Due to the numerous modifications requested by the customer, delays are being accumulated, which lead us to believe that the project will not be completed before the end of next year. It should be noted that the supervision system passed inspection during the period.
Despite the customer’s reassignment of the rolling stock supply contract, the Kolkata metro project also continues to incur delays caused by the civil works and the unavailability of design inputs.
Preliminary activities in Malaysia continue in relation to the signalling project for the Rawang - Salak Selatan section of the Klang Valley railway network, for which in any event certain aspects relating to the scope of the works still need to be defined.

In South Korea, despite the issues relating to the completion of civil works, the high-speed section of the Sudokwon project was rolled out in December.

In China, activities for the projects to supply CBTC technology for the Chengdu, Dalian, Hangzhou, Xi'an, Zhengzhou and Shenyang metros continued as scheduled.

Design and production activities continued for the construction of the Taipei Metro Circular Line metro. The delays in civil works further impacted the metro construction times, and the new works schedule is still being negotiated with the customer. During the reference period, the first train arrived on site.
In parallel, also in Taipei, the engineering and procurement activities began for the new contract for the construction of the new San-Ying metro line.

2.7 Reconciliation between the profit for the year and equity of the parent and the group at 31 December 2016

(€'000)	Equity	of which: Profit for the year
Parent's equity at 31 December 2016 and profit for the year then ended	**475,323**	**145,857**
Difference between the equities shown in the annual financial statements (including profits for the year) compared with the carrying amounts of investments in companies consolidated on a line-by-line basis	150,451	40,567
Difference between the equities shown in the annual financial statements (including profits for the year) compared with the carrying amounts of investments in equity-accounted investees	6,091	3,948
Goodwill	34,569	-
Consolidation adjustments for:		
- Dividends from consolidated companies	-	(111,092)
- Translation differences	32,528	
- Impairment losses (reversals) on consolidated companies and loan assets of subsidiaries	8,664	(1,312)
Total attributable to the owners of the parent	**707,626**	**77,968**
- Non-controlling interests	220	(65)
Total equity at 31 December 2016 and profit for the year then ended	**707,846**	**77,903**

3 Key events of and after the reporting period

Please recall that on 24 February 2015, Hitachi Ltd. and Finmeccanica S.p.A. communicated their signing of a binding contract for Hitachi's purchase of Finmeccanica's entire investment in Ansaldo STS S.p.A., equal to 40% of its share capital. As a result, on 2 November 2015, Finmeccanica S.p.A. executed the sale of its investment in Ansaldo STS (80,131,081 shares for 40.07% of its share capital) to Hitachi Rail Italy Investments S.r.l., wholly owned by Hitachi Ltd. Accordingly, Hitachi Ltd, by its wholly owned controlled company, became the company's controlling shareholder of Ansaldo STS S.p.A., pursuant to article 2359 Paragraph 1, n°2 of the Italian Civil Code and article 93 of the Consolidated finance act. On 21 December 2015, the company's board of directors verified that Ansaldo STS is managed and coordinated by Hitachi Ltd. in accordance with article 2497 and subsequent articles of the Italian Civil Code.

Please recall that on 2 November 2015 and following the sale of the above shares, the legal conditions materialised obliging Hitachi Rail Italy Investments S.r.l., Hitachi Ltd.'s subsidiary, to make a takeover bid for all the company's remaining ordinary shares (119,868,919 shares equal to 59.93% of its share capital) pursuant to articles 102 and 106.1-bis of the Consolidated finance act (the "takeover bid"). The period for acceptance of the takeover bid was concluded on 14 March 2016. The ordinary shares of Ansaldo STS S.p.A. for which the bid was accepted numbered 12,832,398, equal to 6.416% of the company's share capital. Therefore, on 21 March 2016, the date of payment of the consideration due to holders of the shares for which the bid was accepted and their simultaneous transfer to the bidder, the investment in Ansaldo STS S.p.A. held by Hitachi Rail Italy Investments S.r.l. was equal to 46.482% of the share capital.

As Hitachi Rail Italy Investments S.r.l.'s investment came to lower than 90% of the share capital of Ansaldo STS S.p.A., the requirements were not met for the exercise of the commitment to buy pursuant to art. 108, paragraph 2, of the Consolidated finance act or the commitment to buy pursuant to art. 108, paragraph 1 of the Consolidated finance act and the right to buy, pursuant to article 111 of the Consolidated finance act.

Subsequently, Hitachi Rail Italy Investments S.r.l. acquired an additional 8,581,223 ordinary shares of Ansaldo STS S.p.A. Due to this purchase, the investment held by Hitachi Rail Italy Investments S.r.l. in Ansaldo STS S.p.A. is currently equal to 50.772% of the share capital.

More information about the takeover bid is provided in the communications and documentation made available to the public pursuant to the relevant legislation on the company's website page http://www.ansaldo-sts.com/it/investor-relations/offerta-pubblica-dacquisto.

In March 2016, the Ansaldo STS – Stadler consortium was awarded the contracts for the modernisation of the Glasgow metro. The contracts include the supply of 17 new trains, Driverless Communication Based Train Control (CBTC) signalling technology, platform doors and depot equipment and the relative maintenance services for the modernisation of 10.5 km of twin metro lines and 15 stations in the Glasgow metro system.
The project has a total value of GBP 203.2 million. Ansaldo STS's share is worth GBP 104.3 million.

On 21 June 2016, Ansaldo STS and Hitachi, Ltd., as members of the ARH consortium (consisting of Ansaldo STS SpA, RSEA Engineering Corp. and Hitachi, Ltd.), signed a turnkey agreement with New Taipei City Government Department of Rapid Transit System (NTCG DORTS) with a total value of roughly €885 million.
The scope of work for Ansaldo STS, as consortium leader, involves the supply of CBTC (Communication Based Train Control) technology and all electro-mechanical systems (power supply, telecommunications, platform doors, ticketing systems, SCADA and depot equipment), for a value of about €220 million (excluding VAT).
CBTC technology is leading to a new era in the sector of railway transport control, boosting flexibility, reducing maintenance costs and improving interoperability.
The scope of the supply of Hitachi, Ltd. includes the design and construction of cars for metropolitan trains and consists of 29 two-car trains for a total of 58 cars.
For NTCG DORTS, this turnkey project includes civil, electro-mechanical and rolling stock works and is the first medium capacity metro built and managed by New Taipei City.

The entire San-Ying line is 14.29 km long, with 12 stations and a depot. The line, which includes completely elevated stations, goes from Dingpu station on the MRT blue line in Tucheng, and goes through Sanxia to Yingge.

As part of the "3-rings-3-lines" project, the San-Ying line will enter the construction phase in the second half of 2016 and is expected to be completed in 2023. It will provide a comfortable and safe public transport system to the citizens of New Taipei City.

In September 2016, Ansaldo STS was awarded two contracts with a total value of €74.8 million relating to signalling on the direct Rome - Florence section of the high capacity/high speed Turin-Milan-Naples line.
In the contracts awarded by RFI (Rete Ferroviaria Italiana), the scope of the work for Ansaldo STS encompasses the design and execution of works for the implementation of the ERTMS/ETCS Level 2 Trackside Subsystem, the ACC-M and complementary and accessory activities for the technological upgrade of the direct Rome - Florence section of the high capacity/high speed Turin-Milan-Naples line.
Ansaldo STS's signalling systems will support the current 234 km of double track line, elevating the line to the highest technological levels.

During the third quarter, the French subsidiary signed a €88 million contract with STIB (Société des Transports Intercommunaux de Bruxelles) for the automation of lines 1 and 5, as part of the plan for the modernisation of the Brussels metro (the "Pulsar project").
Within the modernisation project, Ansaldo STS will supply its Driverless CBTC solution to STIB to increase the operational performance, efficiency and safety of the east-west axis (lines 1 and 5) of the metro, along a total length of 35.5 km and 37 stations, with at total fleet of 60 trains.
The framework agreement also includes optional lines 2 and 6.
The scope of the work includes the study, design, production, full integration, testing and roll-out, as well as training, maintenance and the relative services for trackside and on-board systems and sub-systems.

At the end of December 2016, "Consorzio Saturno per la realizzazione di opere ferroviarie ad elevato contenuto tecnologico per il sistema ferroviario italiano ad alta velocità" [Saturno Consortium for the implementation of railway works with high technological content for the Italian high speed railway system], of which Ansaldo STS S.p.A. is a member, signed an engagement with the General Contractor, Consorzio Collegamenti Integrati Veloci ("Cociv"), for the implementation of technological systems relating to the high speed/high capacity project of the Milan-Genoa line, "Terzo Valico dei Giovi".
The scope of the work pertaining to Ansaldo STS regards the supply of technological systems relating to railway signalling equipment, the command and control system (SCCM/AV), the light and utility power system and the tunnel safety monitoring system.
The works awarded to Ansaldo STS are worth a total of €174.6 million.

By deed dated 14 July 2016, the Funds Elliott petitioned the Court of Genoa to cancel the shareholders' meeting resolution of 13 May 2016 appointing the board of directors and chairperson Dormer, after suspending its effectiveness and prohibiting Hitachi Rail, which was also served with the summons, from exercising its voting rights.

The Elliot Funds had also submitted a petition for the appointment of a special receiver pursuant to art. 78 of the Italian Code of Civil Procedure, who would represent the company in court. On 18 July 2016, the Elliott Funds served the company with the order signed on 14 July 2016 whereby the chief judge of the Court of Genoa, in acceptance of their petition, appointed a special receiver.
The appointment measure was revoked by the chief judge of the Court of Genoa on 1 August 2016 due to procedural irregularities.
On 11 August 2016, in acceptance of a new petition from the Elliot Funds, the Court of Genoa again appointed attorney Alessandro Barca as special receiver.
After the company submitted a complaint, on 6 September 2016 the Genoa Court of Appeals definitively cancelled the Court's appointment of the receiver, ruling out "*the existence of conflicting interests between the legal representatives and the company*".
The company therefore appeared before the court in the proceedings for the precautionary suspension of the appealed resolution, presenting its defence, and after the hearing of the directors and statutory auditors, on 9 November 2016 the Court of Genoa rejected the request for the precautionary suspension of the shareholders' resolutions of 13 May 2016. In particular, the Court recognised that circumstances prior to the appoint of the board

of directors could not be enforced with respect to the company and its board of directors - as they "*are outside the sphere of knowledge of the current corporate bodies (as these are facts pre-existing their appointment, in which Ansaldo STS did not participate)*" - and that all directors in office had been appointed legitimately. The Elliot Funds did not submit any complaint against the order in question.
The decision on the merits is pending, the parties have presented their conclusions and the decision is expected for the first months of 2017.

On 23 November 2016, the Elliott International L.P., The Liverpool Limited Partnership and Elliott Associates L.P. Funds sent the Board of Statutory Auditors a report pursuant to art. 2408 of the Italian Civil Code, requesting a verification regarding certain corporate governance aspects, of which the company was informed on 27 November 2016.
At the ordinary shareholders' meeting of Ansaldo STS S.p.A. on 19 January 2017, the Board of Statutory Auditors presented its conclusions with respect to the report pursuant to art. 2408 of the Italian Civil Code submitted by the Elliott Funds; they have been made available to the public by means of publication on the company website at www.ansaldo-sts.com/it/governance/assemblea-azionisti/assemblea-nomina-revisore-legale-conti-2017.
Please recall that, also during the shareholders' meeting held on 13 May 2016, the board of statutory auditors responded to a previous report dated 9 April 2016 pursuant to art. 2408 of the Italian Civil Code from the shareholders Elliott International L.P., The Liverpool Limited Partnership and Elliott Associates L.P., with respect to which reference is made to the company webpage http://www.ansaldo-sts.com/it/governance/assemblea-azionisti/assemblea-2016.

On 19 January 2017, the ordinary shareholders' meeting of Ansaldo STS S.p.A., acknowledging the resignation of KPMG S.p.A. on 14 November 2016, appointed EY S.p.A. to audit the company's accounts for the years 2016-2024.
On the basis of a request to supplement the agenda submitted on 29 December 2016 and pursuant to art. 126-bis of the Consolidated finance act by the shareholder Hitachi Rail Italy Investments s.r.l., the meeting also resolved to lodge a corporate action for liability pursuant to art. 2393 of the Italian Civil Code against director Giuseppe Bivona who, as a result, was removed from office. Therefore, as set forth in relevant legislation and the by-laws, the shareholders' meeting appointed Michele Alberto Fabiano Crisostomo as company director, as he was the first unelected candidate on the non-controlling shareholder list submitted jointly on 21 April 2016 by the non-controlling shareholders Elliott Associates L.P., Elliott International L.P. and The Liverpool Limited Partnership ("Elliott Funds"); when the list was submitted, the candidate had declared that he met the independence requirements laid out by relevant legislation and the Code of conduct for listed companies promoted by Borsa Italiana S.p.A. The Elliott shareholders declared during the meeting that the office was accepted and that the independence requirements were fulfilled.

4 Risks and uncertainties

The risks described below stem from a consideration of the features of Ansaldo STS group's market (demand and offer) and business, together with the key findings of the updated risk assessment process. Risk assessment aims at identifying and evaluating the main risks that could have an impact on achieving objectives, for those processes identified as relevant, and the related mitigating actions, as well as defining additional actions to be taken to further reduce the risk or improve process performance.

Ansaldo STS's risk assessment process is based on the Committee of Sponsoring Organisations of the Treadway Commission's internationally-recognised Enterprise Risk Management framework (COSO report) and seeks to integrate risk assessment into the processes of planning, pursuing corporate and internal control targets in order to create value while properly managing risks and mitigation plans, in addition to exploiting any opportunities.

The key risks and uncertainties faced by Ansaldo STS S.p.A. and the group are outlined below following the classification adopted by the group (strategic, operational, financial and IT risks). Risks may exist that have not yet been identified or that are deemed immaterial but which could nonetheless impact group operations.

4.1 Strategic risks

4.1.1 Changes in the macroeconomic and market context

Ansaldo STS group operates internationally and is exposed to risks arising from macroeconomic/geopolitical changes and a reference market presenting the greatest opportunities in emerging nations and those with the highest growth rates. Moreover, the market has seen greater volatility in the acquisition of contacts, due partly to the fact that projects tend to grow in size and scope and there is an increasingly consolidated trend towards the standardisation of products and technological solutions, especially in the signalling business unit. This leads to tougher competition, with decreasing prices and market consolidation even though the market shows modest growth in the medium term. The clauses in new contracts are more complex and generate greater risks which include the greater resort to project financing due to the contraction in funding available to customers. This market situation could negatively impact Ansaldo STS group's competitive edge and performance, e.g., difficulties in obtaining new contracts, contracting margins on new orders and exposure to less advantageous contractual terms.

Macroeconomic and geopolitical factors that could impact the group's operations include the growth rate in the reference countries and public spending on infrastructure. The current macroeconomic and financial uncertainty, the drop in raw material prices, which reduces customers' spending capacity in certain markets, political instability in some geographical areas of interest and plans to reduce public debt could generate delays or reductions in new orders, delays in payments and less favourable terms for new contracts, having a negative impact on Ansaldo STS group's performance.

The group's strategy may not be immediately updated and adjusted in response to these many variables and uncertainties in the macroeconomic and market context, negatively impacting its competitiveness and performance.

A key element of Ansaldo STS group's strategy is to optimise its operating structure by standardising the solutions and products offered and greater efficiency/optimisation in the use of resources during project implementation.

4.1.2 Innovation: a competitive factor

The group's business units feature a high level of technological innovation and this represents an important competitive factor.

Ansaldo STS group's ability to anticipate technological changes and implement an efficient investment policy is therefore paramount. If it fails to accurately assess innovation requirements, the contents of innovation and development projects, their benefits and related priorities, the group runs the risk of delays in the availability of new products and technical solutions, instability of new products, additional development costs on projects and lost sales.

Processes to update the product portfolio and regularly assess products' technical competitiveness are in place to mitigate these risks and ensure greater optimisation when making bids.

The features and degree of technological innovation of the group's products and technical solutions generate a risk of obsolescence. There are specific processes in place to ensure its effective management.

4.2 Operational risks

4.2.1 Country risk

The group's policy of penetrating new markets, particularly those with the highest rates of development, expose it to risks such as: political, social and economic instability, not accurately evaluating local legislation (as applies to companies, the sector and tax), the challenge of protecting intellectual property, exchange rate fluctuations, as well as the creditworthiness of counterparties, which can negatively impact the group's financial position and results of operations. Country risk is assessed when the group decides which offers and bids to make. Any mitigating actions are also contemplated at the time the bids are prepared and contracts managed.

4.2.2 Reliance on public customers and complex long-term contracts

Group operations are highly dependent on public customers and, particularly in the turnkey systems business, on complex long-term contracts of a significant amount.
Delays, amendments, revisions or cancellations of one or more significant contracts acquired could negatively impact the group's operations and its financial position and results of operations.

Assessing long-term contracts using the percentage of completion method requires the estimates of costs to complete the activities, project risks (technical, legal, tax and commercial) and contract progress. These estimates are based on assumptions related to the impact of future events which, by their very nature and given the complexity of the projects underway, may not occur as envisaged, thus negatively impacting the project's financial and economic performance. Indeed, there is often an element of uncertainty related to third-party performance of civil works for transportation infrastructure and the group cannot always cover the related impacts on programs with contractual clauses.

Market diversification and monitoring of country and compliance risk, structured project review processes involving senior management, the regular review and adjustment of contract and programme estimates and the adoption of risk management processes both at the time the bid is made and throughout project implementation, as well as lifecycle management processes involving the regular comparison of physical and accounting progress are in place to mitigate these risks.

4.2.3 Budgeting and project planning

Ineffective project planning and control processes and weak project technical management could mean the project team cannot implement the project within the set budget and timeframes, especially complex projects. These risks could cause delays in identifying issues during project roll-out and related remedial actions as well as inaccurate reporting and planning, with a consequent negative impact on the group's financial position and results of operations.
To mitigate this risk, there are formalised and monitored processes to check physical and accounting progress and risk management, clear allocation of responsibilities within the project team, managerial review of project performance, review of the estimates during the bidding and project phases and an independent review carried out by the risk management department.

4.2.4 Third parties (subcontractors, sub-suppliers and partners)

Ansaldo STS group makes considerable use of subcontractors to supply subsystems or assembly and installation services and of subsuppliers for goods or services in its business. The group's ability to fulfil its obligations to customers therefore relies on both subcontractors and subsuppliers properly fulfilling their contractual obligations. A breach thereby could in turn cause a breach by Ansaldo STS group, negatively impacting its reputation and, unless it is possible to obtain compensation from the subcontractors and subsuppliers, the group's financial position and results of operations.

Moreover, particularly in the turnkey projects business, Ansaldo STS group also carries out contracts in conjunction with other operators. In these cases, each operator generally has joint and several responsibility vis-à-vis the customer for the completion of the entire contract. In the event of a breach or damage caused to the customer by an operator, the group could be called on to replace the operator causing the breach or damage, and to compensate the damage caused to the customer in full, without prejudice to the group's right of recourse vis-à-vis the defaulting operator. If the right of recourse against the operator responsible for the breach or damage is ineffective or protracted, this could negatively impact the Ansaldo STS group's operations as well as its financial position and results of operations.

The preliminary assessment and consequent qualification of partners, suppliers, subcontractors and subsuppliers, particularly in new markets, may be inadequate, with negative impacts on the competitive nature of the technical solutions offered, project performance and on the effectiveness of partnership governance (for instance, differences of opinion between the partners, misalignment of risks and costs/benefits for the individual partners).

To mitigate these risks, the group has processes in place to select and evaluate suppliers, subcontractors and subsuppliers, it works with known and reliable partners, it defines, agrees and manages appropriate contractual and joint venture clauses, it has risk management processes and it requests specific guarantees, where applicable.

4.2.5 Efficient technical operations and relevant technical references

Development and engineering activities carried out without a clear understanding and identification of the requirements, specifications or effective configuration management could negatively affect the project budget, compliance with deadlines, performance and customer satisfaction. To mitigate this risk, the group has requirement and configuration management processes in place to ensure quality, compliance with deadlines and efficiency in projects and development management. It has rolled out special projects to monitor the proper implementation of these processes during projects.
Furthermore, if Ansaldo STS group does not have adequate market and operating references for products, this could lead to lost sales and non-compliant project implementation, negatively impacting the group's competitiveness and its financial position and results of operations. Such risk is carefully assessed when the bid is being prepared. It is managed through processes designed to ensure adequate interaction between the engineering unit, which communicates the customers' requirements, the portfolio unit, which assesses the market's technical requirements and possible technical solutions, and the development unit, as well as via the development and monitoring of the product development roadmap.

4.2.6 Liability to customers or third parties for product defects or delivery delays

Technological complexity and tight delivery times for group products and systems could leave it liable for delays in or failure to supply contractually-agreed products or services, for their non-compliance with customer requirements (for instance, due to design or construction faults) and for breaches of and/or delays in roll-out, the provision of post-sales services and product maintenance and servicing. Moreover, many products and systems supplied by the group are subject to certifications and approval, including by third-party bodies.
Such liability could be directly attributable to Ansaldo STS group or to third-party operators such as subsuppliers or subcontractors. These risks could negatively impact the group's operations, its financial position and results of operations and its reputation, and could also result in the group incurring costs to repair faulty products or their withdrawal from the market in extreme cases. Even if adequate insurance is in place, the sum insured could be exceeded or the premiums could be raised following a claim, negatively impacting the group's financial position and results of operations.

4.2.7 Legal disputes

The complexity of dealings with third parties (customers, subcontractors/subsuppliers and partners), especially for international projects and the content of systems and products developed, as well as specific business risks expose the group to a significant risk of legal disputes. Legal disputes could also relate to the awarding of bids. The settlement of disputes could be complex and take a long time, leading to delays in completing projects and negative impacts on the group's operations and its financial position and results of operations.
To mitigate this risk, there are risk management processes in place during both the bid and management stages, disputes are monitored closely, contractual clauses are examined carefully with the legal department, and a prudent approach is adopted in recognising specific items under contract costs and provisions for risks.

In addition, as the company operates within a complex international environment, it could be exposed to trade compliance risks. The lack of awareness or underestimation of trade compliance risk could negatively impact the company's reputation and profitability.
To mitigate this risk, the company has initiated a process of mapping and evaluating the controls in place and those to be implemented, which is currently in the completion phase.

4.2.8 Human resource management

Ansaldo STS group supplies products and systems featuring cutting-edge technology on a global scale and to do so, it requires human resources with specific expertise, which can be difficult to procure on the labour market.
The success of the business development plans, especially in new markets, also depends on the group's ability to attract, retain and develop the skills of its human resources, particularly in order to operate in a global group and market context and on complex projects.

To mitigate this risk, human resource management policies reflect the business needs. Ansaldo STS group also has an integrated human resource management and development system under which regular checks of expertise and performance are carried out and relevant training initiatives identified, as well as enabling the best possible allocation of resources.

4.2.9 Health, safety and environmental compliance

Ansaldo STS group has to comply with health, safety and environmental legislation in the various countries in which it operates. Failure to comply with such legislation as a result of operating processes which are not adequately monitored or - especially in new markets in countries where standards are below-par or that are exposed to specific risks (e.g., high crime rates, terrorist attacks or epidemic risks) - due to an inadequate evaluation of such requirements and necessary measures, could expose the group to risks having significant impacts on its operations, its financial position and results of operations and its reputation.

To mitigate this risk, Ansaldo STS group adopts health, safety and environmental management systems ensuring rigorous compliance with legislation in accordance with best practices, subject to internal and external monitoring and integrated with the security processes monitored by an independent internal unit. These management systems are certified (to OHSAS 18001 standard for workplace safety and ISO14001 for the environment) in the group's key companies.

Requirements in new markets are evaluated at the time the bid is prepared and the assistance of external consultants is also sought. Policies and procedures have also been set to ensure a consistent approach throughout the group's various companies while still allowing for specific local legislation.

4.3 Financial risks

4.3.1 Ability to finance a high level of current assets and obtain guarantees

To carry out contracts, Ansaldo STS group requires:
- adequate funding of current assets;
- bank and/or insurance guarantees issued to the customer in the various project stages (bid bond, advance payment bond, performance bond, retention money bond and warranty bond) and/or guarantees issued by the parent (parent company guarantees).

Current assets are usually funded by customer advances and progress payments.

Ansaldo STS group's ability to obtain guarantees at good rates depends on the evaluation of its financial position and results of operations, which is usually based on various indices including an analysis of its financial position, analysis of the contract risk and experience and competitive positioning in the reference sector. Ansaldo STS group believes it complies with the relevant parameters. At 31 December 2016, it had guarantees of €3,982,516 thousand.

Difficulty in negotiating suitable financial terms for new contracts, payment delays and/or suspension and deterioration of existing terms of payments, or the inability or greater difficulty in obtaining guarantees at good rates, would negatively impact the group's and the parent's operations and financial position and results of operations.

To mitigate these risks, Ansaldo STS group has commercial and contract management policies focussed on financial aspects, centralised treasury management which optimises the cash flows of the various group companies; its financial position is solid and the contract parameters are assessed right from the time of the bid stage.

In the present economic and market context, due to new contracts which have less favourable financial terms, working capital is monitored closely and specific initiatives are in place to mitigate its impact.

4.4 IT risks

4.4.1 IT systems

IT systems are a vital part of Ansaldo STS group's operating structure and their management must be in line with the group's strategic objectives. IT solutions that do not match business needs, or upgrades thereof that do not meet users' needs, or inefficient system or outsourcer management, could compromise the efficiency and effectiveness of group operations.
Moreover, the unavailability or interruption of IT services or network and data loss or damage (including sensitive data or intellectual property), also as a result of hacking, could compromise group operations.

To mitigate this risk, the IT policies took into account the organisational and process change initiatives. Moreover, Ansaldo STS group has a governance system based on best practices and follows structured and monitored processes for hardware and software management, including cyber-security aspects.

5 The environment

Ansaldo STS group has pursued sustainability in recent years in the belief that respecting environmental and social values leads to the creation of long-term value for the group. In its Sustainability report, the group transparently discloses its values, strategies, policies and decisions in terms of economic, environmental and social sustainability.

In full compliance with ruling legislation, the law, the code of ethics, 231 Model, policies and all health and safety (HSE) regulations, Ansaldo STS group applies sustainable management of social and environmental matters linked to the services in all its business areas.
The group's commitment to "sustainable development" has seen it focus on the quality of life, ensuring the protection of natural resources, the safeguarding and protecting the environment and the adoption of environmental sustainability principles and values and avoiding permanent environmental damage.

Environmental protection is part of our social responsibility and is key to our business strategy promoting growth in the group's value over the long term. We want to do our bit to ensure a safe, sustainable future by minimising our ecological footprint and encouraging our employees, suppliers and customers to do the same. Our aim is to produce in the safest way possible, using the minimum resources possible.

From an environmental point of view, Ansaldo STS group is involved:
- as a producer, committed to pursuing environmental protection policies not only by just complying with existing laws, legislation and directives but by pursuing ongoing improvement in the environmental impact of its products and production processes;
- as a supplier of railway operators, in the knowledge that offering increasingly evolved, safe and reliable railway traffic control and automation products promotes the rapid development of the most environmentally-friendly transport system available today.

Strategic orientation and management approach

Ansaldo STS group has implemented an Integrated Management System (IMS) for environment, safety and quality issues. At group level, it has set policies and procedures to ensure the controlled management of the processes and workplace safety and environmental protection activities.
Each certified group company subsequently set local policies in relation to the environment, safety and instructions, based on the framework of legislative requirements and group policies and procedures, in order to achieve the following objectives:
- ensuring the best available technologies are used and international best practices adopted in order to continuously improve operating management, the rational and efficient use of energy, the prevention of pollution and the reduction of the environmental impact related to the use of fossil fuels;
- ensuring liquid waste, gas emissions and waste from assets in running conditions and activities performed are controlled, gradually reduced and kept at a minimum;
- ensuring compliance with legal requirements applicable to its processes in the various countries in which the subsidiaries operate, by formalising procedures that increase awareness of the applicable legislative framework;
- identifying significant direct and indirect environmental issues in order to reduce and control the related impact, both as relates to the group and its suppliers and partners;
- defining key indicators with a view to facilitating the assessment of performance;
- defining roles, duties and responsibilities within the scope of activities.

Ansaldo STS S.p.A. recommends its subsidiaries follow the ISO 14001 framework and EMAS (Eco-Management and Audit Scheme) regulation in developing their management systems. Certification is regarded as key to developing an entrenched environmental awareness both among company personnel and suppliers and subcontractors and has been obtained for the Tito production site.

Innovation and the promotion of good practices

The environmental management system adopted by Ansaldo STS S.p.A. is applied to the following:
- **PRODUCTION FACILITIES** for products used in safety, control and monitoring systems supplied;
- **OFFICES** (non-production sites) mainly for signalling plant design; the analysis of safety, reliability and availability; laboratory testing; contract management and control; research and development; procurement; and prevention and protection;
- **WORK SITES** Ansaldo STS group's direct activities at work sites relate to management and coordination, surveillance and control of production, commissioning and roll-out of plant and delivery to the customer. With respect to environmental issues as a result of such activities, Ansaldo STS group operates in accordance with operating control procedures, based on an initial environmental analysis of the work to be performed at the site, prepared and agreed with the subcontractors, followed by an environmental monitoring plan to continuously ensure legal compliance and that all steps are taken to limit the environmental impact that the opening of any site inevitably entails.

Ansaldo STS group is also committed to providing the best and safest products and the best system solutions, using the best design methodologies and procedures and the best possible manufacturing methods and processes, in line with its aim of reducing energy consumption and both direct and indirect environmental impact.

Energy efficiency

Ansaldo STS's search for energy efficiency is broken down into the following macro-areas:
- Support for the design of turnkey systems through holistic hardware-in-the-loop type simulators intended to provide a transport system that uses energy efficiently;
- "Operation – rail & driverless", the focus of which is seeking out the optimal speed profile, taking into account scheduling and driving conduct;
- "Energy saving technologies", with a focus on trackside recovery systems, geothermal heat pumps and simulators for the optimal sizing of supercapacitor battery systems.

These areas are developed in the MERLIN (Management of Energy in Railway Systems), OSIRIS (Optimal Strategy to Innovate and Reduce energy consumption In urban rail Systems) and SFERE (Sistemi FERroviari: eco-sostenibilità e risparmio Energetico [Railway Systems: eco-sustainability and energy savings]) projects.

Eco-design

Partially due to certain new contracts (e.g., the Montreal MPM-10 TRAIN CONTROL SYSTEM project), Ansaldo STS is focusing more closely on eco-design aspects, also in relation to customer environmental requirements, regarding for example:
- Analysis of conformity with the REACH – Registration, Evaluation and Authorisation of Chemicals regulation (an integrated chemical substance registration, evaluation, authorisation and restriction system established by the European Union);
- Analysis of material reuse and recyclability;
- Life Cycle Assessment (LCA).

LED technology

For some years now Ansaldo STS has been manufacturing safety semaphore systems in its Tito Scalo and Batesburgh plants using LED technology. This innovation has a positive impact on energy consumption, maintenance management and the disposal of materials after maintenance works. It is sufficient to think that traditional lamps are changed every 4 months on average, while LEDs operate continuously for at least 10 years.

Commitment to fight climate change

The group is committed to progressively reducing CO2 emissions in all areas of operations. The activities and initiatives to deal with climate change are undertaken within the context of a global-level carbon management strategy.
The following principles underpin Ansaldo STS group's climate strategy:
1. a global approach in developing mechanisms that take into account the commitment of all Ansaldo STS group facilities;
2. reasonable and feasible long-term objectives in order to establish a clear and realistic vision of the steps to be taken;
3. support in developing advanced technological solutions.

Consolidating the carbon management strategy involves defining an overall target for emissions reduction.

Communication, training and education

The group is increasingly focussed on training related to environmental issues.
Its specific training programme is fundamental to fostering a sense of environmental responsibility and constructive environment-related dialogue among employees and suppliers/contractors.
The group's training and educational programmes are designed to increase awareness of:
- the importance of complying with the environmental policy and the environmental management system procedures and requirements;
- actual or potential significant environmental impacts of activities and the environmental benefits that each individual can pursue;
- roles and responsibilities in order to comply with the environmental policy and environmental management system procedures and requirements, including the preparation of contingency and response plans;
- the potential consequences of deviating from the operating procedures;
- the potential offered by the effective implementation of a combined quality, environment and safety policy for business development and for the development of railway transport.

Subsequent environmental management system training sessions are held for personnel based on the specific corporate processes and related environmental aspects relevant to their activity.
Records are kept of all training provided to personnel in its facilities.

Training and educational sessions are coordinated by experts, who also produce relevant documentation.

General environment-related information

The operations of Ansaldo STS group's subsidiaries mainly comprise office-based activities which ensure the Group's full control in terms of direct and indirect environmental aspects.
The operations of several production facilities are fully compliant with the concepts of environmental protection and are among those which have been certified or for which the certification process is underway.

Management of water resources

Water consumption is purely for sanitary uses, except for at the Batesburg facilities, and is monitored and subject to regular sampling.

Generation and management of special waste

The activities carried out at the facilities involve the generation of non-toxic special waste, mainly paper and cardboard and plastic packaging. This is handled by companies authorised for its transport and recycling.
Hazardous special waste generated by maintenance activities is disposed of by the global service companies contracted by Ansaldo STS group.

Energy consumption, CO2 emissions, emission trading and other emissions

Energy consumption mainly stems from heating, lighting and utility power; it is monitored and is in line with consumption levels reported for similar businesses.
Ansaldo STS group regularly obtains RECS (Renewable Energy Certificate System) certification for the consumption of electrical energy at its Italian facilities. These 1 MWh certificates attest the use of renewable resources. Through the purchase and subsequent withdrawal of the certificate from the market, the group demonstrates its environmental commitment as it pays a higher amount than it would for electricity from conventional sources.

Management of dangerous substances

Dangerous substances used in group processes are handled in full respect of the environment by adopting all possible precautions.

6 Research and development

Research and development expense taken directly to profit or loss for the year ended 31 December 2016 totalled 38.6 million (€39.8 million in the previous year), against grants approximating €1.9 million (€2.9 million in the previous year).

With respect to financed projects under way, please take note of the following:
- Tesys Rail, to define strategies for the energy optimisation of rail traffic.
- the PON3 projects, through the Campania district DATTILO (High technology district for transport and logistics) and the Campania laboratory TOP IN (Optoelectronic technologies for industry):
- MODISTA, which deals with innovative solutions for the monitoring and preventative diagnosis of infrastructure and vehicle fleets in order to increase the levels of availability, efficiency and safety;
- OPTOFER for the application of innovative optoelectronic technologies for railway infrastructure monitoring and diagnosis;
- FERSAT, which studies a railway signalling system suitable for urban environments based on the innovative use of satellite technologies and their integration with existing technologies;
- NEMBO for the study and experimentation of highly-efficient innovative embedded systems for railway applications.

The projects financed by the European Commission are:
- NGTC, aimed at developing future rail and urban traffic control systems. Ansaldo STS heads up the work package related to satellite positioning;
- MANTIS, financed by the ECSEL Joint Undertaking (a public private body which provides European Commission grants for embedded system innovation) and the Ministry for Research, which aims to increase knowledge regarding the decision-making process for the railway system maintenance phase;
- IN2RAIL, funded by the European Commission as part of the Shif2Rail project; the project is aimed at optimising railway infrastructure reducing the construction and maintenance costs and increasing capacity.

In addition, the SHIFT2RAIL JU has started, for which the following projects were launched in the second half of the year:
- CONNECTA, *CONtributing to Shift2Rail's NExt generation of high Capable and safe TCMS and brAkes*, which aims to contribute to the next generation of TCMS architecture and components with wireless functionality, as well as the next generation of electronic braking systems;
- X2RAIL1, *Start-up activities for Advanced Signalling and Automation System*, which aims to respond to the long-term requirements of a future flexible and intelligent traffic management system;
- IN2SMART, Intelligent maintenance systems and strategies to provide a holistic, innovative solution for the maintenance of railway assets;
- ATTRACTIVE, *Advanced Travel Companion & Tracking Services* which aims to improve the travel experience of passengers using railway transport systems through the development of an integrated solution;
- FR8RAIL, Development of functional requirements for sustainable and attractive European rail freight, with a focus on facing the main challenges to the development of sustainable and attractive rail freight in Europe;
- PLASA, *Smart Planning and Safety for a safer and more robust European railway sector*, which intends to improve the customer experience and the robustness of the European railway sector. The objectives are, on one hand, to improve the planning activities of the various railway system operators through railway simulation and, on the other hand, to provide a methodology for managing railway system safety based on a risk assessment;
- IMPACT1, *Indicator Monitoring for a new railway PAradigm in seamlessly integrated Cross modal Transport chains* - Phase 1 for the creation of an integrated sub-system which allows for the representation of all Shift2Rail innovations;
- ARCC, *Start-up activities for freight automation*, essentially relating to freight traffic matters.

Lastly, please note that in 2016 the first activities inherent in IP2 began, for the introduction of innovative signalling and traffic management systems.

The European Commission also finances satellite technology projects. Specifically, the aim of the ERSAT EAV project, coordinated by Ansaldo STS, is to adopt and customise satellite technologies for railway signalling, notably with respect to checking that the EGNSS/EGNOS technology and the new Galileo services can be used in ERTMS signalling. As part of the ERSAT EAV project, in the first half of 2016 GNSS algorithms were defined which are capable of using Signal In Space from the GPS, EGNOS and Galileo constellations. In addition, the preliminary verifications were conducted on their proper behaviour, confirming the accuracy of the open and modular architecture of the Ansaldo augmentation system. Demonstrations of the proper functioning of the trial site in Sardinia were carried out as part of national workshops.

In 2016, activities began for the STARS and RHINOS projects, which are part of the European GNSS Agency (GSA) research programme, Horizon H2020.

For STARS, important research activities were completed in the first half of 2016 relating to the definition of the methodology and tools required to calculate the ground truth (temporal and spatial reference) with respect to which performance measurements can subsequently be taken. In addition, measurement activities were carried out at the Sardinia trial site in order to acquire Signal In Space (RF signal) and observation data relating to GPS, EGNOS and Galileo in different railway environmental conditions.

For RHINOS, in the first half of 2016 the phase of defining a functional architecture of an ERTMS system was completed, based on future satellite technology which can satisfy strict requirements such as track discrimination, high availability and integrity.

Development activities also took place on the following projects, which do not receive external funding:
- Ansaldo STS S.p.A.
  - MacroLok Interlocking
  - “FAST” tools suite
  - FDU-3G (new third-generation entity controllers)
  - OnBoard (ALA)
- Ansaldo STS France S.A.S.
  - CBTC (Communication-Based Train Control)
  - OnBoard (DIVA)
- Ansaldo STS USA Inc.
  - Automatic Train Supervision (ATS) – Metro applications
  - MicroLok Interlocking

Specifically:
- Activities to develop CBTC to integrate the functions requested for new contracts and the testing of the safety of ongoing contracts continued. ATS Metro evolutionary developments continued at the same pace;
- In 2016, the main planned upgrade activities were completed on the MacroLok Interlocking platform:
  - “retro-compatibility” with existing peripheral locations;
  - “geographical redundancy” of the centralised systems to ensure disaster recovery.
  In addition, there was an initial release of the new “FAST” tools suite dedicated to system design and configuration;
- It was a successful year for the completion of developments and the validation of the new third-generation entity controllers (FDU-3G). The new FDU-3Gs are an advanced technological product relying on the “ACEI” interface to meet the needs of Italian market applications, while also providing flexibility, modularity, scalability and performance for a broad range of railway and metro applications on a global scale;
- As regards the MicroLok Interlocking platform, in 2016 the development of a new CPU (ViPro) capable of managing PTC traffic with no need for additional HW continued;

- As concerns Onboard, activities continued for the release of the EVC 2.3.0d version installed on the ETR500/ETR1000 fleet along with activities for the resolution of obsolescence issues on the Italian platform (ALA), with the design of a new microprocessor card which borrows from the architecture and components of other developments already made by Ansaldo STS with a view to standardising HW solutions. On the SW front, Baseline 3 development activities continue, oriented towards its initial application in the contract in force with SNCF. Lastly, precise improvements have been made on the DIVA platform to improve its performance.

Research and development expense net of grants are as follows for the group companies:

- Ansaldo STS S.p.A.: €19.2 million;
- Ansaldo STS France S.A.S.: € 8.6 million;
- ASTS Australia PTY LTD: € 0.1 million;
- Ansaldo STS USA Inc.: € 8.8 million.

7 Human resources and organisation

The Human resources & organisation department continued to assist the business during the year by strengthening and disseminating specialist technical knowledge and a managerial culture to ensure greater efficiency and effectiveness in implementing internal processes and contract activities.
All training programmes aimed at managerial talent (key resources and rockets) were completed and the strategic initiatives meant to ensure the transfer and capitalisation of skills and technological expertise were rolled out.
Within the talent management programme, the HR department's efforts are focused on employees who are considered leaders in cutting-edge technology (knowledge owners). The group consists of 76 employees identified worldwide based on a structured process of interviews conducted by the Human Resources Department and champions, or those with the most expertise in the company in the relative technology.

In 2016, the Human Resources Department launched two surveys for the company population (the *Cultural Survey* and the *Global Employee Survey*) to collect feedback and suggestions aimed at improving employee alignment with business objectives and the motivation to achieve them.
The results of the surveys, in which roughly 80% of the global population participated, will be used to define actions for improvement with the involvement of the company management in the course of 2017.

7.1.1 Ansaldo STS

In 2016, the following changes were made in the company's governance:

On 30 March 2016, the board of directors acknowledged the resignations of directors Alistair Dormer (chairperson), Karen Boswell (deputy chairperson) and Stefano Siragusa (chief executive officer) from their offices in Ansaldo STS S.p.A..

On 13 May 2016, the shareholders' meeting of Ansaldo STS S.p.A. appointed Alistair Dormer as chairman of the company Ansaldo STS S.p.A..

On 16 May, the board of directors appointed Katherine Jane Mingay as deputy chairperson.

On 24 May 2016, the board of directors of the company appointed Andrew Thomas Barr as chief executive officer. In addition, on the same date, the board of directors appointed Andrew Thomas Barr as general manager reporting directly to the board itself.

Subsequently, on 21 October 2016, Katherine Jane Mingay resigned from the role of deputy chairperson effective immediately.

On 28 October 2016, the board of directors therefore appointed Alberto de Benedictis as deputy chairperson of the company's board of directors, effective immediately.

As a result, the following people are in office at 31 December 2016:
- Chairperson of the board of directors: Alistair Dormer;
- Deputy chairperson of the board of directors: Alberto de Benedictis;
- Chief executive officer and general manager: Andrew Thomas Barr.

In addition, on 15 March 2016 the board of directors appointed Giacomo Galli, managing director and country leader of the advisory firm Protiviti, ad interim manager of the internal audit unit of Ansaldo STS S.p.A. to replace Mauro Giganti, who resigned on 20 January 2016.

On 19 October 2016, Roberto Carassai signed a consensual termination agreement with the company, based on which he will take leave of his role as CFO and Manager in charge of financial reporting as of 28 February 2017.

On 25 November 2016, Marco Fumagalli left the company. Therefore, the Strategy, Quality & Improvement function was assigned to the CEO for the interim period.

7.1.2 Subsidiaries

On 4 December 2015, Davide Cucino resigned from his role as Executive Director Country Representative Ansaldo Railway System Trading (Beijing) LTD. effective immediately as of 1 January 2016.
On 25 November 2016, as noted above, Marco Fumagalli left the company and as a result also his role as Country Representative Ansaldo STS USA.

Therefore, the country representatives of Ansaldo STS's major entities at 31 December 2016 are as follows:
Country Representative Ansaldo STS France S.A.S.: Gilles Pascault.
Country Representative Ansaldo STS USA INC.: Joseph Pozza.
Country Representative Ansaldo STS Australia PTY LTD: Raphael Ferreira.
Country Representative Ansaldo Railway System Trading (Beijing) LTD: Luciano Libanori

7.1.3 Headcount at 31 December 2016

The group's headcount at 31 December 2016 numbered 3,951, up 179 employees (4.7%) on the 3,772 employees at 31 December 2015.

The group's average workforce for the year numbered 3,828 compared to 3,748 in 2015.

The headcount may be analysed as follows:

COMPANY/REGION	2016	2015	Change
ASTS Italy*	1,712	1,555	157
ASTS France**	868	822	46
ASTS USA	712	672	40
ASTS APAC	597	656	(59)
ASTS China	62	67	(5)

* Includes the employees of Ansaldo STS Deutschland GmbH
** Includes the employees of Ansaldo STS UK Ltd. and Ansaldo STS Sweden AB

The increase in Italy is mainly due to the hiring of resources from staffing providers (temporary staff/staff leasing and personnel from external firms) and the rise in personnel numbers at foreign branches.
The increase in the workforce in France and the US relates to the acquisition of new projects.
The drop in APAC resources is due to the downsizing of local structures.

7.2 Incentive plans

The Ansaldo STS group developed and regulated:
- a medium-term stock grant plan;
- a long-term cash incentive plan (LTIP).

These plans form part of a series of short-, medium- and long-term incentive plans, and represent a considerable portion of Ansaldo STS group management's total remuneration.
They are designed to link a significant portion of managers' remuneration to the achievement and improvement of financial ratios, as well as strategic objectives that are especially important for Ansaldo STS group's creation of value.

7.2.1 Stock grant plans

2014-2016 stock grant plan

On 20 February 2014, the Board of Directors approved on the basis of the proposal issued on February 17th, 2014 by the Remuneration Committee and subsequently passed by the shareholders on 15 April 2014 a three-years stock grant plan. The plan, which applies to a maximum of 46 employees plus the CEO and key managers, has the same vesting conditions as the 2012-2013 plan (EVA, FOCF and share performance against the FTSE Italia All-Share index).

Like the previous plan, the 2014-2016 stock grant plan complies with the recommendations of article 7 of the Code of conduct, as modified in March 2010 by Borsa Italiana S.p.A.'s Corporate Governance committee, and of the current article 6 of such code, as amended in December 2011, and confirms:

- a three-year vesting period for all beneficiaries;
- a two-year lock-up period for 20% of the shares due to the CEO and key managers;
- a very thin (2.5%) tolerance band, within which a proportional amount of the shares will vest on a linear basis, for each objective.

The group formally checked that the objectives underlying the granting of the portion related to 2015 were achieved.

All three objectives assigned of EVA, FOCF and share performance compared to the FTSE IT All-Share index were met for 2015. Accordingly, in compliance with the plan regulation, 100% of the shares initially earmarked were assigned to the beneficiaries.

The total shares due to the 33 current beneficiaries numbered 210,769. As a result of the three-year vesting period, the shares will actually be delivered in April 2018.

2012-2013 stock grant plan

In May 2016, the shares for the 2013 instalment of the 2012-2013 stock grant plan were delivered. Of the three objectives assigned for 2013 (EVA, FOCF and share performance compared to the FTSE Italia All-Share index) only the last one was met.

The company assigned 85,799 shares, net of the quota withheld from Italian investors to comply with the legal tax requirements and the quota for the lock-up clause.

7.2.2 LTIPs

2013-2015 cash plan - 2015 instalment

This plan was set up for the CEO and one key manager of Ansaldo STS S.p.A..

It has a three-year term and provides for a cash payment not exceeding one year's gross remuneration based on the achievement of agreed objectives.

The plan also includes an access threshold defined as the group's profit for the year which, as it was not reached, meant that no incentives were earned. Accordingly, checking that the 2015 objectives were met was immaterial even though the company did check them for documentary completeness.

2014-2016 cash plan - 2015 instalment

This plan was set up for the CEO and three key managers of Ansaldo STS.

It has a three-year term and provides for a cash payment not exceeding one year's gross remuneration based on the achievement of agreed objectives.

The plan also includes an access threshold defined as the group's profit for the year.

As the access threshold and one of the two performance objectives (working capital) were met, 50% of the amounts due will be paid to the beneficiaries. As a result of the annual vesting period, the cash will actually be paid in May 2017.

In May 2016, 100% of the 2014 tranche was disbursed.

2015-2017 cash plan - 2015 instalment
This plan was set up for the CEO and three key managers of Ansaldo STS S.p.A..

As the plan was not assigned at the time, in accordance with the decisions made in board of directors resolution of 3 November 2015, the share for the 2015 tranche will be equal to that disbursed for 2014.

As a result of the annual vesting period, the relative cash will actually be paid in May 2017.

7.3 Investments held by directors

Following the amendments made by CONSOB (the Italian commission for listed companies and the stock exchange) with resolution no. 18049 of 23 December 2011 to the Regulation adopted with resolution no. 11971 of 14 May 1999 (the "Issuer Regulation"), information on investments held in the issuer or companies controlled thereby by members of management bodies, general managers and key managers, as well as their spouses, unless legally separated, and minor children, directly or via subsidiaries, trustees or nominees referred to in the repealed article 79 of such regulation is now presented in compliance with the provisions of article 84-quater.4 of the regulation, in the remuneration report prepared pursuant to article 123-ter of Italian Legislative decree no. 58/98 and in compliance with schedule 7-bis of annex 3A to the Issuer Regulation. The remuneration report is made available to the public as provided for by law and regulations.

8 Financial disclosure

Financial market transactions

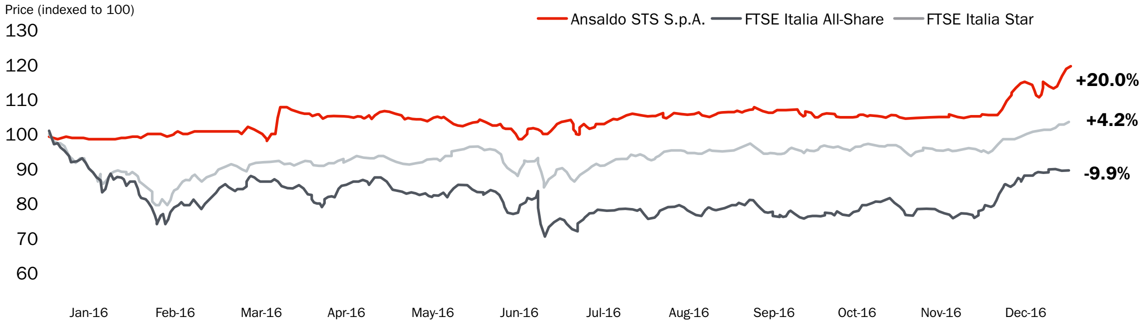
The Investor relations department liaises constantly with analysts and investors in order to grasp market disclosure requirements and accurately tailor communications from senior management.
The aim is to maintain ongoing dialogue with the Italian and international financial community, providing sensitive information for the market in a timely and transparent manner and ensuring that the parent is presented properly.
Total share coverage remained basically the same as last year, with 10 investment banks; in particular, only 5 of them maintained active involvement after the conclusion of the takeover bid by Hitachi on the Ansaldo STS share capital and the entry into the shareholding structure of the US Elliott fund, while the other 5, despite the fact that they did not officially stop their coverage, maintained a more detached attitude pending future developments.
On a quarterly basis before the financial results are issued, the Investor Relations department requests brokers assigned to the parent’s share for their latest forecasts on its key financial indicators. This is an accurate update of sell-side analysts’ perception, which is discussed and considered by management.
With regard to communication activities, the annual plan is used to plan and develop Investor Relations activities. The aim is to disseminate and communicate the group’s market analyses, policies and strategies.
For the year 2016, Ansaldo STS temporarily suspended its participation in conferences and roadshows, focusing its communication activities with analysts and investors mainly through conference calls.
With the same resources and quality of its activities compared to 2015, the investor relations department continued to monitor and analyse the market and the competition in 2016, in order to support management.
In addition to the usual daily focus on and weekly collection of market “rumours”, the department periodically distributes in-depth updated analyses on the performance of competitors, markets and main business sector analyses.
The website, which contains a section specifically dedicated to all Investor Relations topics, remains the main instrument for the collection and disclosure of financial information to stakeholders.

Share performance

The official share price in the **31 December 2015** to **31 December 2016** period rose from €9.87 to €11.84, up 20.0%. The share’s high for the year and all-time company record of €11.84 was recorded on 30 December 2016 and its low for the year of €9.73 on 18 March 2016.
An average of 201,762 shares were traded daily in the year, compared to 1,308,883 in 2015. The decrease in volumes was a direct consequence of the decline in the free float, following the conclusion of the takeover bid and the subsequent acquisitions by Hitachi Rail Italy Investments, which led to an increase in its investment to the current level of 50.772%, and as a result of the aggregate position of roughly 30% reached by the Elliott fund.

The FTSE Italia All-Share index lost 9.9% during the year while the FTSE Italia STAR index gained 4.2%.

Share performance compared to the main indices (base 100)



Key shareholders at 31 December 2016

Considering the communications sent to CONSOB and received by the parent as required by Italian Legislative Decree no. 25 of 15 February 2016, which entered into force on 18 March 2016, in implementation of directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013, which amended art. 120, paragraph 2 of the Consolidated finance act, the table below gives a list of the investors which hold more than 3% of Ansaldo STS S.p.A.'s share capital at 31 December 2016:

Shareholder	No. of shares	% held
HITACHI RAIL ITALY INVESTMENTS	101,544,702	50.772
PAUL E. SINGER (as general partner, directly and indirectly, of the Limited Partnerships Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership)	43,818,344	21.909
UBS	12,619,952	6.310

Key data per share

Earnings per share (€)	**2016**	2015
Basic and diluted EPS	**0.39**	**0.47**
Dividend per share	**0.18***	**0.18**

(*) proposed to the shareholders.

The parent distributed dividends for the first time in 2007, one year after its stock market listing on 29 March 2006.
The amount proposed to the shareholders to be distributed as dividends on the 2016 profit totalled €36,000 thousand (dividends with the same value were distributed in 2015).

9 Litigation

In general, the following should be noted:

1. Metro C Società Consortile per Azioni versus Roma Metropolitane S.r.l.
In 2007, the contractor of the works, design and construction of the new line "C" of the Rome metro (Metro C consortium, 14% held by Ansaldo STS S.p.A.), served the customer (Roma Metropolitane S.r.l.), with a request for arbitration concerning the additional fees and time required following delays in validating the T4 and T5 section executive designs.
Pending the conclusion of the arbitration, a compromise committee was set up, which at the end of 2011, proposed an outline agreement whereby the work plan would be redesigned and the claims reformulated on a lump-sum, all-inclusive basis, in the amount of €230 million.
In December 2012, CIPE (Interministerial economic planning committee) granted Roma Metropolitane the amounts necessary to financially cover the settlement agreement between Roma Metropolitane and Metro C; this resolution took effect and came into operation with its publication in the Italian Official Journal in June 2013.
Instead of implementing the provisions of the settlement agreement, the newly-installed municipal council challenged the contents. The situation became more tense and Metro C was forced to suspend/slow works given the enormous financial difficulties produced by the persistent failure to pay.
In September 2013, Metro C and Roma Metropolitane signed the "Implementing deed for CIPE resolution no. 127 of 11 December 2012 and resulting adjustment of the Contract of 12 October 2006" which, inter alia, recalculated the deadlines for the completion of the functional stages following the variations made during the work, ruled that Metro C was due €230 million plus €90 million for general contractor costs and VAT for the higher costs claimed, excluding any amounts related to additional claims, provided that Metro C waived all claims recognised at the deed date and that Roma Metropolitane would renounce appealing the partial award.
As the amounts certified and invoiced as per the Implementing deed were not paid (mainly the general contractor costs), in January 2014 Metro C was forced to notify Roma Metropolitane of the order of the court for the total amount of approximately €269 million plus VAT. Roma Metropolitane opposed such court order, requesting authorisation to summon the financing bodies, which was granted by the appeal judge at the first hearing held in September 2014. Accordingly, a second hearing was scheduled, where Metro C was not granted the provisional seizure of the amounts not yet paid by Roma Metropolitane to date, in addition to accrued interest.
At the subsequent hearing in September 2016, the Parties presented their conclusions and the Judge assigned a deadline for the submission of final statements and reply briefs, with the resulting reservation of judgment in the case.
At the end of 2015, as the amount provided for in the Implementing deed had not been paid nor the amounts invoiced for work regularly performed and certified, Metro C sued Roma Metropolitane S.r.l. and the Rome municipality, challenging a number of instances of non-compliance in the period from September 2013 to October 2015. It also requested payments of various amounts including the outstanding receivables of approximately €350 million referred to in the claim form.
At the hearing in September 2016, the discussion was held on the claim pursuant to article 186 ter of the Italian penal code; the Court of Rome assigned a deadline to Roma Metropolitane for any observations on the new calculations carried out by Metro C. We are waiting for the court to make a decision on the merits for the subsequent assignment of legal deadlines for the briefs pursuant to article 183 of the Italian Code of Civil Procedure.
Please note that the judicial authority intervened for analyses and the acquisition of documentation as part of the investigations initiated in relation to the construction of Line C of the Rome Metro, in particular in the relationships between the company and the client relating to the use of the system of reserves and the associated settlement agreements.

2. Ansaldo STS – Collapse of a building in Via Riviera di Chiaia
The company is involved in the criminal proceeding following the accident of 4 March 2013 where a building located in Via Riviera di Chiaia 72, Naples, partially collapsed, allegedly due to the works underway to construct the Arco Mirelli station for Line 6 of the Naples metro. In this project, the company is the operator appointed by the Naples municipality.
The alleged crimes are those assumed when recorded in the criminal records registry, i.e. articles 676 and 434 of the Italian Penal code: "*Destruction of buildings or other constructions" and "Collapse of constructions or other malicious disasters*".

In 2015 and until the first hearing before the Judge for the Preliminary Hearing, the company's defendants were called for spontaneous questioning. Based on the results of this questioning and the findings of the preliminary investigations, two employees were committed for trial while the motion to dismiss the case for the third employee is pending. During the preliminary hearing of June 2015, certain third parties joined the proceeding as civil parties seeking damages, including the Naples municipality. The Judge for the Preliminary Hearing set another hearing for December 2015, during which the company was held liable for compensation for pecuniary and moral damage to the civil parties. Following the request for the exclusion of ASTS as the civilly liable party and the integration of the notices to the civil parties, a series of scheduled hearings were held for the relative measures, as a result of which the exclusion of ASTS as the civilly liable party was declared and the requests for the admission of the requested evidence were handled. At the subsequent hearings in December 2016 and January 2017, the admitted witnesses were examined, and the examination of the experts appointed during the initial phase of the proceedings was scheduled for February 2017.
With respect to the civil proceedings related to the collapse of the buildings, 31 cases for claims for damages were pending in 2016.
The evaluation of the liability potentially arising from the claim is reflected in the value of the work in progress.

3. Ansaldo STS versus the Russian customer Zarubezhstroytechnology (ZST)
In relation to the project for the construction of a technological system in Libya for the Sirth-Benghazi section, halted by Zarubezhstroytechnology (ZST) - a Russian-based construction company which is the customer of the ASTS-Selex joint arrangement - at the beginning of August 2013, ZST enforced the advance payment bond and notified its intention to terminate the contract.
Ansaldo STS appealed immediately as per article 700 of the Italian Code of Civil Procedure to stop the bank (Banca Crédit Agricole) enforcing the guarantee (advance payment bond) issued for the advances paid on the contract price.
This contract had originally been halted by the customer in February 2011 following the well-known events of the "Arab spring".
The appeal as per article 700 of the Italian Code of Civil Procedure was lodged before the Milan Court in August 2013.
In August 2013, the Milan Civil Court upheld the claims of the applicants, Ansaldo STS and Selex ES, ordering Crédit Agricole not to enforce ZST's guarantee.
In October 2013, the judge reserved their judgement on whether the injunction on the bank paying the guarantee would be confirmed or not.
Later in October, the Milan Civil Court confirmed the decree of August, also ruling that Crédit Agricole and ZST, with the latter intervening in the proceedings, should pay the court costs.
In November 2013, the Milan Court issued an order whereby Crédit Agricole shall not pay the guarantee requested by ZST up to €29.3 million, which is the same amount claimed by Ansaldo STS for design and supplying activities carried out for the contract until its halt.
Accordingly, the guarantor bank paid the above amount subsequently replacing the Russian creditor and thereby acting retrospectively vis-a-vis Ansaldo STS which, at the beginning of December 2013, paid the bank €41.3 million.
Subsequently, in March 2014, ZST issued the statement of claim and formally launched the arbitration procedure at the Vienna International Arbitral Centre in order to obtain payment of the portion of the Advance payment bond not allowed by the Milan Court on a provisional basis.
In May 2014, the procedure to form the arbitration panel was completed with the appointment of the chairperson, in addition to the arbitrators. In January 2015, the ASTS-Selex joint arrangement filed its Statement of defence and counterclaim with the VIAC.
In May 2016, the arbitration panel rejected nearly all of the demands of Ansaldo STS, in particular requiring the reimbursement to ZST of the advance withheld, in addition to legal costs and interest accrued until the date of repayment.
The Company evaluated all other possible solutions with the support of its lawyers, and in the end deemed any other path unfeasible. In October, the Company paid ZST its part totalling €37.4 million.

4. AISA JV - Attiko Metro arbitration
In January 2014, the AIASA joint venture (of which Ansaldo STS holds 22%) issued an arbitration request to the Greek company ATTIKO METRO S.A. and the Greek Ministry for Infrastructure and Transport.
The aim is to request payment of greater expense and/or curtailments on some progress reports and/or extra costs incurred by the joint venture in completing the contract for the design and construction of the Thessaloniki metro.

Given the considerable number of issues under arbitration, and for a more efficient settlement of the dispute, six different arbitration panels were set up, each resolving on a certain group of claims made by the AIASA joint venture against ATTIKO METRO.
In December 2014, the arbitration panel deciding on Dispute 66 ruled that the current work schedule discretionally set by the customer is illegitimate. In light of such award, AIASA informed the customer Attiko Metro that the contract was terminated as its term had expired now that the discretional extension had expired.
To date a series of arbitration awards was also issued in relation to some of which an appeal was filed before the Athens Court of Appeals by Attiko Metro.
The AIASA JV and the customer Attiko Metro subsequently sought to define a contractual solution to allow for the resumption of works.
The evaluation of the liability potentially arising from the claim is reflected in the value of the work in progress.

5. ASTS /Alstom consortium - Société Nationale des Chemins de Fer Tunisiens arbitration
An arbitration panel was set up in May 2014 to resolve the dispute between the Ansaldo STS – Alstom consortium and Société Nationale des Chemins de Fer Tunisiens (SNCFT), in relation to the claim for compensation of greater expense and higher costs incurred by the consortium due to the technical variations and additional works requested by the customer in the technological upgrading of the railway line from Tunis Ville to Borj Cédria.
The parties formally set up the arbitration panel that will rule in accordance with the procedural rules of the International Chamber of Commerce (ICC) and pursuant to applicable French law.
The arbitration panel issued its final award in September 2016 in favour of the Ansaldo STS - Alstom consortium; with reference to the party ASTS, sums were recognised for damages due to delays and variations in the amount of roughly €2.5 million, including outstanding receivables, plus interest and legal costs.
The ensuing actions to have the results of the award become enforceable are currently being analysed.

6. Alstom Ferroviaria S.p.A. – Ansaldo STS S.p.A. / RFI
In 2016, proceedings began before the Puglia Regional Administrative Court in Bari, lodged by Alstom Ferroviaria S.p.A., which requested the cancellation of the measures awarding tender no. DAC1.2015.0008, for a contractual value of roughly €15.0 million, relating to the design and implementation of a line ACC-M system located in Bari Lamasinata and for the line systems in the Foggia-Bari section. The applicant requested the cancellation, after precautionary suspension, of the awards in favour of ASTS by way of succession. Following the ruling of the Puglia Regional Administrative Court in Bari no. 1210 of 20/10/2016 accepting Alstom's petition against the acts of the tender carried out by RFI, an appeal was lodged before the Council of State. The hearing for the discussion of the suspension is expected to take place in the first few months of 2017, which will be followed by the judge's decision on the merits.

7. AISAF SA – Ansaldo STS S.p.A.
In the second half of 2016, the company ISAF SA submitted an application for arbitration to the International Chamber of Commerce, Bucharest, Romania. The arbitration regards the Consortium formed by ISAF and ASTS in relation to the "Rehabilitation of the section Campina-Predeal on the railway line Bucharest – Brasov, Lot 4" project. It regards a demand for compensation for damages of up to around €5.0 million from ISAF SA in relation to non-payments in its favour by the customer, allegedly attributable to delays and/or omissions of ASTS. The arbitration proceedings are currently suspended pending the resolution of the separate arbitration between ISAF SA and the customer concerning the demand for compensation for damages caused by the above-mentioned non-payments in its favour and the relative delays and/or omissions. If it loses, ISAF SA would continue with the arbitration against ASTS, as it deems it liable for the damages suffered.
Attempts to amicably settle the dispute are currently under way.

10 Corporate Governance and ownership structure pursuant to article 123-bis of italian legislative decree no. 58 of 24 February 1998 and subsequent amendments and integrations (the consolidated finance act)

The Ansaldo STS shares have been listed on the Star segment of the markets organised and managed by Borsa Italiana S.p.A. since 29 March 2006.
They were included in the FTSE MIB index from 23 March 2009 to 23 March 2014 and in the FTSE Italia Mid Cap index from 24 March 2014 until 6 April 2015. They then were re-included in the FTSE MIB index from 7 April 2015 until 20 December 2015. Since 21 December 2015, the shares have been included in the FTSE Italia Mid Cap index again.
With the approval of the board of directors given on 19 December 2006, Ansaldo STS adopted the Code of conduct endorsed by Borsa Italiana S.p.A. in March 2006 and came into line with its requirements during 2007.
Borsa Italiana S.p.A.'s corporate governance committee adopted a new Code of conduct in December 2011. On 18 December 2012, Ansaldo STS's board of directors resolved to comply with the principles of this new code and to update its own governance systems to comply with them. The committee adopted a new version of such code in July 2014 and, furthermore, in July 2015; Ansaldo STS's corporate governance system basically comply with the latest version.
Lastly, Ansaldo STS is completing a review of its documents and operating protocols in order to align its corporate governance system with the new regulations on "market abuse" introduced with Directive 2014/57/EU (MAD 2) and Regulation (EU) 569/2014 (MAR), which repealed Directive 2003/6/EC and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC. Detailed disclosure on the parent's corporate governance structure is provided in the section of the directors' report covering corporate governance and the adoption of the Code of conduct for listed companies related to 2016, approved by the board of directors on 27 February 2017, published at the same time as this annual report.
On 9 November 2015, the board of directors, pursuant to article 2386 of the Italian Civil Code, appointed Alessandra Piccinino as new non-executive independent director to replace Barbara Poggiali.
Furthermore, on 25 November 2015, in relation to Mr. Hirayangi's resignation, the board of directors pursuant to article 2386 of the Italian Civil Code, appointed Mario Garraffo as new non-executive independent director.
On the same date, the directors appointed Karen Boswell as the company's new deputy chairperson.
Ms. Piccinino and Mr. Garraffo remained in office until the next shareholders' meeting as provided for by article 2386 Paragraph 1 second part of the Italian Civil Code.
Subsequently, following the resignation on 30 March 2016 of Alistair Dormer, Karen Boswell and Stefano Siragusa, and as the majority of directors appointed by the shareholders' meeting held on 2 November 2015 were no longer in office, the board of directors, taking into account the provisions of article 16.8 of the by-laws, called the shareholders' meeting to, inter alia, appoint the new board of directors.
The shareholders' meeting held on 13 May 2016 determined that there would be nine directors and then appointed the new board for 2016-2018. In particular, the meeting appointed the following as new directors of Ansaldo STS S.p.A.: Alistair Dormer (chairperson), Katherine Jane Mingay, Andrew Thomas Barr, Giuseppe Bivona, Rosa Cipriotti, Mario Garraffo, Alberto de Benedictis, Fabio Labruna and Katharine Rosalind Painter.
Subsequently, at its meeting on 16 May 2016, the board of directors appointed Katherine Jane Mingay as deputy chairperson of the board of directors.
On 24 May 2016, the board of directors appointed Andrew Thomas Barr as chief executive officer and general manager of Ansaldo STS S.p.A. Lastly, following the resignation of Katherine Jane Mingay from the role of deputy chairperson of Ansaldo STS S.p.A. on 21 October 2016 effective immediately, during its meeting on 28 October 2016 the board of directors appointed Alberto de Benedictis as deputy chairperson of the board of directors.

During the meeting held on 28 October 2016, the board of directors resolved by majority to establish an executive committee (the bid committee). The committee was vested with the power to evaluate and approve bids for the acquisition of contracts for public and private sector customers exceeding €150 million and within the limit of €350 million per transaction. The executive committee consists of chairperson Alistair Dormer, chief executive officer Andrew Thomas Barr and director Katherine Jane Mingay.

The company's board of statutory auditors, appointed for the three-year term from 2014 to 2016 by the shareholders on 15 April 2014, includes Giacinto Sarubbi (chairperson), Renato Righetti and Maria Enrica Spinardi and the substitute statutory auditors Fabrizio Riccardo Di Giusto, Giorgio Mosci and Daniela Rosina.
On 16 May 2016, the board of directors appointed Francesco Gianni as board secretary.
On 16 May 2016, the board of directors appointed the members of the risk and control committee (Alberto de Benedictis – chairperson, Mario Garraffo and Katharine Rosalind Painter) and the appointments and remuneration committee (Katharine Rosalind Painter– chairperson, Alberto de Benedictis and Mario Garraffo).
On 24 May 2016, the board of directors also confirmed the CFO Roberto Carassai as manager in charge of financial reporting pursuant to article 154-bis of Italian Legislative decree no. 58/1998.
On 19 October 2016, Roberto Carassai signed a consensual termination agreement with the company, based on which he will take leave of his role as CFO and Manager in charge of financial reporting as of 28 February 2017.
On their appointment, the directors Giuseppe Bivona, Rosa Cipriotti, Fabio Labruna, Katharine Rosalind Painter, Alberto de Benedictis and Mario Garraffo confirmed that they meet the requirements for independence pursuant to the current legislation and the Code of conduct. The board of directors also assessed these requirements on 16 May 2016 and, with respect to Mr. Garraffo, on 24 May 2016. Also at the request of the board of statutory auditors, on 11 July and 19 December 2016 the board of directors evaluated whether director Alberto de Benedictis continued to meet the independence requirements.
Furthermore, in the meeting held on 24 May 2016, pursuant to principle 7.P.3 of the Code of conduct, the company's board of directors appointed the CEO, Andrew Thomas Barr, as director in charge of the internal control and risk management system. During the same meeting, the board of directors also confirmed the assignment of the internal audit function to the external company Protiviti S.r.l., and Giacomo Galli, managing director and country leader of that company as internal audit manager.
On the same date, the board of directors confirmed Nicoletta Garaventa and Alberto Quagli as chairperson and external member, respectively, of the company's supervisory body, as well as Filippo Corsi, general counsel of Ansaldo STS, as the internal member of the supervisory body.

Pursuant to the Code of conduct, during the first meeting of the board of statutory auditors, held on 15 April 2014, the statutory auditors Giacinto Sarubbi, Renato Righetti and Maria Enrica Spinardi, also confirmed that they meet the independence requirements pursuant to current legislation and stated thereby at the time of their appointment. Compliance with the independence requirements was subsequently verified and confirmed by the members of the board of statutory auditors during the meetings held on 9 December 2014 and 2 February 2016, for 2015, as well as on 28 November 2016.

With respect to the independent auditors appointed to perform the legally-required audit of Ansaldo STS S.p.A.'s financial statements, in their meeting of 7 May 2012, the shareholders awarded the audit engagement for the 2012-2020 period to KPMG S.p.A..
Following the resignation of the independent auditors KPMG S.p.A. received on 14 November 2016, at its meeting held on 24 November 2016 the board of directors called the ordinary shareholders' meeting to engage a new auditor.
On 19 January 2017, the shareholders awarded the audit engagement for the 2016-2024 period to EY S.p.A.
Lastly, on 25 February 2016 the board of directors approved the parent's remuneration policy for the year 2016, in compliance with the recommendations of article 6 of the Code of conduct, on the basis of the proposal prepared by the appointments and remuneration committee dated 25 February 2016.
On 25 February 2016, after discussion with the appointments and remuneration committee, the board of directors also approved the remuneration report prepared by the company pursuant to article 123-ter of the Consolidated finance act and article 84-quater of the Issuer regulation.
Finally, pursuant to article 123-ter, paragraph 6 of the Consolidated finance act, the ordinary shareholders' meeting held on 13 May 2016, approved the first section of the above-mentioned report required by article 123-ter, paragraph 3 of the Consolidated finance act, which describes the company's remuneration policy for its officers and key managers, and the procedure followed to implement and describe this policy.

Pursuant to articles 70, paragraph 8 and 71, paragraph 1-bis of the Issuer regulation, we note that, on 28 January 2013, in compliance with articles 70, paragraph 8 and 71, paragraph 1-bis of the Issuer regulation, the Board of directors of the parent resolved to opt out of the requirement to publish the relevant documents for transactions such as mergers, demergers, share capital increases via contributions in kind, acquisitions and sales.
The key corporate governance tools that the company has implemented in compliance with the most recent legislative and regulatory requirements, as well as by the Code of conduct and national and international best practices, are as follows:

- By-laws;
- Code of ethics;
- Organisational, management and control model pursuant to Italian Legislative decree no. 231/01;
- Shareholders' meeting regulations;
- Board of directors' regulations;
- Executive committee (i.e. bid committee) regulations;
- Risk and control committee regulations;
- Appointments and remuneration committee regulations;
- Related party transactions - Procedure adopted pursuant to article 4 of CONSOB regulation no. 17221 of 12 March 2010 as amended;
- Procedure for the establishment and updating of the list of people with access to privileged information;
- Procedure for the handling and communication of privileged and confidential information;
- Internal Dealing code of conduct.

For further details on the parent's corporate governance, reference should be made to the "Corporate governance report", comprising all disclosure required by article 123-bis of the Consolidated finance act, available on the company's website www.ansaldo-sts.com.

Milan, 27 February 2017

On behalf of the board of directors
The Chairperson
Alistair Dormer

Consolidated
financial statements
at **31 December 2016**
and notes thereto

11 Consolidated financial statements

11.1 Consolidated Income statement

(€'000)	Note	31.12.2016	of which, related parties	31.12.2015	of which, related parties
Revenue	15.2	1,327,386	92,118	1,383,837	73,202
Other operating income	15.3	21,256	1,300	24,758	4,151
Purchases	15.4	(354,006)	(23,648)	(351,875)	(12,477)
Services	15.4	(500,283)	(41,339)	(561,014)	(44,282)
Personnel expense	15.5	(332,338)	-	(321,676)	-
Amortisation, depreciation and impairment losses	15.6	(18,325)	-	(18,725)	-
Other operating expense	15.7	(21,507)	(4)	(24,584)	-
Changes in finished goods, work-in-progress and semi-finished products		(513)	-	(264)	-
(-) Internal work capitalised	15.8	5,131	-	5,312	-
Operating profit		**126,801**		**135,769**	
Financial income	15.9	12,441	-	30,840	221
Financial expense	15.9	(26,938)	-	(35,221)	-
Share of profits (losses) of equity-accounted investees	15.10	4,345	-	5,324	-
Profit (loss)		**116,649**		**136,712**	
from discontinued operations	15.11	(38,746)	-	(43,676)	-
Profit for the year		**77,903**		**93,036**	
attributable to the owners of the parent		*77,968*		*93,228*	
attributable to non-controlling interests		*(65)*		*(192)*	
Earnings per share					
Basic and diluted		0.39		0.47	

11.2 Consolidated Statement of comprehensive income

(€'000)	Note	31.12.2016	31.12.2015
Profit for the year		**77,903**	**93,036**
Items that will not be reclassified to profit or loss:			
- Actuarial gains (losses) on defined benefit plans	14.14	(2,091)	633
- Income tax	15.11	703	(184)
		(1,388)	**449**
Items that will or may be reclassified to profit or loss:			
- Net change in fair value of cash flow hedges	14.14	4,511	(5,484)
- Net exchange rate gains	14.14	7,718	23,667
- Income tax	15.11	(1,767)	1,640
		10,463	**19,823**
Other comprehensive income, net of taxes		**9,074**	**20,272**
Comprehensive income for the year		**86,977**	**113,308**
Attributable to:			
- the owners of the parent		87,063	113,535
- non-controlling interests		(86)	(227)

11.3 Consolidated Statement of financial position

(€'000)	Note	31.12.2016	of which, related parties	31.12.2015	of which, related parties
ASSETS					
Non-current assets					
Intangible assets	14.2	49,262	-	51,546	-
Property, plant and equipment	14.3	85,198	-	87,012	-
Equity investments	14.4	73,047	-	69,041	-
Loans and receivables	14.5	45,485	25,522	41,832	21,211
Deferred tax assets	15.11	41,324	-	39,487	-
Other non-current assets	15.5	16,090	-	18,332	-
		310,406		**307,250**	
Current assets					
Inventories	14.6	125,067	-	121,217	-
Contract work in progress	14.7	358,865	-	346,353	-
Trade receivables	14.8	728,852	62,376	663,558	58,952
Tax assets	14.9	22,649	-	26,378	-
Loan assets	14.8	34,233	267	38,496	563
Other current assets	14.10	84,604	4	91,930	4
Cash and cash equivalents	14.11	305,586	-	304,306	-
		1,659,856		**1,592,238**	
Total assets		**1,970,262**		**1,899,488**	
EQUITY AND LIABILITIES					
Equity					
Share capital	14.12	100,000	-	100,000	-
Reserves	14.13-14.14	607,626	-	554,787	-
Equity attributable to the owners of the parent		*707,626*		*654,787*	
Equity attributable to non-controlling interests	*14.15*	*220*	-	*306*	-
Total equity		**707,846**		**655,093**	
Non-current liabilities					
Employee benefits	14.18	36,048	-	33,155	-
Deferred tax liabilities	15.11	12,175	-	10,365	-
Other non-current liabilities	14.19	12,908	-	11,792	-
		61,131		**55,312**	
Current liabilities					
Progress payments and advances from customers	14.7	598,012	-	635,785	-
Trade payables	14.20	458,119	19,671	415,973	25,247
Loans and borrowings	14.16	1,780	-	4,128	2,500
Tax liabilities	14.9	8,978	-	10,816	-
Provisions for risks and charges	14.17	14,040	-	11,126	-
Other current liabilities	14.19	120,356	410	111,255	402
		1,201,285		**1,189,083**	
Total liabilities		**1,262,416**		**1,244,395**	
Total liabilities and equity		**1,970,262**		**1,899,488**	

11.4 Consolidated Statement of cash flows

(€'000)	Note	31.12.2016	of which, related parties	31.12.2015	of which, related parties
Cash flows from operating activities					
Profit ofr the year		77,903	-	93,036	-
Share of profits (losses) of equity-accounted investees		(4,345)	-	(5,324)	-
Income taxes		38,746	-	43,676	-
Italian post-employment and other employee benefits		787	-	613	-
Stock grant plans		4,731	-	1,891	-
Net gains on the sale of assets		71	-	87	-
Net financial income		14,497	-	4,381	-
Amortisation, depreciation and impairment losses		18,325	-	18,725	-
Accruals to/reversals of provisions for risks		4,814	-	2,344	-
Other operating income/expense		3,118	-	7,802	-
Write-downs/reversals of write-downs of inventories and work in progress		(4,498)	-	(5,223)	-
Cash flows from operating activities	**17**	**154,149**		**162,008**	
Inventories		(2,981)	-	(14,223)	-
Work in progress and progress payments and advances from customers		(63,094)	-	(28,366)	-
Trade receivables and payables		(17,077)	(2,152)	51,483	(54,318)
Changes in working capital	**17**	**(83,152)**		**8,894**	
Changes in other operating items		17,041	8	(33,747)	4,377
Net financial items		(13,388)	-	(1,749)	-
Taxes paid		(20,928)	-	(33,003)	-
Cash flows generated (used in) from operative activities:	**17**	**53,722**		**102,403**	
Cash flows from investing activities:					
Investments in property, plant and equipment and intangible assets and others		(15,812)	-	(14,764)	-
Sales of property, plant and equipment and intangible assets and others		3,278	-	2,011	-
Acquisition of equity investments, net of cash acquired		-	-	4,000	-
Sales of equity investments		(39)	-	19	-
Cash flows used for strategic transactions		(2,100)	-	(15,092)	-
Cash flows used in investing activities		**(14,673)**		**(23,826)**	
Cash flows from financing activities:					
Net change in other financing activities		(1,290)	(2,796)	(18,027)	(12,464)
Dividends paid		(36,000)	-	(30,000)	-
Cash flows from (used in) financing activities		**(37,290)**		**(48,027)**	
Net increase in cash and cash equivalents		1,759	-	30,550	-
Net exchange rate gains		(479)	-	3,689	-
Opening cash and cash equivalents		304,306	-	270,067	-
Closing cash and cash equivalents		**305,586**		**304,306**	

11.5 Consolidated Statement of changes in equity

Changes in equity are shown in the following table:

(€'000)	Share capital	Retained earnings and consolidation reserves	Hedging reserve	Stock grant reserve	Translation reserve	Other reserves	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
Equity at 1 January 2015	**99,999**	**445,581**	**4,015**	**4,262**	**3,458**	**16,329**	**573,644**	**1,278**	**574,922**
Reclassification from/to reserves	-	64	-	(64)	-	-	**-**	-	**-**
Change in consolidation scope	-	(4,368)	-	-	1,562	-	**(2,805)**	11	**(2,795)**
Net change in stock grant reserve	-	-	-	413	-	-	**413**	-	**413**
Other comprehensive income (expense), net of taxes	-	-	(5,484)	-	23,702	2,089	**20,307**	(35)	**20,272**
Allocation of profit for the year to the legal reserve	-	-	-	-	-	-	**-**	-	**-**
Dividends	-	(30,000)	-	-	-	-	**(30,000)**	(755)	**(30,755)**
Net change in treasury shares	1	(1)	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-	-	**-**	-	**-**
Profit for the year ended 31 December 2015	-	93,228	-	-	-	-	**93,228**	(192)	**93,036**
Equity at 31 December 2015	**100,000**	**504,504**	**(1,469)**	**4,611**	**28,722**	**18,418**	**654,787**	**306**	**655,093**
Equity at 1 January 2016	**100,000**	**504,504**	**(1,469)**	**4,611**	**28,722**	**18,418**	**654,787**	**306**	**655,093**
Reclassification from/to reserves	-	-	-	-	-	-	**-**	-	**-**
Change in consolidation scope	-	(2,022)	-	-	293	-	**(1,728)**	-	**(1,728)**
Net change in stock grant reserve	-	-	-	3,504	-	-	**3,504**	-	**3,504**
Other comprehensive income (expense), net of taxes	-	-	4,511	-	7,739	(3,155)	**9,096**	(21)	**9,074**
Allocation of profit for the year to the legal reserve	-	-	-	-	-	-	**-**	-	**-**
Dividends	-	(36,000)	-	-	-	-	**(36,000)**	-	**(36,000)**
Net change in treasury shares	-	-	-	-	-	-	**-**	-	**-**
Other changes	-	-	-	-	-	-	**-**	-	**-**
Profit for the year ended 31 December 2016	-	77,968	-	-	-	-	**77,968**	(65)	**77,903**
Equity at 31 December 2016	**100,000**	**544,451**	**3,042**	**8,115**	**36,755**	**15,263**	**707,626**	**220**	**707,846**

12 Notes to the consolidated financial statements at 31 December 2016

12.1 General information

The parent Ansaldo STS S.p.A. is a company limited by shares with its registered office in Via Paolo Mantovani 3-5, Genoa and a branch in Via Argine 425, Naples. It has been listed on the Star segment of the stock exchange managed by Borsa Italiana S.p.A. since 29 March 2006. Its shares were included in the FTSE MIB index from 23 March 2009 to 23 March 2014 and in the FTSE Italia Mid Cap index from 24 March 2014 until 6 April 2015. They then were re-included in the FTSE MIB index from 7 April 2015 until 20 December 2015. Since 21 December 2015, the shares have been included in the FTSE Italia Mid Cap index again.

The parent's fully subscribed and paid-up share capital equals €100,000,000.00, comprising 200,000,000 ordinary shares of a nominal amount of €0.50 each.

Please note that Hitachi Rail Italy Investments S.r.l. currently holds 101,544,702 ordinary shares of the company, equal to 50.772% of the share capital of Ansaldo STS S.p.A.
In addition, please note that Hitachi Ltd. exercises management and coordination activities with respect to Ansaldo STS S.p.A. pursuant to articles 2497 et seq. of the Italian Civil Code.

Ansaldo STS group operates internationally in the design, construction and operation of signalling and transport systems for above-ground and underground railway lines, both for freight and passengers. It operates worldwide as a main contractor and supplier of turnkey systems. Ansaldo STS S.p.A., as parent, also exercises industrial and strategic guidance and control, coordinating the activities of its operating subsidiaries (together, "Ansaldo STS group" or the "group").

12.2 Basis of preparation

Ansaldo STS group's consolidated financial statements at 31 December 2016 are drafted in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Commission pursuant to EC regulation no. 1606/2002 of 19 July 2002, integrated by the interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Standard Interpretations Committee (IFRSIC) issued by the International Accounting Standards Board (IASB) applicable at such date.
These consolidated financial statements have been prepared on a cost basis, except for those captions which, as required by the IFRS, are to be recognised at fair value or for which this methodology is chosen, as described in the relevant accounting policies.
They are comprised of an income statement, a statement of comprehensive income, a statement of financial position, a statement of cash flows, a statement of changes in equity and the notes thereto.
As permitted by IAS 1, assets and liabilities are presented in the statement of financial position as current and non-current (assets and liabilities are considered current when it is expected to realized or settled in their normal operating cycle), while income statement captions are shown by nature. The statement of cash flows was prepared using the indirect method. The income statements presents the Operating profit (EBIT), a significant indicator of the operating performance of the Group. The Operating profit is equal to the unadjusted profit before income taxes and financial income and expense. It does not include income and expense on non-consolidated equity investments and securities or the gains (losses) on the disposal of consolidated equity investments, classified in "Financial income and expense" in the financial statements or, for equity-accounted investees, in the caption "Share of profit or loss of equity-accounted investees".

Amounts are shown in thousands of euros, as allowed by law, unless stated otherwise.
The consolidated financial statements of Ansaldo STS group at 31 December 2016 were approved and authorised for publication on 27 February 2017 by the board of directors in accordance with ruling legislation.
These consolidated financial statements have been prepared in accordance with the IFRS endorsed by the EU and audited by EY S.p.A..

12.2.1 Accounting policies

Basis and scope of consolidation

Ansaldo STS group's consolidated financial statements at 31 December 2016 include the financial statements at 31 December 2016, or at the date of the most recently approved financial statements, as detailed in note 13.4, of the companies/entities in the consolidation scope (the "consolidated entities") drafted pursuant to the IFRS endorsed by the EU applied by Ansaldo STS group. The consolidated entities are listed below, showing the group's related direct or indirect interest therein:

Companies consolidated on a line-by-line basis

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE/ QUOTA CAPITAL ('000)	CURRENCY	INVESTMENT %
ANSALDO STS AUSTRALIA PTY LTD	Direct	Eagle Farm (Australia)	5,026	AUD	100
ANSALDO STS SWEDEN AB	Direct	Solna (Sweden)	4,000	SEK	100
ANSALDO STS UK LTD	Direct	London (United Kingdom)	1,000	GBP	100
ANSALDO STS ESPAÑA S.A.U.	Indirect	Madrid (Spain)	1,500	EUR	100
ANSALDO STS BEIJING LTD	Indirect	Beijing (China)	837	EUR	80
ANSALDO STS HONG KONG LTD	Indirect	Hong Kong (China)	100	HKD	100
ANSALDO STS FRANCE Société par actions simplifiée	Direct	Les Ulis (France)	5,000	EUR	100
UNION SWITCH & SIGNAL INC	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS MALAYSIA SDN BHD	Indirect	Petaling Jaya (Malaysia)	3,000	MYR	100
ANSALDO STS CANADA INC	Indirect	Kingstone (Canada)	-	CAD	100
ANSALDO STS USA INC	Direct	Wilmington (Delaware USA)	0.001	USD	100
ANSALDO STS USA INTERNATIONAL CO	Indirect	Wilmington (Delaware USA)	1	USD	100
ANSALDO STS TRANSPORTATION SYSTEMS INDIA PVT LTD	Indirect	Bangalore (India)	5,612,915	INR	100
ANSALDO STS DEUTSCHLAND GMBH	Direct	Munich (Germany)	26	EUR	100
ANSALDO RAILWAY SYSTEM TRADING (BEIJING) LTD	Direct	Beijing (China)	1,500	USD	100
ANSALDO STS SOUTHERN AFRICA PTY LTD	Indirect	Gaborone (Botswana)	0.1	BWP	100

Companies measured using the equity method

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE/ QUOTA CAPITAL ('000)	CURRENCY	INVESTMENT %
ALIFANA SCARL	Direct	Naples (Italy)	26	EUR	65.85
ALIFANA DUE SCARL	Direct	Naples (Italy)	26	EUR	53.34
PEGASO SCARL (in liq.)	Direct	Rome (Italy)	260	EUR	46.87
Metro 5 S.p.A.	Direct	Milan (Italy)	53,300	EUR	24.6
Metro Brescia S.r.l.	Direct	Brescia (Italy)	4,020	EUR	19.796
INTERNATIONAL METRO SERVICE S.r.l.	Direct	Milan (Italy)	700	EUR	49
BALFOUR BEATTY ANSALDO SYSTEMS JV SDN BHD	Indirect	Kuala Lumpur (Malaysia)	6,000	MYR	40

Companies measured using the cost method

NAME	INVESTMENT TYPE	REGISTERED OFFICE	SHARE/ QUOTA CAPITAL ('000)	CURRENCY	INVESTMENT %
Metro C S.c.p.A.	Direct	Rome (Italy)	150,000	EUR	14
I.M. Intermetro S.p.A.	Direct	Rome (Italy)	2,461	EUR	16.67
Società Tram di Firenze S.p.A.	Direct	Florence (Italy)	7,000	EUR	3.8
Iricav Uno consortium	Direct	Rome (Italy)	520	EUR	17.44
Iricav Due consortium	Direct	Rome (Italy)	510	EUR	17.05
Ferroviario Vesuviano consortium	Direct	Naples (Italy)	153	EUR	33.34
San Giorgio Volla consortium	Direct	Naples (Italy)	71	EUR	25.46
San Giorgio Volla2 consortium	Direct	Naples (Italy)	71	EUR	25.46
Cris consortium	Direct	Naples (Italy)	2,377	EUR	1
Ascosa Quattro consortium	Direct	Rome (Italy)	57	EUR	24.92
Siit S.C.p.A.	Direct	Genoa (Italy)	600	EUR	2.33
Saturno Consortium	Direct	Rome (Italy)	31	EUR	33.34
Train consortium	Direct	Rome (Italy)	120	EUR	4.55
Sesamo S.c.a.r.l.	Direct	Naples (Italy)	100	EUR	2
ISICT consortium	Direct	Genoa (Italy)	43	EUR	14.29
Cosila consortium (in liq.)	Direct	Naples (Italy)	100	EUR	1
MM4 consortium	Direct	Milan (Italy)	200	EUR	17.68
Radiolabs consortium	Direct	Rome (Italy)	258	EUR	25
SPV M4 S.p.A.	Direct	Milan (Italy)	26,700	EUR	5.55
Ansaldo STS do Brasil Sistemas de Transporte Ferroviario e Metropolitano LTDA	Direct	Fortaleza (Brazil)	1,000	BRL	99.99
Metro de Lima Linea 2 S.A.	Direct	Lima (Peru)	368,808	PEN	12.24
TOP IN S.ca.r.l.	Direct	Naples (Italy)	80	EUR	5.29
D.I.T.S. Development & Innovation in Transportation Systems S.r.l.	Direct	Rome (Italy)	40	EUR	12
Dattilo S.c.a.r.l.	Direct	Naples (Italy)	100	EUR	14
S.p. M4 S.c.p.A. (in liq.)	Direct	Milan (Italy)	360	EUR	16.9
MetroB S.r.l.	Direct	Rome (Italy)	20,000	EUR	2.47

In November, the subsidiary Kazakhstan TZ Ansaldo STS Italy LLP was definitively wound up with the closure of the company, a process that was activated in June 2013.

Subsidiaries and jointly-controlled entities

Entities over which Ansaldo STS group has control by owning directly or indirectly more than half of the voting rights or by exerting the power to govern the financial and operating policies of entities/companies, so as to obtain benefits from their activities, including regardless of the percentage of equity investments, are consolidated on a line-by-line basis.

All subsidiary entities are included in the scope of consolidation as of the date on which control is acquired by the group. The entities are excluded from the scope of consolidation as of the date on which the group transfers control.
Investments in entities (including special purpose entities) control over which is exercised jointly with third parties are equity-accounted.
The reporting period of all consolidated companies ends on 31 December. The group's consolidated financial statements are based on the figures at 31 December 2016.

Business combination transactions

Business combination transactions are accounted for by applying the purchase method when the acquisition cost is equal to the fair value, at the acquisition date, of the assets acquired, the liabilities incurred or assumed and any equity instruments issued by the buyer. The cost of the transaction is allocated by recognising the identifiable assets, liabilities and contingent liabilities of the acquiree at their fair values at the acquisition date. Any difference between the consideration paid and the acquisition-date, the minority recorded applying the partial goodwill method, and fair value of the acquired assets and liabilities is allocated to goodwill. If the purchase price allocation process gives rise to negative goodwill, it is recognised in profit or loss at the acquisition date.

Acquisition-related costs are recognised in profit or loss when the related services are rendered.
In the event of acquisition of control of investees, goodwill is recognised only to the extent of the parent's share. Non-controlling interests are calculated in proportion to the equity investments held by non-controlling interests in the acquiree's identifiable net assets.
In a business combination achieved in stages, when control is taken, the previously-held equity interests in the acquiree are remeasured at fair value and the resulting gain or loss is recognised in profit or loss.
Balances related to transactions between consolidated companies are eliminated, specifically as relate to receivables and payables in place at year end, costs and revenue and financial income and expense and other items recognised in profit or loss.

Other equity investments
Equity investments over which the company has significant influence, generally accompanied by an investment percentage of between 20% (10% if listed) and 50% (investments in associates), are measured using the equity method. When this method is applied, the carrying amount of the investment equals equity adjusted, where necessary, to reflect the application of the IFRS endorsed by the EU. It includes the recognition of goodwill, net of impairment losses, when this is identified upon acquisition and following the effects of adjustments required by the standards governing the preparation of consolidated financial statements. Gains and losses realised among companies consolidated using the equity method, are eliminated, as are those among other group companies, including those consolidated on a line-by-line basis.
The fair value of equity investments in portfolio, provided that such criterion is applicable, is calculated based on the bid price of the last trading day of the month to which the IFRS financial statements refer (31 December 2016 in the case of these consolidated financial statements), or based on financial valuation techniques for unlisted instruments as set forth by IFRS13.
Any equity investments held for sale, such as those that are acquired solely for the purpose of sale within twelve months, are classified separately as "assets held for sale".

Entities not consolidated
Following the cases in which the entities are not consolidated line-by-line:
- non-equity consortium companies as well as controlling interests in equity consortia which, as the costs are charged back to the shareholders, do not have their own operating results and whose financial statements, net of intra-group assets and liabilities, do not have significant equity values or;
- companies in certain phases of evolution, for example those which are no longer operating, have no assets and have no personnel or;
- companies whose liquidation process appears to be almost concluded, would be irrelevant from a quantitative and qualitative perspective in order to provide a true and fair view of the equity, economic and financial position of the Group. These investments are equity-accounted.

These entities are not consolidated on line by line basis because, their consoldiation would irrelevant or potentially distortive for understanding the operation performance of the Group. With particular reference to consortium, the are non-profit vehicles set up for sharing common costs related to a specific project; for this reason consortium normally has no profit or loss at year-end.

Segment reporting
Starting in 2014, following an internal reorganisation and business management restructuring, the business segments identified previously (signalling and transportation solutions) were merged together due to their similarities in terms of the nature of the products and services, production processes and customer type; as a result, a single operating segment has been identified pursuant to IFRS 8 *Operating Segments*.
In addition, in the case of the Ansaldo STS Group, the single operating segment also corresponds to a single cash generating unit (CGU) for the purposes of IAS 36 *Impairment of Assets*.

Functional currency
The balances included in the financial statements of each group company/entity are recognised in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements of Ansaldo STS group are presented in euros, which is the parent's functional currency.

Foreign currency transactions
Foreign currency monetary items, cash and cash equivalents, assets and liabilities to be received or settled in established or determinable monetary amounts, etc., as well as non-monetary items, advances to suppliers of goods and/or services, goodwill, intangible assets, etc., are initially recognised at the transaction date exchange rate. Subsequently, monetary amounts are translated into the functional currency at the closing rate and any translation differences are taken to profit or loss. Non-monetary amounts are maintained at the exchange rate ruling at the date of the transaction, unless continuing adverse economic trends affect the rate, in which case exchange rate differences are taken to profit or loss.

Translation of financial statements of foreign operations
The rules for the translation of financial statements of foreign operations into the functional currency, with the exception of currency in hyper-inflationary economies (which do not affect the group), are as follows:
- assets and liabilities are translated at the closing rate;
- costs and revenue, income and expense are translated at the average exchange rate of the year or at the transaction date exchange rate if it varies significantly from the average rate of the year;
- exchange rate gains or losses arising from the translation of captions at a rate that differs from the closing rate and from the translation of opening equity at a rate that differs from the closing rate are taken to the translation reserve.
  This reserve is released to profit or loss when the equity investment is sold.

Goodwill and fair value adjustments relating to the acquisition of foreign operations are recognised as assets and liabilities of the foreign operation and translated at the closing rate.

The following exchange rates were adopted to translate the foreign currency financial statements and balances for the current and previous years:

	Spot rate at 31.12.2016	**Average rate for the year ended 31.12.2016**	Spot rate at 31.12.2015	Average rate for the year ended 31.12.2015
USD	1.05410	1.10641	1.08870	1.11011
CAD	1.41880	1.46661	1.51160	1.41774
GBP	0.85618	0.81889	0.73395	0.72614
HKD	8.17510	8.58851	8.43760	8.60610
SEK	9.55250	9.46622	9.18950	9.35661
AUD	1.45960	1.48878	1.48970	1.47647
INR	71.59350	74.35059	72.02150	71.19291
MYR	4.72870	4.58497	4.69590	4.33230
BRL	3.43050	3.86128	4.31170	3.69178
CNY	7.32020	7.34907	7.06080	6.97644
VEB	10.527.80000	10.242.00833	6.850.21000	6.984.39833
BWP	11.24370	12.05322	12.17406	11.22919
ZAR	14.45700	16.28110	16.95300	14.15113
KZT	351.52400	378.43994	370.34852	246.76506
JPY	123.40000	120.29606	131.07000	134.31464
AED	3.86960	4.06156	3.99662	4.07524
KRW	1.269.36000	1.284.66726	1.280.78000	1.255.83391

Intangible assets
Intangible assets are identifiable non-monetary assets without physical substance that generate future economic benefits for the group. They are recognised at purchase and/or production cost, including directly related charges incurred to prepare them for use, net of accumulated amortisation, except for assets with an indefinite useful life, and any impairment losses. Amortisation begins when the asset becomes available for use and is calculated systematically over the residual useful life of each asset. Amortisation is calculated considering the actual use of the asset in the year in which an intangible asset is initially recognised.

(i) Goodwill
Goodwill recognised as an intangible asset arises from business combinations and reflects an excess in the acquisition cost of the business or business unit over the total fair value at the acquisition date of acquired assets and liabilities. As it has an indefinite useful life, goodwill is not amortised. Instead, it is tested for impairment at least once a year, unless the market and management indicators identified by the group show that the test has to be conducted when preparing interim financial statements.

The Group identifies the entire business as its only CGU. The organisational and business breakdown between structures responsible for revenue (sales/bidding, project management and operation & maintenance) and those that generate costs does not make it possible to divide the operating segment into further independent cash generating units aside from by individual project (by contract) which, as it is not independent, cannot represent a CGU.
Goodwill on acquisitions of consolidated companies is recognised in intangible assets, while that related to unconsolidated subsidiaries or associates is included in the carrying amount of the related equity investments.

(ii) Concessions, licences and trademarks
These include trademarks identifying the origin of products or goods from a specific company and licences to use third-party know-how or software. The costs, including direct and indirect expenses incurred to obtain these rights, are capitalised after the rights have been acquired and are amortised systematically over the shorter of the period of expected use and the period for which the right has been acquired.

(iii) Research and development expense
Research expense is taken to profit or loss when incurred.
Internally generated intangible assets and the related development expense are recognised only when all the following conditions exist simultaneously:
- the asset can be identified;
- the asset may generate future economic benefits;
- the cost to develop the asset can be measured reliably;
- there is a reference market for the product generated by the development activity.

If these conditions are not met, development expense is recognised in profit or loss when incurred. This expense, which is capitalised only when the four above conditions are met, is amortised on a straight-line basis over the asset's useful life.
The initial capitalisation of development costs is also based on whether the management's opinion on the technical and economic feasibility of the project is confirmed, and capitalisation includes only expenses incurred which may be attributed directly to the development process.

Leased assets
(i) Finance leases where group companies are lessees
As lessee, at the date of initial recognition, the group recognises leased assets under assets and recognises a financial liability at the same time equal to the lower of the asset's fair value and the present value of minimum future payments due at inception of the lease, using the implicit interest rate of the lease or the marginal interest rate of the loan. Subsequently, the group takes amortisation applied to the asset and interest separated from the payments of the year to profit or loss.

(ii) Finance leases where group companies are lessors
At the date of initial recognition, the leased asset is derecognised and a receivable of an amount equal to the net investment in the lease is recognised. The net investment in the lease is the aggregate of the minimum lease payments and any unguaranteed residual value, discounted at the interest rate implicit in the lease. Subsequently, the group expenses finance income over the lease term on a systematic basis, to reflect a constant periodic rate of return on the residual net investment.
Estimated unguaranteed residual values are reviewed regularly to check if any impairment indicators exist.

(iii) Operating leases
Operating lease income and expense are taken to profit or loss over the term of the lease on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are measured at purchase or construction cost, net of accumulated depreciation and any impairment losses. Cost includes direct charges incurred to prepare assets for use and any disposal and removal costs that will be incurred to restore the site to its original conditions.
Costs for ordinary and/or routine maintenance and repairs are taken directly to profit or loss when incurred. Costs to expand, upgrade or improve owned or leased assets are capitalised only to the extent they meet the requirements to be classified separately as assets or part of an asset. Grants related to assets are taken as a direct decrease in the cost of the asset to which they relate.

The carrying amount of each asset is depreciated on a systematic basis. Depreciation is calculated on a straight-line basis each year over the residual useful lives of assets. Depreciation is calculated considering the actual use of the asset in the year in which an item of property, plant and equipment is initially recognised. The following table lists depreciation periods for each item of property, plant and equipment:

Land:	indefinite useful life
Buildings:	20-33 years
Plant and machinery:	5-10 years
Equipment:	3-7 years
Other assets:	3-8 years

The estimated residual value and the useful life of an asset are reviewed periodically.
Depreciation of an asset ceases on the date the asset is sold or classified as held for sale.
If a depreciable asset is comprised of separately identifiable components with estimated useful lives that differ significantly from the other components comprising the asset, depreciation is calculated separately for each component, using the component approach.
Profits and losses on the sale of assets or groups of assets are measured by comparing the sales price with the related carrying amount.
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalised as part of the cost of that asset.

Investment property

Property held to earn rentals or for capital appreciation is classified under “Investment property” and is measured at purchase or production cost, increased by transaction costs, if any, and net of accumulated depreciation and any impairment losses.

Impairment losses

Assets with an indefinite useful life are not depreciated/amortised, but are tested for impairment annually.
Depreciable assets are tested to check whether there is any indication that they may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and any excess thereof is recognised in profit or loss.
Recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use, calculated based on the discounted cash flow model. The discount rate, including taxation, includes the risks specific to the asset for which the future cash flow estimates have not been adjusted.
Assets that do not generate independent cash flows are tested based on the cash-generating unit.
When, subsequently, impairment losses no longer exist, the carrying amount of the asset is restored to the amount that it would have had had the impairment not been recognised. Reversals of impairment losses are recognised in profit or loss. An impairment loss recognised for goodwill is never reversed.

Inventories
Inventories are measured at the lower of cost, calculated using the weighted average cost method, and net realisable value. Financial expense and overheads are not included in inventories. Net realisable value is the estimated sales price in the ordinary course of business considering any costs of completion and the estimated costs necessary to make the sale.

Contract work in progress
Contract work in progress is recognised in accordance with the percentage of completion method whereby contract cost, revenue and contract profits/(losses) are recognised based on the progress of production activities, which is calculated as the costs incurred at the measurement date and total estimated project costs or based on the product units delivered.

The measurement reflects the best estimate of projects completed at the reporting date. The group periodically updates these estimates. Any effects are recognised in the year in which the adjustments are made.
The estimations also include the evaluation of the probability of occurrence of potential liabilities (projects' risks like, for example, delivery delaies); these estimations are considered in preparing projects' budget costs if the underlined risk is considered probable. With reference to claims that could arose during the execution of the project or even and the end, they are considered in evaluating write-downs of work in progress if the underlined risk is considered probable.
The expected loss on a contract is recognised entirely under operating expense when it becomes reasonably foreseeable, along with an accrual to the provision for expected losses to complete contracts.
Contract work in progress is recognised net of any allowances, expected losses and progress payments and advances relating to contracts in progress.
This analysis is performed individually for each contract, recognising the positive difference (work in progress in excess of payments on account) under contract work in progress and the negative difference under "Progress payment and advances from customers". If the amount recognised under advances is not collected at the preparation date of the annual and/or interim financial statements, a balancing entry is recognised under trade receivables.
Contracts with consideration in a currency other than the functional currency (the Euro for the group) are measured by translating the portion of consideration accrued, as per the percentage of completion method, at the closing rate. However, under the group's policy governing currency risk, all contracts whose cash inflows and outflows are significantly exposed to exchange rate fluctuations are adequately hedged, as described in the note on "Hedging construction contracts against currency risk".

Loans and receivables and financial assets
Financial assets are classified as follows:
- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments;
- available-for-sale financial assets.

Financial assets are classified by management upon initial recognition.

<u>(i) Financial assets at fair value through profit or loss</u>
This category includes financial assets acquired for the purpose of trading in the short term, in addition to derivative instruments, in relation to which reference should be made to the paragraph below. The fair value of these instruments is based on the bid price at the reporting date: the fair value of unlisted instruments is determined using generally accepted financial valuation techniques. Fair value gains or losses of the financial instruments included in this category are recognised immediately in profit or loss.
Classification as current or non-current reflects management expectations about trading: they are included under current assets when they are expected to be traded within the next twelve months or when they are recognised as held for trading.

(ii) Loans and receivables
This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value, adjusted to reflect any transaction costs, and subsequently measured at amortised cost using the effective interest method. If there is objective evidence of impairment, the carrying amount of the asset is reduced to that of discounted future cash flows. Impairment losses identified by means of impairment tests are recognised in profit or loss. If, in subsequent years, the reasons underlying the previous impairment losses no longer exist, the carrying amount of the asset is restored to the extent of the carrying amount that would have been obtained had the impairment not been recognised. They are included in the current section, except for those which are due after more than twelve months after the reporting date which are therefore included under the non-current section.
The factoring of receivables without recourse based on which all risks and benefits are substantially transferred to the assignee results in the derecognition of the receivables from the balance sheet assets, as the requirements laid out in IAS 39 are met.

(iii) Held-to-maturity investments
These are non-derivative financial assets with fixed maturity that the group has the positive intention and ability to hold to maturity. They are classified under current assets when their contractual maturity is within twelve months. If there is objective evidence of impairment, the carrying amount of the asset is reduced to the discounted future cash flows. Impairment losses identified by means of impairment tests are recognised in profit or loss. If, in subsequent years, the reasons underlying the impairment loss cease to exist, the carrying amount of the asset is restored to the amount that it would have had had the impairment not been recognised.

(iv) Available-for-sale financial assets
These are non-derivative financial assets that are designated as available for sale or are not classified under any of the above categories. They are measured at fair value, which is based on market prices at the annual or interim reporting date, or on financial valuation models and techniques. Fair value gains or losses are taken to an equity reserve ("reserve for available-for-sale financial assets") which is recognised in profit or loss only when the financial asset is actually sold or, in the case of cumulative losses, when the impairment loss recognised in equity will not be recovered. Classification under current or non-current assets depends on management choices about the asset and its actual trading possibilities.
Assets which are expected to be realised within one year of the reporting date are recognised as current assets. If there is objective evidence of impairment, the carrying amount of the asset is reduced to the discounted future cash flows. Impairment losses previously recognised under equity reserves are recognised in profit or loss. For non-equity instruments, if the reasons underlying the impairment loss cease to exist, the impairment loss is reversed.

Derivatives
The group uses only derivatives as part of its strategies of hedging the risk of fluctuations in expected cash flows on contractual or highly probable transactions (cash flow hedges) or fluctuations in the fair value of recognised assets or liabilities or due to contractual commitments (fair value hedges), using the so-called forward instruments which, sometimes, despite a substantial and operating hedging effect, do not qualify for hedge accounting under IAS 39. Specifically, fluctuations in the fair value of these instruments and the related underlying items are recognised immediately in profit or loss, under financial items. For information on the policy governing the currency risk on construction contracts, reference should be made to the note on "Hedging construction contracts against currency risk".

The effectiveness of hedges is documented at the inception of the transaction, as well as periodically at each annual or interim reporting date. Hedge effectiveness is measured by comparing the variations in the fair value of the hedging instrument with those of the hedged item (dollar offset ratio), or, for more complex instruments, using statistical analyses based on risk variations.

(i) Fair value hedges
Changes in the fair value of derivatives designated as fair value hedges and which qualify as such are recognised in profit or loss, as are changes in the fair value of the underlying assets or liabilities attributable to the risk eliminated by the hedging transaction.

(ii) Cash flow hedges
Changes in the fair value of derivatives designated as cash flow hedges and which qualify as such are recognised to the extent of the portion determined to be “effective”, in a specific equity reserve (“hedging reserve”). This is subsequently recognised in profit or loss when the forecast transaction affects profit or losses. The change in the fair value of the ineffective portion is recognised immediately in profit or loss. If the forecast transaction is no longer highly probable, the relevant portion of the “hedging reserve” is recognised immediately in profit or loss.
If the hedging instrument is sold or no longer meets the criteria for hedge accounting, the relevant portion of the “hedging reserve” continues to be recognised until the underlying contract takes place.

(iii) Determining the fair value of financial instruments
The fair value of financial instruments quoted on active markets is calculated using the bid price at the reporting date. The fair value of unlisted derivatives is measured using financial valuation techniques: specifically, the fair value of interest rate swaps is calculated discounting the future cash flows, while that of currency forwards is determined on the basis of market rates at the reporting date and the exchange rate spreads between the relevant currencies.

Financial assets and financial liabilities carried at fair value are classified based on the three following hierarchy levels which reflect the significance of the inputs used in measuring fair value. Specifically:
- Level 1 : financial assets and financial liabilities whose fair value is calculated based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: financial assets and financial liabilities whose fair value is calculated based on inputs other than the quoted prices referred to in level 1 that may be observed either directly or indirectly;
- Level 3: financial assets and financial liabilities whose fair value is calculated based on unobservable market data.

Cash and cash equivalents
This caption includes cash on hand, deposits and current accounts with banks or other credit institutions available for current transactions, post office current accounts and other equivalents. They are recognised at fair value.

Equity
(i) Share capital
Share capital is comprised of the parent’s subscribed and paid-in share capital. Any costs closely related to the issue of shares are classified as a decrease in share capital when they are directly related to such operation, net of deferred taxation.

(ii) Treasury shares
They are classified as a decrease in equity. Profits and losses on the sale, issue or cancellation of treasury shares are not recognised in profit or loss.

Payables and other liabilities
They are initially recognised at fair value, less any transaction costs, and subsequently measured at amortised cost, using the effective interest method.

They are classified under current liabilities, unless the group has the contractual right to settle its obligations after at least twelve months of the interim or annual reporting date.

Income taxes
The group’s taxes are comprised of current and deferred taxes. When they relate to income and expense recognised in comprehensive income, they are recognised with a balancing entry in the same caption.
Current taxes are calculated based on the tax legislation applicable and enacted at the reporting date in those countries where the group operates; any risks related to different interpretations of positive and negative income

components, as well as the litigation underway with the tax authorities, are measured at least every three months to adjust the accruals recognised.
Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets and liabilities are measured at the tax rates that are expected to be enacted when realising assets and settling liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available in the years the related temporary differences reverse against which the deductible temporary differences can be utilised.

Employee benefits

(i) Post-employment benefits:
Several pension (or supplementary) schemes are in place. They can be analysed as follows:

- Defined contribution plans under which the group pays fixed contributions into a separate entity (e.g. a fund) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay employees benefits relating to employee service. Contributions payable to a defined contribution plan are recognised only when employees have rendered service in exchange for such contributions;
- Defined benefit plans whereby the group has an obligation to provide the agreed benefits to current and former employees and bears the actuarial and investment risks of the plan. Consequently, the cost of this plan is not calculated based on the contributions of the year, rather, on the basis of demographic and statistical assumptions and salary increase trends, using the projected unit credit method. Accordingly, the carrying amount of the recognised liability reflects that of the relevant actuarial valuation, fully and immediately recognising actuarial gains and losses when they arise with a direct balancing entry in equity in the “actuarial reserve”.

(ii) Other long-term employee benefits and post-employment benefits
Some group company employees are granted benefits such as, for example, jubilee benefits and seniority bonuses which are sometimes paid after retirement (such as medical benefits). The accounting treatment is the same as that applied to defined benefit plans, hence the “projected unit credit method” is used. However, with respect to “other long-term benefits”, any actuarial gains and losses are recognised immediately and entirely in profit or loss when they arise.

(iii) Termination benefits
Termination benefits are recognised as a liability and an expense when the group is demonstrably committed to terminating the employment of an employee or group of employees before their normal retirement date or providing termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits do not generate future economic benefits for the company and, accordingly, are immediately expensed.

(iv) Stock grant plans
Stock option and stock grant plans are in place for the group’s senior management. The theoretical benefits granted to the beneficiaries are recognised in profit or loss for the years covered by the plan, with a balancing entry in equity. These benefits are calculated by measuring the fair value of the relevant instrument using valuation techniques which include market conditions, if any, and by adjusting the number of options that are expected to be granted at each reporting date.

Provisions for risks and charges

The provisions for risks and charges are recognised against certain or probable losses and expenses for which the group is uncertain of the timing and/or amount at the reporting date.
Provisions for risks and charges are recognised if, at the reporting date, as a result of a past event, the group has a legal or constructive obligation that will lead to an outflow of resources. The amount recognised as a provision is the best estimate of the discounted outlay required to settle the obligation. The discount rate used reflects current market assessments and the additional effects of the risk specific to the liability.
Risks for which liabilities are only possible are disclosed in a specific section of the notes on commitments and risks. They are not provided for.

Recognition of revenue

Revenue is measured at the fair value of the consideration received or due, net of any discounts and volume rebates. Revenue also includes changes in work in progress, with respect to which reference should be made to the note to “Contract work in progress”.

Revenue relating to the sale of goods is recognised when the group has transferred to the buyer the significant risks and rewards of ownership of the goods which generally coincides with transfer of title or possession to the buyer, or when the revenue can be measured reliably.
Revenue from the rendering of services is recognised based on the percentage of completion method, provided that it can be estimated reliably. Revenue from contracts with Italian customers only is recognised under “progress payments and advances from customers” in the statement of financial position and subsequently reversed to profit or loss upon completion of the contract and, hence, of the related work in progress.

Grants
Government grants, including non monetary grants at fair value, are only recognised when there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received. Grants related to income are recognised on an accruals basis and in direct correlation with costs incurred when their allocation has been formally approved. Grants related to assets are recognised in profit or loss directly in line with the depreciation/amortisation of the assets/projects to which they relate and are recognised as a direct reduction in depreciation/amortisation.

Net financial income/(expense)
Interest income and expense are recognised on an accruals basis using the effective interest method, i.e., at the interest rate that makes all cash inflows and outflows (including any premiums, discounts, commissions, etc.) comprising the transaction financially equivalent.
Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (qualifying assets) are capitalised as part of the cost of that asset.

Dividends
Dividends are recognised when the right to receive payment is established. This usually coincides with the shareholders’ resolution approving their distribution.
Dividends paid to the shareholders of Ansaldo STS S.p.A. are considered as a change in equity and recognised as a liability in the year in which the distribution was approved by the company’s shareholders.

Related party transactions
All related party transactions take place on an arm’s length basis.

Costs
Costs are recognised based on the criteria of proper qualification, temporal allocation and classification established by the accounting standards adopted by the enterprise.
Costs are recognised when they relate to goods and services, excluding contract work in progress, sold or consumed during the year or based on a systematic allotment, or when their future useful life cannot be identified.
Personnel expense includes the amount of remuneration paid, accruals to the provisions for pension funds and for unused holidays accrued and social security and pension contributions in application of contracts and legislation in force.
Costs for the acquisition of new knowledge or discoveries, the study of alternative products or processes and new techniques or models, the design and construction of prototypes or, in any event, incurred for other scientific research or technological development activities, are generally considered current costs and recognised in the income statement in the year in which they are incurred; these costs are recognised in the balance sheet assets (“Intangible assets”) only when the conditions described in IAS 38 are met.

New reporting standards (IFRS) and interpretations (IFRIC)

At the preparation date of these separate financial statements, the EU has endorsed several standards and interpretations which are not yet mandatory and which the company will apply in the next few years. The main changes (excluding the annual improvements) and potential impacts on the company are as follows:

IFRS - IFRIC		Nature and impacts on the group
IAS 7	Statement of cash flows	The amendments to IAS 7 Statement of cash flows are part of the IASB disclosure initiative and require an entity to provide supplemental information that enables users of financial statements to evaluate changes in liabilities linked with financing activities. Application of these amendments are not expected to have any significant effect on the Group's financial statements. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Application of these amendments are not expected to have any significant effect on the company's financial statements. The Group will apply these amendments starting from 1 January 2017.
Amendment to IAS 12	Income taxes	The amendments aim to clarify how to account for deferred tax assets relating to debt instruments measured at fair value. Application of these amendments are not expected to have any significant effect on the Group's financial statements. The Group will apply these amendments starting from 1 January 2017.
IFRS 2	Share-based Payment	The amendments aim to clarify the recognition of certain types of transactions with share-based payment. The impact on the group of adopting this standard is currently being analysed. The Group will apply this standard starting from 1 January 2018.
IFRS 9	Financial instruments	This standard significantly amends the accounting treatment of financial instruments and will eventually replace IAS 39. At present, the IASB has amended the requirements for classifying and measuring financial assets currently set out in IAS 39. Moreover, the IASB has published a document on measuring financial instruments at amortised cost and assessing any impairment indicators. However, the competent bodies are still discussing the new general approach to financial instruments and, at present, it is not yet known when the adoption date will be. The impact on the group of adopting this standard is currently being analysed. The current version of IFRS 9 will be applicable as of 1 January 2018, subject to the EU's endorsement.
IFRS 15	Revenue from contracts with customers	This standard redefines how to recognise revenue, which must be recognised when control of goods or services is transferred to customers, and requires that additional disclosure be provided. The impact on the Group of adopting such standard is currently being analysed. The Group will apply this standard starting from 1 January 2018.
IFRS 16	Leases	The standard published in January 2016 to replace IAS 17 Leases, IFRIC 4, SIC-15 and SIC-27 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements based on a single model similar to that used to account for financial leases in accordance with IAS 17. The Group will apply this standard starting from 1 January 2019.

As regards the adoption of IFRS 15 and IFRS 16, analysis activities are under way which will make it possible to evaluate in 2017 any effects deriving from the application of those standards.

Insights into IFR15

As mentioned elsewhere in the Notes to the Financial Statements, the IASB issued IFRS 15 Revenue recognition, a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under IFRS, for Ansaldo STS, in particular, the new standard will supersede IAS 11 Construction Contracts and IAS 18 Revenue.

The new standard applies to revenue from contracts with customers: its core principle is that a company will recognize revenue when it transfers goods or services to customers at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, management will need to use more judgement and make more estimates than under today's guidance.

Application of the new standard is required for annual periods beginning on or after 1 January 2018; Ansaldo STS will not early adopt the new standard, even if permitted under IFRS. The new standard is required to be applied retrospectively and the transition will follow either a full retrospective approach or a modified retrospective approach. The modified approach allows the standard to be applied to existing contracts beginning with the current period. Ansaldo STS does not decided yet which option adopt for the retrospective approach.
IFRS 15 establishes a five-step model that will apply to revenue earned from contracts with a customers (with limited exceptions), regardless of the type of revenue transaction.
Regarding revenue streams, they basically fall into two main categories: (i) designing, building, operating and maintaining Railway and Mass Transit solutions that range from fully integrated turnkey solutions to traditional signalling systems for passenger rail systems; (ii) designing and production of a full range of signalling solutions and components and provides operation and maintenance services for Heavy Haul and Freight customers around the world.
Implementation plan of IFRS 15 will require Ansaldo STS to review its contracts following the five steps approach of the new standard in order to identify potential effects on net equity and income statements. Based on the preliminary overview performed, the main focus area of analysis and of potential impact have been identified in the following:
(i) accounting for contract modification (in particular, change order);
(ii) transactions among partners (contracts with customers of Ansaldo STS frequently involved other partners in managing relationships and transactions with the final customers: based on contracts’ clauses, in accordance with IFRS 15, transactions with partners could not represent revenue for the Company);
(iii) costs to obtain contracts (incremental costs sustained to obtain contracts must be capitalized if recoverable through the sale);
(iv) performance obligation in the contracts (the new standards requires to identify “multiple elements” within the contract which could be subject to separate evaluation and accounting with potential impact on revenue and margins from contracts);
(v) warranties (based on the characteristics of the warranties required and allowed, they could be considered separate performance obligation to be spin off from the main contract);
(vi) transfer of control (critical analysis of contract terms for the purposes of identification of the model that better reflects the principles of the standard based on the transfer of control of goods and services).

The timeline of IFRS 15 implementation has been design to complete the analysis of the most significant existing contracts, in terms of size of revenue, within June 2017, in order to be able to provide preliminary conclusions in the consolidated half year report as of and for the six months period ended on June 30, 2017. A second a final step of the plan is actually expected within the end of 2017, in order to provide quantitative disclosure of the new standard in the year end consolidated financial statements as of December 31, 2017.

Significant accounting policies
The application of generally accepted accounting principles for the preparation of the financial statements and the interim accounting reports requires the company management to make accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions deemed reasonable and realistic on the basis of the information known at the moment of the estimate.
The use of these accounting estimates impacts the value at which assets and liabilities are recognised and the disclosure on contingent assets and liabilities at the reporting date, as well as the amount of revenue and costs in the reference year. The actual results may differ from those estimated due to the uncertainty characterising the assumptions and conditions on which the estimates are based.

The most significant accounting policies which require that directors prepare estimates based on a greater degree of subjectivity and for which a change in one of the underlying conditions would have a significant impact on the consolidated financial statements are described below.

- Costs estimation to complete construction contracts: the group operates in a business and with contractual arrangements which are recognised using the percentage of completion method. Profits recognised in profit or loss reflect contract progress and the profits which will be recognised for the entire contract once it is completed. Consequently, for the purposes of correctly recognising work in progress and profits related to works yet to be completed, management is required to make an accurate estimate of expected losses, expected increases and delays, additional costs and penalties which could have an impact on the expected margin. More specifically,

the expected loss estimate procedure requires estimates of the cost of materials, the number of hours required to carry out the works set forth in the contract, the financial expense incurred to cover guarantees issued by financial institutions and the possible outcome of disputes with contractual counterparties, partners and suppliers. In order to better assist management's estimates, the group has adopted contract risk management and analysis procedures which identify, monitor and quantify the risks related to contract performance. Carrying amounts reflect management's best estimate at that time, assisted by the above procedural tools.
The valuation of work in progress consider the estimations of the possible impacts arising from disputes with customers; in cases where there are disputes for risk of probable future liabilities, management sets aside special bad debt provision of the work in progress.

- Bad debt provision for receivables: The Group has a credit analysis procedures aimed to identify, monitor and quantify the risks reflected in the provision for doubtful receivables, which therefore represents the best estimate at the time of preparation of the consolidated financial statements.

- Impairment losses: the group's assets with an indefinite useful life are tested for impairment at least once each year or more often if there is evidence of impairment. Likewise, all assets showing evidence of impairment are tested, also when depreciation/amortisation has already begun. Impairment tests are usually performed using the discounted cash flow method; however, this method is considered highly sensitive to the assumptions included in the estimate of future cash flows and of the interest rates applied.

  For the purposes of these valuations, the group uses the plans approved by the body and financial parameters which are in line with those reflecting the current trend of reference markets. Expected cash flows may be quantified in light of the information available at the moment of the estimate on the basis of subjective judgements regarding the future performance of variables such as prices, costs, demand growth rates and production profiles, and are discounted using a rate that takes into account the risk inherent in the activity concerned.

- Hedging construction contracts against currency risk: to avoid the risk of fluctuations in foreign currency cash inflows and outflows on construction contracts, the group specifically hedges the individual cash flows expected on the contract. Hedges are agreed when commercial contracts are signed. Currency risk is usually hedged using plain vanilla (forward) instruments.
  If the hedge is not deemed effective, fair value gains or losses on these instruments are immediately expensed as financial items and the related underlying item is measured as if it were not hedged, hence it is exposed to the currency risk. The effects of this accounting treatment are described in the note on "financial income and expense". Hedges which fall under the first case are recognised as cash flow hedges, considering the premium or the discount as the ineffective part in the case of forwards, or time value in the case of options. The ineffective part is recognised under financial items.

- *Income taxes.* Current taxes for the year are calculated on the basis of estimated taxable income and the tax rates in force at the reporting date. As described above, deferred tax assets are recognised if their recovery is deemed probable; this probability depends on the effective existence of taxable income in the future, which can be used to offset the deductible temporary differences, the determination of which requires conducting a significant estimation process. In determining future taxable income, the results set forth in budgets and plans consistent with those used for impairment testing were taken into consideration, also considering the fact that deferred tax assets refer to temporary differences/tax losses that may be recovered over a long period of time, therefore theoretically even beyond the implicit time horizon of the plans noted above.

Effects of amendments to the IFRS

The company has adopted certain accounting standards and amendments for the first time which are in force for financial years starting on 1 January 2016.
The nature and impact of each new accounting standard and amendment are described below:

- The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
  - The materiality requirements in IAS 1;
  - That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
  - That entities have flexibility as to the order in which they present the notes to financial statements;
  - That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.
These amendments do not have any impact on the Group.

- The amendment to IAS 19, which introduced a simplification of the accounting treatment of certain types of contributions to defined benefit plans by employees or third parties. This has not impacted the company's financial position and results of operations;
- The amendment to IAS 16 and 38 clarifies that it is inappropriate to use revenue-based methods to calculate the depreciation of an asset as revenues reflect a model of economic benefits which are generated by the running of a business, rather than the economic benefits that are consumed with the use of the asset.

Although these new standards and amendments were applied for the first time in 2016, they have not had material impacts on the financial statements or the notes.

13 Segment reporting

Reference should be made to paragraph 2.6 of the directors' report for information on the indicators that management uses to assess the group's performance.
In compliance with the aggregation criteria laid out in IFRS 8, the ASTS group has identified one single operating segment. Therefore, the information required by IFRS 8 correspond to those presented in the consolidated income statement in line with previous years.
Some consolidated accounting information is provided below on a geographical basis, which represents the main way in which the management monitors business performance.

Revenue (€'000)	**31.12.2016**	31.12.2015
Italy	308,403	321,918
Rest of Europe	390,653	338,856
North Africa and the Middle East	122,057	104,593
Americas	255,194	246,713
Asia/Pacific	251,079	371,757
Total	**1,327,386**	**1,383,837**

Property, plant and equipment and intangible assets (€'000)	**31.12.2016**	31.12.2015
Italy	105,961	110,055
Rest of Europe	13,745	14,340
North Africa and the Middle East	778	184
Americas	12,010	12,354
Asia/Pacific	1,966	1,625
Total	**134,460**	**138,558**

14 Notes to the statement of financial position

14.1 Related party assets and liabilities

Related party trading transactions generally take place on an arm's length basis, as does the settlement of interest-bearing receivables and payables where not governed by specific contractual conditions. The relevant statement of financial position balances are shown below. The statement of cash flows presents the impact of related party transaction on cash flows.

FINANCIAL ASSETS AT 31 DECEMBER 2016 (€'000)	Non-current loan assets	Other non-current financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate parent						
Hitachi Ltd (Rail)	-	-	-	155	-	**155**
Hitachi Rail Europe Ltd	-	-	-	313	-	**313**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	93	-	**93**
Alifana Due S.c.r.l.	-	-	-	238	-	**238**
Associates						
International Metro Service S.r.l.	-	-	-	-	-	**-**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	387	-	**387**
Metro 5 S.p.A.	-	22,534	-	1,391	-	**23,925**
Metro Service A.S.	-	-	-	1,668	-	**1,668**
SPV Linea M4 S.p.A.	-	2,534	-	-	-	**2,534**
SP M4 S.C.p.A. (in liq.)	-	-	267	-	-	**267**
Metro Brescia S.r.l.	-	-	-	629	-	**629**
JOINT VENTURES						
Balfour Beatty Ansaldo Systems JV SDN BHD	-	-	-	2,246	-	**2,246**
Consortia						
Saturno Consortium	-	-	-	29,529	-	**29,529**
Ascosa Quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	1,462	-	**1,462**
MM4 consortium	-	182	-	11,858	-	**12,040**
San Giorgio Volla Due consortium	-	-	-	3,489	4	**3,493**
San Giorgio Volla consortium	-	-	-	1,421	-	**1,421**
EPC Lima consortium	-	272	-	-	-	**272**
Other group companies						
Hitachi High Technologies Europe GMBH	-	-	-	68	-	**68**
Hitachi Rail Italy S.p.A.	-	-	-	6,272	-	**6,272**
Total	**-**	**25,522**	**267**	**62,376**	**4**	**88,169**
% of the total corresponding financial statements caption		**56%**	**1%**	**9%**	**0.004%**	

FINANCIAL ASSETS AT 31 DECEMBER 2015 (€'000)	Non-current loan assets	Other non-current financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate parent						
Hitachi Rail Europe Ltd	-	-	-	301	-	**301**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	128	-	**128**
Alifana Due S.c.r.l.	-	-	-	360	-	**360**
Associates						
International Metro Service S.r.l.	-	-	-	121	-	**121**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	389	-	**389**
Metro 5 S.p.A.	-	20,733	-	1,733	-	**22,466**
Metro Service A.S.	-	-	-	512	-	**512**
SP M4 S.C.p.A. (in liq.)	-	-	563	-	-	**563**
Metro Brescia S.r.l.	-	-	-	1,070	-	**1,070**
JOINT VENTURES						
Balfour Beatty Ansaldo Systems JV SDN BHD	-	-	-	2,860	-	**2,860**
Consortia						
Saturno Consortium	-	-	-	23,535	-	**23,535**
Ascosa Quattro consortium	-	-	-	1,157	-	**1,157**
Ferroviario Vesuviano consortium	-	-	-	1,168	-	**1,168**
MM4 consortium	-	182	-	13,142	-	**13,324**
San Giorgio Volla Due consortium	-	-	-	1,138	4	**1,142**
San Giorgio Volla consortium	-	-	-	1,421	-	**1,421**
EPC Lima consortium	-	296	-	-	-	**296**
Other group companies						
Hitachi Rail Italy S.p.A.		-	-	9,917	-	**9,917**
Total	**-**	**21,211**	**563**	**58,952**	**4**	**80,730**
% of the total corresponding financial statements caption	-	**51%**	**1%**	**9%**	**0.004%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2016 (€'000)	**Non-current loans and borrowings**	**Other non-current financial liabilities**	**Current loans and borrowings**	**Trade payables**	**Other current financial liabilities**	**Total**
Subsidiaries						
Alifana S.c.r.l.	-	-	-	125	3	**128**
Alifana Due S.c.r.l.	-	-	-	109	-	**109**
Associates						
Metro Service A.S.	-	-	-	2,704	-	**2,704**
MetroB S.r.l.	-	-	-	-	370	**370**
Pegaso S.c.a.r.l. (in liq.)	-	-	-	61	-	**61**
Consortia						
Saturno Consortium	-	-	-	2,066	-	**2,066**
Ascosa Quattro consortium	-	-	-	150	8	**158**
San Giorgio Volla Due consortium	-	-	-	206	-	**206**
Ferroviario Vesuviano consortium	-	-	-	85	21	**106**
San Giorgio Volla consortium	-	-	-	5	8	**13**
MM4 consortium	-	-	-	591	-	**591**
Other group companies						
Hitachi Rail Italy S.p.A.	-	-	-	13,569	-	**13,569**
Total	**-**	**-**	**-**	**19,671**	**410**	**20,081**
% of the total corresponding financial statements caption				**4%**	**0.3%**	

FINANCIAL LIABILITIES AT 31 DECEMBER 2015 (€'000)	Non-current loans and borrowings	Other non-current financial liabilities	Current loans and borrowings	Trade payables	Other current financial liabilities	Total
Subsidiaries						
Alifana S.c.r.l.	-	-	-	313	-	**313**
Alifana Due S.c.r.l.	-	-	-	93	3	**96**
Associates						
Metro Service A.S.	-	-	-	4,821	-	**4,821**
Metro Brescia S.r.l.	-	-	-	142	-	**142**
Metro 5 S.p.A.	-	-	-	1	-	**1**
MetroB S.r.l.	-	-	-	-	370	**370**
I.M. Intermetro S.p.A. (in liq.)	-	-	-	2	-	**2**
JOINT VENTURES						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	9	-	**9**
Consortia						
Saturno Consortium	-	-	-	2,232	5	**2,237**
Ascosa Quattro consortium	-	-	-	157	8	**165**
San Giorgio Volla Due consortium	-	-	-	182	-	**182**
Ferroviario Vesuviano consortium	-	-	-	145	8	**153**
San Giorgio Volla consortium	-	-	-	5	8	**13**
MM4 consortium	-	-	-	592	-	**592**
SP M4 S.C.p.A. (in liq.)	-	-	-	554	-	**554**
Cris consortium	-	-	-	1	-	**1**
Other group companies						
Hitachi Rail Italy S.p.A.	-	-	2,500	15,998	-	**18,498**
Total	**-**	**-**	**2,500**	**25,247**	**402**	**28,149**
% of the total corresponding financial statements caption			**61%**	**6%**	**0.4%**	

14.2 Intangible assets

(€'000)	Goodwill	Other development expense	Patents and similar rights	Concessions, licences and trademarks	Assets under development	Other	Total
At 31 December 2015	**34,569**	**4,436**	**9,523**	**457**	**423**	**2,138**	**51,546**
Acquisitions	-	-	893	398	225	399	1,915
Capitalisations	-	4,126	-	-	156	-	4,282
Amortisation, depreciation and impairment losses	-	(2,043)	(4,046)	(311)	-	(953)	(7,353)
Opening/average net exchange rate gains	-	-	-	1	-	12	13
Transferred from work-in-progress	-	-	-	-	(223)	223	-
Reclassifications	-	(1,141)	-	-	(173)	173	(1,141)
At 31 December 2016	**34,569**	**5,378**	**6,370**	**545**	**408**	**1,992**	**49,262**

Intangible assets amount to €49,262 thousand (31 December 2015: €51,546 thousand), while investments of the year are equal to €6,197 thousand and amortisation and impairment losses to €7,353 thousand.
Specifically:

- Goodwill (€34,569 thousand), which is tested for impairment at year end in accordance with group procedures, was tested at the reporting date with no need for impairment.
  The test compared net invested capital (including goodwill) at 31 December 2016 against the higher of value in use and fair value. Specifically, value in use is calculated based on the discounted cash flow model, applying the unlevered version to the cash flows as per the guidelines to the five-year plans approved by board of directors (2017 – 2021) and the present value of the terminal value (calculated on a going concern basis). The growth rate included in the terminal value was equal to 2% calculated considering the inflation outlook in the Country where the Group works (International Monetary Fund outlook).
  Where available, the related macro-economic assumptions are determined using external sources of information, while the profitability and growth estimates assumed in the business plans are defined by management based on past experience and expectations about the developments of the markets in which the group operates.
  The cash flows used are those generated by group assets, in their present condition, before financial expense and taxes. They include capital expenditure and monetary changes in working capital and exclude cash flows from financing activities, non-recurring events or dividend distributions.
  These cash flows are discounted using the WACC (Weighted Average Cost of Capital) method which is calculated based on the Capital Asset Pricing Model. At 31 December 2016 the WACC for the Group is 7.39% compared to 7.45% used in previous year.
  The comparables panel in 2016 is the same of the previous year.
  The performed test has pointed out a level of coverage; in addition, there is no other external indicators showing evidence of impairment.
  The recoverable amount is calculated using the Discounted Cash Flow (DCF) methodology – Average Ros has been higher to fair value calculated using the fair value (multiple) methodology.
  The Company performed a sensitivity analysis considering a WACC about 0.5%, 1.0% and 1.5% and, at the same time, to shorten the terminal value growth rate about 0.5% and 1.0%. The analysis shows a broad coverage about the recoverability of the assets under impairment test.
  The recoverable amount obtained through fair value was calculated based on the EV/EBITDA market multiples methods, with respect to current stock exchange multiples of a panel of peer companies used also for the WACC calculation.
  The basic assumptions underlying the projected cash flows for the five-year plans approved by Board of Directors are described in detail in the directors' report to which reference should be made.

- Development expense includes:
  - the Stream project, which was fully amortised in previous years;
  - the Satellite and Rail Telecom project to develop satellite technologies for new railway signalling systems. This project is co-financed by the European Space Agency and the Galileo Supervisory Authority.
- Patents and similar rights relate to:
  - the CMMI (Capability Maturity Model Integration) project to improve the software development process;
  - software developed to support the New Controlling Model (NCM) and the Product Data Management (PDM) which were launched as part of a major worldwide reorganisation process (Fast Forward Driven by Business);
  - development of several tools; in more detail, during the year investments related primarily to the "*Nuovo Internet Global Company*" (€479 thousand), "*Workload Management System (WMS)*" (€58 thousand),"*Tool IET Enterprise for Facility MGT*" (€35 thousand) and"*New Hyperion Application*" (€100 thousand) projects.

14.3 Property, plant and equipment

(€'000)	Land and buildings	Plant and machinery	Equipment	Assets under construction	Other	Total
At 31 December 2015	**60,756**	**7,520**	**6,334**	**2,423**	**9,979**	**87,012**
Acquisitions	100	452	969	1,669	3,466	6,656
Capitalisations	-	-	574	275	-	849
Sales	(7)	(11)	(22)	(45)	(19)	(104)
Amortisation, depreciation and impairment losses	(2,317)	(2,196)	(1,990)	-	(3,094)	(9,597)
Opening/average net exchange rate gains	124	71	8	54	125	382
Transfer from assets under construction	-	11	645	(656)	-	-
Reclassifications	75	661	115	(1,346)	495	-
At 31 December 2016	**58,731**	**6,508**	**6,633**	**2,374**	**10,952**	**85,198**

Property, plant and equipment amount to €85,198 thousand (31 December 2015: €87,012 thousand). They are mainly comprised of the properties of the parent Ansaldo STS S.p.A., specifically the residual value of the building located in Genoa, Via Mantovani 3/5.
Investments of the year, equal to the sum of acquisitions and capitalisations, amount to €7,505 thousand and mainly relate to the following:

- Ansaldo STS S.p.A. for restructuring works and equipment purchased for the Tito plant and the Piossasco facilities for €3,765 thousand;
- Ansaldo STS France group for the purchase of technical laboratory equipment and production tools for the Riom and Les Ulis facilities for €1,498 thousand;
- Ansaldo STS USA INC. for maintenance at the Batesburg plant and works at the Pittsburgh office and IT equipment for €1,636 thousand.

Depreciation and impairment losses of the year amount to €9,597 thousand, while net exchange rate gains total €382 thousand, mainly opening balances.
In general, the property, plant and equipment of the ASTS group is not subject to encumbrances or restrictions of any nature. The only exception regards the restriction established by the municipality of Piossasco for the use of the company canteen by third parties.

14.4 Equity investments

Investments in non-consolidated companies recognised at cost:

(€'000)

At 31 December 2015	**45,403**
Acquisitions/subscriptions and capital increases	2,114
Sales/returns	(6)
At 31 December 2016	**47,511**
Equity-accounted investments	**25,536**
Total equity investments	**73,047**

List of equity investments in thousands of euros:

Name	Registered office	Type of activity	Reporting date	Accounting standards	Equity (€'000)	Total assets (€'000)	Total liabilities (€'000)	Currency	investment %	% of voting rights (%)	Holding type > 50% of voting rights without control	Holding type < 50% of voting rights with control	Holding type > 20% of voting rights without significant influence	Holding type < 20% of voting rights with significant influence	Amount (€'000)
Metro 5 S.p.A.	Milan (Italy)	Transportation	31.12.2015	IT GAAP	56,694	732,034	675,340	Euro	24.60%	24.60%	N/A	N/A	N/A	N/A	16,903
International Metro Service S.r.l.	Milan (Italy)	Transportation	31.12.2015	IT GAAP	8,044	8,337	293	Euro	49.00%	49.00%	N/A	N/A	N/A	N/A	2,374
Pegaso S.c.r.l. (in liq.)	Rome (Italy)	Construction	31.12.2015	IT GAAP	260	4,551	4,291	Euro	46.87%	46.87%	N/A	N/A	N/A	N/A	122
Alifana S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2016	IT GAAP	26	814	788	Euro	65.85%	65.85%	N/A	N/A	N/A	N/A	17
Alifana Due S.c.r.l.	Naples (Italy)	Transportation	31.12.2016	IT GAAP	26	1,466	1,440	Euro	53.34%	53.34%	N/A	N/A	N/A	N/A	14
Metro Brescia S.r.l.	Brescia (Italy)	Transportation	31.12.2015	IT GAAP	5,379	61,014	55,635	Euro	19.80%	19.80%	N/A	N/A	N/A	✓	1,065
Balfour Beatty Ansaldo Systems JV SDN BHD	Kuala Lumpur (Malaysia)	Transportation	31.12.2016	IFRS	12,604	37,020	24,416	MYR	40.00%	40.00%	N/A	N/A	N/A	N/A	5,041
Total equity-accounted investments															**25,536**
Metro C S.c.p.A.	Rome (Italy)	Transportation	31.12.2015	IT GAAP	149,518	404,634	255,116	Euro	14.00%	14.00%	N/A	N/A	N/A	✓	21,000
I.M. Intermetro S.p.A. (in liq.)	Rome (Italy)	Transportation	31.12.2015	IT GAAP	1,877	5,320	3,443	Euro	21.26%	16.67%	N/A	N/A	N/A	✓	523
Società Tram di Firenze S.p.A.	Florence (Italy)	Transportation	31.12.2015	IT GAAP	12,484	228,596	216,112	Euro	3.80%	3.80%	N/A	N/A	N/A	N/A	266
Iricav Uno consortium	Rome (Italy)	Transportation	31.12.2015	IT GAAP	520	7,850	7,330	Euro	17.44%	17.44%	N/A	N/A	N/A	✓	91
Iricav Due consortium	Rome (Italy)	Transportation	31.12.2015	IT GAAP	516	85,833	85,317	Euro	17.05%	17.05%	N/A	N/A	N/A	✓	88
Ferroviario Vesuviano consortium	Naples (Italy)	Transportation	31.12.2015	IT GAAP	155	217,788	217,633	Euro	33.34%	33.34%	N/A	N/A	N/A	N/A	51
S. Giorgio Volla consortium	Naples (Italy)	Transportation	31.12.2015	IT GAAP	72	6,155	6,083	Euro	25.46%	25.00%	N/A	N/A	N/A	N/A	18
S. Giorgio Volla 2 consortium	Naples (Italy)	Transportation	31.12.2015	IT GAAP	72	59,001	58,929	Euro	25.46%	25.00%	N/A	N/A	✓	N/A	18
Cris consortium	Naples (Italy)	Research	31.12.2015	IT GAAP	2,445	4,583	2,138	Euro	1.00%	1.00%	N/A	N/A	N/A	N/A	24
Ascosa Quattro consortium	Rome (Italy)	Transportation	31.12.2014	IT GAAP	57	78,574	78,517	Euro	24.92%	25.00%	N/A	N/A	✓	N/A	14
Siit S.c.p.a	Genoa (Italy)	Research	31.12.2015	IT GAAP	614	1,991	1,377	Euro	2.33%	2.30%	N/A	N/A	N/A	N/A	14
Saturno Consortium	Rome (Italy)	Transportation	31.12.2015	IT GAAP	31	1,676,378	1,676,347	Euro	33.34%	33.34%	N/A	✓	N/A	N/A	10
Train consortium	Rome (Italy)	Transportation	31.12.2015	IT GAAP	1,180	33,664	32,484	Euro	4.55%	4.55%	N/A	N/A	N/A	✓	6
Sesamo S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2015	IT GAAP	91	854	763	Euro	2.00%	2.00%	N/A	N/A	N/A	N/A	2
ISICT consortium	Genoa (Italy)	Research	31.12.2015	IT GAAP	51	241	190	Euro	14.29%	14.29%	N/A	N/A	N/A	✓	6
Cosila consortium (in liq.)	Naples (Italy)	Research	31.12.2015	IT GAAP	100	100	0	Euro	1.00%	0.92%	N/A	N/A	N/A	N/A	1
MM4 consortium	Milan (Italy)	Transportation	31.12.2015	IT GAAP	200	17,191	16,991	Euro	17.68%	18.20%	N/A	N/A	N/A	✓	36
Radiolabs consortium	Rome (Italy)	Research	31.12.2015	IT GAAP	233	1,608	1,375	Euro	25.00%	25.00%	N/A	N/A	✓	N/A	52
SPV Linea M4 S.p.A.	Milan (Italy)	Transportation	31.12.2015	IT GAAP	102,897	213,332	110,435	Euro	5.55%	5.55%	N/A	N/A	N/A	N/A	7,740
Metro de Lima Linea 2 S.A.	Lima (Peru)	Transportation	31.12.2015	IFRS	118,064	198,713	80,649	USD	12.24%	16.90%	N/A	N/A	N/A	✓	16,639
TOP IN S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2015	IT GAAP	79	118	39	Euro	5.29%	5.29%	N/A	N/A	N/A	N/A	4
Ansaldo STS do Brasil Sistemas de Transporte Ferroviario e Metropolitano LTDA	Fortaleza (Brazil)	Transportation	31.12.2015	BRAZILGAAP	213	215	2	BRL	99.99%	99.99%	N/A	N/A	N/A	N/A	334
D.I.T.S. Development & Innovation in Transportation Systems S.r.l.	Rome (Italy)	Research	31.12.2015	IT GAAP	69	112	43	Euro	12.00%	12.00%	N/A	N/A	N/A	✓	5
Dattilo S.c.a.r.l.	Naples (Italy)	Transportation	31.12.2015	IT GAAP	99	360	261	Euro	14.00%	14.00%	N/A	N/A	N/A	✓	14
S.P. M4 S.c.p.a. (in liq.)	Milan (Italy)	Transportation	31.12.2015	IT GAAP	360	4,126	3,766	Euro	16.90%	16.90%	N/A	N/A	N/A	✓	61
MetroB S.r.l.	Rome (Italy)	Transportation	31.12.2015	IT GAAP	17,693	17,772	79	Euro	2.47%	2.47%	N/A	N/A	N/A	✓	494
Total equity investments recognised at cost															**47,511**
Total equity investments															**73,047**

Equity investments at year end amounted to €73,047 thousand (31 December 2015: €69,041 thousand), of which €25,536 thousand (31 December 2015: €23,638 thousand) was measured using the equity method and €47,511 thousand (31 December 2015: €45,403 thousand) at cost.
The €2,108 thousand increase on 2015, which relates to equity investments measured at cost, is mainly due to the subscription of a further equity investment in SPV Linea M4 S.p.A. (€2,100 thousand) which will construct Line M4 of the Milan metro under concession and the increase of €13 thousand in the Ferroviario Vesuviano consortium following the exit of one of the shareholders.

The change of €1,898 thousand compared to 2015, relating to equity-accounted investments, was due primarily to the results recorded by the same investees (€4,345 thousand), details of which are provided in note 15.10, partially offset by the distribution of a dividend of €1,568 thousand by International Metro Service S.r.l. Lastly, the process of winding up the subsidiary Kazakhstan TZ Ansaldo STS Italy LLP was concluded in late November (€32 thousand).

14.5 Loans and receivables and other non-current assets

(€'000)	**31.12.2016**	31.12.2015
Guarantee deposits	3,163	2,267
Other	16,800	18,355
Other non-current related party loans and receivables	25,522	21,210
Non-current financial assets	**45,485**	**41,832**
Other prepayments	16,090	18,332
Other non-current assets	**16,090**	**18,332**

Non-current financial assets at 31 December 2016 amount to €45,485 thousand, up by €3,653 thousand on 2015 (€41,832 thousand), while non-current assets amount to €16,090 thousand (31 December 2015: €18,332 thousand).

They may be analysed as follows:

- guarantee deposits, mainly for advances to lessors (€3,163 thousand);
- for the item other, primarily the "*Pittsburgh facilities lease*" of the US subsidiary (€12,883 thousand) relating to USA subsidiaries for the operating leasing of the offices;
- other non-current related party loans and receivables:
  - €22,534 thousand related to the shareholder loan (principal of €18,783 thousand and accrued interest of €3,751 thousand) of Metro 5 S.p.A. following the agreements to construct the related section of the Milan metro;
  - €2,534 thousand related to the shareholder loan (principal of €2,401 thousand and accrued interest of €133 thousand) of SPV Linea M4 S.p.A. following the agreements to construct the related section of the Milan metro;
  - €272 thousand due from the EPC Lima consortium;
  - €182 thousand due from the MM4 consortium.
- other prepayments relate to the non-current portion of deferred costs for the licence to use the "Ansaldo" trademark owned by Finmeccanica S.p.A. for a 20-year period (€12,868 thousand).
  With reference to the trademark, Ansaldo STS S.p.A. agreed a contract with Finmeccanica S.p.A. on 27 December 2005 allowing the group to use the "Ansaldo" trademark on the market. Against the advance payment of royalties of €32,213 thousand, this contract gives the group the exclusive right to use this trademark until 27 December 2025.

14.6 Inventories

(€'000)	**31.12.2016**	31.12.2015
Raw materials, consumables and supplies	24,782	19,383
Work-in-progress and semi-finished products	12,668	12,314
Finished goods	9,790	10,854
Advances to suppliers	77,827	78,666
Total	**125,067**	**121,217**

Inventories amount to €125,067 thousand, up by €3,850 thousand on the balance at 31 December 2015 (€121,217 thousand) relating primarily to a higher value of raw materials. Inventories are shown net of the relevant allowance of €3,269 thousand (31 December 2015: €3,960 thousand).

14.7 Work in progress and progress payments and advances from customers

(€'000)	**31.12.2016**	31.12.2015
Advances from customers	(41,789)	(65,594)
Progress payments	(1,886,966)	(1,842,741)
Work-in-progress	2,328,511	2,298,527
Provision for expected losses to complete contracts	(12,803)	(14,947)
Allowance for write-down	(28,088)	(28,892)
Work-in-progress (net)	**358,865**	**346,353**
Advances from customers	(310,480)	(384,195)
Progress payments	(2,009,246)	(1,749,832)
Work-in-progress	1,735,070	1,513,214
Provision for expected losses to complete contracts	(12,006)	(10,272)
Allowance for write-down	(1,350)	(4,700)
Progress payments and advances from customers (net)	**(598,012)**	**(635,785)**
Work-in-progress, net of progress payments and advances from customers	**(239,147)**	**(289,432)**

Work in progress is usually recognised under assets when the related gross carrying amount is higher than advances from customers, or under liabilities when advances are greater than the relevant work in progress. The overall net amount increased by €50,285 thousand. This is due primarily to the reduction in the value of advances from customers, including the return of the remaining advance from the Russian customer Zarubezhstroytechnology (ZST) for the contract in Libya (€29,345 thousand), only partially offset by the higher turnover in the previous year in relation to the production volume.
The net balance of work in progress includes the net advance of €112,154 thousand related to the contract in Libya, which is still halted given the well-known events which have affected this country over the past few years, as detailed in the directors' report. This advance amply covers the work carried out to date and not yet invoiced. As a consequence, at the reporting date, there are no probable risks which would require any accrual.

The provision for expected losses to complete contracts reflects losses not yet incurred but for which a provision was recognised on an accruals basis when the contract budget corresponds to a loss. This provision refers to the relevant contracts. Specifically, €12,803 thousand reflects the decrease in "work in progress (net)" and €12,006 thousand to the increase in "progress payments and advances from customers (net)".
Total advances from customers amount to €352,269 thousand (31 December 2015: €449,789 thousand).

14.8 Trade receivables and loan assets

	31.12.2016		31.12.2015	
(€'000)	**Trade receivables**	**Loan assets**	Trade receivables	Loan assets
Third parties	666,476	33,966	604,606	37,933
Total third parties	**666,476**	**33,966**	**604,606**	**37,933**
Related parties	62,376	267	58,952	563
Total	**728,852**	**34,233**	**663,558**	**38,496**

The nominal value of trade and financial receivables corresponds to their fair value.
Total trade receivables at 31 December 2016 (€728,852 thousand) increased from the balance at the previous year end (€663,558 thousand).
Specifically, trade receivables from third parties increased (€666,476 thousand, compared to €604,606 thousand at 31 December 2015), mainly due to the positions of the parent.

Third party loan assets at 31 December 2016 amounted to €33,966 thousand (31 December 2015: €37,933 thousand) and mainly relate to amounts due from the parent, Ansaldo STS India and Ansaldo STS Malaysia Sdn Bhd.
Specifically:
- €28,443 thousand reflects the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya obtained by the parent and deposited in a local bank and tied up pending the resumption of activities;
- €5,523 thousand reflects the short-term deposits made by Ansaldo STS India (€4,889 thousand) and Ansaldo STS Malaysia Sdn Bhd (€634 thousand) with leading banks.

Related party loan assets amount to €267 thousand (31 December 2015: €563 thousand) and relate to an interest-bearing loan granted to S.P. M4 S.C.p.a..

We note that, during the year, the group factored without recourse receivables not yet due for €11,939 thousand relating to the ultimate parent still existing at year end (31 December 2015: €21,946 thousand for the subsidiary Ansaldo STS France S.A.S., which were fully settled in 2015).

14.9 Tax assets and liabilities

	31.12.2016		31.12.2015	
(€'000)	**Assets**	**Liabilities**	Assets	Liabilities
Direct taxes	22,649	8,978	26,378	10,816
Total	**22,649**	**8,978**	**26,378**	**10,816**

Direct tax assets at 31 December 2016 amount to €22,649 thousand, down €3,729 thousand on the €26,378 thousand at 31 December 2015.
Direct tax assets relate to the parent Ansaldo STS S.p.A. (€17,447 thousand), the companies of the Ansaldo STS France S.A.S. group (€3,508 thousand), the Asia Pacific group companies (€1,315 thousand) and the Ansaldo STS USA INC. group companies (€379 thousand).
The direct tax assets pertaining to the parent Ansaldo STS S.p.A. mainly relate to foreign tax assets (€12,729 thousand; 31 December 2015: €9,974 thousand) and to a tax credit in connection with the reimbursement claimed pursuant to article 2.1-quater of Decree Law no. 201/2011, related to the smaller IRES due for the 2007-2011 period as a result of the IRAP deductibility on personnel expense (€3,716 thousand).

Direct tax liabilities amount to €8,978 thousand, down €1,838 thousand on the balance of €10,816 thousand at 31 December 2015. They mainly relate to the parent Ansaldo STS S.p.A. (€8,304 thousand) and ASTS France S.A.S.'s subsidiaries (€670 thousand).

14.10 Other current assets

(€'000)	31.12.2016	31.12.2015
Prepayments - current portion	12,314	8,328
Research grants	18,944	18,046
Employees	2,006	1,340
Social security institutions	30	50
Indirect and other tax assets	31,146	42,678
Derivatives	10,515	5,367
Other	9,645	16,117
Total	**84,600**	**91,926**
Related parties	4	4
Total	**84,604**	**91,930**

Other current third party assets amounted to €84,600 thousand, down €7,326 thousand on the balance of €91,926 thousand at 31 December 2015. The main changes relate to the decrease in indirect taxes due to the lower VAT credit for its own and its branches' items.
With reference to research grants, please refer to the directors' report for details on projects financed. Please note that the disbursement of grants is subject to the implementation of a specific project and/or the channelling of grants for the projects financed.
Other current related party assets amount to €4 thousand and are stable compared to the previous year (€4 thousand).
For additional information on derivatives, reference should be made to note 14.21.

14.11 Cash and cash equivalents

(€'000)	31.12.2016	31.12.2015
Cash-in-hand	109	126
Bank accounts	305,477	304,180
Total	**305,586**	**304,306**

Cash and cash equivalents at 31 December 2016 amount to €305,586 thousand and mainly relate to Ansaldo STS S.p.A. (€202,996 thousand), Ansaldo STS France group (€25,852 thousand), the Asia/Pacific subsidiaries (€11,300 thousand), Ansaldo STS USA group (€28,375 thousand), Ansaldo Railway System Trading (Beijing) Company Ltd. (€22,498 thousand) and Ansaldo STS Sweden (€13.655 thousand). They increased by €1,280 thousand in 2016.
Cash and cash equivalents are totally available and there are no disposal costs.

14.12 Share capital

		In euros		
Share capital	**No. of shares**	**Nominal amount**	**Treasury shares**	**Total**
31 December 2014	**200,000,000**	**100,000,000**	**(702)**	**99,999,298**
Use of treasury shares for SGP	-	-	702	702
31 December 2015	**200,000,000**	**100,000,000**	**-**	**100,000,000**
Use of treasury shares for SGP	-	-	-	-
31 December 2016	**200,000,000**	**100,000,000**	**-**	**100,000,000**

The fully paid-up share capital amounts to €100,000,000 and is comprised of 200,000,000 ordinary shares with a nominal amount of €0.50 each.
The parent has no treasury shares in the portfolio at 31 December 2016.

Based on the shareholders' register and the communications sent to CONSOB and received by the parent pursuant to article 120 of Italian Legislative decree no. 58 of 24 February 1998, and other available information, the table below gives a list of the shareholders which hold more than 3% of Ansaldo STS S.p.A.'s share capital at 31 December 2016:

Shareholder	% held
HITACHI RAIL ITALY INVESTMENTS	50.772
PAUL E. SINGER (as general partner, directly and indirectly, of the Limited Partnerships Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership)	21.909
UBS	6.310

14.13 Retained earnings

Retained earnings (€'000):	
At 31 December 2015	**504,504**
Changes in the consolidation scope	(2,022)
Profit for the year	77,968
Dividends	(36,000)
At 31 December 2016	**544,451**

At 31 December 2016, retained earnings, including profit for the year and consolidation reserves, amounted to €544,451 thousand. The increase is mainly due to the group's profit for the year of €77,968 thousand and the dividend distribution of €36,000 thousand.

14.14 Other reserves

(€'000)	Legal reserve	Hedging reserve	Stock grant reserve	Deferred tax reserve	Translation reserve	Other	Total
31 December 2015	**20,000**	**(1,469)**	**4,611**	**1,763**	**28,722**	**(3,345)**	**50,283**
Change in the consolidation scope	-	-	-	-	293	-	293
Transfers to profit or loss	-	4,355	-	-	-	-	4,355
Net exchange rate gains	-	-	-	-	7,739	-	7,739
Increase/decrease	-	-	3,504	-	-	(2,091)	1,413
Fair value gains (losses)	-	156	-	(1,064)	-	-	(908)
31 December 2016	**20,000**	**3,042**	**8,115**	**699**	**36,755**	**(5,436)**	**63,175**

Legal reserve
The legal reserve amounts to €20,000 thousand and is unchanged from the previous year, having already reached 20% of the share capital at 31 December 2015.

Hedging reserve
This reserve comprises the fair value gains or losses on the derivatives the group uses to hedge its foreign currency exposure equal to €3,042 thousand at 31 December 2016 due to the increases of the period for €4,511 thousand, gross of deferred tax effects, until such time as the hedged underlying affects profit or loss. When this takes place, the reserve is recognised in profit or loss to offset the effects of the hedged transaction.

Stock grant reserve

This reserve was set up in 2007 following the board of directors' approval of the Stock Grant Plan (SGP) under which Ansaldo STS shares are awarded to "strategic" and "key" resources and high potential managers upon reaching the agreed targets. For additional information, reference should be made to section 7 "Human resources and organisation" in the directors' report.
This reserve came to €8,115 thousand at 31 December 2016 and the change compared to last year (€3,504 thousand) is due to:

- the €4,380 thousand attributable to the shares related to 2016 vesting conditions (2014-2016 plan) recognised at the grant date (€10.5 per share);
- a €876 thousand decrease due to the 2013 awarding of shares related to the 2012-2013 stock grant plan.

Deferred tax reserve

The deferred tax reserve amounts to €699 thousand and changed in relation to the recognition of deferred taxation generated by: actuarial gains (losses) following the adoption of the equity method for defined benefit plans and fair value gains and losses on hedging transactions.

Translation reserve

This reserve is used to recognise the exchange rate gains and losses generated by the translation of the financial statements of consolidated companies at 31 December 2016 is equal to €36,755 thousand. The variation showed in the consolidated statement of comprehensive income equal to €7,718 thousand include the impact on minorities for €21 thousand. The largest amounts are generated by the consolidation of the subsidiaries Ansaldo STS USA and Ansaldo STS Australia.

Other

This caption also includes the reserve for defined benefit plans (€-7,513 thousand), to which the change for the year refers (€2,091 thousand: actuarial losses on defined benefit plans), the revaluation reserve pursuant to Law no. 413/91 (€832 thousand) and the reserves set up following the signing of agreements envisaging the parent's receipt of research grants (€1,245 thousand).

14.15 Equity attributable to non-controlling interests

Equity attributable to non-controlling interests relates to Ansaldo STS Beijing Ltd., with its registered office in Beijing (China) (20%), a subsidiary of Ansaldo STS France S.A.S..

(€'000)	
At 31 December 2015	**306**
Loss for the year attributable to non-controlling interests	(65)
Translation reserve attributable to non-controlling interests	(21)
Dividends	-
At 31 December 2016	**220**

14.16 Loans and borrowings

	31.12.2016			31.12.2015		
(€'000)	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Bank loans and borrowings	10	-	10	21	-	21
Other loans and borrowings	1,770	-	1,770	1,607	-	1,607
Related party loans and borrowings	-	-	-	2,500	-	2,500
Total	**1,780**	**-**	**1,780**	**4,128**	**-**	**4,128**

Changes of the year are as follows:

(€'000)	31.12.2015	**Increases**	**Decreases**	**31.12.2016**
Bank loans and borrowings	21	10	(21)	10
Other loans and borrowings	1,607	1,770	(1,607)	1,770
Related party loans and borrowings	2,500	-	(2,500)	-
Total	**4,128**	**1,780**	**(4,128)**	**1,780**

Other loans and borrowings

Third party loans and borrowings amounted to €1,770 thousand and related primarily to the parent as part of joint ventures for which Ansaldo STS is lead contractor.

Financial debt

The repayment plan and exposure to interest rate fluctuations for group financial liabilities are as follows:

	Bank loans and borrowings		**Other**		**Total**	
31 December 2016 (€'000)	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**
Within one year	10	-	1,770	-	1,780	-
2-5 years	-	-	-	-	-	-
After five years	-	-	-	-	-	-
Total	**10**	**-**	**1,770**	**-**	**1,780**	**-**

	Bank loans and borrowings		**Other**		**Total**	
31 December 2015 (€'000)	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**	**Floating rate**	**Fixed rate**
Within one year	21	-	4,107	-	4,128	-
2-5 years	-	-	-	-	-	-
After five years	-	-	-	-	-	-
Total	**21**	**-**	**4,107**	**-**	**4,128**	**-**

The following disclosure is presented in accordance with the format required by CONSOB communication no. DEM/6064293 of 28 July 2006.

(€'000)		**31.12.2016**	31.12.2015
A	Cash-in-hand	109	126
B	Other cash and cash equivalents (bank current accounts)	305,477	304,180
C	Securities held for trading	-	-
D	**CASH AND CASH EQUIVALENTS (A+B+C)**	**305,586**	**304,306**
E	**CURRENT LOAN ASSETS**	**34,233**	**38,496**
F	Current bank loans and borrowings	10	21
G	Current portion of non-current loans and borrowings	-	-
H	Other current loans and borrowings	1,770	4,107
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**1,780**	**4,128**
J	**NET CURRENT FINANCIAL POSITION (I-E-D)**	**(338,039)**	**(338,674)**
K	Non-current bank loans and borrowings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	**NON-CURRENT FINANCIAL DEBT (POSITION) (K+L+M)**	**-**	**-**
O	**NET FINANCIAL POSITION (J+N)**	**(338,039)**	**(338,674)**

14.17 Provisions for risks and charges and contingent liabilities

(€'000)	Product warranties	Disputes with employees	Other	Total
At 31 December 2015	**8,732**	**813**	**1,581**	**11,126**
Accruals	4,677	582	196	5,455
Reversals	(670)	(287)	(59)	(1,016)
Utilisation	(851)	(70)	(564)	(1,485)
Other changes	(40)	-	-	(40)
At 31 December 2016	**11,848**	**1,038**	**1,154**	**14,040**
Current	*8,732*	*813*	*1,581*	*11,126*
Non-current	-	-	-	-
At 31 December 2015	**8,732**	**813**	**1,581**	**11,126**
Current	*11,848*	*1,038*	*1,154*	*14,040*
Non-current	-	-	-	-
At 31 December 2016	**11,848**	**1,038**	**1,154**	**14,040**

The provision for risks and charges totalled €14,040 thousand at 31 December 2016, up by €2,914 thousand on the previous year end (€11,126 thousand). This change is mainly due to the accruals for product warranties of the French subsidiary (€4,577 thousand) and for the provision for disputes with employees (€546 thousand) recognised by the parent Ansaldo STS in order to cover new positions and disputes that arose during the year.
In relation to the provisions for risks, the activities of the Ansaldo STS group companies relate to business units and markets where disputes are generally only settled after a significant time lapse, especially in cases where the counterparty is a public body.
Provisions have been made for risks that are probable and for which the amount can be determined.
Based on current information, specific provisions have not been set aside for the various disputes as they are expected to be resolved satisfactorily and without significantly impacting results.

For additional information, reference should be made to the "Litigation" paragraph of the directors' report.

14.18 Employee benefits

The amount of and changes in post-employment benefits and the defined benefit plans are as follows:

(€'000)	**31.12.2016**	31.12.2015
Italian post-employment benefits	18,294	17,948
Defined benefit pension plans	17,754	15,207
Total	**36,048**	**33,155**

	ITALIAN POST-EMPLOYMENT BENEFITS		Defined benefit plans	
(€'000)	**31.12.2016**	31.12.2015	**31.12.2016**	31.12.2015
Present value of obligations	18,294	17,948	17,754	15,207
Fair value of plan assets	-	-	-	-
Unrecognised actuarial gain (loss)	-	-	-	-
Total	**18,294**	**17,948**	**17,754**	**15,207**

Changes in defined benefit plans and Italian post-employment benefits are as follows:

(€'000)	31.12.2016 ITALIAN POST-EMPLOYMENT BENEFITS	31.12.2016 Defined benefit plans
At 31 December 2015	**17,948**	**15,207**
Current costs	787	990
Benefits paid	(478)	(450)
Actuarial losses taken to equity	37	2,007
of which:		
Actuarial losses taken to equity following changes to financial assumptions	*62*	*1,919*
Actuarial gains/(losses) taken to equity following experience-based adjustments	*(25)*	*88*
At 31 December 2016	**18,294**	**17,754**

The amount recognised in the income statement is as follows:

(€'000)	ITALIAN POST-EMPLOYMENT BENEFITS		Defined benefit plans	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
Current service costs	519	324	704	669
Interest expense	268	289	286	265
Total	**787**	**613**	**990**	**934**

The following main actuarial assumptions were used:

	ITALIAN POST-EMPLOYMENT BENEFITS		Defined benefit plans	
	31.12.2016	31.12.2015	**31.12.2016**	31.12.2015
Discount rate (p.a.)	1.50%	1.89%	1.4%	1.9%
Salary increase rate	N.A.	N.A.	2.5%	2.5%
Turnover rate	2.09% - 5.69%	2.09% - 5.69%	0.91% - 3.26%	0.91% - 3.26%

A sensitivity analysis was performed for each significant actuarial assumption, showing the effects on the company's obligation:

	ITALIAN POST-EMPLOYMENT BENEFITS		Defined benefit plans	
	-0.25%	**0.25%**	**-0.25%**	**0.25%**
Discount rate (p.a.)	18,671	17,938	18,495	16,811
Inflation rate	18,027	18,567	16,817	18,485
Turnover rate	18,291	18,297	17,341	17,914

The average term of the Italian post-employment benefits and other defined benefit plans is 13 years.
The different pension systems included in the calculation does not have peculiarities that may affect the outlook.

14.19 Other current and non-current liabilities

	31.12.2016		31.12.2015	
(€'000)	Current	Non-current	Current	Non-current
Employees	39,316	8,178	34,995	7,353
Indirect and other tax liabilities	14,471	-	15,079	-
Amounts due to social security institutions	17,401	-	17,611	-
Derivatives	17,008	-	14,612	-
Other	31,750	4,730	28,556	4,439
Total other third party liabilities	**119,946**	**12,908**	**110,853**	**11,792**
Other related party liabilities	410	-	402	-
Total	**120,356**	**12,908**	**111,255**	**11,792**

Other current and non-current third party liabilities amount to €132,854 thousand, up €10,209 thousand on 31 December 2015 (€122,645 thousand). As highlighted in the table, the increase relates primarily to the items derivatives, employees and other third party liabilities.
Specifically, other third party liabilities include the outstanding 62% of the consideration to be paid for the acquisition of the investment in Metro C S.c.p.A. (€12,950 thousand) (31 December 2015: €12,950 thousand) and advances for R&D grants of the parent of €10,601 thousand.
Other current and non-current related-party liabilities amount to €410 thousand (31 December 2015: €402 thousand).
For additional information on derivatives, reference should be made to note 14.21.

14.20 Trade payables

(€'000)	31.12.2016	31.12.2015
Trade payables	438,448	390,726
Total third party trade payables	**438,448**	**390,726**
Related party trade payables	19,671	25,247
Total	**458,119**	**415,973**

The nominal value of trade and financial receivables corresponds to their fair value.
Total trade payables at 31 December 2016 of €458,119 thousand increased on the previous year's balance of €415,973 thousand.
Third party trade payables mainly relate to Ansaldo STS S.p.A. (€358,277 thousand), Ansaldo STS France group (€35,872 thousand), Ansaldo STS USA group (€25,717 thousand) and the Asia/Pacific subsidiaries (€12,446 thousand).

14.21 Derivatives

Derivative assets and liabilities may be analysed as follows:

	31.12.2016		31.12.2015	
(€'000)	Assets	Liabilities	Assets	Liabilities
Fair value hedges	4,043	247	3,599	163
Cash flow hedges	6,472	16,761	1,768	14,449
Currency hedges	**10,515**	**17,008**	**5,367**	**14,612**

Derivative assets and liabilities at 31 December 2016 increased from the previous year's balance due to the new cash flow hedges.

Fair value measurement
Ansaldo STS group does not hold listed derivative instruments at 31 December 2016. The fair value of unlisted derivatives is measured using financial valuation techniques. Specifically, the fair value of currency forwards is determined on the basis of market rates at the reporting date and the exchange rate spreads between the relevant currencies. The fair value of swaps is calculated discounting the future cash flows at market rates.

Hedges are mainly undertaken with banks. The group has contracts in place for the following notional foreign currency amounts at the reporting date:

(€'000)	**31.12.2016**	31.12.2015
Euro	56,854	62,345
US dollar	345,298	397,556
Pound sterling	55,729	10,014
Swedish krona	1,648	29,849
Australian dollar	6,783	34,436
Hong Kong dollar	455	1,291
Indian rupee	5,164	5,133
United Arab Emirates dirham	12,921	12,511

Although it is exposed to a limited extent to the risk of fluctuations in interest rates, the group does not hedge the interest rate risk.

14.22 Guarantees and other commitments

Leases
The group is party to certain operating leases, mainly for use of property, plant and equipment. Minimum future payments are as follows:

(€'000)	**Operating leases**
Within one year	3,779
Between two and five years	10,724
After five years	-
	14,503

Guarantee portfolio
Sureties and bonds issued by banks or insurance companies to customers for trading transactions play a fundamental role in the finalisation of national/international tenders and are a basic requirement in the awarding of contracts.

Bid bonds
This guarantee is given to participate in tenders. Usually, it has a 3/6-month term and reflects 1-3% of the basic bid amount or the estimated bid amount.
Because of its nature, the total value of the bid bond with respect to guarantees is usually modest. At 31 December 2016, it accounted for approximately €26 million in the guarantee portfolio.

Performance bonds
This guarantee ensures the successful performance of the project or the supply. They are usually required when signing contracts and its term reflects that of the works or the supply for which they were issued.
They can be of a short-term nature in the case of supply contracts, while they can be of a very long-term nature for turnkey contracts as they include the operation & maintenance stage. The amount depends on the type of contract and the relevant context. Usually, it ranges between 10-15% of the contractual value.
This type of guarantee accounted for approximately €1,050 million in the guarantee portfolio at 31 December 2016.

Retention money bonds
Where contractually provided for, retention money bonds represent the guarantee given to release the amounts held by the customer as a guarantee on the services provided and invoiced. They are released progressively and for minimum amounts (for example, 5% of works/supplies performed and invoiced). Where not explicitly provided for in the contract, the bond can be also be released upon completion of works.
At 31 December 2016, it accounted for approximately €26 million in the guarantee portfolio.

Advance payment bonds
Advance payment bonds, also called down payment bonds, enable the customer to recover an advance payment made to the supplier at the beginning of the project/supply. They decrease as the advance is reabsorbed through the invoicing of the supplier to the customer. The amount of this guarantee varies according to the contract type and the context in which it has been issued. Generally, it can vary from 10% to 15% of the contractual amount up to 25%-35% in some international contexts. At 31 December 2016, these guarantees amounted to over €546 million.

Counter guarantees
Counter guarantees are another type of guarantee. They are presented by the parent Ansaldo STS S.p.A. for contracts agreed as member of consortia and joint ventures. At 31 December 2016, this type of guarantee amounted to approximately €114 million.

Part of the sureties detailed above was released at 31 December 2016 by using the credit lines of Hitachi Ltd (€184 million) and Ansaldo STS S.p.A. (€288 million) for transactions on behalf of the subsidiaries.

Parent company guarantees - Ansaldo STS S.p.A.
The parent company guarantee (PCG) represents the guarantee given by the parent in favour of third parties to guarantee the commitments of a subsidiary. This guarantee can be given for various purposes: issuing commercial guarantees, where the parent Ansaldo STS S.p.A. takes over as guarantor with the banks, for a total of approximately €850 million at 31 December 2016, to the guarantees released by the parent to the banks for the credit lines granted to Ansaldo STS group companies totalling €234 million at 31 December 2016.

Parent Company guarantee Hitachi ltd
At 31 December 2016, the parent has parent company guarantees issued by the ultimate parent Hitachi ltd (€1,284 thousand) to foreign customers of the group.

The group has the following guarantees at 31 December 2016:

Direct guarantees and hold harmless agreements for guarantees issued by third parties in the interest of the group to customers and other third parties (€'000)	**Total**
Personal guarantees issued by Hitachi (parent company guarantees) to customers for trading transactions	1,284,230.3
Personal guarantees issued by Ansaldo STS (parent company guarantees) to customers for trading transactions	848,165.2
Sureties and bonds (bid bonds, performance bonds, retention bonds, advance payment bonds, counter guarantees and other minor guarantees) issued by banks or insurance companies to customers for trading transactions	1,810,834.4
of which, counter-guaranteed by Hitachi	*183,787.8*
of which, counter-guaranteed by Ansaldo STS	*288,515.9*
Direct and other guarantees issued by Ansaldo STS, banks or insurance companies to other third parties for non-contractual/trading guarantees (financial and tax transactions)	39,286.0
Total	**3,982,515.9**

15 Notes to the income statement

15.1 Impact of related party transactions on profit or loss

2016 (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate parent						
Hitachi Rail Europe Ltd	25	-	(7)	-	-	-
Hitachi Ltd (Rail)	492	-	563	-	-	-
Subsidiaries						
Alifana S.c.r.l.	25	-	93	-	-	-
Alifana Due S.c.r.l.	137	-	260	-	-	-
Associates						
International Metro Service S.r.l.	(76)	7	-	-	-	4
Metro 5 S.p.A.	12,979	1,277	110	-	-	-
Pegaso S.c.r.l. (in liq.)	-	-	209	-	-	-
SP M4 S.C.p.A (in liq.)	-	-	33	-	-	-
Metro Brescia S.r.l.	345	16	9	-	-	-
Metro Service A.S.	6,283	-	32,797	-	-	-
JOINT VENTURES						
Kazakhstan	55	-	-	-	-	-
Balfour Beatty Ansaldo Syst. JV SDN BHD	(2,385)	-	41	-	-	-
Consortia						
Ascosa Quattro consortium	59	-	-	-	-	-
Ferroviario Vesuviano consortium	592	-	78	-	-	-
Saturno Consortium	34,809	-	1,683	-	-	-
San Giorgio Volla 2 consortium	2,877	-	197	-	-	-
San Giorgio Volla consortium	(5)	-	4	-	-	-
MM4 consortium	22,467	-	877	-	-	-
Cris consortium	-	-	1	-	-	-
Other group companies						
Hitachi Rail Italy S.p.A.	12,067	-	28,039	-	-	-
Hitachi Rail Inc.	843	-	-	-	-	-
Hitachi Rail India Pvt Ltd Rail Systems Company	427	-	-	-	-	-
Hitachi High Technologies Europe Gmbh	101	-	-	-	-	-
I.M. Intermetro S.p.A. (in liquidation)	1	-	-	-	-	-
Total	**92,118**	**1,300**	**64,987**	**-**	**-**	**4**
% of the total corresponding financial statements caption	**7%**	**6%**	**8%**	**-**	**-**	**0.02%**

2015 (€'000)	Revenue	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate parent						
Hitachi Rail Europe Ltd	-	-	(301)	-	-	-
Subsidiaries						
Alifana S.c.r.l.	25	-	-	-	-	-
Alifana Due S.c.r.l.	195	-	194	-	-	-
Associates						
International Metro Service S.r.l.	-	10	-	-	-	-
Metro 5 S.p.A.	26,484	4,067	112	-	-	-
Pegaso S.c.r.l. (in liq.)	-	-	185	-	-	-
SP M4 S.C.p.A (in liq.)	-	-	503	210	-	-
Metro Brescia S.r.l.	1,370	74	60	11	-	-
Metro Service A.S.	-	-	39,316	-	-	-
JOINT VENTURES						
Balfour Beatty Ansaldo Syst. JV SDN BHD	(2,770)	-	-	-	-	-
Consortia						
Ascosa Quattro consortium	134	-	40	-	-	-
Cesit consortium	-	-	-	-	-	-
Ferroviario Vesuviano consortium	(993)	-	49	-	-	-
Saturno Consortium	21,343	-	1,911	-	-	-
San Giorgio Volla 2 consortium	668	-	70	-	-	-
San Giorgio Volla consortium	(80)	-	(4)	-	-	-
MM4 consortium	22,468	-	537	-	-	-
Cris consortium	-	-	1	-	-	-
Other group companies						
Hitachi Rail Italy S.p.A.*	4,343	-	14,084	-	-	-
I.M. Intermetro S.p.A. (in liquidation)	15	-	2	-	-	-
Total	**73,202**	**4,151**	**56,759**	**221**	**-**	**-**
% of the total corresponding financial statements caption	**5%**	**17%**	**6%**	**1%**	**-**	**-**

* As of 2 November 2015.

15.2 Revenue

(€'000)	31.12.2016	31.12.2015
Sales	889,329	2,587,278
Services	153,970	165,451
	1,043,299	**2,752,729**
Change in work in progress	191,969	(1,442,094)
Third party revenue	**1,235,268**	**1,310,635**
Related party revenue	**92,118**	**73,202**
Total revenue	**1,327,386**	**1,383,837**

Revenue amounted to €1,327,386 thousand in 2016, down €56,451 thousand on the €1,383,837 thousand balance in 2015. The decrease was mainly due to projects of the subsidiaries Ansaldo STS Australia and USA, only partially offset by the increase of the parent.
Related party revenue increased by €18,916 thousand compared to the previous year.

15.3 Other operating income

(€'000)	31.12.2016	31.12.2015
R&D grants	1,834	2,683
Training grants	82	202
Gains on sales of property, plant and equipment and intangible assets	16	108
Reversals of impairment losses on loans and receivables	670	911
Reversals of provisions for risks and charges	59	103
Release of the provision for expected losses to complete contracts	1,334	1,025
Royalties	292	288
Financial income and exchange rate gains on operating items	1,900	2,218
Tax asset for R&D	3,327	2,974
Other operating income	10,442	10,095
Other third party operating income	**19,956**	**20,607**
Other related party operating income	**1,300**	**4,151**
Total other operating income	**21,256**	**24,758**

Other operating income amounted to €21,256 thousand, down on the balance of the previous year (€24,758 thousand), primarily due to the reduction in other operating income from related parties due to the closure in 2015 of specific transactions with the consortia/companies of which Ansaldo STS S.p.A. is part.
The value of other operating income from third parties declined due to the decrease in grants for research and development projects.

15.4 Purchases and services

(€'000)	31.12.2016	31.12.2015
Materials	335,163	340,717
Change in inventories	(4,805)	(745)
Services	438,579	494,588
Rentals and operating leases	20,365	21,570
Total third party purchases and services	**789,302**	**856,130**
Total related party purchases and services	**64,987**	**56,759**
Total purchases and services	**854,289**	**912,889**

Total purchases and services of €854,289 thousand decreased by €58,600 thousand on those for the previous year (€912,889 thousand) mainly due to lower production volumes in 2016.
Purchases of materials and change in inventories amount to €330,358 thousand (2015: €339,972 thousand), down by €9,614 thousand.
Services amount to €438,579 thousand (2015: €494,588 thousand), down by €56,009 thousand.
Rentals and operating leases amount to €20,365 thousand (2015: €21,570 thousand), down by €1,205 thousand. They mainly relate to long-term rentals of company cars, software licences and the lease of premises.
Related party purchases and services rose by €8,228 thousand.

Reference should be made to note 15.1 “Impact of related party transactions on profit or loss” for further details on related party transactions.

15.5 Personnel expense

(€’000)	**31.12.2016**	31.12.2015
Wages and salaries	253,208	250,532
Stock grant plans	4,731	1,891
Social security and pension contributions	59,306	57,200
Italian post-employment benefits	519	324
Other defined benefit plans	704	669
Other defined contribution plans	4,363	4,439
Recovery of personnel expense	(836)	(1,264)
Disputes with personnel	295	29
Restructuring costs	-	-
Other costs	10,048	7,856
Total	**332,338**	**321,676**

The headcount at 31 December 2016 numbered 3,951, up by 179 employees on the previous year (3,772).
The average headcount on the payroll in 2016 numbered 3,828, compared to 3,748 employees in 2015, up by 80 employees.
Personnel expense came to €332,338 thousand, up by €10,662 thousand on the previous year (€321,676 thousand). This was due to higher costs for wages and salaries and for social security and pension contributions, as a result of the higher average headcount, and the recognition of costs correlated with transactions with the company’s strategic and non-strategic personnel.
In relation to incentive plans which involve assigning shares to employees, on 20 February 2014, the Board of Directors on the basis of the proposal of the parent’s remuneration committee approved a three-year stock grant plan for 2014 - 2016 which was subsequently passed by the shareholders in their meeting of 17 April 2014. This plan, which applies to a maximum of 46 employees plus the CEO and key managers, has the same vesting conditions as the 2012-2013 plan (EVA, FOCF and share performance against the FTSE Italia All-Share index).
The stock grant plan cost is recognised on an accruals basis in the reporting period in which the services are rendered. The amount therefore relates to the portion pertaining to the year of the shares related to the 2016 vesting conditions (as per the 2014-2016 plan), which will be delivered considering the three-year vesting conditions.
In accordance with IFRS 2 “Share-based payment” and IFRIC 11 “Group and treasury share transactions” and their current interpretations, the cost for the stock grant plan for 2016, equal to €4,731 thousand (2015: €1,891 thousand), was recognised with a balancing entry in an equity reserve.
The Italian post-employment benefit and other defined benefit plan expense represents only the service cost, as interest expense is classified under financial expense following the adoption of the equity method.

15.6 Amortisation, depreciation and impairment losses

(€'000)	31.12.2016	31.12.2015
Amortisation and depreciation:		
- intangible assets	7,353	6,601
- property, plant and equipment	9,597	9,137
	16,950	**15,738**
Impairment losses:		
- current loans and receivables	1,368	2,968
- other assets	7	19
	1,375	**2,987**
Total amortisation, depreciation and impairment losses	**18,325**	**18,725**

Amortisation, depreciation and impairment losses amount to €18,325 thousand and decreased by €400 thousand on 2015 (€18,725 thousand). This change was caused by lower impairment losses on current loans and receivables, partially offset by greater amortisation and depreciation for the period.
Specifically, €7,353 thousand relates to intangible assets and €9,597 thousand to property, plant and equipment.

15.7 Other operating expense

(€'000)	31.12.2016	31.12.2015
Accruals to the provisions for risks and charges	4,873	2,447
Losses to complete contracts	925	4,085
Membership fees	676	762
Losses on sales of property, plant and equipment and intangible assets	87	196
Exchange rate losses on operating items	9,181	9,275
Interest and other operating expense	1,347	1,873
Indirect taxes	2,833	3,753
Other operating expense	1,581	2,193
Total other third party operating expense	**21,503**	**24,584**
Other related party operating expense	**4**	**-**
Total other operating expense	**21,507**	**24,584**

Other third party and related party operating expense amounted to €21,507 thousand, down by €3,077 thousand on 2015 (€24,584 thousand). Specifically, the decrease related to lower losses to complete contracts and lower indirect taxes.
Starting from 2012, expected losses to complete contracts are no longer recognised against revenue, rather under "Other operating expense".

15.8 Internal work capitalised

(€'000)	31.12.2016	31.12.2015
Internal work capitalised	(5,131)	(5,312)

Internal work capitalised mainly relates to:
- the parent Ansaldo STS S.p.A. (€4,700 thousand), almost entirely related to the Satellite and Rail Telecom project begun in 2012 to develop satellite technologies for new railway signalling systems. This project is co-financed with the European Space Agency and the Galileo Supervisory Authority;
- the French subsidiary Ansaldo STS France S.A.S. (€431 thousand), with respect to costs for the internal construction (personnel, materials and services) of intangible assets and property, plant and equipment.

15.9 Net financial expense

(€'000)	31.12.2016 Income	Expense	Net	31.12.2015 Income	Expense	Net
Interest and fees	1,001	8,206	(7,205)	1,246	1,786	(540)
Exchange rate gains and losses	10,819	12,877	(2,058)	28,828	28,980	(152)
Fair value gains and losses	621	4,561	(3,940)	545	3,347	(2,802)
Interest on Italian post-employment benefits	-	268	(268)	-	289	(289)
Interest on other defined benefit plans	-	286	(286)	-	265	(265)
Other financial income and expense	-	740	(740)	-	554	(554)
Total net financial expense	**12,441**	**26,938**	**(14,497)**	**30,619**	**35,221**	**(4,602)**
Net related party financial income	**-**	**-**	**-**	**221**	**-**	**221**
Total	**12,441**	**26,938**	**(14,497)**	**30,840**	**35,221**	**(4,381)**

In 2016, net third party financial expense amounted to €14,497 thousand, compared to €4,602 thousand in 2015. The decrease of €9,895 thousand is due primarily to the item expense for interest and fees, which includes interest paid to the Russian customer following the conclusion of the arbitration on the Libyan contract (€7,670 thousand). As shown in the table, interest on the Italian post-employment benefits and defined benefit plans amounts to €268 thousand (€289 thousand in 2015) and €286 thousand (€265 thousand in 2015), respectively.

15.10 Share of profits (losses) of equity-accounted investees

(€'000)	31.12.2016 Income	Expense	Net	31.12.2015 Income	Expense	Net
Share of profits (losses) of equity-accounted investees	4,345	-	4,345	5,324	-	5,324
Total	**4,345**	**-**	**4,345**	**5,324**	**-**	**5,324**

The share of profits (losses) of equity-accounted investees is a positive €4,345 thousand and comprises the profit of the investee International Metro Service S.r.l. (€1,460 thousand), the associates Metro 5 S.p.A. (€2,502 thousand) and Metro Brescia S.r.l. (€195 thousand) and Balfour Beatty Ansaldo Systems JV SDN BHD (€188 thousand).

15.11 Income taxes

This caption comprises:

(€'000)	31.12.2016	31.12.2015
IRES	12,663	12,594
IRAP	2,134	1,985
Income from consolidation	-	-
Other foreign taxes	23,312	27,503
Prior year taxes	982	(163)
Provisions for tax risks	-	550
Net deferred tax (income) expense	(345)	1,207
Total	**38,746**	**43,676**

The value of taxes was €38,746 thousand in 2016, a reduction of €4,930 thousand compared to the previous year, essentially due to the lower pre-tax profit. Specifically:
- the €1,552 thousand decrease in net deferred taxes, which declined from net deferred tax income of €1,207 thousand to net deferred tax expense of €345 thousand, due primarily to the recognition of deferred tax assets of the group's foreign subsidiaries;
- IRES (€12,663 thousand) and IRAP (€2,134 thousand), related to the parent, were in line with the previous year;
- income taxes of foreign companies (€23,312 thousand) decreased compared to the previous year (€27,503 thousand in 2015), primarily due to the decline in their pre-tax profit.

The difference between the theoretical and effective tax rates is analysed below:

	31.12.2016			31.12.2015		
(€'000)	**amount**		%	**amount**		%
Pre-tax profit	**116,649**	**-**		**136.712**	**-**	
Taxes calculated at ruling tax rates		32,078	27.50%		37,596	27.50%
Permanent differences	2,484	683	0.59%	(356)	(98)	-0.07%
	119,133	**32,761**	**28.09%**	**136,356**	**37,498**	**27.43%**
Different rates on foreign taxes and/or due to losses of the year	-	1,846	1.58%	-	3,078	2.25%
IRAP and other taxes calculated on a basis other than pre-tax profit	-	3,156	2.71%	-	2,713	1.98%
Prior year taxes	-	982	0.84%	-	(163)	-0.12%
Provisions for tax risks	-	-	0.00%	-	550	0.40%
Total effective taxes recognised in profit or loss		**38,746**	**33.22%**		**43,676**	**31.95%**

At 31 December 2016, the effective tax rate is 33.22%, compared to 31.95% in the previous year, with an increase of 1.27%, due to the different mix of pre-tax profits (losses) of individual group companies.

	Income statement		**Statement of financial position**	
(€'000)	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Italian post-employment benefits and pension funds	184	-	5,262	-
Remuneration	-	-	729	-
Property, plant and equipment and intangible assets	(13)	27	975	578
Provisions for risks and charges	(1,008)	-	18,996	-
Research grants	-	(39)	629	2,191
Allowances for WIP and inventory write-down	68	-	2,316	-
Cash flow hedges - defined benefit plans	-	-	1,563	2,379
Tax losses	(217)	-	1,497	-
Other	1,637	318	9,357	7,027
Total	**651**	**306**	**41,324**	**12,175**

The deferred tax assets generated by the "Provisions for risks and charges" mainly relate to the US subsidiaries (€5,725 thousand) and the parent (€13,151 thousand).
The deferred tax assets on tax losses fully relate to the subsidiary Ansaldo STS USA (€1,497 thousand).
The deferred tax assets related to the allowance for work-in-progress and inventory write-down mainly relate to the subsidiary Ansaldo STS USA (€333 thousand), Ansaldo STS France (€1,790 thousand) and the parent Ansaldo STS S.p.A. (€193 thousand).
Deferred tax assets are recognized taking into consideration their recoverability in each component of the consoldiated financial statements, based on the avilability of the expected forecasted future taxable income.

"Other" mainly relates to the parent, Ansaldo STS S.p.A. (€2,496 thousand), the subsidiary Ansaldo STS Australia (€2,404 thousand) and the subsidiaries Ansaldo STS USA INC. (€3,684 thousand) and Ansaldo STS France (€773 thousand).
Deferred tax liabilities mainly relate to the parent.
Deferred tax assets and liabilities include those recognised with a balancing entry directly in equity, on derivatives recognised as cash-flow hedges (impact of the period of -€1,767 thousand) and actuarial gains/losses following the adoption of the equity method for defined benefit plans (impact of the period of €703 thousand).

This equity item changed as follows during the year:

(€'000)	31.12.2015	Transfers to profit or loss	Fair value gains or losses	Other changes	31.12.2016
Deferred taxes directly recognised in equity	**1,763**	**-**	**(1,064)**	**-**	**699**

16 Earning per share

Earnings per share ("EPS") are calculated by:
- dividing the profit for the year attributable to holders of ordinary shares by the average number of ordinary shares outstanding in the year, net of treasury shares (basic EPS);
- dividing the profit for the year by the average number of ordinary shares and those that could arise from the exercise of all options under stock option plans, net of treasury shares (diluted EPS).

Basic EPS	**31.12.2016**	31.12.2015
Average shares outstanding during the year	199,996,346	199,995,192
Profit for the year (€'000)	77,903	93,036
Basic and diluted EPS	**0.39**	**0.47**

17 Cash flows from operating activities

The following table shows the cash flows from operating activities:

(€'000)	**31.12.2016**	31.12.2015
Profit for the year	77,903	93,036
Share of profits (losses) of equity-accounted investees	(4,345)	(5,324)
Income taxes	38,746	43,676
Italian post-employment and other employee benefits	787	613
Stock grant plans	4,731	1,891
Net gains on the sale of assets	71	87
Net financial income	14,497	4,381
Amortisation, depreciation and impairment losses	18,325	18,725
Accruals to/reversals of provisions for risks	4,814	2,344
Other operating income/expense	3,118	7,802
Write-downs/reversals of write-downs of inventories and work in progress	(4,498)	(5,223)
Total	**154,149**	**162,008**

The change in working capital, shown net of the impacts of acquisitions and sales of consolidated companies and exchange rate gains and losses, comprises:

(€'000)	**31.12.2016**	31.12.2015
Inventories	(2,981)	(14,223)
Work in progress and progress payments and advances from customers	(63,094)	(28,366)
Trade receivables and payables	(17,077)	51,483
Total	**(83,152)**	**8,894**

The change in other operating assets and liabilities, shown net of the impacts of acquisitions and sales of consolidated companies and exchange rate gains and losses, comprises:

(€'000)	**31.12.2016**	31.12.2015
Payment of Italian and other post-employment benefits	(7,547)	(7,513)
Taxes paid	(20,928)	(33,003)
Changes in other operating items	11,200	(27,983)
Total	**(17,275)**	**(68,499)**

Reference should be made to section 2.3 on the group's financial position for a discussion of changes in the consolidated statement of cash flows.

18 Financial risk management

The group's operations expose it to the following financial risks:
- market risks, related to currency risk, operations in currencies other than the functional currency, interest rate risk;
- liquidity risks, related to the availability of financial resources and access to the credit market;
- credit risk, arising from normal trading transactions or financing activities.

The group specifically monitors each of these financial risks and acts promptly to minimise them including via hedging derivatives. Ansaldo STS group's approach to managing these risks, in line with internal policies, is described below.

Currency risk

As described in the treasury management policy, Ansaldo STS group manages currency risk by pursuing the following objectives:
- limiting potential losses generated by unfavourable exchange rate fluctuations against the currency used by Ansaldo STS S.p.A. and its subsidiaries;
- limiting forecast or actual costs related to the implementation of currency risk management policies.

Currency risk shall only be hedged if it has a material impact on cash flows, compared to the functional currency. Costs and risks related to a hedging policy (hedge, no hedge or partial hedge) must be acceptable in both financial and commercial terms.
Currency risk may be hedged using the following tools:
- purchase and sale of currency forwards: these are the most commonly used cash flows hedges;
- funding/lending in foreign currency: used to mitigate the currency risk related to similar receivable and payable positions with banks or group companies.

The use of funding and lending in foreign currency as a hedging instrument shall only take place when consistent with Ansaldo STS group's overall treasury management and financial position (both long- and short-term).
The purchase and sale of foreign currency is generally the hedge tool used when foreign markets are not sufficiently liquid or when it is the most cost effective hedging method.

Currency risk hedging

There are three main types of currency risk:
1. The economic risk is the impact exchange rate fluctuations can have on capital budgeting decisions (investments, the location of production facilities and supply markets).
2. Transaction risk is the possibility that exchange rates may fluctuate between the time a commitment is undertaken to make future collections or payments in foreign currency (price list, budgets, orders preparation and invoicing) and when the actual collection or payment takes place, generating either exchange rate gains or losses.
3. The translation risk is the effect on the financial statements of multinational companies of translating dividends, or of consolidating assets and liabilities when exchange rates adopted for consolidation purposes differ from one reporting period to the next.

Ansaldo STS group hedges the transaction risk in line with the foreign exchange risk management policy, i.e., via the systematic hedge of cash flows generated by firm contractual commitments to buy and sell, in order to fix the exchange rates at the date the construction contracts are agreed, thereby neutralising the effects of exchange rate fluctuations.

Cash flow hedges

Hedges are entered into at the time sales contracts are agreed, using plain vanilla instruments (currency swaps and forwards) that qualify for hedge accounting under IAS 39. They are recognised as cash flow hedges, whereby the effective portion of fair value gains or losses on hedging derivatives is recognised in the relevant hedging reserve once the hedging strategy is demonstrated to be effective.
If the hedge is not deemed effective (i.e., does not fall within the 80% to 125% range), fair value gains or losses on hedging instruments are immediately expensed as financial items and the related fair value gains or losses accumulated in the hedging reserve up to the date of the most recent successful test of effectiveness are reclassified to profit or loss.
The calculation of hedge effectiveness does not include the fair value of financial income and expense as it is directly recognised in profit or loss. Accordingly, the impact on profit or loss of this component is not deferred, improving the transparency and consistency of the hedging reserve. Moreover, the result of the forex effectiveness test is simplified as comparison is limited to two notional amounts: the forex and the hedged underlying.

Fair value hedges

These hedge fair value changes in a recognised asset or liability, an unrecognised firm commitment, an identified portion of this asset, liability or irrevocable commitment, related to a particular risk and that could impact profit or loss.
The group hedges fair value gains or losses related to the currency risk on recognised assets and liabilities.

Hedges are mainly undertaken with banks. The group has contracts in place for the following notional foreign currency amounts at the reporting date:

local currency in €'000	**Sell16**	**Buy16**	**31.12.2016**	Sell15	Buy15	31.12.2015
Euro	25,169	31,685	**56,854**	21,482	40,863	**62,345**
US dollar	263,912	81,386	**345,298**	330,936	66,620	**397,556**
Pound sterling	55,729	-	**55,729**	10,014	-	**10,014**
Swedish krona	824	824	**1,648**	-	29,849	**29,849**
Australian dollar	-	6,783	**6,783**	-	34,436	**34,436**
Hong Kong dollar	455	-	**455**	1,291	-	**1,291**
Indian rupee	5,164	-	**5,164**	5,133	-	**5,133**
United Arab Emirates dirham	12,921	-	**12,921**	12,511	-	**12,511**

The net fair value of the derivatives in place at 31 December 2016 was a negative €6,493 thousand.

Sensitivity analysis of exchange rates

For the purposes of the presentation of market risks, IFRS 7 requires a sensitivity analysis that shows the effects of the hypothetical changes in the most relevant market variables on profit or loss and equity.
Currency risks arise from recognised financial instruments (including trade receivables and payables) or highly probable cash flows denominated in a currency other than the functional currency.
Since the US dollar is the primary foreign currency used by the group, a sensitivity analysis was performed on financial instruments denominated in dollars in place at 31 December 2016, assuming a 5% appreciation (depreciation) of the euro against the US dollar.

This analysis showed that an appreciation or depreciation of the euro against the US dollar would have the following impact on the group's consolidated financial statements:

	31.12.2016		31.12.2015	
(€'000)	**+5% - appreciation of the euro against the US dollar**	**-5% - depreciation of the euro against the US dollar**	+5% - appreciation of the euro against the US dollar	-5% - depreciation of the euro against the US dollar
Income statement	(4,613)	5,098	(6,500)	7,184
Hedging reserve	11,692	(12,920)	13,100	(14,553)

The sensitivity of the income statement to the Euro/US dollar exchange rate fluctuations is lower than in 2015, and the impact on the financial position decreased, as a result of the new significant forex positions opened by the parent Ansaldo STS S.p.A. during the year.

Interest rate risk

Under the policy, the aim of interest rate risk management is to reduce the negative effects of interest rate fluctuations on the group's financial position, results of operations and weighted average cost of capital.
Ansaldo STS group manages interest rate risk to pursue the following objectives:

- stabilise the weighted average cost of capital;
- minimise Ansaldo STS group's medium- and long-term weighted average cost of capital by focusing on the effects of interest rates on both debt funding and equity funding;
- optimise the return on financial investments within a general risk/return trade-off;
- limit costs related to the implementation of interest rate management policies, including direct costs related to the use of specific instruments and indirect costs linked to the internal structure needed to manage the risk.

Again in 2016, the group managed this risk without the use of derivatives.

Sensitivity analysis of interest rates

A sensitivity analysis was performed on the assets and liabilities exposed to interest rate risk to assess the impact on profit or loss, assuming a parallel and symmetric 50 basis point rise (fall) (0.5%) in interest rates; the adopted range has been chosen by IFRS for the analysis.
The impact of these scenarios on the group's financial statements at 31 December 2016 is summarised in the following table:

	31.12.2016		31.12.2015	
(€'000)	**+50 bps**	**-50 bps**	**+50 bps**	**-50 bps**
Income statement	1,222	(1,222)	760	(760)

These impacts are the result of lower interest income that would be produced by floating rate net financial position, in the case of interest rates greater or lower by 50 basis points, respectively.
The change in interest rates would have no impact on the measurement of recognised financial instruments, as there are no financial assets or liabilities (not derivative) recognised at fair value through profit or loss.
Moreover, the derivatives entered into by the group are exclusively exchange rate derivatives and a change in the interest rates of the various currencies would have no relevant impacts on fair value at year end.
There are no impacts on equity, as the group has no cash flow hedges on the interest rate risk.
The results achieved at 31 December 2016 increased on those of the previous year as a result of to the increase in receivables and payables exposed to interest rate fluctuations.

Liquidity risk

Ansaldo STS group has rolled out a series of tools to optimise treasury management with a view to the efficient management of cash and cash equivalents and to help its business grow. This was achieved by centralising the treasury function (current accounts between the parent and the group companies) and an active presence on financial markets which has enabled the group to obtain short- and medium- to long-term non-revolving cash and unsecured credit lines to meet its needs.
It had a net financial position of (€338,039) thousand at 31 December 2016, in line with the net financial position of (€338,674) thousand at 31 December 2015.

Liquidity analysis – amounts in thousands of euros – figures at 31.12.2016

A – Financial liabilities excluding derivatives	Within one year	Between one and five years	After five years
Non-current liabilities			
Third party loans and borrowings	-	-	-
Related party loans and borrowings	-	-	-
Other non-current liabilities	3,166	544	-
Current liabilities			
Related party trade payables	8,559	11,112	-
Third party trade payables	423,167	15,281	-
Third party financial liabilities	1,780	-	-
Related party financial liabilities	-	-	-
Other financial liabilities	-	-	-
Total A	**436,672**	**26,937**	**-**
B – Negative value of derivatives			
Hedging derivatives	17,008	-	-
Trading derivatives (economic hedge)	-	-	-
Total B	**17,008**	**-**	**-**
Total A + B	**453,680**	**26,937**	**-**

The following financial assets were recognised against loans and borrowings and trade payables of €480,617 thousand:

C - Financial assets	
Cash-in-hand and cash and cash equivalents	305,586
Third party trade receivables	666,476
Related party trade receivables	62,376
Receivables at FV - third parties	-
Receivables at FV - related parties	-
Loan assets	34,233
Other	-
Positive value of derivatives	10,515
TOTAL FINANCIAL ASSETS	**1,079,186**
D – Unsecured credit lines	**138,961**
TOTAL C + D	**1,218,147**
C+D-(A+B)	**737,530**

The group has a net credit position and has available liquidity to self-finance and does not have to use banks to finance its operations. Consequently, it has relatively limited exposure to the liquidity market tensions.

Credit risk

The group does not have significant credit risks, either in terms of its trading counterparties or its financing and investing activities. Its main customers are public entities or related to public bodies, mostly in the European, US and South-East Asia areas. Ansaldo STS group's typical customer rating is therefore medium-to-high. However, for contracts with customers/counterparties with which the group does not have regular trading transactions, solvency is analysed at the time the offer is placed, in order to identify future credit risks.

Given the nature of the group's customers, collection times are longer (and, in certain countries, significantly longer) than those typical of other businesses, leading to overdue amounts, which are sometimes considerable.
At 31 December 2016, third party trade receivables amounted to €666,476 thousand (31 December 2015: €604,606 thousand) and were overdue for €258,643 thousand, of which €169,495 thousand by more than 12 months.
At 31 December 2016, third party trade receivables mainly relate to the parent Ansaldo STS S.p.A. (€509,019 thousand), overdue for €216,433 thousand.

The following table gives a breakdown of receivables at 31 December 2016:

	Public bodies			Other customers			
31.12.2016 (€'000)	**Europe**	**Americas**	**Other**	**Europe**	**Americas**	**Other**	**Total**
- Retentions	40,320	7,222	7,049	20,681	3,326	950	79,548
- Not overdue	86,413	17,434	928	196,200	8,350	18,960	328,285
- Overdue by less than six months	22,814	2,767	658	30,459	5,138	5,645	67,481
- Overdue between 6 months and 1 year	7,572	390	311	12,791	54	549	21,667
- Overdue between one and five years	110,611	5,459	1,911	50,369	538	607	169,495
Total	**267,730**	**33,272**	**10,857**	**310,500**	**17,406**	**26,711**	**666,476**

The allowance for impairment changed as follows:

	31.12.2016	31.12.2015
1 January	**22,667**	**20,470**
Accruals	1,366	2,968
Releases/Utilisation	(28)	(776)
Other changes	2	5
31 December	**24,007**	**22,667**

During the year, the allowance for impairment rose by €1,340 thousand, mainly as a result of the amounts accrued by the parent Ansaldo STS S.p.A. for the collection risk of receivables for interest in arrears and late payment.

With respect to the credit risk arising from the positive value of derivatives, the counterparties of derivative contracts are mainly banks.
The table below breaks down the positive value of derivatives by the counterparty's rating class.

The ratings below are based on S&P's data.

Classe di Rating	**Positive fair value**
A	28.0%
A-	72.0%
Total positive fair value	**100.0%**

Classification and fair value of financial assets and liabilities

The tables below give a breakdown of the group's financial assets and liabilities by the measurement category set out in IAS 39.
Financial liabilities are all recognised using the amortised cost method, since the group did not use the fair value option.
Derivatives are analysed separately.

31.12.2016 (€'000)	**Fair value through profit or loss**	**Loans and receivables**	**Held to maturity**	**Total**	***Fair value***
Non-current assets					
Non-current related party loans and receivables	-	25,522	-	**25,522**	**25,522**
Financial assets measured at fair value through profit or loss	-	-	-	**-**	**-**
Loans and receivables	-	19,963	-	**19,963**	**19,963**
Current assets				**-**	
Current related party loans assets	-	62,376	-	**62,376**	**62,376**
Trade receivables	-	666,476	-	**666,476**	**666,476**
Financial assets measured at fair value through profit or loss	-	34,233	-	**34,233**	**34,233**

31.12.2016 (€'000)	**Fair value through profit or loss**	**Amortised cost**	**Held to maturity**	**Total**	***Fair value***
Current liabilities					
Current related party liabilities	-	19,671	-	**19,671**	**19,671**
Related party loans and borrowings	-	-	-	**-**	**-**
Trade payables	-	438,448	-	**438,448**	**438,448**
Loans and borrowings	-	1,780	-	**1,780**	**1,780**

31.12.2015 (€'000)	Fair value through profit or loss	Loans and receivables	Held to maturity	Total	*Fair Value*
Non-current assets					
Non-current related party loans and receivables	-	21,211	-	**21,211**	**21,211**
Financial assets measured at fair value through profit or loss	-	-	-	**-**	**-**
Loans and receivables	-	20,621	-	**20,621**	**20,621**
Current assets				**-**	
Current related party loans assets	-	58,952	-	**58,952**	**58,952**
Trade receivables	-	604,606	-	**604,606**	**604,606**
Financial assets measured at fair value through profit or loss	-	38,496	-	**38,496**	**38,496**

31.12.2015 (€'000)	Fair value through profit or loss	Amortised cost	Held to maturity	Total	*Fair Value*
Current liabilities					
Current related party liabilities	-	25,247	-	**25,247**	**25,247**
Related party loans and borrowings	-	2,500	-	**2,500**	**2,500**
Trade payables	-	390,726	-	**390,726**	**390,726**
Loans and borrowings	-	1,628	-	**1,628**	**1,628**

The carrying amount of short-term financial instruments, such as trade receivables and payables, represents a fair approximation of fair value.

Derivatives

IFRS require the classification of fair value of derivatives on the basis of reference parameters that can be inferred from the market or from other financial indicators (for example: exchange rates, interest rate curve, etc.). Financial derivatives on currencies to hedge the currency risk fall within Level 2 of the hierarchy since the fair value of these instruments is determined by recalculating the present value through official fixing of closing exchange and interest rates listed on the market.

The table below shows the fair values of financial instruments in portfolio.

Fair value hierarchy at the reporting date	***Fair value at*** **31.12.2016** **Level 2**	*Fair value at* 31.12.2015 Level 2
Assets		
Currency forwards/swaps/options		
Trading	-	-
Fair value hedges	4,043	3,599
Cash flow hedges	6,472	1,768
Liabilities		
Currency forwards/swaps/options		
Trading	-	-
Fair value hedges	247	163
Cash flow hedges	16,761	14,449

The group uses cash flow hedges to hedge the currency risk of highly probable future transactions and fair value hedges to hedge the exposure to currency risk of recognised assets and liabilities.
With respect to derivatives hedging future cash inflows and outflows in currencies other than the functional currency, the table below shows the maturities of these cash flows, hedged in US dollars.

	31.12.2016		31.12.2015	
	Notional (USD'000)		Notional (USD'000)	
Maturity	**Collection**	**Payment**	Collection	Payment
Within one year	261,553	26,868	260,863	28,125
Between one and three years	8,627	3,458	71,857	3,899
Between three and nine years	-	-	-	-
After nine years	-	-	-	-
Total	**270,180**	**30,326**	**332,720**	**32,024**

19 Key managers' remuneration

Fees paid to those who have the power to plan, manage and control the group, including executive and non-executive directors, are as follows:

(€'000)	**2016**	2015
Directors' fees	5,549	4,161
Stock grants	180	247
Total	**5,729**	**4,408**

Fees paid to directors, key managers and the general manager amounted to €5,729 thousand in 2016 (2015: €4,408 thousand).
These amounts include fees and any other type of remuneration and social security sums due for the position of director, key manager or general manager in the parent or in other companies included in the consolidation scope, which represented a cost for the group.
Costs correlated with transactions with the company's strategic figures were incorporated in 2016. A one-off financial incentive was incorporated in 2015 for those persons holding certain key roles within the group, with a view to maintaining business continuity in light of the transfer of the controlling interest in the parent's share capital.
Fees include those paid to the members of the board of directors and the supervisory bodies.

Statutory auditors' fees pertaining to the parent amounted to €210 thousand in 2016 (2015: €210 thousand).

In order to implement an incentive and loyalty scheme for the group's employees and consultants, the parent has launched incentive plans which, upon reaching set vesting conditions, provide for the awarding of Ansaldo STS shares.

Shares were delivered in 2016 as the 2013 vesting conditions of the 2012-2013 plan have a three-year term. In addition, the shares for the 2016 vesting conditions as part of the 2014-2016 plan were accrued.

The following table gives a breakdown of the parent's directors', statutory auditors' and general managers' fees:

(in euros)

POSITION Name and surname	POSITION Position	Date of appointment	End of term	Fees for the position held in the reporting company for 2016	Non-monetary benefits	Bonuses and other incentives	Other fees paid
Alistair Dormer	Chairperson of the BoD	13.05.2016	Approval of 2018 financial statements	75,000 (1)			
Alberto de Benedictis (b) (c)	(Deputy chairperson)	13.05.2016	Approval of 2018 financial statements	60,219 (2)			
Katrarine Rosalind Painter (a) (d)	Director	13.05.2016	Approval of 2018 financial statements	60,219 (3)			
Andrew Thomas Barr	Chief executive officer and general manager since 24.05.2016	24.05.2016	Approval of 2018 financial statements	48,387 (4)	9,175		194,917*
Mario Garraffo (b) (d)	Director	13.05.2016	Approval of 2018 financial statements	75,355 (5)			
Katherine Jane Mingay	Director and Deputy chairperson of the BoD until 28.10.2016	13.05.2016	Approval of 2018 financial statements	31,694 (6)			
Rosa Cipriotti	Director	13.05.2016	Approval of 2018 financial statements	31,694 (7)			
Fabio Labruna	Director	13.05.2016	Approval of 2018 financial statements	31,694 (7)			
Giuseppe Bivona	Director	13.05.2016	Approval of 2018 financial statements	31,694 (7)			
Karen Boswell	Director since 02.11.2015, holding the role of deputy chairperson since 25.11.2015	02.11.2015	Approval of 2017 financial statements	18,306 (8)			
Garaventa Nicoletta (e)	Chairperson of the supervisory body	06.05.2013	three-year term	25,000			
Quagli Alberto (f)	Member of the supervisory body	06.05.2013	three-year term	20,000			
Sarubbi Giacinto	Chairperson of the board of statutory auditors	15.04.2014	Approval of 2016 financial statements	75,000			15,000**
Spinardi Maria Enrica	Statutory auditor	15.04.2014	Approval of 2016 financial statements	50,000			10,000**
Righetti Renato	Statutory auditor	15.04.2014	Approval of 2016 financial statements	50,000			10,000**
Stefano Siragusa (g)	Chief executive officer and general manager until 13.05.2016	02.11.2015	Approval of 2017 financial statements	29,462 (9)	27,534		3,447,471***
Paola Giannotti (m)	Director in office until 13.05.2016	02.11.2015	Approval of 2017 financial statements	27,459 (10)			
Giulio Gallazzi (h)	Director in office until 13.05.2016	02.11.2015	Approval of 2017 financial statements	25,628 (11)			
Alessandra Piccinino (i)	Director in office until 13.05.2016	09.11.2015	Approval of 2017 financial statements	23,798 (12)			
Bruno Pavesi (i) (m)	Director in office until 13.05.2016	02.11.2015	Approval of 2017 financial statements	32,951 (13)			
Giovanni Cavallini (l)	Director in office until 13.05.2016	02.11.2015	Approval of 2017 financial statements	29,290 (14)			

* fixed remuneration of €194,917 for the position of general manager and other fees for 2016
** fees for positions on committees
*** fixed remuneration of €246,470 for the position of general manager and other fees for 2016 until 13/05/2016 and €3,201,001 for termination of the employment relationship.

(a) Chairperson of the appointments and remuneration committee
(b) Member of the appointments and remuneration committee
(c) Chairperson of the risk and control committee
(d) Member of the risk and control committee
(e) Chairperson of the supervisory body
(f) Member of the supervisory body
(g) Chief executive officer and general manager until 13/05/2016
(h) Chairperson of the appointments and remuneration committee until 13/05/2016
(i) Member of the appointments and remuneration committee until 13/05/2016
(l) Chairperson of the risk and control committee until 13/05/2016
(m) member of the risk and control committee until 13/05/2016

(1) chairperson of the BoD (in office since 13/05/2016 with a new mandate)
(2) in office since 13/05/2016 BoD - ARC - chair. RCC and from 28/10/2016 dep. chair. BoD
(3) in office since 13/05/2016 as member of BoD - RCC and chair. ARC
(4) since 24/05/2016 CEO
(5) in office since 02/11/2015 BoD and since 13/05/2016 RCC and ARC
(6) BoD and deputy chair. BoD from 13/05/2016 to 28/10/2016
(7) BoD since 13/05/2016
(8) in office BoD from 02/11/2015 to 13/05/2016 and dep. chair. BoD since 25/11/2015
(9) CEO and general manager until 13/05/2016
(10) BoD and RCC until 13/05/2016
(11) BoD - chair. ARC until 13/05/2016
(12) BoD and ARC until 13/05/2016
(13) BoD - ARC and RCC until 13/05/2016
(14) BoD - chair. RCC until 13/05/2016

In euros	Annual unit fees
Chairperson of the board of directors	75,000
Member of the board of directors	50,000
Chairperson of the supervisory body	25,000
Member of the supervisory body	20,000
Chairperson of the appointments and remuneration committee	20,000
Member of the appointments and remuneration committee	15,000
Chairperson of the risk and control committee	30,000
Member of the risk and control committee	25,000

20 Outlook

Growth in volumes is expected in 2017, while ROS should remain basically in line with the previous year.

21 Information pursuant to article 149-duodecies of CONSOB issuer Regulation

The following schedule was prepared in accordance with article 149-duodecies of Consob's Issuer regulation and shows the fees for 2016 for audit and non-audit services provided by the audit company or entities belonging to its network.
Please note that on January 19, 2017, followind to the resignation of Kpmg SpA, the Shareholders' meeting decided to appoint EY SpA as statutory auditor of the Company. Therefore, the services and fees presented below are only referred to the audit of the year-end separate and consolidated financial statements.

(€'000)	**Service provider**	**Beneficiary**	**2016 fees**
Audit	KPMG S.p.A.	Parent	55
	KPMG S.p.A.	Subsidiaries	50
	EY Sp.A.	Parent	136
	EY Sp.A.	Subsidiaries	318
Attestation services	KPMG S.p.A.	Parent	72
	KPMG S.p.A.	Subsidiaries	52
	EY Sp.A.	Parent	-
	EY Sp.A.	Subsidiaries	-
Tax consultancy services	KPMG S.p.A.	Parent	-
	KPMG S.p.A.	Subsidiaries	-
	EY Sp.A.	Parent	-
	EY Sp.A.	Subsidiaries	-
Other services	KPMG S.p.A.	Parent	10
	KPMG S.p.A.	Subsidiaries	32
	EY Sp.A.	Parent	40
	EY Sp.A.	Subsidiaries	-
			765

Milan, 27 February 2017

On behalf of the board of directors
The Chairperson

Alistair Dormer

22 Statement on the consolidated financial statements pursuant to article 81-ter of CONSOB Regulation no. 11971 of 14 May 1999 and subsequent amendments and integrations and article 154-*bis*.2 of Legislative Decree no. 58 of 24 February 1998 and subsequent amendments and integrations

1. The undersigned, Andrew Thomas Barr, as CEO and general manager, and Roberto Carassai as manager in charge of financial reporting for Ansaldo STS S.p.A., also considering the provisions of article 154-bis.3/4 of Italian Legislative decree no. 58 of 24 February 1998 and subsequent amendments and integrations, state that the administrative and accounting procedures used to draft the separate financial statements at 31 December 2016:
   - are appropriate in relation to the nature of the business and
   - have been effectively applied.
2. There is nothing to report in this regard.
3. Moreover:
   3.1 the consolidated financial statements:
      a) are drafted in compliance with the IFRS endorsed by the European Community, pursuant to EC regulation no. 1606/2002 issued by the European Parliament and Council on 19 July 2002;
      b) are consistent with the accounting ledgers and accounting entries;
      c) give a true and fair view of the issuer's financial position and results of operations and the companies included in the consolidation scope.
   3.2. The directors' report provides a reliable analysis of the important events taking place in the year and the financial position and results of operations of the issuer and the companies included in the consolidation scope, together with a description of the key risks and uncertainties to which they are exposed.

Milan, 27 February 2017

Signature of the CEO
and general manager

Andrew Thomas Barr

Signature of the Manager in charge of
financial reporting

Roberto Carassai

EY S.p.A.
Via XX Settembre, 42
16121 Genova

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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Ansaldo STS S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ansaldo STS Group, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Ansaldo STS S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Group Ansaldo STS as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matters

The consolidated financial statements of Group Ansaldo STS for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 17 March 2016.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Ansaldo STS S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of Ansaldo STS Group as at December 31, 2016.

Genoa, March 27, 2017
EY S.p.A.
Signed by: Enrico Lenzi, Partner

This report has been translated into the English language solely for the convenience of international readers.

Strategic Concept, Graphic Design and Execution by:

mercurio GP
www.mercuriogp.eu

Ansaldo STS A Hitachi Group Company

ANSALDO STS S.p.A.
Registered Office:
16151 Genoa
Via Paolo Mantovani, 3 - 5
Paid-in Share Capital Euro 100,000,000
R.E.A. n. 421689
Register of Enterprises of Genoa
Tax Code 01371160662

www.ansaldo-sts.com

A Hitachi Group Company

Financial statements of non-EU foreign subsidiaries pursuant to article 36 of the Consob Market Regulation

December 31st, 2016

Contents

1 Foreword

In compliance with art. 36, paragraph 1, letter a) of the Consob Market Regulation (adopted with Resolution no. 16191 of 29 October 2007 as amended), Ansaldo STS S.p.A. thereby discloses the financial statements of its subsidiaries which are set up and governed under non-EU legislation and have been identified as relevant entities on the basis of the criteria set out in paragraph 2 of art. 36 of the Consob Market Regulation.
In particular, below, are reported the financial statements of non-EU subsidiaries as prepared in accordance with the Local Financial Reporting Standards and used, with the proper IFRS/EU adjustments, for the purposes of the consolidated financial statements of the Ansaldo STS Group as at December 31st, 2016.

2 Ansaldo STS Australia PTY Ltd

Registered Office:	11 Viola Place, Eagle Farm, QLD 4009, Brisbane, Australia
Share capital:	AUD 5,025,885
Currency:	Australian Dollar
Group ownership:	100%

2.1 Balance Sheet

	Consolidated		Parent Company	
AUD/000	**31.12.2016**	31.12.2015	**31.12.2016**	31.12.2015
Current Assets				
Cash and cash equivalents	16,494	26,127	9,816	18,824
Receivables	51,583	55,649	37,019	40,599
Contract work in progress	73,248	70,012	55,511	49,307
Other financial assets	23,579	69,282	10,238	51,579
Inventories	756	2,323	223	2,543
Current Tax Assets	1,919	2,969	691	1,940
Other assets	5,094	6,336	959	649
Total Current Assets	**172,673**	**232,698**	**114,457**	**165,441**
Non-current assets				
Property, plant and equipment	1,744	1,640	1,246	1,362
Deferred tax assets	3,426	2,611	3,407	2,608
Other Financial assets	7,359	7,298	24,386	24,386
Intangible assets	96	112	83	99
Other assets	319	289	27	2
Total Non-current assets	**12,944**	**11,950**	**29,149**	**28,457**
Total assets	**185,617**	**244,648**	**143,606**	**193,898**
Current liabilities				
Payables	37,049	60,904	23,844	47,699
Advances from customers	34,893	41,371	14,737	19,026
Borrowings	32,877	32,052	-	-
Current tax liabilities	169	44	44	44
Provision for risks and charges	7,932	7,653	2,799	-
Other liabilities	4,544	5,006	7,079	7,720
Total current liabilities	**117,464**	**147,030**	**48,503**	**74,489**
Non-current liabilities				
Deferred tax liabilities	367	532	362	529
Provision for risks and charges	2,617	2,331	717	2,969
Total Non-current liabilities	**2,984**	**2,863**	**1,079**	**3,498**
Total Liabilities	**120,448**	**149,893**	**49,582**	**77,987**
Net assets	**65,169**	**94,755**	**94,024**	**115,911**
Net Equity				
Share Capital	38,151	38,151	38,151	38,151
Retained earnings / (Losses)	4,470	3,929	1,165	1,507
Reserves	22,548	52,675	54,708	76,253
Total Equity attributable to	**65,169**	**94,755**	**94,024**	**115,911**
Minority interests	-	-	-	-
Total Net Equity	**65,169**	**94,755**	**94,024**	**115,911**

2.2 Income Statement

AUD/000	Consolidated 31.12.2016	Consolidated 31.12.2015	Parent Company 31.12.2016	Parent Company 31.12.2015
Revenues	185,380	366,189	159,888	347,784
Other operating income	4,780	5,800	1,158	2,755
Raw materials and consumables used	31,613	66,146	20,859	55,713
Purchase of services	84,875	213,702	75,123	200,341
Changes in inventories of work in progress, semi-finished and finished goods	971	1,356	1,134	1,322
Personnel costs	67,929	81,489	56,075	70,650
Amortization, depreciation and impairment	868	1,388	665	1,146
Other operating expenses	4,795	4,619	853	12,708
EBIT	**(891)**	**3,289**	**6,337**	**8,659**
Financial income / (costs)	(1,437)	(2,004)	(533)	531
Profit / (loss) before taxes	**(2,328)**	**1,285**	**5,804**	**9,190**
Income taxes	2,799	3,992	2,349	3,971
Net profit (loss)	**(5,127)**	**(2,707)**	**3,455**	**5,219**
Effective portion of changes of cash flow hedges	(427)	(394)	(867)	(553)
Foreign currency translation differences	754	1,178	487	99
Other comprehensive income/(loss) for the year net of tax	**327**	**784**	**(380)**	**(454)**
Total comprehensive profit for the year	**(4,800)**	**(1,923)**	**3,075**	**4,765**

3 Ansaldo STS USA Inc.

Registered Office: 2711 Centerville Road, Suite 400, Wilmington, DE 19808, USA

Share Capital: USD 1

Currency: US Dollar

Group ownership: 100%

3.1 Balance Sheet

Ansaldo STS USA Grp	Consolidated	
USD/000	**31.12.2016**	31.12.2015
Current Assets		
Cash and cash equivalents	29,911	47,525
Trade Receivables	41,006	33,446
Receivables from related parties	12,875	13,268
Amounts withheld as guarantee	7,128	6,596
Inventories	20,751	14,915
Contract work in progress	57,370	61,774
Derivatives	1,483	1,215
Other assets	6,489	12,684
Loan assets to related parties	34,948	-
Total Current Assets	**211,961**	**191,423**
Non-current assets		
Amounts withheld as guarantee	5,286	3,121
Property, plant and equipment	11,869	12,728
Intangible assets	339	571
Deferred tax assets	11,439	11,122
Derivatives	1,247	519
Other assets	16,842	16,606
Total Non-current assets	**47,022**	**44,667**
Total assets	**258,983**	**236,090**
Current liabilities		
Borrowings from related parties	-	-
Trade Payable	21,630	14,274
Payables to related parties	6,506	6,518
Employees payables	6,967	4,238
Contracts retention payables	5,478	4,842
Accrued Warranty Costs	616	940
Derivatives	1,050	1,488
Tax payables	-	-
Other liabilities	3,856	4,588
Advance from customers	33,468	32,332
Total current liabilities	**79,571**	**69,220**
Non-current liabilities		
Derivatives	511	1,013
Other liabilites	139	145
Total Non-current liabilities	**650**	**1,158**
Total Liabilities	**80,221**	**70,378**
Net Equity		
Share Capital	-	-

Share premium reserve	159,523	159,421
Reserves	3,634	3,161
Retained earnings / (Losses) carried forward	15,605	3,130
Total Net Equity	**178,762**	**165,712**
Total Liabilities and Net Equity	**258,983**	**236,090**

3.2 Income Statement

Ansaldo STS USA Grp	Consolidated	
USD/000	**31.12.2016**	31.12.2015
Revenues	212,460	245,280
Cost of Sales	168,954	194,056
Gross Margin	**43,506**	**51,224**
Operating expenses	-	-
Selling costs, overhead and administrative expenses	14,600	12,663
Research and Development costs	9,729	7,670
Parent Company coordination costs	3,224	3,518
Total operating expenses	**27,553**	**23,851**
EBIT	**15,953**	**27,373**
Gain on sale of assets	-	-
Interest expenses	(69)	129
Interest income	-	-
Other net charges	180	(109)
Profit (loss) before taxes	**15,842**	**27,353**
Deferred tax income	3,367	8,968
Profit (loss) for the year	**12,475**	**18,385**
Income and expense recognized in equity		
Gains on derivative instruments, net of taxes	802	(879)
Translation differences	(329)	2,984
Total comprehensive income (expense)	**12,948**	**20,490**

Ansaldo STS S.p.A.

Financial statements as at December 31, 2016

Independent auditor’s report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

EY S.p.A.
Via XX Settembre, 42
16121 Genova

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Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Ansaldo STS S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Ansaldo STS S.p.A., which comprise the statement of financial position as at December 31, 2016, the income statement, the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Ansaldo STS S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fi scale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997
A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Ansaldo STS S.p.A. as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matters

The financial statements of Ansaldo STS S.p.A. for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 17 March 2016.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the financial statements. The Directors of Ansaldo STS S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the financial statements of Ansaldo STS S.p.A. as at December 31, 2016.

Genoa, March 27, 2017
EY S.p.A.
Signed by: Enrico Lenzi, Partner

This report has been translated into the English language solely for the convenience of international readers.

Ansaldo STS S.p.A.

Consolidated financial statements as at December 31, 2016

Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

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in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

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To the Shareholders of
Ansaldo STS S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Ansaldo STS Group, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Group Ansaldo STS as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matters

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Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Ansaldo STS S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of Ansaldo STS Group as at December 31, 2016.

Genoa, March 27, 2017
EY S.p.A.
Signed by: Enrico Lenzi, Partner

This report has been translated into the English language solely for the convenience of international readers.

ANSALDO STS S.P.A.
REGISTERED OFFICE VIA PAOLO MANTOVANI 3-5, GENOA.
SHARE CAPITAL €100,000,000.00, FULLY SUBSCRIBED AND PAID UP
REGISTRATION NUMBER AT THE GENOA COMPANY REGISTER AND TAX IDENTIFICATION NUMBER: 01371160662
A COMPANY UNDER THE MANAGEMENT AND COORDINATION OF HITACHI LTD.

STATUTORY AUDITORS' REPORT

to the Shareholders' Meeting of Ansaldo STS S.p.A.

Dear shareholders,

Pursuant to Article 2429 of the Italian Civil Code and Article 153, paragraph 1 of Legislative Decree No. 58 of 24 February 1998 (the Consolidated Law on Finance or "CLF"), you are informed that, during the financial year ending 31 December 2016, we performed the supervisory and control activities as provided in the Italian Civil Code, Articles 148 et seq. of the CLF, Legislative Decree No. 39 OF 27 January 2010 and the recommendations contained in the Consob communications, while also taking into account the principles of conducted by the Italian National Council of Chartered and Registered Accountants.

This report has been drafted pursuant to applicable legislation on listed companies, in view of the fact that since 29 March 2006, the shares of Ansaldo STS S.p.A. ("Ansaldo STS" or the "company") have been traded on the STAR segment of the Electronic Stock Market (*Mercato Telematico Azionario*, MTA) organised and managed by Borsa Italiana S.p.A. In the period between 23 March 2009 and 23 March 2014, the company's shares were included in the FTSE MIB index, whereas between 24 March 2014 and 6 April 2015 the Ansaldo STS shares were included in the FTSE Italy Mid Cap, and were then re-listed in the FTSE MIB from 7 April 2015 to 20 December 2015. Since 21 December 2015 the company's shares have once again been re-listed on the FTSE Italy Mid Cap index.

This stated, this report concerns the supervisory and activities conducted in accordance with applicable legislation in the financial year ending 31 December 2016. It should be noted that some issues have already been comprehensively addressed in the intervention of the Board of Statutory Auditors pursuant to Article 2408 of the Civil Code at the ordinary shareholders' meeting of Ansaldo STS held on 19 January 2017, to which we refer in full.

In particular, in our capacity as statutory auditors:

- We attended the Ansaldo STS shareholders' meeting held on 13 May 2016 and all meetings of the Board of Directors, a total of 16 meetings, during which we were informed of the activities and the most important transactions of the company and its subsidiaries. In this context, the Managing Director and General Manager have provided reported to us on a quarterly basis on the exercise of mandates;
- We held 25 meetings of the Board of Statutory Auditors, during which we exchanged information with the external auditing firm KPMG S.p.A. (appointed by the Ordinary Shareholders' Meeting held on 7 May 2012 for the period 2012-2020, and which resigned by letter dated 14 November 2016 as a result of "*situations capable of compromising the independence of the independent auditors, as defined in Article 5 (1) (f) of Ministerial Decree 261 of 28 December 2012*"). It was replaced as external audit auditor by Ernst & Young, following a resolution of the ordinary shareholders' meeting of 19 January 2017. For more information on the appointment of Ernst & Young, see the proposal of 15 December 2016 of the Board of Statutory Auditors to the ordinary shareholders' meeting of 19 January 2017 for the award of a new audit mandate for the period 2016-2024 and for the determination of the relevant fee, to which we refer in full. and with the Chief Executive Officer and General Manager, with the objective of ensuring that no transactions took place that were imprudent, risky, involving a potential conflict of interest, contrary to law, the By-laws, the resolutions of the shareholders' meeting, or which could compromise the integrity of the company's assets;
- We have constantly collected information on the company's organisational structure and

any changes made thereto;

- We attended 13 meetings of the Nomination and the Remuneration Committee and became familiarised with the Committee's work during the year;
- We received information from the Control and Risk Committee ("CRC "), the director responsible for the internal control and risk management system, and from the head of the Internal Audit office on the ongoing risk mapping of current activities, audit programmes and plans for the implementation of the internal control system. This included attending 10 CRC meetings (including in its function as the Committee for Transactions with Related Parties);
- We participated at one meeting of the Executive committee established during the meeting of the Board of Directors on 28 October 2016, the establishment of which was confirmed during the meeting of the Board of Directors on 24 November 2016;
- In supervising the efficiency of the internal audit and risk management system adopted by the company, we have regularly examined the latest risk mapping for the company and its subsidiaries as produced by the director responsible for the internal control and risk management system and submitted to the Board of Directors following for review;
- We have examined the periodic reports produced by the Head of the Internal Audit, which contain information on activities the latter's activities during the period in question, on the methods by which risk management has been conducted within the company, on the compliance with the plans that have been drawn up to limit them, and on the strategic containment and efficiency objectives. We have also taken note of the Internal Audit Head's assessment that the internal audit and risk management system is adequate for the company's characteristics and risk profile. In particular, on 15 February 2016, 25 July 2016 and most recently on 24 February 2017, the Board of Statutory Auditors issued a positive assessment of the adequacy, efficacy and effective functioning of the company's internal control and risk management systems with respect to the characteristics of the company.

In this regard, it should be noted that on 20 January 2016 the head of Internal Audit resigned with effect from 1 April 2016, that on 15 March 2016 the Board of Directors appointed the company Protiviti as the entity responsible for this function, and that on 29 March 2016 the Board of Statutory Auditors approved the award of a mandate for the Internal Audit to Protiviti S.r.l. and the appointment of Mr Giacomo Galli, Managing Director and Country Leader of that company, as the Head of Internal Audit in replacement of Mr Mauro Giganti. At the same meeting, the Board of Statutory Auditors approved endorsed the organisational, administrative and accounting structure of Ansaldo STS and its strategic subsidiaries, with specific reference to its internal audit and risk management system. Furthermore, following the appointment of the new Board of Directors, on 16 May 2016 the Board of Statutory Auditors once again endorsed the appointment of Mr Roberto Carassai as executive responsible for preparing the accounting documents pursuant to Article 154 bis of the CLF. Mr Carassai resigned from this position as of 28 February 2017. For further information on the resignation of Dr Carassai, see the intervention of the Board of Statutory Auditors pursuant to Article 2408 of the Italian Civil Code at the ordinary shareholders' meeting of 19 January 2017. It should also be noted that on 27 February 2017, the Board of Directors appointed Mr Renato Gallo as the new executive responsible for preparing the accounting documents, following his endorsement by the Board of Statutory Auditors at its meeting on 24 February 2017;

- We also verified that activities performed under the coordination of the executive responsible for preparing the accounting documents complied with the requirements of Law No. 262/2005, entitled: "Provisions for the Protection of Savings and the regulation of financial markets", as amended and supplemented. The Board of Statutory Auditors has, *inter alia*, been informed of the outcome of tests and has endorsed the reports submitted by the Head of Internal Audit Head and the executive responsible for preparing the accounting and corporate documents on administrative and accounting procedures pursuant to the aforementioned Law No. 262/2005, and has discussed the findings of such reports, inviting the CRC to report on the matter to the Board of Directors;

- We verified that the company has an organisational, management and control model (the "Model") that is consistent with the principles set out in Legislative Decree No. 231/01 and with the guidelines issued by the relevant professional associations. As indicated in the Report on the 2015 financial statement, Board of Directors, at its meeting held on 25 February 2016, the updating of the model, which was undertaken mainly for the purpose of:

    i. aligning the special "G" section of the Model dedicated to "*Environmental offences*" to the new offences provided for under Article 25 *undecies* of Legislative Decree 231/01, which have been introduced by Law No. 68/2015 "*Provisions on offences against the environment*": Article 452 *bis* ("*Environmental Pollution*"), Article 452 *ter* ("*Death or injury as a result of environmental pollution*"), Article 452 *quater* ("*Environmental disaster*"), Article 452 *quinquies* ("*Unintentional environmental offences*'), Article 452 *sexies* ("*Trafficking and abandonment of highly radioactive material*"), Article 452 *septies* ("*Obstruction of Controls*") and Article 452 *terdecies* ("*Failure to restore sites*");

    ii. aligning the General Part, Special Parts "A", "B" and "F" of the Model, and Annex 1) with the amendments introduced by Law No. 69/2015 "*Measures related to offences against the public administration, mafia-type criminal association and falsification of financial statements*" in Articles: 317 of the Italian Criminal Code "Extortion", Article 416-*bis* of the Italian Criminal Code "Mafia-type criminal association, including foreign associations", Article 2621 of the Italian Civil Code "false corporate reporting", Article 2622 of the Italian Civil Code "false corporate reporting by listed companies.

    iii. Introducing into the Special Section "D" of the Model, concerning "*Offences of* *receiving stolen goods, money-laundering and use of money, goods or benefits of illicit origin*", the new offence of self-laundering provided for under Article 25 *octies* of Legislative Decree No. 231/01, which was introduced by Law No. 186/2014 entitled "*Provisions on the voluntary disclosure and return of investments held abroad and reinforcing the battle against tax evasion*. *Provisions on self-laundering*".

Note also that the Board of Directors, at its meeting of 27 February 2017, approved a further update of the Model, in particular: (i) introducing into Special Section (F) of the Model, dedicated to "*Organised crime offences*", the offence of "*Trafficking in organs harvested from a living person*" established in Law No. 236 of 11/12/2016, which introduced Article 601 *bis* of the Criminal Code; (ii) introducing into Special Section (C.1) of the Model, dedicated to "*Offences involving the employment of third country nationals with irregular immigration status, enslavement and the keeping of slaves*", the new offence of " *Unlawful intermediation and exploitation of labour*" established by Article 25 *quinquies* of Legislative Decree 231/01, introduced by Law No. 199 of 29 October 2016, by means of amendment of Article 603 *bis* of the Criminal Code.

On 18 April 2016 and on 28 February 2017, at meetings specially held for such purpose, the company's Supervisory Board reported to the Board of Statutory Auditors on its activities. Subsequently, the Supervisory Board has periodically provided reports to the Board of Statutory Auditors, informing it of activities during the first half of 2016 and in 2016 as a whole. In both reports it was confirmed that the Model was functioning and being observed;

- We have verified that the company complies with the Corporate Governance Code for listed companies which was approved in March 2006 and last amended in July 2015. The

Annual Report on Corporate Governance describes the corporate governance system and the decisions taken in this regard. For more information, see the intervention of the Board of Statutory Auditors at the ordinary shareholders' meeting of 19 January 2017 and the following paragraphs of this report.

Furthermore, the Board of Statutory Auditors:

- has endorsed the approval of the 2017 audit plan, produced and explained by the internal audit function and approved by the Board of Directors;
- has supervised the methods of implementation of the rules of corporate governance established in the Corporate Governance Code. For more information, see the intervention of the Board of Statutory Auditors at the ordinary shareholders' meeting of 19 January 2017 and the following paragraphs of this report;
- has attested - on 10 June 2016, with respect to the appointment of the new Board of Directors appointed by the ordinary shareholders' meeting held on 13 May 2016, and, with respect to Mr Michele Crisostomo, on 9 February 2017 - on the basis of statements made by the Directors and after taking note of the views expressed by the Board – that the criteria and procedures adopted by the Board for evaluating the independence of its members had been correctly applied. With respect to the independence requirements of the director de Benedictis, see the intervention of the Board of Statutory Auditors at the ordinary shareholders' meeting held on 19 January 2017;
- acknowledged of the procedures adopted and instructions issued by Ansaldo STS for the production of the Interim Management Statement of the Ansaldo STS Group as at 31 March 2016 and the preparation of the report as at 30 September 2016;
- endorsed the independence criteria of each of the Statutory Auditors, as required by the Corporate Governance Code. This verification was conducted on 15 April 2014, following the shareholders’ meeting that appointed the Board of Statutory Auditors for a three year term from 2014 to 2016. The fact that the independence requirements continue to be met

was subsequently verified on 9 December 2014, on 2 February 2016 in relation to the 2015 financial year, and most recently on 28 November 2016. The Board of Statutory Auditors has indicated the outcome of these verifications in its Annual Report on Corporate Governance for the year;

- has reviewed the annual report prepared by the CRC and the Corporate Governance Report produced by the company, ensuring that the latter contains the information required pursuant to Article 123-*bis* of the CLF;
- has examined the wording of the Report on Remuneration produced by the company and approved by the Board of Directors at the meeting held on 24 March 2017, ensuring that it contains the information required pursuant to Article 123-*ter* of Legislative Decree No. 58/98 and Article 84 *quate*r of the Regulation on Issuers;
- has verified that information flows between the parent company and other companies of the Ansaldo STS Group take place in a timely manner and that the instructions given to subsidiaries pursuant to Article 114 paragraph 2 of the CLE are adequate;
- has ascertained, on the basis of verifications conducted and information received by the company, that an adequate administrative and accounting system has been put in place and that the additional conditions established by Articles 36 and 37 of Consob Resolution No. 16191/2007, concerning significant subsidiaries established and governed by the laws of non-EU Member States have been fulfilled;
- has confirmed that it had not been obliged to inform Consob and the market management company of any circumstances that entail the non-fulfilment of the requirements established by Articles 36 and 37 of the Market Regulations;
- has examined the documentation concerning intra-group financial, industrial and support transactions and has established that they can be reasonably considered to be compliant with the principles of good administration, compliant with the company's By-laws and consistent with the spirit of applicable legislation;

- has verified that no atypical and/or unusual transactions - as defined by Consob Communication DEM/6064293 of 28 July 2006 – have been concluded between companies belonging to the group or with related parties or third parties. Confirmation of this can be found in the instructions given by the Board of Directors, the External Auditors and the director responsible for the internal control and risk management system;
- has performed tasks entrusted to the Board of Statutory Auditors in the light of the amendments introduced by Article 19, paragraph 1 of Legislative Decree No. 39/2010, which attributed to the Board, *inter alia*, the duty of supervising the statutory audit of the annual and consolidated accounts and verifying the independence of the statutory auditor or external auditor, in particular as regards the provision of non-audit services to the company;
- has supervised the financial reporting process and the effectiveness of the internal audit and risk management systems, pursuant to Article 19, paragraph 1, of Legislative Decree No. 39/2010;
- has regularly met with the external auditors:

  a) for the purposes of exchanging information on verifications carried out by the latter in accordance with Article 19 of Legislative Decree No. 39/2010 and Article 150, paragraph 3 of the Consolidated Law on Finance, which regulate the manner in which company accounts are kept and the correct reporting of the company's financial position and results of operation in its accounting records. No critical issues or anomalies were raised at the meetings;

  b) for the purpose of examining and assessing the training process (including assessing whether the accounting principles have been properly applied and are homogeneous), as well as examining and assessing the Ansaldo STS financial statements and Ansaldo STS consolidated financial statements as of 31 December

2016, the Ansaldo STS Group Financial Report as of 30 June 2016, and the results of the review and appraisal of these documents;

- has received from external auditing company on 27th March 2017 the reports without any remarks pursuant to articles 14 and 16 of the Legislative Decree No. 39/2010, as it was until 31st December 2016, for the financial statements and consolidated financial statements as at 31 December 2016, drafted pursuant to the International Financial Reporting Standards – IFRS - adopted by the European Union. From this reports result that the financial statements and the consolidated financial statements of Ansaldo STS S.p.A. provide for a real and correct representation of the assets and financial situation of Ansaldo STS S.p.A and of the Ansaldo STS Group at 31st December 2016, the economic result and the cash flows for the financial year then ended. With reference to the financial statements and the consolidated financial statements, the external auditing company stated that the Directors' report and the Corporate Governance Report with reference to the information indicated in the article 123-*bis*, paragraph 4, of the Legislative Decree No. 58, 24th February 1998, are consistent with the financial statements. Please note that EY, as external auditing company, responsible for external audit of the financial statements and the consolidated financial statements at 31st December 2016 of Ansaldo STS S.p.A. has received for its services with reference the period 1st Jannuary 2016 – 31st December 2016 a remuneration for the external audit of the financial statements of 2016 equal to 176,000.00 Euro. For completeness, please note that Ernst&Young provided to the Company for the limited audit service of the Sustainability Report of Ansaldo STS Group to 31st December 2016 for a remuneration equal to 60,000.00 Euro. Such activity is included in the multiannual office for limited audit as well as for the review of the translation of the Sustainability Report of Ansaldo STS for the financial years which end from 31st December 2016 to 31st December 2024;

- pursuant to Article 19, paragraph 3 of Legislative Decree No. 39/2010, has received the report from the company's external auditor, which explains the main issues that emerged from the accounting audit together with any significant shortcomings in the internal control system with respect to the information reporting system. The report did not reveal any significant shortcomings;
- has received from the company's external auditing company, pursuant to Article 17, paragraph 9, letter a) of Legislative Decree No. 39/2010, confirmation of its independence as well as notification of the non-statutory audit services provided by the auditing company or by companies belonging to its group;
- has discussed with the external auditing company the risks to the latter's independence and the measures that the auditing company has adopted to mitigate such risks in accordance with Article 17, paragraph 9, letter b) of Legislative Decree No. 39/2010. In this regard, please note - as a above mentioned and specified in the "Proposal of the Board of Statutory Auditors at the Ordinary Shareholders' Meeting for the appointment of the new external auditor for the period 2016-2024 and for the determination of the related remuneration" - that the external auditing company KPMG S.p.A. has resigned from its office through a resignation letter of 24th November 2016 and that the Ordinary Shareholders' Meeting of 19th Jannuary 2017 appointed Ernst&Young as new external auditing company for the period 2016-2024.

  It should be noted in this regard that during 2016 we did not find evidence of the granting of any mandates other than that of statutory auditor of the financial statements and of the consolidated financial statements, which was awarded to KPMG S.p.A. (or entities/individuals belonging to its network), the company to which the statutory audit of the accounts was awarded at the ordinary shareholders' meeting of 7 May 2012, with the sole exception of the following mandates granted to KPMG S.p.A. that were duly authorised by the company's Board of Directors following the approval of the Board of Statutory Auditors (in compliance with the recommendation contained in the Consob Communication No. DAC/RM/97001574 of 20 February 1997 and Article 19, paragraph 1 of Legislative Decree No. 39 of 27 January 2010):

Assignment	**Remuneration**
Limited audit of the financial reporting package at 31st March 2016	38,000.00 Euro
Limited audit of the consolidated interim financial report at 30th June 2016	45,473.00 Euro
Limited audit according to the ISAE 3000 standard and to the costs incurred in Italy for the Taipei Urban Transit System Project	6,500.00 Euro
Assignment for the performance of external auditing procedures on the "General Service Agreement" Contract	8,500.00 Euro
Subscription of the attachment "C2" expected by the invitation to tender called "Tender No 51403" in Israel	8,000.00 Euro
Quarterly verifications and ongoing monitoring until the date of the Shareholders' Meeting which appointed EY as external auditor of ASTS	20,000.00 Euro
Verification of the English translation of the consolidated and separated financial	10,000.00 Euro

statements	
TOTAL 2016	**136,473.00 Euro**

The Board of Statutory Auditors was able to verify that all the above mandates involve the performance of services other than those listed in Articles 10 and 17 of Legislative Decree No. 39/2010.

- has drafted the summary sheets of the control activity performed by the Board of Statutory Auditors in the 2016 financial year, in accordance with Consob Communication No. 1025564 of 6 April 2001.

It should also be noted that:

a) the Statutory Auditors have disclosed any office they hold – as members of the Board of Directors or of the Board of Statutory Auditors – in companies other than Ansaldo STS;

b) the Board of Statutory Auditors, as specified in greater detail in the intervention of the Chairman of the Board of Statutory Auditors. at the ordinary shareholders' meeting held on 19 January 2017, which is fully incorporated herein by reference, acknowledged the resolution adopted by the ordinary shareholders' meeting of 19 January 2017 to bring a liability action against the director Mr Giuseppe Bivona, with the consequent immediate forfeiture of his position as a director and the appointment of Mr Michele Crisostomo, the first of the unelected candidates on the minority list, as a new director;

c) No complaints pursuant to Article 2408 of the Italian Civil Code or any kind of third-party complaint have been received, with the sole exception of the claim pursuant to Article 2408 of the Italian Civil Code, received on 23 November 2016, from the shareholders Elliott International LP, the Liverpool Limited Partnership and Elliott Associates LP (jointly "Elliott"), as shareholders in Ansaldo STS, intended to "*raise some matters related to the administration of Ansaldo STS and its corporate governance structure*..." The Board of Statutory Auditors responded to this complaint in its intervention at the ordinary shareholders' meeting on 19 January 2017, which is fully incorporated herein by reference.

No omissions, reprehensible actions or irregularities were revealed during the performance of its supervisory activities, except as indicated in the clarifications made in the intervention of the Board of Statutory Auditors at the ordinary shareholders' meeting of 19 January 2017, the intervention of the Chairman of the Board of Statutory Auditors at the said meeting, and in the Board of Statutory Auditors' proposal to the ordinary shareholders' meeting for a new independent auditing mandate for the period 2016-2024 and for the associated fees" which is fully incorporated herein by reference and without prejudice to the considerations set out hereunder.

In particular:

- as already indicated in the Report of the Board of Statutory Auditors on the 2015 financial statement, on 11 January 2016, the Board of Statutory Auditors, to the extent of its remit, responded to the requests submitted by Consob to the company and the Board of Statutory Auditors on 7 January 2016 in accordance with Articles 102, paragraph 7 and 115, paragraph 1 of the CLF, with reference to the tender offer launched by Hitachi in accordance with Articles 102 and 106, paragraph 1-bis of the CLF for the purchase of all of the ordinary shares issued by Ansaldo STS and, specifically, to the Issuers' Statement under Articles 103, paragraphs 3 and 3-bis of the CLF;
- as already indicated in the Report of the Board of Statutory Auditors on the 2015 financial statement, on 26 January 2016, the Board of Statutory Auditors responded to further requests submitted by Consob on 22 January 2016 in accordance with Articles 102, paragraph 7 and Article 115, paragraph 1 of the CLF, with reference to the mandatory takeover bid submitted Hitachi, in accordance with Articles 102 and 106, paragraph 1-bis of the CLF for the purchase of all of the ordinary shares issued by Ansaldo STS and, specifically, to the Issuers' Statement under Articles 103, paragraphs 3 and 3-bis of the CLF,

and provided the requested assessments;

- as already indicated in the Report of the Board of Statutory Auditors on the 2015 financial statement, on 9 February 2016, in accordance with Article 149, paragraph 3 of the CLF, the Board of Statutory Auditors issued a communication to Consob concerning the keeping of the register pursuant Article 152-bis, et seq. of the Regulation on Issuers in the context of the tender offer made by Hitachi, in accordance with Articles 102 and 106, paragraph 1-bis of the CLF, for the purchase of all of the ordinary shares issued by Ansaldo STS;
- as already indicated in the Report of the Board of Statutory Auditors on the 2015 financial statement, on 11 March 2016, the Board of Statutory Auditors responded to the request submitted by Consob on 8 March 2016 pursuant to Article 115, paragraph 1 of the CLF, with regard to circumstances disclosed to the Supervisory Authority concerning a report by an independent director concerning, albeit indirectly, the independent director Ms Alessandra Piccinino;
- on 5 July 2016, the Board of Statutory Auditors responded to the request of Consob dated 28 June 2016 pursuant to Article 115, paragraph 1, of the CLF concerning a report relating to (i) the total number of posts held by an independent director; and (ii) the convocation of a meeting of the Board of Directors without being accompanied by any supporting informative material;
- during the meeting of the Board of Statutory Auditors on 20 September 2016, the Board: (i) the company's failure to promptly provide the Board of Directors with the clarifications and information requested in relation to the mandate granted to a law firm in relation to assistance given to an independent board member; (ii) completed its verification of the statements made by Mr Romano during the meeting of the Board of Directors on 24 May 2016 with respect to the alleged lack of agreements on his position in the event of termination of his employment. In this respect, following the examination of the documents requested and a meeting with the person concerned, the Board of Statutory

Auditors verified that the statements made with respect to the ascertainment of facts of his conduct constitute a gross irregularity; and (iii) criticised that fact that the petition by the shareholder Elliott to the Court of Genoa for the appointment of a special liquidator was not raised for discussion previously at an ad hoc meeting of the Board of Directors so that it could discuss collectively the actions to be taken in the light of the existence of a potential conflict of interest;

- during the meeting of the Board of Statutory Auditors on 17 November 2016, the Board criticised the conduct of both the director Mr de Benedictis and the Chief Executive Officer Mr Barr, for not providing the requested clarifications to any meeting of the Board of Directors on the appointment of a law firm as legal advisor to the said director in relation to some matters related to his independence;
- during the meeting of the Board of Statutory Auditors held on 24 November 2016, the Board criticised the conduct of the Chairman of the Board of Directors for not swiftly bringing before the Board of Directors, even following a request by the Board of Statutory Auditors, the matter of whether Mr de Benedictis possessed the independence requirements, in view of the various important roles he held on the Board of Directors and Committees of Ansaldo STS;
- during the meeting of the Board of Statutory Auditors held on 28 November 2016, the Board, acknowledging the communications received from the Chairman of the Board of Directors and from the Chief Executive Officer on the existence of agreements concerning the cessation of the employment of Mr Romano, which show that they were aware that such agreements existed, criticised the conduct of the Chairman of the Board of Directors and the Chief Executive Officer Mr Barr for not having shared this information with the Board of Directors.

Finally, in 2017, the Board of Statutory Auditors:

- received the draft financial statements for financial year 2016 and the Directors’ report of

Ansaldo STS from the Board of Directors, as well as the consolidated financial statements of the Ansaldo STS Group within the established deadlines;

- received, pursuant to the provisions of Article 17, paragraph 9, letter a) of Legislative Decree No 39/2010, confirmation of the independence of the company's external auditing company, as well as prompt notifications of non-audit services provided to the company by the independent auditors and entities belonging to its network in the 2016 financial year;
- received the Reports on the statutory accounts and the consolidated accounts of the Group as at 31 December 2016, produced by the external auditing company pursuant to Articles 14 and 16 of Legislative Decree No. 39 of 27 January 2010, which reported that no irregularities had been found in the financial statements of the company and the consolidated accounts of the Group;
- ascertained that, in compliance with the instructions issued by Consob, the Directors have specified transactions with Group companies and related parties in the Directors' Report and have verified (including during financial year 2016), with the support of the head of the company's Internal Audit Department, that the procedures to ensure that that transactions are entered into under fair conditions in accordance the company's actual interests.

In view of the foregoing, without prejudice to the above clarifications and specifications, to the extent of our remit, we have:

- verified compliance with the provisions of law, the By-laws, and the principles of proper management;
- verified the adequacy of the company's organisational structure, its internal control and administration-accounting systems, as they actually operate;
- verified compliance with the provisions of law concerning the drafting of the company's statutory accounts and the consolidated accounts of the Group, together with the Directors' reports for the 2016 financial year, including through direct assessments and

information acquired from the external auditing company;

- verified that, in accordance with Regulation (EC) No. 1606/2002/EC and Legislative Decree No. 38/2005, the financial statements of Ansaldo STS and the consolidated financial statements of the Ansaldo STS Group as at 31 December 2016 were produced in compliance with IAS/IFRS international accounting standards approved by the European Commission, and supplemented with the interpretations issued by the International Accounting Standard Board (IASB);
- monitored compliance of the Related-Party Procedure, produced by the company in accordance with Consob Regulation No. 17221 of 12 March 2010, with the principles contained in the said Regulation, and monitored the company's actual observance of the Procedure;
- verified the adequacy of instructions issued by the company to its subsidiaries.

In view of the foregoing, we invite you to approve the financial statements as at 31 December 2016, submitted by the Board of Directors together with the Director's report and the proposed allocation of the profits for the financial year.

Milan, 29 March 2017

THE BOARD OF STATUTORY AUDITORS

(Mr Giacinto Sarubbi)

(Mr Renato Righetti)

(Ms Maria Enrica Spinardi)

Ansaldo STS A Hitachi Group Company

REPORT OF THE

BOARD OF DIRECTORS

ON THE CORPORATE GOVERNANCE SYSTEM

AND ON THE COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

FOR LISTED COMPANIES

FOR THE FINANCIAL YEAR 2016

(PREPARED PURSUANT TO ARTICLE 123-*BIS* OF THE CONSOLIDATION ACT ON FINANCE TUF)

WWW.ANSALDO-STS.COM

Approved by the Board of Directors of Ansaldo STS S.p.A.

on 27 February 2017

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GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Code, or Corporate Governance Code	Corporate Governance Code of listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Board	Board of Directors of Ansaldo STS
Financial Year	Financial year 2016
Group	Ansaldo STS and its subsidiaries pursuant to Article 93 of the TUF (TUF)
Rules of the Market Instructions	Instructions for the Regulation of Markets organised and managed by Borsa Italiana S.p.A.
Rules of the Market	Rules of the Market organised and managed by Borsa Italiana S.p.A.
Issuers Regulation	Regulation issued by Consob by Resolution no. 11971 of May 14 1999 relating to issuers, as subsequently amended and integrated
Markets Regulation	Regulation issued by Consob by Resolution no. 16191 of 29 October 2007 relating to markets, as subsequently amended and integrated
Related-Party Regulation	Regulation issued by Consob by Resolution no. 17221 of March 12 2010 regarding related-party transactions, as subsequently amended and supplemented
Report	This corporate governance and ownership structure report prepared pursuant to Articles 123-*bis* of the TUF
Company	Ansaldo STS S.p.A.
TUF	Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented

1. ISSUER'S PROFILE

The organisation of Ansaldo STS, founded on the traditional corporate model, conforms to the provisions on listed issuers and is structured as follows.

1.1 COMPANY ORGANISATION

- **GENERAL SHAREHOLDERS' MEETING.** Has the authority to resolve, in ordinary and extraordinary sessions, on the matters reserved to it by the law or by the Company's By-laws.

- **BOARD OF DIRECTORS**. Is vested with full powers for the management of the Company, with the authority to take all appropriate actions to achieve the corporate purposes, excluding any actions which are reserved – by the law or by the By-laws – to the General Meeting.

- **BOARD OF STATUTORY AUDITORS.** It has the task of supervising:
  - in compliance with the law and with the By-laws;
  - in compliance with the principles of sound management;
  - the adequacy of the corporate organisational structure for matters under its responsibility, of the Internal Control System and of the Administrative and Accounting System, ensuring that the latter system accurately represents the operating management;
  - the methods used to implement the corporate governance rules as prescribed by codes of conduct prepared by companies that manage regulated markets or by trade associations, with which the Company declares compliance in the information it discloses to the public;
  - the adequacy of the Company instructions to its subsidiaries pursuant to Article 114, paragraph 2 of the TUF;
  - the financial reporting process;
  - the effectiveness of the Internal Control, Internal Audit and Risk Management Systems;
  - the statutory audit of the annual accounts and consolidated accounts;
  - the independence of the statutory auditor or the statutory auditing firm, particularly as concerns the provision of non-auditing services to the Company;
  - compliance of the Company's procedures for related-party transactions with the principles indicated in the Related-Party Regulation, as well as their implementation and reports to the General Meeting pursuant to Article 153 of the TUF.

INDEPENDENT STATUTORY AUDITING FIRM. The accounts are legally audited by a specialised company entered in the register of statutory auditors, appointed for this purpose by the Shareholders' Meeting, on a justified proposal submitted by the Board of Statutory Auditors. The company entrusted with the statutory audit of the Ansaldo STS accounts is performing a similar task for the parent company Hitachi Rail Italy Investments S.r.l. and in almost all of Ansaldo STS' subsidiaries.

1.2 COMPANY OBJECTIVES AND MISSION

Ansaldo STS intends to maintain and reinforce its position as a primary international player in the industry of railway and underground transport systems. In particular, the Company deals (i) in the sector of design, manufacture, distribution, management and maintenance of systems, subsystems and components for the signalling and supervision of railway and underground traffic ("Signalling"), aimed at increasing the safety and efficiency of railway and underground transport systems, and (ii) in the sector of design, implementation, integration and maintenance of "turnkey" transport systems, of which the signalling systems are an essential part.

Ansaldo STS pursues its mission strictly to further its objective of creating value for its Shareholders.

2. INFORMATION ON THE OWNERSHIP STRUCTURE AT 27 FEBRUARY 2017

2.1 STRUCTURE OF THE COMPANY'S SHARE CAPITAL

Amount in Euro of the share capital subscribed and paid in:

- EUR 100,000,000.00 fully paid in

Classes of shares that comprise the Company's share capital:

- 200,000,000 ordinary shares for a value of EUR 0.50 each.

	No. of Shares	% of the share capital	Listed (specify the markets) / not listed	Rights and obligations
Ordinary shares	200,000,000	100	Listed MTA Star	Right to vote at ordinary and extraordinary general meetings, right to dividends and capital refund in case of liquidation
Multiple-voting Shares	-	-	-	-
Limited-voting shares	-	-	-	-
Non-voting shares	-	-	-	-
Other	-	-	-	-

Ansaldo STS has not issued any other classes of shares or financial instruments convertible into or exchangeable with shares.

It should be noted, finally, that the incentive plans adopted by the Company do not involve capital

increases being made.

2.2 RESTRICTIONS ON TRANSFER OF SECURITIES

No restrictions of any kind apply to the transfer of Ansaldo STS securities at the date of this Report.

2.3 SIGNIFICANT INVESTMENTS IN THE CAPITAL

Based on the records in the Shareholders' Register and taking into account the notices received in accordance with Article 120 of the TUF and other information obtained, at the date of the Report, the following shareholders directly or indirectly own Company shares amounting to more than 3% of the Company's share capital:

Declarant	Direct shareholder	% share on ordinary capital	% share on voting capital
HITACHI Ltd.	HITACHI RAIL ITALY INVESTMENTS S.R.L.	50.772%	50.772%
UBS GROUP AG	UBS AG UBS ASSET MANAGEMENT TRUST COMPANY	6.310%	6.310%

Declarant	Direct shareholder	% share on ordinary capital	% share on voting capital
SINGER PAUL E. (in his capacity as *General Partner* of The Liverpool Limited Partnership, Elliott International, L.P. and Elliott Associates L.P.)	THE LIVERPOOL LIMITED PARTNERSHIP ELLIOTT INTERNATIONAL L.P. ELLIOTT ASSOCIATES L.P.	22.543%[(1)]	22.543%[(1)]

Please note that, on the basis of the holdings submitted for the General Meeting held on 19 January 2017, Litespeed Management LLC / Litespeed Master Fund LTD holds no. 7,903,597 ordinary shares, equal to 3.952% of the share capital.

1) Shareholding made known to the Company on 23 January 2017, pursuant to Article 120 of the Consolidated Finance Law (TUF) and Article 117 of the Issuers Regulation. It must be noted that on 23 January 2017, Mr. Paul E. Singer, who is directly and indirectly general partner of the limited partnership Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership, informed the Company, pursuant to Article 120 of the TUF and Article 119 of the Issuers Regulation, of holding 8.825% of the Company's share capital.

2.4 SECURITIES THAT GRANT SPECIAL RIGHTS

The Company has not issued any securities that grant special control rights.

2.5 EMPLOYEE SHARE OWNERSHIP: PROCEDURE FOR EXERCISING VOTING RIGHTS

The incentive plans adopted by the Company do not permit voting rights attached to the shares to be exercised by persons other than the plan beneficiaries. For further information on these plans, see the reports drafted pursuant to Article 84-*bis* of the Issuers Regulation, published on the Company's website http://www.ansaldo-sts.com/en/governance/governance-documents.

2.6 RESTRICTIONS ON THE RIGHT TO VOTE

At the date of the Report, there are no restrictions or mandatory terms for exercising the right to vote. Nor are there any financial rights associated with securities, which are separate from the possession thereof.

2.7 SHAREHOLDERS' AGREEMENTS

At the date of the Report, there are no agreements concerning the company shares under Article 122 of the TUF known to the Company.

2.8 CHANGE OF CONTROL CLAUSES AND PROVISIONS OF THE ARTICLES OF ASSOCIATION RELATING TO IPO (INITIAL PUBLIC OFFERING)

Following the merger by incorporation of Ansaldo Trasporti - Sistemi Ferroviari S.p.A. and Ansaldo Segnalamento Ferroviario S.p.A. into Ansaldo STS, the Company took over all rights and obligations of the merged companies. In particular, Ansaldo STS took over the Concession Agreement for the realisation of Line 6 of the Naples Underground, according to which, in case of merger of the Licensee with other Companies outside the Group, the Licensor shall immediately terminate the concession.

The By-laws of Ansaldo STS have no provision derogating from the passivity rule under Article 104, paragraphs 1 and 1-*bis*, of the TUF, nor do they have provisions applying the neutralisation rules under Article 104-*bis*, paragraphs 2 and 3, of the TUF.

2.9 DELEGATIONS OF AUTHORITY TO INCREASE THE COMPANY'S SHARE CAPITAL AND AUTHORISATIONS TO PURCHASE OWN SHARES

On the date of this Report no mandate has been given to the Board of Directors to carry out share capital increases pursuant to Article 2443 of the Civil Code nor may the Board issue participatory financial instruments.

On 23 April 2015 the Shareholders' Meeting authorized the purchase of own shares pursuant to Article 2357 of the Civil Code up to the maximum amount provided by the law, equal to 20% of the share capital and by the deadline of 18 months. The treasury shares acquired were fully allocated to the Company's Chief Executive Officer and Managers, executing the share incentive plan approved by it on 7 May 2012 and denominated "Stock Grant Plan 2012-2013". At the date of this Report, therefore, Ansaldo STS S.p.A. does not own ordinary shares of the Company.

2.10 MANAGEMENT AND COORDINATION ACTIVITIES

Ansaldo STS is subject to management and coordination by Hitachi Ltd. pursuant to Article 2497 of the Civil Code, as established by the Board on 21 December 2015.

2.11 INDEMNITY OF DIRECTORS IN THE EVENT OF RESIGNATION, DISMISSAL OR TERMINATION OF THE RELATIONSHIP FOLLOWING A TAKEOVER BID

For more information on the directors' compensation and on the effects of termination provided for by the incentive plans adopted by the Company, please see the Remunerations Report, prepared in accordance with article 123-*ter* of the TUF and 84-*quater* of the Issuers Regulation, and made available to the public on the Company website http://www.ansaldo-sts.com/en/governance/shareholder-meeting/general-meeting-2016 and with the other methods provided for by law.

2.12 APPOINTMENT AND REPLACEMENT OF DIRECTORS AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

For detailed information on the appointment and replacement of directors, see Part 4, paragraph 4.1.1 of the Report ("*Information on the implementation of the Corporate Governance Code provisions. Board of Directors. Appointment*").

The clauses of the By-laws regulating the amendments to the Articles of Association do not contain any different provisions from the ones set out by the applicable laws.

Furthermore, in accordance with the provisions of Article 2365 of the Civil Code, the Company's By-laws entrust the Company Board of Directors with adopting resolutions to ensure their compliance with any legal provisions.

3. GOVERNANCE STRUCTURE OF ANSALDO STS

3.1 INTRODUCTION

By resolution of the Board of Directors meeting held on 19 December 2006, Ansaldo STS endorsed the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana S.p.A. in March 2006.

Subsequently, on 18 December 2012, the Board of Directors of Ansaldo STS resolved to conform to the principles included in the Corporate Governance Code approved by the Corporate Governance Committee in December 2011, and to align its corporate governance system to the new provisions of the Code.

Lastly, in July 2015, the Corporate Governance Committee of the Italian Stock Exchange adopted a new version of the Code of Conduct to which, moreover, the system of Corporate Governance Ansaldo STS already seems to be substantially aligned.

The Code is available on the Borsa Italiana website at the following address: http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/code2015.en.pdf.

The primary purpose of the Corporate Governance System adopted by the Company is the creation of a shareholder value, as the Company is aware of the importance of transparency for the decisions made by the Company and for their formation, and of the necessity to prepare an effective Internal Control and Risk Management System. In compliance with the applicable laws, the Report illustrates the "Corporate Governance" system of Ansaldo STS and indicates the procedures for the actual implementation of the Code provisions by the Company.

Neither the Company nor those of its subsidiaries that have strategic importance are subjected to non-Italian laws that influence Ansaldo STS' corporate governance structure.

3.2 Main Governance instruments

Here below are the main governance instruments that the Company has adopted, also in compliance with the most recent laws and regulations, with the Code provisions and with national and international best practices:

- By-laws
- Code of Ethics
- Organisation, Management and Control Model pursuant to Legislative Decree no. 231/01
- General Meeting Rules
- Board of Directors Rules
- Control and Risk Committee Rules
- Nomination and Remuneration Committee Rules
- Executive Committee Rules
- Related-party transactions - Procedure adopted pursuant to Article 4 of the Related-Party Regulation
- Procedure for the storage and updating of the List of people with access to privileged information
- Procedure for the management and communication of privileged and reserved information
- Internal Dealing Code

These documents are available to the public on the Company's website at http://www.ansaldo-sts.com/en/governance/governance-system.

4. INFORMATION ON IMPLEMENTATION OF THE PROVISIONS OF THE CORPORATE GOVERNANCE CODE

4.1 Board of Directors

4.1.1 Appointment and replacement

The Company is managed by a Board of Directors consisting of no less than seven and no more than thirteen members. On each occasion, before electing the members, the General Meeting shall define the number of Board members within the aforesaid limits.

Directors are appointed for no more than three financial years and may be re-elected pursuant to Article 2383 of the Civil Code.

The directors are appointed by the Ordinary General Meeting on the basis of list voting. Lists may be submitted by shareholders who, either alone or together with other shareholders, own the shareholding identified in compliance with the provisions of the Consob regulation (for both the financial year 2016 and the financial year 2017, equal to 1% of the Ansaldo STS share capital) or, failing that, represent at least 2.5% of the shares with voting rights at the Ordinary Shareholders' Meeting.

Without prejudice to the other publication obligations under the Issuers Regulation, the lists submitted by the shareholders must be deposited at the Company's registered office and made available to the public in accordance with the terms and procedures set out by the applicable provisions.

In order to prove ownership of the number of shares required to submit the lists, the shareholders shall deposit at the Company's registered office the specific certificate proving ownership of the number of shares represented, within the deadlines indicated by the applicable provisions, by virtue of an authorised intermediary giving notice in accordance with current legislation.

Each list shall include two candidates, endowed with the independence requirements set out by the law, or more as required by the law, indicated separately and one of whom shall appear at the top of the actual list.

In addition, the lists that have a number of candidates equal to or greater than three must include candidates of different gender, as provided for in the notice of call of the Meeting, so as to ensure that the new Board of Directors is composed of members of the less well-represented gender, in accordance with applicable regulations. In case of a fraction, the number shall be rounded up to the higher unit.

Subject to the above provisions, the notice of call for the Ordinary General Meeting convened for 13 May 2016 on the sole call, where one of the items on the agenda is the appointment of the Board of Directors, provided that, in the lists for the appointment of the members of the Board of Directors, at least a third of the candidates should belong to the less represented gender and at least one of the candidates belonging to the less well-represented gender should be placed in the first two places in the list.

If the aforesaid requirements are not fulfilled, the list shall be considered as not submitted.

In order to ensure the actual participation of minorities in the Company management, as well as the transparency of the process of selection and appointment of directors, the Company's By-laws expressly provide that each shareholder is entitled to submit or concur to submit one list only, that each candidate can be presented in one list only. Failure to comply with these requirements shall result in the candidate being declared ineligible. Furthermore, each eligible voter can vote for one list only. Statements shall be filed together with each list, within the terms indicated by the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist, and that they meet the requirements set out by the applicable laws and the Company's By-laws for their respective offices.

According to the Company's By-laws, in addition to the integrity requirements set forth under the applicable laws and regulations (or any similar requirements according to equivalent provisions of other rules and regulations), to be appointed as directors, candidates must also possess certain professional skills indicated in the By-laws.

In particular, candidates cannot be appointed to the office of director of the Company and, if appointed, shall cease from office if they have less than a total of three years' experience in:

- management or control activities or executive duties in corporations endowed with a share capital of no less than two million Euro; or
- professional activities or teaching in universities as a tenured professor of legal, economic, financial and technical-scientific subjects strictly connected with the Company business; or
- managerial duties in public authorities or public administrations operating in the credit, financial and insurance sectors or, in any case, in sectors strictly connected with the company business.

This experience may be assessed on the basis of the curriculum vitae containing exhaustive information on the personal and professional characteristics of each candidate, to be made available to the public together with each list, pursuant to Article 144-octies, paragraph 1, of the Issuers Regulation. The Board of Directors shall make sure each of its members is in possession of the aforesaid requirements.

The directors shall be appointed as follows: (i) two thirds of the directors to be appointed shall be taken from the list that has obtained the majority of votes expressed by eligible voters (any fraction being rounded-down to the nearest whole number), in the progressive order in which they appear on the same list; (ii) the remaining directors shall be taken from the other lists in accordance with the criteria and procedures indicated in the By-laws (see Article 16.3, letter b) of the By-laws); (iii) if, following the procedure described above, the minimum number of independent directors required by law has not been appointed, then the criteria and procedures specified in the By-laws must be followed (see Article 16.3, letter c) of the By-laws); (iv) if the application of the above procedure does not permit compliance with the rules in force relating to gender balance, then the criteria and procedures specified in the By-laws must be followed (see Article 16.3, letter c-*bis*) of the By-laws).

In the event that only one list or no list is submitted, the Meeting shall adopt a resolution with the majorities required under law, and in any event so as to ensure the presence of the minimum number of independent directors required by applicable rules and to ensure compliance with the rules in force relating to gender balance.

If one or more Directors cease from office during the financial year, and on condition that the majority be always formed of Directors appointed by the Meeting, the provisions of Article 2386 of the Civil Code shall apply, in compliance with the replacement criteria indicated in the Company's By-laws (see Articles 16.5, 16.6 and 16.7 of the By-laws), and so as to ensure compliance on the regulations in force concerning gender balance.

If the majority of directors appointed by the Meeting cease from office, the entire board shall be considered outgoing and the Directors who are still in office shall convene a General Meeting without delay in order to re-form the Board.

The Meeting shall elect the Chairman of the Board of Directors; if the Meeting fails to do so, the Chairman shall be elected by the Board itself. The Board may also elect a Vice Chairman, who shall replace the Chairman in cases of absence or impediment.

Please note that Article 37, paragraph 1, letter d) of the Markets Regulation, provides for stricter criteria for the composition of the Board of Directors of subsidiaries subject to direction and coordination by another company, either Italian or foreign, with shares listed on regulated markets. In particular, pursuant to that provision (i) the majority of the Board of Directors must consist of independent directors and (ii) the internal committees of the Board of Directors established in compliance with the Corporate Governance Code - in the case of this Company, the Control and Risk Committee and the Nomination and Remuneration Committee - must consist of independent directors only.

SUCCESSION PLANNING

During the years 2013 and 2014, the Nomination and Remuneration Committee – whilst carrying out the appointment conferred by the Board of Directors that was in office at such time – conducted, with the help of the competent company officers and an external consultant specifically appointed for such purpose, inquiries in relation to the Ansaldo STS executive directors’ Succession Plan.

At the meeting held on 25 March 2014, the Board of Directors, taking note of the work done by the Committee pursuant to Article 5.C.2 of the Corporate Governance Code, decided, in view of the imminent expiry of the appointment of said Board and the ensuing reappointment of both the Board and Internal Committees (including the Nomination and Remuneration Committee), to postpone the approval of the Plan for Succession of Executive Directors to a later date (i.e. after the reappointment of the new Nomination and Remuneration Committee and the Board of Directors, so to make its own independent evaluation of said Plan).

Following the renewal of the Board and Internal Committees in November 2015, Nomination and Remuneration Committee commenced on 15 February 2016 drafting the Company’s executive director’s succession plan.

Following the further nomination made by the Shareholders’ Meeting on 13 May 2016, the Board of Directors has not as yet assessed the possibility of adopting these plans, nor have any proposals to that effect been submitted by the Nominations and Remuneration Committee.

4.1.2 CURRENT COMPOSITION

The Company’s Board of Directors was appointed by the Ordinary Shareholders’ Meeting held on 13 May 2016 for the financial years 2016–2018. In particular, the Shareholders’ Meeting appointed the following people as new Directors of Ansaldo STS: Alistair Dormer (Chairman), Katherine Jane Mingay, Andrew Thomas Barr, Giuseppe Bivona, Rosa Cipriotti, Mario Garraffo, Alberto de Benedictis, Fabio Labruna and Katharine Rosalind Painter.

Two lists were submitted to the Shareholders’ Meeting held on 13 May 2016 for the appointment of directors.

In particular, the Directors Alistair Dormer, Alberto de Benedictis, Andrew Barr, Mario Garraffo, Katherine Jane Mingay and Katharine Rosalind Painter were drawn from the majority list submitted by Hitachi Rail Italy Investments S.r.l. (which then held an interest equal to 50.772% of the share capital). This list obtained a number of votes equal to 63.078% of the voting capital.

The Directors Giuseppe Bivona, Rosa Cipriotti and Fabio Labruna were drawn from the list submitted jointly by the minority shareholders Elliott Associates L.P., Elliott International L.P. and The Liverpool Limited Partnership (jointly, the "**Funds**") which, overall, held an interest equal to 20.587% in the share capital. This list obtained a number of votes equal to 36.851% of the voting capital.

Following the appointment of the new Directors, on 16 May 2016 the Board of Directors appointed Dr Katherine Jane Mingay as Vice Chairman of the Board of Directors. At that same meeting, the Board of Directors also appointed the lawyer Francesco Gianni as Secretary of the Board.

During the course of the meeting held on 24 May 2016, the Board of Directors appointed Mr Andrew Thomas Barr as Chief Executive Officer and General Manager of Ansaldo STS S.p.A.

Following that, on 21 October 2016, Dr Katherine Jane Mingay resigned from her position as Vice Chairman of Ansaldo STS with immediate effect. During the course of the meeting held on 28 October 2016, the Board of Directors appointed Mr Alberto de Benedictis as the new Vice Chairman of the Board of Directors, replacing Ms Katherine Jane Mingay.

It is also noted that the Ordinary Shareholders' Meeting held on 19 January 2017 resolved to bring a corporate liability action pursuant to Article 2393 of the Civil Code against Mr Giuseppe Bivona who, on that account, was dismissed from office with immediate effect. At that same meeting, the Shareholders' Meeting appointed Mr Michele Alberto Fabiano Crisostomo as a new Company director replacing Mr Giuseppe Bivona. Mr Crisostomo would remain in office up to expiry of the Board's current term of office.

Pursuant to paragraph 4.1.1. above, the current Board of Directors is mostly composed of independent Directors: in particular, the Directors Alberto de Benedictis, Mario Garraffo, Katharine Rosalind Painter, Giuseppe Bivona (and, following his revocation, the director Michele Alberto Fabiano Crisostomo), Rosa Cipriotti and Fabio Labruna are independent Directors (for the assessment of independence made by the Board, see paragraph 4.1.6 below entitled "Independent Directors"). In the same way, the internal committees, of the same composition were established only with the favourable vote of the Hitachi appointed directors and, pursuant to the Corporate Governance Code, are composed solely of independent Directors.

It is further recalled that the Board of Directors, in its composition prior to the Ordinary Shareholders' Meeting held on 13 May 2016, had been appointed by the Shareholders' Meeting held on 2 November 2015 (convened at the request of the then shareholder Finmeccanica S.p.A. pursuant to Article 2367 of the Civil Code) which, after resolving that there would be nine members of the Board, confirmed the office of the previous Board Members Stefano Siragusa, Giovanni Cavallini, Giulio Gallazzi, Bruno Pavesi and Barbara Poggiali and appointed four new Board Members in the people of Alistair Dormer, Karen Boswell, Paola Giannotti and Ryoichi Hirayanagi; at the same time, the Board of Directors had appointed Alistair Dormer as Chairman of the Board of Directors.

On 3 November 2015, the Board of Directors appointed Ryoichi Hirayanagi as Vice Chairman of the Board of Directors and confirmed Stefano Siragusa as Chief Executive Officer. . Ms Barbara Poggiali also resigned on 3 November 2015, with immediate effect and before the meeting of the Board of Directors held on the same date, from her post as member of the Ansaldo STS Board of Directors. Subsequently, on 9 November 2015, the Board of Directors appointed, pursuant to Article 2386 of the Civil Code, Ms. Alessandra Piccinino as a new independent non-executive Director of the Company, thus replacing Ms Barbara Poggiali.

On 20 November 2015, Mr Ryoichi Hirayanagi resigned, with immediate effect, from his post of member of the Ansaldo STS S.p.A. Board of Directors. Subsequently, on 25 November 2015, the Board of Directors appointed, pursuant to Article 2386 of the Civil Code, Mr Mario Garraffo as the new independent non-executive Director of the Company, replacing Mr Ryoichi Hirayanagi. On the same date, the Company's Board of Directors also appointed Ms Karen Boswell as Vice Chairman of the Board of Directors with a view to replacing Mr Ryoichi Hirayanagi.

Subsequently, following the resignations tendered on 30 March 2016 by Mr Alistair Dormer, by Ms Karen Boswell and by Mr Stefano Siragusa and as the majority of directors appointed by the Shareholders' Meeting held on 2 November 2015 were no longer in office, the Board of Directors, pursuant to Article 16.8 of the By-laws, convened the Shareholders' Meeting in order to appoint the new Board of Directors, among other things.

The Shareholders' Meeting was then held on 13 May 2016 and appointed the current Board of Directors, taking into account the revocation of Mr Bivona and the appointment of Mr Crisostomo above indicated.

The tables below show the composition of the Board of Directors.

Current composition of the Board of Directors (until the approval of the 2018 financial statement).

Name	**Office**
Alistair Dormer	Chairman(1)
Alberto de Benedictis	Independent Director and Vice Chairman(2)
Andrew Barr	Chief Executive Officer – General Manager - Executive Director
Michele Alberto Fabiano Crisostomo (3)	Independent Director
Rosa Cipriotti	Independent Director
Mario Garraffo	Independent Director
Fabio Labruna	Independent Director
Katherine Jane Mingay	Non-Executive Director
Katharine Rosalind Painter	Independent Director

[1]Mr Alistair Dormer, Chairman of the Board of Directors, is deemed to be an executive director on account of the positions held in the Hitachi Group although he has not received any delegation by the Board and, therefore, is not performing any executive role within the Company.
[2]Appointed Vice Chairman of the Company's Board of Directors on 28 October 2016, replacing Ms Katherine Jane Mingay.
[3] The Ordinary Shareholders' Meeting held on 19 January 2017 resolved to bring a corporate liability action pursuant to Article 2393 of the Civil Code against Mr Bivona – a Director appointed by the Company's Ordinary Shareholders' Meeting held on 13 May 2016 – who, on that account, was dismissed from office. The Shareholders' Meeting appointed Mr Michele Alberto Fabiano Crisostomo as a Company Director, replacing the Director Mr Bivona, who declared that he satisfied the requirements of independent stipulated by the Code.

Of the current Directors, 2 are executive directors as defined in the Code and 7 are non-executive directors (of whom 6 are independent directors).

Composition of the Board of Directors from 1 January 2016 to 13 May 2016

Name	Office
Alistair Dormer	Chairman(1)
Karen Boswell	Non-Executive Director and Vice Chairman
Stefano Siragusa	Chief Executive Officer – General Manager - Executive Director

Giovanni Cavallini	Independent Director
Giulio Gallazzi	Independent Director
Mario Garraffo	Independent Director
Paola Giannotti	Independent Director
Bruno Pavesi	Independent Director
Alessandra Piccinino	Independent Director

(1) Alistair Dormer, in the capacity of Chairman of the Board of Directors, was deemed to be an executive director, owing to the positions he held in the Hitachi Group, even though he has not received any delegation from the Board and, therefore, has not carried out any executive role within the Company.

Of the Directors in office up to 13 May 2016, 2 are executive directors as defined in the Code and 7 are non-executive directors (of whom 6 are independent directors).

* * *

Information about the personal and professional characteristics of each member of the Board of Directors is reported here below.

ALISTAIR DORMER - CHAIRMAN

Alistair Dormer is Global CEO for the rail sector and is at the helm of the Hitachi group companies, which are active throughout the world in the railway sector. Hitachi Ltd is one of the leading companies in the supply of railway systems, with centres in Japan, China, Southeast Asia, the United Kingdom, the European Union and South America.

Before becoming the Global CEO for the rail sector on 1 April 2014, Alistair had already been Chairman and CEO of Hitachi Rail Europe Ltd. He joined the Hitachi group in 2003 and drove the market entry and business expansion of Hitachi Rail Europe Ltd's business activities. Among other things, mention must be made of the success achieved with the contracts for the production of Class 395 and Class 465 trains. More recently, he directed the consortium Agility Trains (which is a consortium formed between Hitachi and John Leng), which was awarded and completed contracts in the framework of the Intercity Express Programme (IEP) ensuring that the Hitachi Rail Europe Ltd companies entered the ETCS (European Train Control System) market

ALBERTO DE BENEDICTIS – VICE CHAIRMAN

Alberto de Benedictis, born in Rome on 17 May 1952, graduated in Economics and Commerce from the Università La Sapienza of Rome.
From 1977 to 1981, he was assistant Executive Director of The World Bank.

From 1981 to 1995, he held the position of US Representative for Finmeccanica North America.

From 1996 to 2005, he worked for Finmeccanica Corporate Italia. In particular, up to 2002, he held the position of Senior Vice President, Strategic Finance and Acquisitions and Mergers, i.e. he was responsible for the development of Finmeccanica's new strategy in Aerospace and Defence, carrying out a major reorganization of the Group's investment and corporate recapitalization portfolio.
From 2002 to 2005, he held the position of Senior Vice President, Business Development, i.e. he was responsible for the Finmeccanica Group's strategic acquisitions, managing to develop a position on the US defence market and consolidate the Group's positioning in the UK.
From 2006 to 2015, he was Chief Executive Officer of Finmeccanica UK
At the moment Mr de Benedictis is Chairman of the Protection and Security Advisory Group, European Commission, Horizon 2020, Secure Societas Programme.

ANDREW BARR – CHIEF EXECUTIVE OFFICER

Andrew Barr, born in 1973, graduated with honours in Production Technology and Management at Brunel University. He is a member of the Institution of Mechanical Engineers.
In 1990, he began his career with London Underground Limited and also held positions with the British Rail operator GNER, before joining Bombardier Transportation UK Ltd. From 2002 to 2005, he worked for Strategic Rail Authority, of the UK Government, as Rolling Stock Managing Engineer. He then worked at Hitachi Rail Europe Ltd, holding positions as Senior Vice President of Head of Projects, Operations and Maintenance and as Head of Maintenance Delivery.
Before joining Ansaldo STS, he worked for Hitachi as Deputy Managing Director and Chief Operating Officer and was a member of the board of Hitachi Rail Europe Ltd and of Agility Trains.
He is currently General Manager of Ansaldo STS.

ROSA CIPRIOTTI

Rosa Cipriotti, born on 14 December 1974, graduated with honours in Economics and Commerce from the Università La Sapienza of Rome and in 2015 attended the Executive Master "General Management Program" at Harvard Business School in Boston.
She has held executive positions in the Nomura Group, at Lehman Brothers Italy and at Lehman Brothers London and from 2014 to date she has worked as an independent consultant for Italian groups in extraordinary transactions.
From 2015 to 2017, she has been a member of the Board of Directors and a Member of the Risk Committee of Arca Fondi SGR. She is currently a non-executive director of Banco Popolare di Vicenza S.p.A., Prelios Credit Servicing and Prelios Group. She is also a member of the Nominations Committee of BancoPopolare di Vicenza and is a member of the Internal Control and Risks Committee (CCIR) of PRELIOS S.p.A.

She is a professional with more than 15 years' experience in the financial and strategic consultancy sector. She also has significant international experience, particularly within the scope of financial institutions and the private equity sector.

MICHELE ALBERTO FABIANO CRISOSTOMO

Michele Alberto Fabiano Crisostomo, born on 20 January 1972, graduated with honours in Case Law from the Università di Bari and qualified as a lawyer in 1997. In 1996, he obtained a scholarship to undertake further training at Essex University (UK) and in 1997 he carried out supervisory duties in relation to banks and investment companies for the Commissione Nazionale per le Società e la Borsa *[Italian Securities and Exchange Commission]* (Consob), Intermediaries Division.
From 1998 to 2009, he worked for the law firm Clifford Chance, at its offices in Milan and London, as an Associate and subsequently as a Partner. He is currently working for the law firm Riolo Calderaro Crisostomo e Associati, of which he has been a founder partner since 2009.
Michele Crisostomo is an expert in banking, insurance and financial regulations, derivatives transactions, capital markets and rules on listed companies. He is the author of many publications and has participated in conventions as reporter on banking and financial matters. He is constantly committed to updating and investigating the profession and is publicly mentioned among the top lawyers in Italy in the capital market and financial regulation sector.

MARIO GARRAFFO

Mario Garraffo, who was born on 2 August 1937, graduated in political economics from the University Luigi Bocconi. From 1960 to 1970 he held the position of Controller and Development Director at La Centrale Finanziaria Generale, which is a company active in the public utilities (communications and energy) field. From 1970 to 1980 he served as Investment Director at IFI (currently EXOR), of which he was also Chairman (1985-1993). From 1980 to 1985 he was CEO of IFIL - Finanziaria di Partecipazioni and from 1993 to 1998 he was Chief Executive Officer of Lazard Italy until its acquisition by Vitale Borghesi & Co. in 1998. Commencing from such date, he covered for two years the position of Chief Executive Officer of UNIM – Unione Immobiliare, and was subsequently Chairman of General Electric Italy (2000-2004) and Senior Advisor at General Electric Europe (2004-2007) . Between 2005 and 2008 he was also an independent Director of Terna S.p.A. and Pirelli

& C. S.p.A. Since 2014 he has been an Independent Director, Member of the Control and Risk Committee, and Chairman of Recordati S.p.A.'s Remuneration Committee. From the beginning of 2015 to the present date he has held the position of independent director and member of the Capital Investment Committee of Quadrivio SGR

Mario Garraffo is a member of the Board of the John Hopkins University in Baltimore and the John Hopkins School for Advanced International Studies (SAIS) in Bologna. From 1995 to 2006 he was Chairman of the Alumni Bocconi University and a member of the Board of Directors of the Javotte Bocconi Women's Foundation.

FABIO LABRUNA

Fabio Labruna, born in Naples on 21 October 1968, graduated with honours in Case Law from the Università degli studi di Napoli Federico II and completed his training by following a Master's Degree in European Legal Studies (LLM) at the College of Europe in Bruges.
From 1993 to 2006, he worked for the law firms Baker e McKenzie, Gianni Origoni Grippo & Partners, Skadden Arps Slate Meagher & Flom and finally once again at Gianni Origoni Grippo & Partners, of which he has been a partner since 2002. Since 2006 he has been a founder partner of the law firm Labruna & Associati, which mainly deals with legal matters relating to financial markets and extraordinary finance transactions of listed and unlisted companies.
From 2007 to 2008, he was a member of the Supervisory Committee of Kamps AG and, from 2009 to 2010, he was an independent Director of Prysmian S.p.A.

He is currently an independent director of Acomea Sgr and a non-executive director of Sparco S.p.A and of Agrinvest BL S.r.L.

KATHERINE JANE MINGAY

Katherine Jane Mingay, born on 26 September 1965, graduated from Cambridge University and obtained an MBA from the London Business School.
From 1987 to 2003, she held corporate finance roles in the investment banks Goldman Sachs and UBS and, from 2003 to 2013, was a Director in the UK Department of Transport, where she formed and led an in-house corporate finance team.
Since 2013, she has been a Senior Advisor of Cambridge Economics Policy Associates, which deals with economic and financial policy in the infrastructure sector and, since 2014, she has been a non-executive Director of Mutual Energy and a Senior Advisor to Horizon Nuclear Power, a subsidiary of Hitachi.

Katherine Mingay has over 25 years' experience in the field of corporate finance in the infrastructure and transport sector, in both the public and the private sectors.

KATHARINE ROSALIND PAINTER

Katharine Rosalind Painter, born on 19 March 1960, obtained a BA (honours) in Chemistry and an MA from Jesus College, Oxford University, obtained a DPhil in Theoretical Chemistry from Linacre College, Oxford University and an MBA from Cranfield University.

From 1983 to 1989, she was at Esso Petroleum, in part dealing with Finance and Corporate Planning. Kathie then worked for Schroders and, following its takeover by Citigroup, for Citigroup until 2008 with a focus on Energy and Infrastructure Finance. She was a Director at Schroders, between 1996 to 1998 was responsible for the Project Finance team in South-East Asia. At Citigroup she was a Managing Director, Head of the Infrastructure Advisory Group to 2004, Co-Regional Head of Infrastructure & Energy Finance for Europe, Middle East and Africa to 2005, and Head of Government Infrastructure as part of the Global Infrastructure Group to 2008.

From 2008 to 2010, she held the position of Managing Director at Alinda Capital Partners, based in Europe. Since 2010, she has been a Senior Advisor to Newstate Partners and, since 2012, she has been a non-executive Director, Member of the Control and Risk Committee and Member of the Projects Review Committee of InfraCo Africa Limited.

OTHER OFFICES OF DIRECTOR OR AUDITOR HELD BY THE BOARD MEMBERS OF ANSALDO STS

On 14 February 2007, the Company's Board of Directors approved an Internal Regulation *("Guidelines of the Board of Directors on the maximum number of offices that may be held by the directors of Ansaldo STS S.P.A.")* aimed at setting out limits to the number of director or Auditor positions that Ansaldo STS board members could hold. On 16 December 2013 the Board of Directors, after receiving the favourable opinion of the Nomination and Remuneration Committee, resolved to make the necessary changes to said Internal Regulation in order to align it with the provisions of application criterion 1.C.3 of the Corporate Governance Code.

In particular, the changes introduced will ensure that, in calculating the "weight" of the offices held by the non-executive directors of Ansaldo STS in other companies, account is also taken of increased commitment associated with the possible participation of the aforementioned directors in committees within the Board of Directors of Ansaldo STS.

Moreover, given the rationale of the rules relating to the accumulation of offices, and the various commitments normally expected of directors who are also members of committees established within the administrative bodies of other Listed and/or Non-Listed Companies (as defined below), it has been clarified that in calculating the total "weight" of the offices held by the Directors of Ansaldo STS in other companies, account should be taken also of any possible participation in those committees.

Therefore, pursuant to Internal Regulation in force, Ansaldo STS directors shall accept the office when they consider they will be able to devote the necessary time to diligent fulfilment of their duties, also taking into account the number of positions held in management and control bodies in (i) Italian and foreign companies with shares listed on regulated markets ("**Listed Companies**"); (ii) Italian and foreign companies with shares not listed on regulated markets, which carry out financial, banking or insurance services or that have an annual revenue equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS ("**Non-Listed Companies**").

The positions held by each director of Ansaldo STS in the administrative and/or control bodies of other Listed Companies and/or Non-Listed Companies should have a total "weight" not exceeding 15, also taking into account the possible participation in committees established within the Board of Directors (and/or the administrative bodies of non-traditional systems) in other Listed and/or Non-Listed Companies.

This Internal Regulation to date requires - for the purpose of calculating the maximum number of positions as director or Auditor deemed to be compatible with effective fulfilment of the appointment as Company director – a different assessment of the offices of executive and non-executive director, to take account - for non-executive directors only - also of the offices held by the latter in one or more Committees established within the Board of Directors of Ansaldo STS.

In these calculations, no account is taken of positions held in Listed Companies or Non-Listed Companies that control or are controlled (either directly or indirectly) or invested in by Ansaldo STS.

The Board of Directors of Ansaldo STS has the authority to grant temporary and permanent exceptions, allowing the directors to hold offices in administrative and control bodies of other Listed Companies and Non-Listed Companies which, taken together, exceed the maximum weight of 15.

The Directors shall promptly inform Ansaldo STS of any change in the offices they hold in other Listed Companies and/or Non-Listed Companies, indicating the average monthly commitment these positions require.

As of 15 February 2016 , the current composition of the Company's Board of Directors complies with the above general criteria.

The Internal Regulation *"Guidelines of the Board of Directors on the maximum number of offices that may be held by the directors of Ansaldo STS S.P.A."* is accessible on the Company's web page http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/policy_sul_cumulo_degli_incarichi.pdf

At the date of approval of the Report, please note that 3 Directors held positions in other listed companies or in financial, banking or insurance companies or large companies, the latter being companies, other than those indicated above, with an annual revenue equal to or exceeding the revenue resulting from the consolidated accounts of Ansaldo STS. The table below indicates the offices held by each director in the aforementioned companies:

Director	Office held	Company
Rosa Cipriotti	Non-executive Director	Banca Popolare di Vicenza S.p.a.
	Non-executive Director	PRELIOS S.p.A.
	Non-executive Director	PRECS S.p.A (Prelios Credit Servicing)
	Member of the Nominations Committee	Banca Popolare di Vicenza S.p.A.
	Member of the CCIR	PRELIOS S.p.A
Mario Garraffo	Independent Director – member of the "Control and Risks Committee" and Chairman of the "Remuneration Committee"	Recordati S.p.A.
	Independent Director – member of the "Control and Risks Committee" and of the "Remuneration Committee"	GE Interbanca S.p.A.[(1)]
	Independent Director	Quadrivio Sgr
Alistair Dormer	Chairman of the Board of Directors	Hitachi Rail Europe
Fabio Labruna	Independent Director	AcomeA SGR
	Non-executive Director	Sparco SpA
	Non-executive Director	Agrinvest BL Srl

(1) Garraffo resigned from that office with effect from 30 November 2016.

INDUCTION PROGRAMME

On 26 October 2016, a specific "induction" session was organized for the Company Directors and Auditors, aimed at providing them with adequate knowledge of the sector of activity in which Ansaldo STS operates, the business dynamics and their development, the principles of correct risk management and the reference legislative and self-regulatory framework.

In particular, a meeting was organized at the Company offices during which the management and organization mechanisms of the business and of the business sector in which it operates were illustrated and many existing contracts and projects were analysed.

4.1.3 ROLE AND DUTIES

The Board of Directors has exclusive responsibility for the Company's management and takes all necessary actions to achieve the corporate purpose.

The Board of Directors Rules, initially approved on 29 January 2007, was subsequently amended in order to implement the changes deriving from the adoption of the new Procedure for Related-Party transactions. On 30 January 2017, the Board Rules were further amended with the double purpose of: (i) introducing the modifications as a result of the Corporate Governance Code updated in July 2015; and (ii) adapting them with regard to the powers attributed to the delegated bodies following the formation of the Company's Executive Committee on 28 October 2016. For purposes of precise compliance with the provisions of the aforesaid Regulation, and in line with applicable laws and regulations, the Board of Directors, specifically:

- examines and approves the strategic, industrial and financial plans of the Company and of the Group it directs, and periodically monitors its implementation;
- defines the Company's corporate governance system and the Group's structure;
- defines the nature and level of risk compatible with the Company's strategic objectives, including in its assessments all risks that may assume significance from the viewpoint of sustainability of the Company's activities in the medium/long term;
- assesses, on an annual basis, the adequacy of the general organisational, administrative and accounting structure of the Company, of the Group and of the strategically relevant subsidiaries;
- evaluates the general company performance, taking the information received by the delegated bodies into particular consideration and periodically comparing the results achieved with the planned results;
- defines the Internal Control and Risk Management System guidelines ("SCIGR"), in order to correctly identify and measure the main risks affecting the Company and its subsidiaries and to determine the extent to which these risks are compatible with managing the company consistently with its strategic objectives;
- evaluates, on at least an annual basis, whether the SCIGR [Internal Control and Risk Management System] is adequate considering the company's features, the risk profile it has chosen, and its effectiveness;
- identifies within its members one or more Directors in charge of setting up and maintaining an effective Internal Control and Risk Management System (the "Director in Charge of the Internal Control and Risk Management System");
- appoints the Control and Risks Committee composed of at least three Directors possessing the independence requirements mandated by the Code;
- on a proposal of the Director responsible for the Internal Control and Risk Management System, and favourable opinion of the Control and Risks Committee and after having consulted the Board of Statutory Auditors, the Board of Directors: (i) appoints and revokes the Head of Internal Audit; (ii) ensures that he/she has the necessary resources to perform its duties; (iii) defines his/her remuneration consistently with the company's policies;
- approves, on at least an annual basis, the work plan drafted by the Head of Internal Audit, after having consulted the Board of Statutory Auditors and the Director in Charge of the Internal Control and Risk Management System;
- evaluates, after consulting with the Board of Statutory Auditors, the results presented by the independent statutory auditors in any recommendation letter and in the report detailing key issues arising from the statutory audit;
- ensures that the Director in charge of drafting the company's accounting documents has adequate means and powers to perform his/her duties and that all administrative and accounting procedures are complied with;
- adopts the Organisational Management and Control Model drafted in accordance with Legislative Decree No. 231/2001 and approve any further amendments or updates;
- appoints and revokes the members of the surveillance body in compliance with the Organisational Management and Control model pursuant to Legislative Decree No. 231/2001;

- without prejudice to the matters reserved for the Board of Directors pursuant to Article 2381 of the Civil Code, and to the provisions of the By-laws, delegates and revokes powers to the Chief Executive Officer, determining his limits and terms of exercise thereof;
- after having examined the proposals of the Nomination and Remuneration Committee and, having consulted the Board of Statutory Auditors pursuant to Article 2389, third paragraph of the Civil Code, determines the remuneration and regulations applicable to the Chief Executive Officer. If the Shareholders' Meeting fails to do so, determines the allocation of the global remuneration due to the members of the Board;
- approves the transactions of the Company and of its subsidiaries whenever these transactions are strategically, economically or financially relevant for the Company. For this purpose, it determines the general criteria for identifying significantly relevant transactions;
- performs, on at least an annual basis, an assessment on the performance of the Board and of its committees as well as on their dimension and composition, taking into account elements such as the professional skills and experience (including managerial experience and gender) of its members and their seniority in the office;
- provides information, in the Corporate Management Report: (i) on its composition, stating whether each member is executive, non-executive or independent as well as his/her role within the Board, his/her main professional characteristics and the seniority from his/her first appointment; (ii) on the implementation of Article 1 C.1. of the Corporate Governance Code and, in particular, on the number and average duration of the board meetings held during the financial year as well as on the attendance figures of each director; (iii) on the modes of performance of the above evaluation procedure.
- describes, in the report on corporate governance, the main features of the Internal Control and Risk Management System, giving an evaluation of its adequacy;
- to ensure the correct management of corporate information, upon the proposal of the Chief Executive Officer or of the Chairman of the Board of Directors, adopts a procedure for the internal management and external communication of documents and information concerning the Company, with specific reference to privileged information.

Without prejudice to the provisions of the law and of the By-laws, the Board of Directors at its meeting held on 28 October 2016, following the formation of the Executive Committee, reserved the following matters to its own exclusive competence:

- defining the strategic and organisational directions, including the approval of plans, programs and budgets;
- approving investments, whether on tangible or intangible assets, if (i) such investments are not mandatory and (ii) provided that their value is higher than EUR 500,000;
- approving Significant Transactions as identified in the Related Party Transactions Procedure approved by the Company pursuant to the Related Parties Regulation;
- acquiring and selling shareholdings and interests in other companies whether existing or to be incorporated, also by exercising or waiving option rights, contributions, usufruct, pledges and any other act of disposal even within the framework of joint ventures or of transactions establishing encumbrances on such interests;
- transferring, contributing, leasing, granting usufruct on and any other act of disposal or transaction establishing encumbrances to other company's assets or part thereof; acquisition, leasing, usufruct of companies' assets or part thereof;
- capital transactions, setting up, transforming, listing in the stock market, merger, demerger, winding-up, entering into shareholders' agreements concerning subsidiaries directly controlled by the Company;
- appointing Directors and Auditors in directly controlled subsidiaries, except for non-executive directors within the Group;
- medium to long term active and passive financial transactions, except for those operations aimed at hedging exchange risks concerning certain orders;
- granting guarantees, including bonds and mortgages (without prejudice to the powers of the Chief

Executive Officer and the Executive Committee);

- purchasing, exchanging and selling real estate, as well as any contract concerning real estate with a term longer than nine years;
- submission offers and entering into supply contracts where the value is higher than EUR 350,000,000 (three hundred and fifty million) or that otherwise imply serious commitments or risks;
- entering into permanent consulting agreements lasting for more than one year or amounting to more than EUR 300,000;
- hiring, appointing, promoting and revoking Managers reserved by the law or the By-laws to the Board of Directors, as well as the head of the Internal Audit function, which so provides upon Director in charge of the Internal Control and Risk Management System so proposing;
- granting prior authorisation to the subsidiaries to perform transactions that are strategically, economically and financially relevant for the company; these transactions include the presentation of offers and signing of supply contracts by the subsidiaries; (i) with a value higher than EUR 150,000,000 (one hundred fifty million), or (ii) which imply serious commitments or risks;

During the Financial year 2016, the Board of Directors, *inter alia*:

- on 15 February 2016, after consultation with the Control and Risk Committee - (i) acknowledged the updated mapping of risks relating to the Company and its subsidiaries and the measures adopted to manage and/or mitigate such risks, considering these risks to have been properly identified, measured, managed and monitored and to be consistent with a business management that is in line with its strategic objectives; (ii) considered that the Ansaldo STS Internal Control and Risk Management System was adequate to the nature and characteristics of the Company and the risk profile thereof; (iii) positively assessed the governance structure adopted by the Company, considering the organisational, administrative and accounting structure of Ansaldo STS and its subsidiaries to be satisfactory, with particular reference to the Internal Control and Risk Management System; (iv) approved - subject to the opinion of the Control and Risk Committee and having consulted with the Board of Statutory Auditors and the Director responsible for the internal control and risk management system - the audit plan prepared by the Head of Internal Audit for the year 2016;
- on 27 February 2017, that certification was provided with regard to the financial year 2016;
- on 15 March 2016, approved the Budget Plan 2016-2020;
- verified in compliance with the administrative and accounting procedures provided for under Law No. 262/2005;
- verified, on 16 May 2016, on the basis of the documentation submitted by the individual independent directors, and on the basis of the information made available to the Company, that it satisfied the requirements of independence provided for under the legal and regulatory provisions and pursuant to Article 3 of the Code and the Instructions to the Market Regulation. Such verification was also carried out on 24 May 2016 with reference to Mr Mario Garraffo; assessment of the existence of the requirements of independence was carried out once again on 1 July and 19 December 2016 with regard to the board member Mr de Benedictis, as better indicated in section 4.1.5 below;
- rated the overall operating performance (by comparing the results achieved with those planned when approving the quarterly and half-yearly financial reports and the financial statement);
- on 15 February 2016, verified the Board Member's compliance with the Rules of Procedure with which the Board of Directors had defined the maximum number of posts that could be covered by the Company's Directors;
- approved in advance all the transactions performed by the Company and its subsidiaries of particular strategic, economic, asset and/or financial significance.

For more information about the actions of the Board of Directors relating to the Internal Control and Risk Management System, see Part 4, paragraph 4.3 ("*Information on the implementation of the provisions of the Corporate Governance Code. Board of Directors. Internal control and risk management system*").

4.1.4 DELEGATED BODIES

The Board of Directors may delegate some of its tasks to an executive committee or to the Chairman and/or to other members of the Board, appointing one or more Chief Executive Officers. As part of the tasks entrusted to them, the delegated bodies may in turn delegate single acts or categories of acts to employees of the Company and to third parties, with the authority to sub-delegate.

Chairman of the Board of Directors

Except for the case of impediment, the Chairman of the Board of Directors shall call the Board meetings, coordinate the relative activities and chair these meetings, ensuring that the Board Members are suitably and promptly informed, to give the Board adequate knowledge to act on the matters submitted to it.

The office of Chairman of the Board of Directors was held by Mr Alistair Dormer, who was appointed by the Company's shareholders on 2 November 2015 and subsequently confirmed in office by the Shareholders' Meeting held on 13 May 2016.

Mr Alistair Dormer in his capacity as Chairman of the Board of Directors, did not receive any special delegation from the Board, apart from the powers relating to the legal representation and company signature conferred pursuant to Article 25.1 of the By-laws. Therefore, he does not perform a specific role in preparing business strategies. However, he is deemed to have an executive role pursuant to the provisions of the Corporate Governance Code by virtue of the positions held in the Hitachi Group.

Vice-Chairman of the Board of Directors

The Vice Chairman in office, Mr Alberto de Benedictis, who was appointed Director on 13 May 2016 and Vice Chairman of the Board of Directors on 28 October 2016, has not received any particular delegation from the Board and therefore has no executive role within the Company, apart from the powers relating to the legal representation and company signature conferred pursuant to Article 25.1 of the Company's By-laws, in the event of the absence or impediment of the Chairman of the Board of Directors.

During the year, the position of Vice Chairman of the Board of Directors was also covered: (i) from 16 May to 21 October 2016, by Ms Katherine Jane Mingay, who tendered her resignation from the position on 21 October 2016 while remaining in office as member of the board, and (ii) from 25 November 2015 to 13 May 2016 by Ms Karen Boswell.

Please note that also Ms Katherine Mingay and Ms Karen Boswell did not receive any delegation from the Board, apart from the powers relating to the legal representation and company signature conferred pursuant to Article 25.1 of the Company Articles, in the event of the absence or impediment of the Chairman of the Board of Directors. Therefore, they had no executive role within the Company.

Chief Executive Officer

On 24 May 2016, the Board of Directors appointed Mr Andrew Barr as Chief Executive Officer and General Manager, conferring on him specific managerial powers. Subsequently, on 28 October 2016, at the time of appointing the Executive Committee, the Board of Directors altered the powers of the Chief Executive Officer, in order to render the powers conferred on those delegated bodies consistent and therefore, along with the power of legal representation of the Company before all courts of law and administrative authorities and before third parties, the Chief Executive Officer was attributed the following powers to be exercised with single signature:

- to direct and manage the corporate business in accordance with the guidelines and directives of the Board of Directors;
- to perform all actions that fall within the Company's ordinary management;
- to implement the resolutions of the Board of Directors, performing all actions of ordinary and extraordinary management decided by the same Board.

By way of example and not expressly, and without prejudice to the competence of the Executive Committee (*Bid Committee*) as well as reservation of sole competence attributed to the Board of Directors for Transactions of Greater Significance as well, referred to in the Related-Party Transactions Procedure approved by the Company pursuant to the Related Parties Regulation, such powers include the following:

1. To represent the Company before any ordinary or special judicial, administrative or tax authority, at any level and in any location, and therefore even in the office of the Council of State or in the event of an appeal against or action to set aside a judgment, with powers to sign petitions and appeals for any reason, lodging and supporting actions, both administrative and judicial, to obtain knowledge and on execution and also bankruptcy proceedings, arrangements with creditors and suspensions, carrying out the relevant formalities and therefore also issuing powers of attorney and special mandates for lawyers, lawyers vested with general and special powers for legal proceedings and to elect domicile, and to appoint special lawyers to represent the Company in court.

2. To settle any dispute, accept or reject proposed arrangements, reach settlements and refer to arbitrators, including mediators, any dispute, either based on an arbitration clause or based on separate deeds of arbitration, appointing arbitrators and carrying out all relevant formalities relating to the resulting arbitration proceedings.

3. To submit and refer to oaths, submit and respond to interrogations or questioning, even on forgery, join criminal proceedings as a civil party seeking damage and elect domicile.

4. To appoint and dismiss representatives, sales agents in general and operators; confer and revoke mandates ad *negotia* for sales.

5. To accept bank credit and overdraft facilities.

6. To issue and accept liabilities on bills of exchange of any kind.

7. To perform any short-term financial sale or purchase transactions, including the discounting of bills signed by the Company itself, carry-over transactions at any bank, including the issuing institute, assuming undertakings and carrying out the necessary formalities, as requested; perform exchange risk hedging transactions relating to orders.

8. To perform bill discounting transactions signed by third parties, endorse and receipt bank cheques, promissory notes, certificates of credit, bills of exchange and postal orders payable at credit institutions, post and telegraph offices and at any natural or legal person in general.

9. To issue bank and giro cheques on current accounts held by the Company, even overdrawn.

10. To hire, suspend and dismiss managerial and non-managerial personnel, save as provided for by point 13 of the Powers of the Board of Directors; change the conditions of employment of employees.

11. To represent the Company before organizations in the category and unions and before any institution, association or consortium.

12. To represent the Company at Shareholders' Meetings of entities in which it has interests, units, shares or holdings, exercising any right relating to the shares, interests or units themselves.

13. To issue payroll extracts and certificates concerning personnel, both for social security, insurance or mutual institutions and for other entities or individuals; ensure the observance of measures the Company is required to take such as tax substitute measures, with the power, *inter alia*, to sign declarations, certifications or any other deed or certificate stipulated by the legislation in force on the subject, for the purposes of such measures.

14. To sign letters for the crediting and debiting of current accounts.

15. To acquire and grant contracts for the execution of works and supplies of any kind, arranging the relevant contracts, participating, where appropriate, in public and private bidding and appointing special representatives, if necessary, to participate in the relevant tenders and bidding.

16. To arrange, amend and terminate, for and on behalf of the company, contracts for the purchase, exchange and sale of materials, products, machinery and plant and, in general, any other contract on movable property, even if registered, the Company being bound by all rights and obligations deriving therefrom.

17. To arrange, amend and terminate, for and on behalf of the Company, any contract or agreement relating to original works, trademarks, drawings, patents, models and any other similar works; contracts relating to immovable property for a period not exceeding nine years; and consortium, rental, transportation, insurance,

mediation, agency, deposit or credit transfer contracts.

18. To arrange, amend and terminate, for and on behalf of the Company, contracts for the establishment of joint ventures.

19. To establish, register and renew mortgages and liens borne by third parties in favour of the Company, consent to mortgage cancellations and restrictions borne by third parties in favour of the Company owing to the termination and reduction of liabilities; waive mortgages or mortgage substitutes, even on a legal basis and perform any other mortgage transaction, always borne by third parties in favour of the Company and therefore payment transactions, releasing the competent real estate register custodians from any liability.

20. To arrange, for and on behalf of and in the interests of the Company, the collection, release and withdrawal of all sums and all securities howsoever payable thereto by anyone, such as the State Administrations, the Regions, Municipalities and Provinces, Cassa Depositi e Prestiti, the State Provincial Treasuries, the Revenue Agencies, Consortia and credit institutions, always including the issue and subsequently the collection of mandates already issued or to be issued in the future, without any time limitation, in favour of the Company, for any amount of capital or interest payable to the latter by the aforesaid administrations or by the aforesaid offices and institutes, whether in settlement of the deposits made by the Company itself or for any other reason.
To issue in the Company's name the corresponding declarations of receipt and discharge and in general any declarations requested at the time of performance of individual measures, including those of exemption of the aforesaid offices, administrations and institutes from any liability in that respect.

21. To collect securities, parcels, packages and letters, including registered and guaranteed items, as well as ordinary postal and money orders, and appoint special representatives for that purpose.

22. To carry out any actions and transactions in respect of rail, customs, post and telegraph offices and in respect of any public or private transportation office in general, with the power to issue the necessary receipts and declarations of discharge and to grant liens and releases.

23. To represent the Company in carrying out all measures relating to import and export, temporary import and export, re-import and re-export transactions.

24. To grant guarantees and counter guarantees in favour of banks or insurance institutes for customs transactions, for participating in tenders, for works to be executed, for the correct execution of supplies to be provided by the Company and its subsidiaries or companies in which it has an interest, in Italy or abroad, within the limits stipulated for the transactions for which the issue of the aforesaid guarantees is accessory; issue guarantees in the interests of subsidiary companies up to a maximum amount of EUR150,000,000 (one hundred and fifty million).

25. To acquire at third parties, State administrations, banks and credit institutions, loans in any form relating to Company credits arising from the export of goods and services and the execution of works abroad.

26. To take any measures and assume any initiatives, with the fullest powers, to ensure full compliance of the activities with the provisions of the law, regulations, ordinances, orders and instructions of any international, community, national or local authority.

27. To sign, amend and supplement requests to participate in tenders, including the relevant documentation, for the submission and execution of research and development projects; in the event of an award, to sign the relevant contracts with the financing entities, acquire/grant the relevant loans and take any measures and assume any initiatives, with the fullest powers to guarantee observance of the procedures stipulated by the tenders, including, merely by way of example, the establishment of new entities or legal persons established for that purpose.

28. Within the limits of the powers conferred, to delegate appropriate signatory powers to managers, to be exercised in the name and on behalf of the Company for the performance of the assignments and tasks entrusted to them, and to issue special mandates to Company employees and also to third parties, authorising them to perform certain operations, or categories of operations, on behalf of the company, with the use of the corporate signature.

The Chief Executive Officer reports to the Board of Directors and to the Board of Statutory Auditors at least on a quarterly basis and in any case during meetings of that board. This Report covers the activities carried out, the general company performance and the business outlook, as well as significant economic, financial and equity transactions, or in any case, transactions carried out by the Company and by its subsidiaries that are particularly important due to their entity or characteristics; in particular, the Chief Executive Officer shall report on the transactions in which s/he may have an interest, either on his/her own behalf or on behalf of third parties, as well as on any Significant or Less Significant Related-party transactions (as defined in the Procedure for related-party transactions approved by the Company pursuant to the Related-Party regulation). As a rule, information shall be given when the Board of Directors approves the periodical accounting situations (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations). This communication may be made during board meetings or in writing.

The Chief Executive Officer also reports to the Board of Directors at least on a quarterly basis on transactions falling within the competence of the Executive Committee and on any conflicts of interest affecting its members or related parties with regard to transactions performed in that respect.

In 2016, this information was actually given by the Chief Executive Officer to the Board of Directors and to the Board of Statutory Auditors on a quarterly basis and, as a rule, when the Board of Directors approved the periodical accounting statements (Financial Statements, Half-Yearly Financial Report and Interim Reports on Operations).

Furthermore, at the date of this Report, the Company's Chief Executive Officer, Mr Andrew Barr, being as such the figure principally responsible for the management of the Company, does not hold any office as director of another issuer not belonging to the same group of which a director of Ansaldo STS S.p.A. is the Chief Executive Officer.

Executive Committee

On 28 October 2016, the Board of Directors resolved by a majority (with the vote against cast by Mr Giuseppe Bivona, Ms Rosa Cipriotti and Mr Fabio Labruna) to form an Executive Committee (known as the “Bid Committee”), on which the following powers were conferred:

(i) to acquire contracts for the execution of works and supplies of any kind, arranging the relevant contracts, participating, where appropriate, in public and private bidding and appointing special representatives, if necessary, to participate in the relevant tenders and bidding, for individual transactions with a value not exceeding EUR150,000,000, and up to a limit of EUR350,000,000 again for individual transactions and solely for the purpose of the Company's work;
(ii) with regard to the transactions referred to in point (i) above, to grant guarantees and counter guarantees in favour of banks or insurance institutes to participate in tenders, for works to be executed, for the correct execution of the supplies to be provided by the Company and its subsidiaries or companies in which it has an interest, in Italy or abroad, within the limits stipulated for transactions for which the issue of the aforesaid guarantees is accessory, if for an amount exceeding EUR150,000,000, and up to a limit of EUR350,000,000 again for individual transactions and solely for the purpose of the Company's work;
(iii) to arrange ongoing service contracts (consultancy, technical, etc.) for a period of more than one year or for a value exceeding EUR150,000, in any event up to a limit of EUR300,000 per individual contract.

During the same meeting held on 28 October 2016, the Board of Directors also amended the powers attributed to the Chief Executive Officer Mr Andrew Thomas Barr during the meeting held on 24 May 2016 and the sole competence of the Board in order to coordinate them with the powers conferred on the Executive Committee.

The Executive Committee is composed of the Chairman Mr Alistair Dormer, the Chief Executive Officer Mr Andrew Thomas Barr and the Board Member Ms Katherine Jane Mingay.

The Executive Committee, through the Chief Executive Officer, reports to the Board of Directors at least on a quarterly basis on the transactions within its competence and on any conflicts of interest affecting its members or related parties in transactions relating thereto.

With effect from its establishment, which took place on 28 October 2016, the Board met once for one hour.

All members of the Committee participated in that meeting.

No. 7 Committee meetings are planned for the current financial year.

4.1.5 NON-EXECUTIVE DIRECTORS

The Board consists, for the most part, of non-executive members (without operational and/or management delegations within the company) whose number and authority shall ensure that their opinion carries significant weight in the adoption of board decisions.

Non-executive Directors bring their specific expertise to the board discussions, so as to encourage an examination of the issues to be dealt with from different points of view, and a consequent adoption of well-thought out, rational decisions in line with the interests of the company.

At the date of this Report, the Chief Executive Officer and the Chairman are qualified as executive administrators, under criterion 2.C.1. of the Code, for the reasons indicated above, whereas the other members of the Board are all non-executive.

In particular, the Board Member Ms Katherine Jane Mingay, while being a member of the Bid Committee, cannot be classified as an executive director, pursuant to application criterion 2.C.1 of the Code, as the Company has appointed a Chief Executive Officer, to which have been conferred the management powers previously indicated. Therefore, the Board Member Ms Katherine Jane Mingay cannot be deemed to be systematically involved in the current management of the Company.

Similarly, Mr de Benedictis, Vice Chairman of the Board of Directors, cannot be classified as an executive director, pursuant to application criterion 2.C.1 of the Code as he does not hold managerial powers but only holds delegated powers.

4.1.6 INDEPENDENT DIRECTORS

The current Board of Directors, appointed at the Shareholders' Meeting held on 16 May 2016, is composed of 6 independent directors and, more specifically, the Directors Giuseppe Bivona (replaced, following his revocation, by Mr Michele Alberto Fabiano Crisostomo), Rosa Cipriotti, Alberto de Benedictis, Mario Garraffo, Fabio Labruna and Katharine Painter.

These directors, when the lists were submitted or when they were appointed by the Board of Directors, undertook, on declaring that they met the independence requirements, to promptly give the Board of Directors notice of any changes to such declaration.

The Board checked that the requirements of independence of the Directors were satisfied pursuant to Article 148, section 3, of the TUF (applicable to directors pursuant to Article 147-*ter*, section 4, of the TUF), Article 3.P.2 of the Code of Corporate Governance and Article 37, section 1, letter d) of the Market Regulation: (i) in respect of the Directors Giuseppe Bivona, Rosa Cipriotti, Alberto de Benedictis, Fabio Labruna and Katharine Rosalind Painter on 16 May 2016 and, with regard to the board member Mr de Benedictis, on 11 July and on 19 December 2016; (ii) in respect of the Director Mr Mario Garraffo, on 24 May 2016 (as he was absent from the previous meeting held on 16 May); and, finally, (iii) in respect of the Director Mr Michele Alberto Fabiano Crisostomo on 30 January 2017.

In checking the requirements of independence of the Directors, the Board, in light of the statements provided by each person concerned, or the information otherwise available to the Company, assessed the existence of any relations that might be or appear to affect the independent judgement of the independent directors. The results of this assessment were made known to the market through press releases issued on 16 May 2016 and, with regard to Mr Garraffo, on 24 May 2016.

The Board of Statutory Auditors, on 10 June 2016, after the directors were appointed, based on the statements made by the Directors and taking into account the opinion formed by the Board of Directors, certified that the assessment criteria and procedures adopted by the Board of Directors to evaluate the independence of its own members had been correctly applied.

With regard to the Board Member Mr Alberto de Benedictis, at the meeting held on 11 July 2016, following requests for investigation made by several of the Company's independent directors, the Board made a further examination of the position of the Board Member Mr de Benedictis, particularly with regard to his previous employment with Finmeccanica UK Ltd, a company subject to the control of Finmeccanica S.p.A., like Ansaldo STS, and confirmed by a majority (with the abstention of Mr de Benedictis and with the vote against the motion cast by the Board Members Cipriotti, Labruna and Bivona) satisfaction of the requirements of independence, as defined by the TUF and by the Code of Corporate Governance.. The Board's assessment was based both on the observations made by the Board Member Mr de Benedictis himself and on a *pro-veritate* opinion obtained from Mr Tombari, an expert on the subject, that had been previously distributed to Directors and Auditors. During the meeting, the Chairman of the Board of Statutory Auditors declared that the auditors had made their own assessments of the independence of the Board Member in question with regard to the matter assessed by the Board of Directors. Following such assessments, based on an opinion provided for the auditors by Mr Piergaetano Marchetti as well, the auditors considered that the Board of Directors had not adequately expressed itself on the matter and it had therefore been asked, during the meeting of the Board of Directors held on 24 November 2016, to investigate and update its assessment on satisfaction of the requirements of independence by the Board Member Mr de Benedictis, specifically with regard to the correct application of the criteria of the law and the articles of association.

At request of the Board of Statutory Auditors, the Company therefore requested a further *pro veritate* opinion from Mr Carlo Angelici, who confirmed that Mr de Benedictis satisfied the requirements of independence. In particular, Mr Angelici confirmed observance of the requirements laid down by Article 147-*ter*, letter c), of the TUF for the purposes of the assessment of independence of the Director, since that provision does not attribute any value to directors' previous relations. Mr Angelici's analysis was therefore based on application criterion 3.C.1, letter b), according to which "*a director does not generally appear to be independent […] if he is, or has been in the previous three financial years, a significant representative of the issuer, or a subsidiary thereof of strategic significance or a company subject to common control with the issuer […]".* In this respect, it should be considered that the change of control over Ansaldo STS took place before the Shareholders' Meeting appointed Mr de Benedictis as a member of the Board and therefore at a time when no relationship existed between the Board Member and the new group to which the Company (which had fallen under the control of Hitachi) belonged. As Mr Angelici explains in his opinion, the independence requirement of Directors should be deemed "*to be independence of judgment and, correlatively, "non-independence" is deduced from the presence of relations able to "currently" condition it; which immediately implies that the possible significance of previous experiences assumes their ability to still have […] an influence over the director's decision-making processes, to limit his independence".* The independence (or non-independence) of a Director implies the existence of a "permanent" situation able to always condition the independence of judgment of that same Director. Previous relations maintained with companies in the group to which the Company belonged could at the most be significant with regard to specific decisions which, in a way, relate to (and question) managerial choices previously made by the Director. This fact, however, does not relate to the "general" position of the Director, but may be of significance with regard to individual transactions on which he is called upon to decide: the subject does not therefore concern the independence of the directors, but the presence of potential situations of conflict of interest of significance pursuant to Article 2391 of the Civil Code. Mr Angelici therefore concludes by stating that one cannot dispute the fact that Mr de Benedictis satisfies the requirements as an independent director of Ansaldo STS, according to the requirements both of the TUF and of the Corporate Governance Code.

The Board of Directors, applying the criteria of interpretation indicated above, finally issued its opinion on the question, confirming that Mr Alberto de Benedictis satisfied the requirements of independence, during the meeting held on 19 December 2016.

The opinions issued by the Professors who are experts on the matter on the subject of the independence of the board member Mr Alberto de Benedictis have all been published by the Company and are available on the link
http://www.ansaldosts.com/sites/ansaldosts.messageasp.com/files/imce/integrazione_documentazione_2_punto_allordine_del_giorno_ita.pdf.

During the financial year 2016, no meetings of the Company's independent Directors were planned as the need did not arise, as the Board was only appointed on 13 May 2016.

4.1.7 LEAD INDEPENDENT DIRECTOR

It should be noted that the conditions which, pursuant to the Code, require the establishment of the role of lead independent director are absent, given that the Chairman of the Board of Directors does not act as the figure principally responsible for the management of the Company (Chief Executive Officer) and does not have a controlling interest in the Company.

4.1.8 DOCUMENTATION AND REPORTING TO THE BOARD OF DIRECTORS

The Chairman of the Board of Directors makes sure that the Board Members are suitably and promptly informed, so the Board has the necessary knowledge of the matters submitted to it for examination.

The Chairman makes sure that enough time is spent on the items on the agenda for constructive debate and encourages the directors to actively contribute during the meetings.

Based on the Rules of the Board of Directors, directors may participate in meetings remotely, by teleconference or by videoconference, provided they notify the Secretary of the Board in advance and all participants can be identified and are able to follow the discussion and participate in dealing with the items, and can view any documentation distributed during the course of the meeting in real time.

Pursuant to the Board of Directors Rules, the supporting documents for the Board meetings shall be sent to each Director and each Auditor on the same date that meeting is called, if viable, and in any case within three days before the date fixed for the meeting, except for urgent cases, when the documents shall be made available as soon as possible. The periods indicated therein were normally observed for convening Board meetings during the financial year 2016.

If the Chairman deems it appropriate in relation to the contents of the item under discussion and of the relative resolution, the informative documents may be directly provided at the meeting, notifying the directors and auditors thereof; however, if they wish, the directors and auditors may access the information available at the company registered office in the days immediately preceding the meeting; this circumstance never arose during the 2016 financial year.

4.1.9 BOARD MEETINGS – FREQUENCY OF THE BOARD OF DIRECTORS MEETINGS

During the year 2016, the Board of Directors held 16 meetings. The average duration of the meetings of the Company's Board of Directors during the financial year 2016 was approximately five hours.

All absences were justified.

The table below shows the number of Board of Directors meetings held in 2016, as well as the attendance rate for each director:

Board of Director in office as from 13 May 2016

Members	Attendance/No. of Meetings	Attendance %
Alistair Dormer	15/16	93.7%
Alberto de Benedictis	9/9	100%
Andrew Barr	9/9	100%
Giuseppe Bivona[1]	9/9	100%
Rosa Cipriotti	9/9	100%
Mario Garraffo	15/16	93.7%
Fabio Labruna	8/9	88.8%
Katherine Mingay	7/9	77.7%
Katharine Painter	9/9	100%

[(1)] The Company's Ordinary Shareholders' Meeting held on 19 January 2017 appointed Mr Michele Alberto Fabiano Crisostomo as a Board Member of Ansaldo STS S.p.A., replacing Mr Giuseppe Bivona who, pursuant to Article 2393 of the Civil Code, had been revoked from the office of Board Member of the Company.

Directors in office from 1 January 2016 until 13 May 2016

	Attendance / No. of Meetings	% attendance
Stefano Siragusa	7/7	100%
Karen Boswell	6/7	85.7%
Giovanni Cavallini	6/7	85.7%
Giulio Gallazzi	7/7	100%
Paola Giannotti	7/7	100%
Bruno Pavesi	7/7	100%
Alessandra Piccinino	7/7	100%

For 2017, n. 10 meetings have already been planned. Since early 2017, the Board of Directors have met on 30 January 2017, 9 February 2017 and 27 February 2017.

The Board Meetings were attended, depending on the items indicated on the agenda, by the Company's Chief Financial Officer, the Chief Operating Officer, the Internal Audit Manager, the Company's HR & Organization Manager and, upon being invited by the Chairman, other Company Managers, with a view to providing the appropriate information on the agenda items. The Secretary of the Company's Board of Directors and the General Counsel also attended all the Board Meetings.
Pursuant to the By-laws, the Board of Directors meets whenever the Chairman or his/her substitute deems it necessary, or on written request of the majority of its members.
Any of the Auditors may also call a Board of Directors meeting.

4.1.10 ASSESSMENT OF THE OPERATION OF THE BOARD OF DIRECTORS

On 24 November 2016, the Board of Directors, with reference to the annual assessment of the functioning, size and composition of the Board of Directors and its Committees, provided for under Criterion 1.C.1, letter g) of the Corporate Governance Code for listed companies, decided not to conduct such assessment in 2016 since the majority of the company Directors, Mr Fabio Labruna and Ms Rosa Cipriotti voting against it , appointed at the Meeting on 13 May 2016, are holding this office for the first time.

4.1.11 REMUNERATION OF DIRECTORS, GENERAL MANAGER AND OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

The information relative to remuneration of directors, of the General Manager and of Managers with Strategic Responsibilities is contained in the remuneration report drafted pursuant to articles 123-*ter* of the TUF and 84-*quater* of the Issuers Regulation, available to the public on the Company's website http://www.ansaldo-sts.com/en/governance/shareholder-meeting/general-meeting-2016 and in other ways required by applicable laws.

On 25 February 2016, the Company's Board of Directors, subject to the approval of the Nomination and Remuneration Committee, approved the Company's remunerations policy for the financial year 2016 and the Ansaldo STS Remuneration Report, prepared pursuant to Article 123-*ter* of the TUF. The first section of this Report, containing a description of the remuneration policy adopted by the Company and of the procedures used to adopt and implement such policy, was then submitted - pursuant to paragraph 6 of Article 123-*ter* - to the non-binding vote of the General Meeting held on 13 May 2016. The Meeting voted favour thereof.

It must also be pointed out that in compliance with the provisions of Article 123-*ter*, paragraph 6 of the TUF, the Ordinary General Meeting to be called to approve the 2016 financial statements will also be called to vote in favour of or against the resolution on the first section of the Remuneration Report, according to the provisions set forth in Article 123-*ter*, paragraph 3 of the TUF, approved by the Board of Directors, upon the

Nomination and Remuneration Committee so proposing, explaining the remuneration policy applicable to members of administrative bodies, General Manager and Managers with Strategic Responsibilities for the financial year 2017, as well as the procedures utilised to adopt and implement that policy.

With regard to the remuneration of the directors of Ansaldo STS for the year 2016, see Section Two of the Remuneration Report, available on the Company's website at http://www.ansaldo-sts.com/en/governance/shareholder-meeting/general-meeting-2016.

The incentive mechanisms for the Internal Audit Manager and the Manager in Charge of drafting the company's accounting documents are in line with their respective assignments.

4.2 COMMITTEES

The Control and Risk Committee and the Nomination and Remuneration Committee have been established within the Board of Directors and in compliance with the principles and criteria of the Corporate Governance Code to which the Company adheres, in order to make the conduct of the Board's business more efficient and effective.

After the publication of new Corporate Governance Code was approved in December 2011, the Company resolved to adopt the principles contained in such new edition of the Code, conforming its own governance system to the new self-discipline provisions.

On 18 December 2012 the Company resolved, among other things, to: i) set up a nominations committee, merging it with the already established Remuneration Committee and naming the new committee - vested with a dual function - "Nomination and Remuneration Committee", and approving its regulation and ii) amend and redefine the tasks and duties of the various individuals and subjects involved in the Company's internal control and risks management system, by approving the Regulation of the Control and Risk Committee.

The decision to bring together into a single committee the functions of the Nomination and the Remuneration Committee, was reached after having taken into account: i) the size of the Board of Directors, ii) the organisational needs thereof, also with a view to boosting the efficiency of its operations and its committees, iii) the close correlation between the tasks that had already been assigned to the Company's Remuneration Committee and those that had been attributed by the Corporate Governance Code to the Nomination and Remuneration Committee. In making its assessment, the Board of Directors also took into account the already suitable composition of the said Remuneration Committee, in terms of the independence and expertise of its members. It must be pointed out that this choice still allows the objectives set out in the Code for each committee to be achieved and the Nomination and Remuneration Committee to fulfil the requirements of both committees.

4.2.1 NOMINATION AND REMUNERATION COMMITTEE

Pursuant to the provisions of Article 37, letter d), of the Markets Regulation, the Nomination and Remuneration Committee is entirely composed of non-executive, independent directors, and namely Katharine Painter (Chairman), Alberto de Benedictis and Mario Garraffo, appointed by the Board of Directors on 16 May 2016.

It should be noted that, in the period between 1 January 2016 and 13 May 2016, the Committee for Nomination and Remuneration was composed of: Giulio Gallazzi (Chairman), Bruno Pavesi and Alessandra Piccinino.

Pursuant to Article 6, paragraph 3 of the Corporate Governance Code, in appointing the members of the Committee, the Board of Directors of the Company verified and certified that the Directors Katharine Painter and Alberto de Benedictis have at least one of the requirements (knowledgeable and experienced in accounting and financial matters). As far as the director Mario Garraffo is concerned, please note that such verification was made, with positive result, during the first meeting of the Board, following its establishment held on 24 May 2016.

The activities of the Committee are governed by Rules, in line with the Corporate Governance Code provisions, approved by the Board on 29 January 2007 and lastly amended on 18 December 2012.

These Rules are available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/5_regolamento_comitato_nomine_e_remunerazione_en_0.pdf

In particular, as regards the Committee's role in terms of appointing Directors pursuant to Article 5 of the Corporate Governance Code, the Committee has the main task of performing the following functions:

- submitting opinions to the Board of Directors regarding the dimension and composition of the same Board and expressing recommendations regarding the professional positions that it may be deemed appropriate to bring onto the Board, as well as on the issues mentioned in Criteria 1.C.3(maximum number of positions as director and auditor) and 1.C.4, (exceptions to the non-competition clause) of the Corporate Governance Code;
- submitting to the Board of Directors candidates for the office of director in cases of co-option, where it is necessary to replace independent directors;
- on an assignment from the Board of Directors, carrying out the background preparation to prepare the succession plan for executive directors;

On the other hand, as the Remuneration Committee, pursuant to Article 6 of the Corporate Governance Code, the Committee has the task of performing the following functions:

- submitting proposals to the Board of Directors on the remuneration policy for directors and for any Managers with Strategic Responsibilities;
- making periodical assessments of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the point above, availing itself - in relation to Managers with Strategic Responsibilities - of the information provided by the Chief Executive Officer, and submitting proposals in this matter to the Board of Directors, where appropriate;
- submitting proposals or giving opinions to the Board of Directors on the remuneration of executive directors and of any other directors holding particular offices as well as on the performance targets linked to the variable part of such remuneration, monitoring the implementation of the decisions taken by the Board itself and verifying the actual achievement of the performance targets;
- evaluating the proposals of the Chief Executive Officer relevant to the general remuneration and incentive policy, as well as to the management development systems and plans, for the key resources of the Group and the directors vested with powers of the Group companies;
- assisting the Company top management in defining the best policy for handling the managerial resources of the Group;
- proposing share-based compensation plans in favour of Directors and Managers of the Company and of the other companies of the Group and the relevant implementing regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;
- reporting the way it exercises its tasks to the Company's shareholders.

The directors shall not participate in the Committee Meetings, in which proposals are submitted to the Board regarding their remuneration.

During the Financial Year, in performing its functions as Remuneration Committee, it exercised a role of support to the Board of Directors and the Human Resources & Organization Department of Ansaldo STS on certain priority issues in the examination of the Company's management systems and the relevant variable remuneration plans.

More specifically, the Committee:

- defined and approved the Remuneration Policy of the Ansaldo STS Group for financial year 2016, prepared by the competent company officers on the basis of the guidelines approved by the Committee;
- approved the Remuneration Report pursuant to Article 123-*ter* of the TUF, submitted to Board of Directors and, therefore, the General Meeting held on 13 May 2016;

- examined the development and results of the 2015 MBO Plan for the year of reference, establishing the amount to be paid to the Chief Executive and to the Managers with Strategic Responsibilities, who are beneficiaries of the plan and were in office during the course of 2015;
- specifically allocated the economic benefit from the above Plans to the Chief Executive Officer and the Managers with Strategic Responsibilities, who were beneficiaries of the plans and were in office during the course of 2015;
- reviewed the development and results of the Stock Grant Plan 2014-2016 for the year 2015, allotting the shares to the beneficiaries, in furtherance of the Plan concerning such year;
- examined the development and results, for the year 2015, of the 2013-2015 and 2014-2016 Long Term Incentive Plan;

During the early months of 2017, the Committee also:

- established guidelines for drawing up the Remunerations Policy of the Ansaldo STS Group and subsequently approved the Remunerations Policy of the Ansaldo STS Group for the financial year 2017;
- approved the Remuneration Report pursuant to Article 123-*ter* of the TUF, which will be submitted to the General Meeting called to approve the financial statements for financial year 2016;
- examined the development and results of the Stock Grant Plan 2014-2016 for the year 2016;
- examined the development and results, for the year 2016, of the 2014-2016, 2015-2017 and 2016-2018 *Long-Term Incentive Plans*;
- examined and took note, as far as applicable, of the Chief Executive Officer's, General Manager's and Managers with Strategic Responsibilities' variable component data final accounting, which is provided for under the 2016 MBO and LTIP and has already been approved by the Board of Directors.

For more information about the resolutions passed by the Nomination and Remuneration Committee regarding the Chief Executive Officer's, General Manager's and Managers with Strategic Responsibilities' remuneration, please refer to the Remuneration Report made available to the public on the Company's website http://www.ansaldo-sts.com/en/governance/shareholder-meeting/general-meeting-2016 as well as in any other manner provided for under the law.

In carrying out its duties, the Committee was able to access all the corporate functions and information necessary for the performance of their duties.

The Committee reports to the Board of Directors at least every six months and meets periodically in order to perform the functions and duties assigned to it.

During 2016, the Committee met on 15 February 2016, 25 February 2016, 4 March 2016, 15 March 2016, 5 April 2016, 13 April 2016, 5 May 2016, 23 May 2016, 15 June 2016, 25 July 2016, 27 October 2016 and 16 November 2016.

In 2017, no. 7 meetings have been planned. Up until the date of approval of this Report, the Committee met on 27 January 2017 and on 23 February 2017.

The Committee's work is coordinated by the Chairman of the Committee, Ms Katharine Painter.

The average duration of the meetings of the Nomination and Remuneration Committee during the financial year 2016 was of approximately three hours.

The following table indicates the number of meetings held by the Committee, as well as the attendance rate of the individual members:

Nomination and Remuneration Committee in office since 16 May 2016

Members	Attendance/No. of Meetings	Attendance %
Katharine Painter (Chairman)	4/4	100%
Alberto de Benedictis	4/4	100%
Mario Garraffo	4/4	100%

Members of the Nomination and Remuneration Committee in office from 1 January 2016 to 13 May 2016

Members	Attendance/No. of Meetings	Attendance %
Giulio Gallazzi	8/8	100%
Bruno Pavesi	8/8	100%
Alessandra Piccinino	7/8	87.5%

The meetings of the Nomination and Remuneration Committee were also attended by the Chairman of the Board of Statutory Auditors and by the Statutory Auditors and also - pursuant to the provisions of Article 1.4 of the Committee rules - the current Human Resources & Organization Manager. The Company's General Counsel, Mr Filippo Corsi, also attended the Committee meetings, in the capacity of Secretary thereof.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings:

Actual Statutory Auditors	Attendance/No. of Meetings	Attendance %
Giacinto Sarubbi (Chairman)	12/12	100%
Renato Righetti	9/12	75%
Maria Enrica Spinardi	8/12	66.6%

The Committee meetings were regularly recorded in minutes and, during the first useful meeting of the Board of Directors, the relevant information was provided.

The Committee has its own budget that adequately covers the performance of the duties entrusted to it and that has been determined for the year 2016 in EUR 30,000.00. Such budget was also confirmed, upon the Nomination and Remuneration Committee so proposing by the Board of Directors for financial year 2017. Moreover, pursuant to Article 4 of the Committee Regulation, the Committee may avail itself of the assistance of both internal employees and external consultants, at the Company's expense, for the performance of its duties.

4.2.2 CONTROL AND RISK COMMITTEE

The Control and Risk Committee in office consists of three directors, all of whom are non-executive and independent. Its members are the Directors Alberto de Benedictis (Chairman), Mario Garraffo and Katharine Painter, appointed by the Board of Directors on 16 May 2016. Pursuant to the Code, in appointing the Committee members, the Board of Directors examined the accounting and financial experience of the Committee Chairman, and of its members.

Please note that, between 1 January 2016 and 13 May 2016, the Control and Risk Committee was composed as follows: Giovanni Cavallini (Chairman), Bruno Pavesi and Paola Giannotti.

The Committee activities are governed by its own Rules, most recently amended by the Board meeting of 18 December 2012. The rules also comply with the amendments made to the Corporate Governance Code in July 2015.

The updated version of the Rules is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.messageasp.com/files/downloadspage/7_regolamento_comitato_controllo_e_rischi_en_1.pdf .

The Control and Risk Committee operates to assist the Board of Directors with advice, proposals and preliminary briefs in relation primarily to defining the guidelines of the Internal Control and Risk Management System ("**SCIGR**") and for the periodic assessment of the adequacy and actual operation of the organisational structure relevant to that system.

In particular, the Committee is in charge of verifying the levels of functionality and adequacy of the SCIGR as well as actual compliance with the internal procedures and guidelines adopted, both to ensure sound and effective management and as far as possible, to identify, prevent and manage financial and operating risks and fraud having an impact on the Company.

The Control and Risk Committee shall carry out all duties assigned to it by the Corporate Governance Code, and in particular it shall:

- support, with appropriate background preparation, the assessments and resolutions of the Board of Directors relative to:
  - the Internal Control and Risk Management System and
  - the approval of interim financial reports;
- express its favourable opinion to the Board of Directors with regard to:
  - defining the guidelines of the internal control and risk management system, so that the main risks inherent in the Company and in its subsidiaries are correctly identified and suitably measured, handled and monitored, and in defining the extent to which such risks are compatible with a business management that is consistent with the set strategic goals;
  - assessing, at least on a yearly basis, the adequacy of the internal control and risk management system in relation to the business features and the risk profile undertaken, as well as to its effectiveness;
  - approving, at least on a yearly basis, the work plan prepared by the Internal Audit Manager;
  - describing, within the corporate governance report, of the main features of the internal control and risk management system, and providing an assessment of its adequacy;
  - assessing the results reported by the statutory auditor in its letter of suggestions, if any, and in the report on the fundamental issues that emerged during the statutory audit;
- express its favourable opinion to the Board of Directors with regard to:
  - the appointment and revocation of the Internal Audit Manager;
  - whether this latter is endowed with suitable resources to carry out his duties;
  - whether the remuneration of the Internal Audit Manager is defined in keeping with corporate policy;
- evaluate, together with the Manager in charge of drafting the corporate accounting documents and after consulting the statutory auditor and the Board of Statutory Auditors, the correct use of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements;
- express opinions on specific aspects relating to the identification of the main business risks;
- examine the interim reports concerning the assessment of the internal control and risk management system and the reports of major importance prepared by the Internal Audit function;

- examine, with the assistance of the Risk Manager, the trend of the main job orders and of the relevant risks, based on the summaries of such job orders, asking the Risk Manager for details about projects of major significance and critical points;
- monitor the independence, adequacy, effectiveness and efficiency of the lnternal Audit Function;
- ask the lnternal Audit Function, where it is deemed necessary or advisable, to carry out audits on specific operating areas, at the same time notifying the Chairman of the Board of Statutory Auditors;
- report to the Board of Directors on the activity carried out and on the adequacy of the internal control and risk management system at least every six months, upon approval of the half-yearly and the yearly financial report;
- evaluate the notices given by the Director in charge of the internal control and risk management system, relating to problems and critical points of the Company's internal control and risk management system, and take appropriate actions;
- support, with an adequate examination, the assessments and decisions of the Board of Directors on the management of risks deriving from prejudicial facts brought to the knowledge of the Board itself;
- carry out any other duties that the Board of Directors may assign to it.

In addition, the Control and Risk Committee carries out the duties of the Related-Party Transaction Committee mentioned in the procedure for related party-transactions adopted pursuant to Article 4 of the Related Parties Regulation, and exercises the relevant powers.

In carrying out the duties entrusted to it, the Control and Risk Committee may examine and discuss the most significant findings, justifications given and any difficulties encountered during its activity with management and with the lnternal Audit Manager; it may also avail itself of the assistance of both Company employees and of external consultants, as long as they are duly bound by the necessary confidentiality restrictions.

The Control and Risk Committee shall promptly share any relevant information for the performance of its tasks with the other Company bodies and functions that carry out significant tasks in connection with internal control and risk management.

As part of its activity, during 2016, the Committee, among other things:

- examined the report for the second half of 2015 and the report for the first half of 2016 prepared by the Head of the Internal Audit function and assessed favourably the adequacy, efficiency and effectiveness of the Company's Internal Control and Risk Management System with respect to the characteristics and the risk profile thereof;
- examined the 2016 audit plan, expressing a positive opinion thereon and submitting it to the Board of Directors for its approval;
- examined the performance of certain significant orders;
- conducted the inspections coming within its remit in respect of the Financial Statement for the year 2015, the Interim Financial Reports and the Half-Year Report, and also met with the external auditors and informed the Board of the results of these inspections, making any recommendations as well as observations about the effectiveness of the internal control and risk management system;
- checked the adequacy and appropriateness of the accounting principles that are being used and their uniformity for the purpose of preparing the Consolidated Financial Statements for the year 2015, the Quarterly Financial Reports and the Half-Year Report;
- examined the Company’s results in order to verify the fulfilment of the requirements provided for under Law No. 262/2005.

During the first months of 2017 the Committee also :

- examined the periodic reports for the year 2016 prepared by the Head of the Internal Audit, and gave a positive assessment of the adequacy, efficiency and actual operation of the internal control and risk management system of the Company in relation to its nature and characteristics and to the assumed risk profile;

- examined the progress of the Group's audit plan for 2016, verifying the key results of the last half-year;
- conducted the verifications it was called to carry out with reference to the process of preparing the Financial Statements for the year 2016. To this end, met with the statutory auditing firm and informed the Board of the results of such verifications and of any recommendations, and of any issue encountered with reference to the effectiveness of the Internal Control and Risk Management System;
- verified the adequacy and the correctness of the accounting principles used and their consistency for the purposes of preparing the 2016 consolidated financial statements;
- examined the results of the activities carried out by the Company in order to verify the performance of the provisions of Law 262/2005;
- examined the progress of certain significant job orders;

During 2016, the Committee met on 15 February, 25 February, 15 March, 18 April, 5 May, 25 July, 5 August, 20 September and 27 October.

No. 8 meetings have so far been foreseen for 2017. Until the date of approval of this Report, the Committee has met on 24 February 2017.

The Committee meets at least every six months (in concurrence with Board of Directors approval of the Financial Statements and the Half-Yearly Financial Report). The Committee business is coordinated by its Chairman, Mr Alberto de Benedictis.

In 2016, the Company's Control and Risk Committee meetings lasted an average of four hours.

The table below shows the number of meetings of the Control and Risk Committee held during 2016, as well as the attendance rate for each member:

Control and Risk Committee in office from 16 May 2016

Members	Attendance/No. of Meetings	Attendance %
Alberto de Benedictis (Chairman)	4/4	100%
Mario Garraffo	4/4	100%
Katharine Painter	4/4	100%

Control and Risk Committee in office from 1 January 2016 to 13 May 2016

Members	Attendance/No. of Meetings	Attendance %
Giovanni Cavallini (Chairman)	3/5	60%
Paola Giannotti	5/5	100%
Bruno Pavesi	5/5	100%

The Committee meetings were attended by the Board of Statutory Auditors, the Chief Executive Officer as Director in charge of the Internal Control and Risk Management System and the lnternal Audit Manager. The Company's Risk Manager and Chief Financial Officer also attended, and on invitation of the Chairman of the Committee, other Company Managers to provide whatever detailed information was required relevant to the items on the agenda.

Please note that during 2016, the Committee meetings were attended by the Chairman of the Board of Directors in office at that time, Mr Sergio De Luca, and the Company's General Counsel, Mr Filippo Corsi, in the capacity of Secretary of the Committee.

The table below shows the attendance rate of each member of the Board of Statutory Auditors with regard to the Committee meetings held during the 2016 financial year:

Board of Statutory Auditors in charge

Members	Attendance/No of Meetings	Attendance %
Giacinto Sarubbi (Chairman)	9/9	100%
Renato Righetti	9/9	100%
Maria Enrica Spinardi	9/9	100%

The Control and Risk Committee meetings were regularly recorded in minutes and, during the first useful meeting of the Board of Directors, the relevant information was provided.

During the Financial Year, the Committee was given access to all corporate functions and information it required for the performance of its duties.

The Committee has its own budget to cover the performance of the duties entrusted to it, which has been fixed, prudentially and considering the particular time of corporate life, for the financial year 2016 in EUR 100,000.00. With regard to 2017, the budget has been fixed in EUR 30,000 excepts further needs.

Moreover, pursuant to Article 4 of the Committee Regulation, the Committee may avail itself of the assistance of both internal employees and of external consultants, at the Company's expense, for the performance of its duties.

4.3 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

4.3.1 ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

With the assistance of the Control and Risk Committee and also through the activity of the Director in charge of the lnternal Control and Risk Management System, the Board of Directors has defined the guidelines of that system, so that the main risks inherent in the Company and its subsidiaries are correctly identified, as well as suitably measured, handled and monitored, also defining how compatible such risks are with business management that is consistent with the set strategic goals. As part of the definition of the strategic, industrial and financial plans, the Board of Directors has also defined the nature and level of risk compatible with the Company’s strategic goals, in terms of sustainability and taking into account the most recent sustainability report approved by the Board of Directors on 28 October 2016.

The Internal Control and Risk Management System is the set of rules, procedures and organisational structures aimed at permitting the identification, measurement, management and monitoring of the principal risks. Such system is integrated into the more general corporate organisational and governance structures adopted by the issuer and takes into account ltalian and international models of reference and existing best practice. The Internal Control and Risk Management System helps the business to be run in keeping with the company goals defined by the Board of Directors, encouraging aware decision-making. It helps to guarantee protection of the corporate assets, the efficiency and effectiveness of the company processes in addition to the reliability of financial information and compliance with laws and regulations, as well as with the Company's By-laws and internal procedures.

The Internal Control and Risk Management System reduces - but cannot eliminate - the risk of incorrect decisions, human error, fraudulent breach of the control systems, unforeseeable occurrences as well as risk intrinsic to exercising the business activity. The Internal Control and Risk Management System therefore provides reasonable but not absolute assurance that there are no obstacles to the Company and its subsidiaries achieving their business targets or to the ordinary and legitimate performance of its activities, arising from circumstances that could be reasonably predicted.

The Company's Internal Control and Risk Management System, in line with international best practice, consists of the following elements:

a) Internal environment: This is the set of standards, processes and structures that are the basis for implementing the internal control and risk management system. For these purposes:

- Ansaldo STS has defined a set of rules for governance of the group through specific procedures;
- the Company has a Code of Ethics for the Group updated on the basis of developments in the organisational and business structure; as regards Ansaldo STS, specific standards of conduct have been put forward in the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, according to the requirements set out by the provisions of the same;
- powers and responsibilities are defined in the corporate procedures in compliance with the principle of separating incompatible duties;
- human resources management conforms to principles of transparency, promotion of dignity, health, freedom and equality of workers and development of competences.

b) Risk management: This is a dynamic and interactive process which identifies and analyses the risks that could prevent the Company from achieving its business goals and allowing it to determine how it can manage those risks.

The Group has in place risk management processes with regard to offers and projects, as well as to corporate processes; these processes are monitored and updated in relation to the business targets. The management process for business process risks refers to the Enterprise Risk Management methodology of the Committee of Sponsoring Organizations of the Treadway Commission (COSO report).

c) Control activities: this consists in carrying out those actions foreseen under the Company policies and procedures - which ensure that the risk is mitigated. In this regard it is noted that:

- periodic "management reviews" are conducted on the offers and the progress of projects and of the overall corporate performance. Moreover, the company management verifies that the targets of the processes are implemented;
- computerised and non-computerised policies and procedures are used to define the control activities. Ansaldo STS has put into place procedures relating to sensitive areas such as consultants and business promoters, sponsorships, consultancy, free gifts, accommodation expenses and entertainment expenses.

d) Information and communication: the information that enables everyone to correctly perform their own duties with a view to achieving the objectives and performing the control activities must be appropriately communicated. In this regard, please note that information:

- is managed through IT systems constantly monitored with regard to efficiency and effectiveness and updated according to business needs;
- is disseminated at various levels according to business goals and needs, including through specific IT tools.

e) Monitoring: the internal control and risk management system is to be monitored by assessing the operations and presence of the people who make it up over time. In this regard, note that:

- specific corporate functions carry out periodic monitoring of the internal control and risk management system, including the strategy, quality and process improvement function, and the lnternal Audit function. The Manager in charge of preparing the accounting and corporate documents periodically monitors the processes providing the financial information;
- the improvement actions identified further to such monitoring are subject to management assessment and to specific monitoring.

Based on the representations made by the Chairman of the Control and Risk Committee during the meeting of the Board of Directors held on 27 February 2017, the said Board, after having consulted the Board of Statutory Auditors, assessed the internal control and management system adopted by the Company to be adequate and effective in relation to the nature and characteristics of the enterprise and its risk profile, as well in relation to the organisational, administrative and accounting structure of Ansaldo STS and its subsidiaries (which have a strategic importance).

For the purposes of the above assessment, during the financial year, the Control and Risks Committee examined in particular:

- the outcome of the risk assessment activity;
- the outcome of the assessments carried out by the Risk Management function on the projects pursuant to a previously examined work plan;
- the outcome of the audit activities conducted by the lnternal Audit function, pursuant to a previously examined audit plan;
- the outcome of the meetings with the independent auditing firm;
- the reports of the Surveillance Body on the Organisation, Management and Control Model regarding the aspects pursuant to Legislative Decree no. 231/2001.

During the meeting that took place on 27 February 2017, the Chairman of the Control and Risk Committee also reported to the Board of Directors on the examination and assessment of the updated map of the risks inherent in the Company and its subsidiaries, prepared by the Director in charge of the internal control and risk management system, identifying the relevant risk reduction plans. At the same meeting, after the Board also examined the information above, it decided that the risks inherent in the Company and its subsidiaries are correctly identified, measured, managed and monitored and that they are compatible with Company management that is in line with its strategic goals. For the purpose of making its assessment, the Board of Directors also took into account, at the Board Meeting held on 27 February 2017, all the risks that could be significant in view of sustaining the Company's activities in the medium to long term.

4.3.2 DESCRIPTION OF THE MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Internal Control and Risk Management System on financial reporting is defined as the set of activities aimed at identifying and evaluating the cases in which the fact that an action or event occurs, or does not occur, may hinder, either totally or in part, the achievement of the targets of credibility, accuracy, reliability and timeliness of the financial reporting. It is a part of the overall internal control and risk management system.

Such system is aimed at verifying that the administrative/accounting procedures adopted and their implementation are suitable to ensure the reliability of the financial reporting and the capability of the process for drafting the financial statements to produce timely and reliable accounting and financial reporting, in accordance with the reference accounting standards.

The Internal Control and Risk Management System on financial reporting has been defined in keeping with the generally accepted frameworks issued by the Committee of Sponsoring Organizations of the Treadway Commission - COSO Report, integrated, as regards IT aspects, by the Control Objectives for lnformation Technology - COBIT.

This system includes a component for the risk management of fraud, defined on the basis of a fraud risk assessment that consists of a set of controls to offset the risk of fraud in the financial reporting processes, subject to periodic monitoring.

The administrative and accounting procedures imply the analysis of the risk that errors, whether intentional or not, may occur in the processes leading to the development of the financial reporting. Therefore, to define such system, the risk areas where there is a possible occurrence of events that could endanger financial reporting reliability are identified and assessed.

On the basis of the identification and assessment of risk areas, the components of the Internal Control System in relation to the financial reporting have been analysed through:

- a brief overall analysis regarding the main companies of the Group, and particularly the control components relevant to financial reporting reliability;

- an analysis of each operating process, relevant to significant financial statement items for financial reporting purposes, through a correlated matrix between targets identified for the process activities and the controls associated therewith.

The system has been developed in the following macro-stages for key companies in the Group:

- identification and assessment of risks;
- assessment of the adequacy of controls;
- verification of the control system's operability;
- monitoring and evolution of the control system.

Identification and assessment of risks

Risk is identified in relation to the financial statements assertions (existence and materialisation, completeness, rights and obligations, evaluation and registration, presentation and reporting) and other control objectives such as compliance with the authorisation limits, separation of incompatible tasks, controls on physical safety and on the existence of assets, documentation and traceability of transactions. The identification of risk also includes risks of fraudulent activity, to be understood as intentional acts capable of generating a false economic/balance-sheet/financial representation in the financial statements or of diverting the Company's assets.

Assessment of adequacy of controls

Based on the risk assessment, specific risk-mitigation controls are identified which can be distinguished into the following macro-categories:

- controls applicable to the entire corporate organisation (Group/Company) which, being common across the entire organisation to be evaluated, represent structural elements of the internal control system on financial reporting (so-called "Entity Level Control*”)*;
- specific process-level controls (“Process Level Control”);
- checks relating to the operation and management of information systems (“IT General Control”).

Verification of the control and risk management system operability

In order to verify and ensure the operability of the internal control system on financial reporting, specific monitoring activities are to be performed both by the people in charge of the processes (so-called "process owners") and by independent third parties with respect to the operability of the processes (Internal Audit). The controls that are subject to monitoring include controls for the prevention of fraud risk.

Monitoring and evolution of the control system

In order to ensure that the system is adequately monitored, the "design" of its components is subject to systematic assessment and, at any rate, whenever significant events occur. Specific tests are carried out every six months to assess the operability of the controls indicated by the administrative and accounting system supervision procedures.

The process owners and the Manager in Charge of drafting the corporate accounting documents are notified of any deficiencies either in the design or in the operability of the controls so they can plan remedial action, with follow-up to make sure such actions have been implemented.

The Manager in Charge of drafting the corporate accounting documents, together with the Chief Executive Officer, provide the certification under Article 154-*bis*, paragraph 5 of the TUF.

Ansaldo STS, being subject to the management and coordination of Hitachi Ltd, is also subject to “Japan’s Financial Instruments and Exchange Law” (known as “J-SOX”) concerning the operation of the system of internal control over financial information. The relevant monitoring is carried out periodically.

4.3.3 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On 24 May 2016, the Board of Directors appointed Mr Andrew Barr as the Director in charge of the Internal Control and Risk Management System.

The Director in charge of the Internal Control and Risk Management System identifies the main business risks, implements the guidelines defined by the Board of Directors and makes sure the internal control and risk management system is adapted accordingly, promptly reporting to the Control and Risk Committee and/or the Board any problems and critical issues that emerge in the performance of his actions or that in any case come to his notice.

The director in charge of the Internal Control and Risk Management System can request the Internal Audit function to look at specific operating areas and verify whether the internal rules and procedures are being observed when Company business is being conducted, provided that the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Statutory Auditor is given notice thereof.

The Director in charge of the Internal Control and Risk Management System:

- identified the main business risks, taking into account the characteristics of the business conducted by the Company and its subsidiaries, periodically submitting them to the Board for examination;
- implemented the guidelines defined by the Board of Directors, supervising the planning, completion and management of the internal control and risk management system and constantly making sure it was adequate and effective;
- took actions to adapt such system to the dynamics of the operating conditions and of the legislative and regulatory scenario.

4.3.4 HEAD OF INTERNAL AUDIT

At the meeting held on 15 March 2016, on a proposal of the Director in charge of the internal control and risk management system, and after having obtained the favourable opinion of the Control and Risk Committee and having heard the Board of Statutory Auditors, the Board of Directors assigned the task of the Internal Audit to an external company, Protiviti S.r.l. ("**Protiviti**"), replacing Mr Mauro Giganti, who had resigned from the office of Internal Audit manager on 20 January 2016 with effect from 1 April 2016. The Board also appointed Mr Giacomo Galli, Chief Executive Officer and Country Leader of the aforesaid company, as the new Internal Audit manager. In assigning that task, the Board of Directors verified that Protiviti satisfied the requirements of professionalism, independence and organization stipulated by the Corporate Governance Code to which Ansaldo adheres. The Internal Audit was outsourced because it has been considered preferable to entrust the task to a structured company with specific expertise in this area.

Following the renewal of the Board of Directors appointed by the Shareholders' Meeting held on 13 May 2016, at the meeting held on 24 May 2016, the Board of Directors, upon the director in charge of the internal control and risk management system so proposing and after having obtained the favourable opinion of the Control and Risks Committee and after having heard the Board of Statutory Auditors: i) resolved to confirm Protiviti as Internal Audit manager, confirming Mr Giacomo Galli, Chief Executive Officer and Country Leader of that company as Internal Audit manager; ii) checked once again that Protiviti satisfied the requirements of professionalism, independence and organization stipulated by the Corporate Governance Code; and iii) established the Internal Audit Head's remuneration in line with company policy and ensured that the latter is given adequate resources to carry out his responsibilities. In particular, the financial resources made available to the Internal Audit for the year 2016 amounted to about EUR 580,000.00.

The Head of Internal Audit verifies the operability and suitability of the internal control and risk management system - both on an ongoing basis and in relation to specific needs - in compliance with international standards; this is done through an audit plan approved by the Board of Directors, after hearing the opinion of the Control and Risk Committee, based on a structured process of analysing and identifying the main risks and attributing an order of priority thereto. During the first month of 2017, the Board of Directors, based on a proposal submitted by the Control and Risk Committee, will approve the 2017 work plan prepared by the lnternal Audit Manager, after consulting the Board of Statutory Auditors and the Director in charge of the internal control and risk management system.

The Head of Internal Audit is not responsible for any operational area and is directly responsible to the Board of Directors. The Head of Internal Audit has also access to any information required to carry out the assignment.

During the financial year, the Head of Internal Audit:

- verified the operability and suitability of the internal control and risk management system and the reliability of the IT systems, including the accounts recording systems, as part of the 2016 audit plan examined by the Control and Risk Committee during its meeting on 24 February 2017;
- reported on his activity to the Director in charge of the internal control and risk management system, to the Control and Risk Committee and to the Board of Statutory Auditors;
- during the Control and Risk Committee meeting on 24 February 2017, in light of the evaluation of the risk map and of the overall monitoring activity of the internal control and risk management system, expressed a favourable opinion on the suitability of the internal control and risk management system to reduce overall risk to an acceptable level.

The Head of Internal Audit also prepared his own periodic reports - for the year 2016 - on his activities, on the procedures used to conduct risk management and on compliance with the risk reduction plans. These reports were examined by the Control and Risk Committee at its meetings on 25 July 2016 and 24 February 2017. These periodic reports contain an assessment of the suitability of the internal control and risk management system and were transmitted to the Chairman of the Board of Statutory Auditors, of the Control and Risk Committee and of the Board of Directors, as well as to the Director in charge of the Internal Control and Risk Management System.

4.3.5 ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

Following the entry into force of Legislative Decree no. 231 of 8th June 2001, as amended, which introduced a specific corporate liability regime for certain classes of criminal offences, the Company has adopted measures, in accordance with the provisions of the same Decree, suitable to avoid the possibility of being charged with such liability, by establishing specific protocols and supervision systems aimed at preventing certain types of offences.

For such purpose, by resolution of the Board of Directors on 27 June 2006, the Company adopted the Organisation, Management and Control Model pursuant to Legislative Decree 231/01, which was then updated, following legislative and organisational changes, by Board resolutions of 11 November 2008, 6 March 2009, 6 July 2010, 28 June 2012, 26 June 2013, 16 December 2014, 25 February 2016 and, most recently, on 27 February 2017.

The update, which was resolved upon on 25 February 2016, mainly had the purpose of:

- Including in the Model’s special "G" section, which was dedicated to "*Criminal Offences committed in violation of environmental standards*", the new offences provided for under Article *25-undecies* of Legislative Decree No. 231/01 – which was introduced by Law No. 68/2015 - whose title is "*provisions on the commission of criminal offences against the environment*": Article 452-bis of the Criminal Code ("*Environmental pollution*"), Article 452-*ter* of the Criminal Code ("*Death or injury suffered as a result of environmental pollution crimes*"), Article 452-*quater* of the Criminal Code ("*Environmental disasters*"), Article 452-quinquies of the Criminal Code ("*Criminal offences intentionally committed against the environment*"), Article 452-sexies of the Criminal Code ("*Trafficking and abandonment of highly radioactive material*"), Article 452-septies of the Criminal Code ("*Hindering Control Activities*"), Article 452-*terdecies* ("*Failure to conduct land reclamation*");
- Including in the General Section, in the Special Parts "A", "B" and "F" of the Model, and in Annex 1) thereto, the amendments introduced by Law No. 69/2015 (whose title is "*Measures combating the commission of criminal offences against governmental authorities, combating mafia-type associations and combating false accounting*") to Articles 317 of the Criminal Code ("*malfeasance*”), Article 416-bis of the Criminal Code "*Mafia-type associations, including foreign Mafia-type associations*", Article 2621

of the Civil Code ("*false information on companies*") and Article 2622 "*false information on listed companies*";

- Introducing in the Special Section "D" of the Model, which is dedicated to "*Handling, Recycling and Using money, goods or assets which have an illicit origin*" the new offence of self-recycling, as provided for under Article 25-octies of Legislative Decree No. 231/01, which was introduced by Law No. 186/2014 and whose title is "*Provisions on reporting and returning funds that are held abroad, as well as strengthening the fight against tax evasion and provisions on self-laundering* ".

Otherwise the update of 27 February 2017 has been carried out mainly with the purpose of:

- adding to Special Section "F" of the Model on "*Organised crime offences*" the offence of trafficking in organs harvested from a living person, pursuant to Law 236 of 11 December 2016, which added Art. 601-*bis* to the Italian Penal Code;
- adding to Special Section "C1" of the Model on "*Offences involving the employment of third country nationals with irregular immigration status, enslavement and the keeping of slaves*" the new offence of unlawful intermediation and exploitation of labour pursuant to Art. 25-*quinquies* of Legislative Decree 231/01, introduced by Law 199 of 29 October 2016, through the amendment of Art. 603-*bis* of the Italian Penal Code.

The Company also adopted the Code of Ethics by resolution of the Board of Directors on 27 June 2006; the Code of Ethics was then amended by the resolutions of 11 November 2008, 6 July 2010 and 28 June 2012.

The Model is comprised of a general part and twelve special sections.

The general part essentially focuses on the Surveillance Body ("S.B.") and on the information flows to be transmitted to the same, as well as on the reporting, by the same S.B., to the corporate bodies; on personnel training, on the diffusion of the Model inside and outside the company and on the disciplinary system for the case of non-compliance with the Model prescriptions.

The special sections, relevant to the various offences described in the decree, which might in theory apply to the Company, are as follows: (i) offences to the detriment of the Public Administration, (ii) offences committed for terrorism-related purposes or for the purpose of subverting democracy; (ii) corporate and market abuse offences, (iv) corruption between private parties, (v) negligent homicide and grievous bodily harm committed in violation of occupational health and safety rules, (vi) offences of employing third-country nationals whose stay is illegal, and reducing to or maintaining in slavery or servitude (vii) offences of receiving stolen goods, money laundering and using money, goods or other property of illicit origin, self-laundering; (viii) computer-related offences and unlawful processing of data as well as infringement of copyright, (ix) organised crime offences, (x) offences relating to breach of environmental regulations, (xi) crimes of obstruction of justice, (xii) crimes against industry and commerce and crimes of counterfeiting money, public credit cards, revenue stamps and identification instruments or signs of recognition. The special sections of the Model list the relevant risk areas for the type of offence, refer to the specific decision-making protocols in force and the relevant rules of conduct for anyone operating in the aforesaid areas and define the related monitoring procedures.

Annexes and integral parts of Ansaldo STS's Organisation Model are:

- the Code of Ethics;
- the organisational structure of Ansaldo STS;
- the subdivision of powers and delegation system;
- Evidence file indicating relations with Public Administrations;
- Periodic statement relating to compliance with the Model and with the powers of attorney and the limits of signatory powers;
- list of significant parties under the "Internal Dealing Code";
- list of procedures referred to in the special parts of the Model.

The Organisation, Management and Control Model pursuant to the Legislative Decree No. 231/2001 and the Code of Ethics are available on the company website at the address http://www.ansaldo-sts.com/en/governance/governance-system .

In relation to the provisions of Article 6 of the mentioned Decree, on 27 June 2006 the Board resolved to establish a multiple-member Surveillance Body (S.B.). The tasks, activities and operation of this body are governed by specific bylaws approved by the Board of Directors on 24 October 2006 and last amended on 6 May 2013. The S.B. also has an internal regulation, brought to the attention of the Board of Directors on 6 July 2010.

In particular, the Surveillance Body bylaws - most recently modified on 6 May 2013 - provide that its term of office is three years and that it must be comprised of three members, chosen as follows: (i) two members from outside the Company having the relevant expertise and experience necessary for the position, so as to further enhance the independence of the S.B., and (ii) an internal company figure identified as the current *pro tempore* Corporate Affairs Manager.

The Board of Directors meeting of 6 May, 2013 - in order to align the composition of the S.B. to the new statutory provisions - appointed two new members of the S.B. to replace two members who resigned: their names were drawn from outside the Company and they are academics and professionals with proven expertise and experience in the legal, economic and financial fields, and it also confirmed the *pro tempore* Corporate Affairs Manager of the Company as a member of the S.B..

In this regard it is must be noted that, following the resignation of the Company's pro tempore Corporate Affairs Head, the Company's Board of Directors, appointed Mr Filippo Corsi, who is the Company's General Counsel & Compliance Officer, on 21 December 2015, as an internal member of the SB who replaced the former SB member.

On 16 May 2016, following expiry of the three-year term of office conferred on the S.B., the Company's Board of Directors confirmed all members of the S.B. already appointed for a further three years.

In particular, this body - following the resolution passed by the said Board of Directors - is currently composed of the lawyer Ms Nicoletta Garaventa, an external member entrusted with the office of Chairman of the S.B. by Mr Alberto Quagli, an external member and by Mr. Filippo Corsi, who is the Company's General Counsel & Compliance Officer.

The S.B. transmits to the Board of Directors, on a half-yearly basis, a written report relating to the implementation and actual operation of the Organisation, Management and Control Model.

The S.B. has its own budget amounting to EUR 40,000.00 for 2016 that adequately covers the performance of the duties entrusted to it. Such budget has, furthermore, been confirmed for the year 2017.

The S.B. independently approves, on a yearly basis, its own supervision plan, which includes both actions to verify Model adequacy and actions of compliance with the same Model.

4.3.6 INDEPENDENT AUDITING FIRM

The independent statutory auditing firm KPMG S.p.A. ("**KPMG**"), appointed by the Ordinary Shareholders' Meeting held on 7 May 2012 for the financial years 2012-2020, resigned, on 14 November 2016, from the task of auditor of Ansaldo STS. KPMG believed that it had to resign from the position since, following the acquisition of control of Ansaldo STS by the Hitachi Group, it might find itself in a situation capable of jeopardizing its independence pursuant to Article 5, section 1, letter f), of Ministerial Decree 261/2012.

During the course of the meeting held on 24 November 2016, the Board of Directors therefore convened the Ordinary Shareholders' Meeting to assign the new statutory audit task.

On 19 January 2017, the Company's Shareholders' Meeting therefore assigned the audit task to the independent auditing firm Ernst & Young S.p.A. for the financial years 2016-2024.

4.3.7 MANAGER IN CHARGE OF DRAFTING THE CORPORATE ACCOUNTING DOCUMENTS

In accordance with Article 154-*bis* of the TUF, Article 23.2 of the Company's By-laws states that the Board of Directors is to appoint a Manager in Charge of drafting the corporate accounting documents, after hearing the binding opinion of the Board of Statutory Auditors. The same provision in the Articles of Association also states that the Manager in Charge must have gained at least three years' experience in the exercise of:

a) management or control activities or executive duties in corporations with a share capital of no less than two million Euro, or

b) professional activities or university professorship with tenure in law, economics, finance or technical and scientific subjects strictly pertaining to the company's business and to the functions which the Manager in Charge is to carry out, or

c) managerial duties in public organisations operating in the field of credit, finance and insurance or, in any case, in sectors strictly connected with the company's field of business.

After ensuring compliance with the aforementioned professional requirements, the Board of Directors confirmed, after having obtained the approval of the Board of Statutory Auditors, Mr. Roberto Carassai (who is the Company's *Chief Financial Officer*) as the Manager responsible for preparing corporate accounting documents pursuant to Article 154-bis of the TUF.

With effect from 5 November 2013, during the Board meeting held on 27 September 2013, the Board of Directors also appointed Mr Roberto Carassai as the Company's Chief Financial Officer and, subject to the favourable opinion of the Board of Statutory Auditors, as Manager in charge of drafting the corporate accounting documents pursuant to Article 154-*bis* of the TUF.

At the aforesaid meeting, the Board of Directors assigned to Mr Carassai, to be able to perform the task assigned, the express power to access and request any information considered relevant within the scope both of the Company and of the subsidiary companies or companies in which it has an interest, and to make use of the other Departments/Functions of the Company and of the Group or the respective resources, for the activities within their competence and to promote the adoption of business procedures or guidelines, in respect of the Group companies as well.

On 19 October 2016, Mr Roberto Carassai - CFO and Manager responsible for drafting the corporate accounting documents – signed an agreement with the Company for the termination of his employment with effect from 28 February 2017.

In accordance with the provisions of the applicable laws, the Manager in Charge has set up proper administrative and accounting procedures for preparing the annual financial statements and the consolidated financial statements, as well as for any other financial disclosure.

The Manager in Charge together with the Chief Executive Officer also attested as follows - in a special report annexed to the financial statements, the consolidated financial statements and the half-yearly financial report: (i) the adequacy and actual implementation of the administrative and accounting procedures as indicated above for the period to which such accounting documents refer; (ii) the compliance of the contents of such documents with the international accounting standards that apply within the European Union pursuant to the (EC) Regulation no. 1606/2002 of the European Parliament and the Board, dated 19 July 2002; (iii) the consistency of the same documents with the data resulting from the accounting books and records and their suitability to provide an true and accurate representation of the equity, economic and financial position of the Company and of all the companies included in the consolidation; (iv) that the directors' report accompanying the annual financial statements and the consolidated financial statements contains a reliable analysis of the performance and of the operating results, as well as of the position of the Company and of all the companies included in the consolidation, together with a description of the main risks and uncertainties to which these latter are exposed; (v) that the interim director's report included in the half-yearly management report contains a reliable analysis of the information under paragraph 4 of Article 154-*ter* of the TUF.

Please note that the Board of Directors in the meeting held on 27 February 2017 appointed, starting from 1 March 2017 Renato Gallo (Deputy CFO of the Company) as CFO ad *interim* and also, with the favourable opinion of the Board of the Statutory Auditors, as Manager Responsible for drafting the corporate accounting documents, conferring to him the powers above indicated concerning this office.

4.3.8 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

With different roles and as part of their competences, the Company's internal control and risk management system involves the following subjects:

- the Board of Directors;
- one or more Directors in charge of setting up and maintaining an effective internal control and risk management system;
- the Control and Risk Committee;
- the lnternal Audit Manager;
- the other company positions and functions with specific duties relating to internal control and risk management, including in particular, (i) the Risk Management function, (ii) the Manager in charge of drafting the corporate accounting documents and (iii) the Surveillance Body set up under Legislative Decree No. 231/2001 ("S.B.");
- the Board of Statutory Auditors, also in its role as the internal control and audit committee.

In order to ensure adequate coordination of the various parties involved in the internal control and risk management system, the Company has put in place an information flow system that guarantees timely sharing of information.

4.3.9 REQUIREMENTS UNDER ARTICLES 36 AND 37 OF THE MARKETS REGULATION

With reference to the 2016 financial year, both the Board of Statutory Auditors and the Board of Directors of the Company verified compliance by Ansaldo STS with the rules set out by Consob in articles 36 and 37 of the Markets Regulation in matters of (i) conditions for the listing of parent companies of companies established and operating under laws of non-member Countries of the European Union ("non-EU foreign subsidiaries") and of (ii) conditions preventing the listing of subsidiaries subject to direction and coordination by other companies.

In particular, with respect to the verifications carried out in the financial year, and, most recently, in early 2017, the following is confirmed:

- in application of the parameters of significance referred to in Article 36, paragraph 2, of the Markets Regulation, the identification of the following non-EU foreign subsidiaries: Ansaldo STS USA lnc., Ansaldo STS Australia Pty Ltd;
- the Balance Sheet and the lncome Statement for 2016 of all companies mentioned above will be made available to the public by the Company within the dates indicated by the law (in accordance with the provisions of Article 36, paragraph 1, letter a) of the Markets Regulation);
- Ansaldo STS has obtained the By-laws, the composition and the powers of the corporate bodies of all companies mentioned above and the updated versions of these documents will be kept at the disposal of Consob, if it specifically requests them to be exhibited for supervision purposes (in accordance with the provisions of Article 36, paragraph 1, letter b) of the Markets Regulation);
- all the companies indicated above: (I) provide the Company auditor with the information required by the latter to carry out the audit of the annual and interim accounts of Ansaldo STS (in accordance with the provisions of Article 36, paragraph 1, letter c), item (II), of the Markets Regulation); (ii) have an administrative and accounting system that can regularly transmit to Company management and auditor the necessary economic, equity and financial data to prepare the consolidated financial statements of Ansaldo STS (in accordance with the provisions of Article 36, paragraph 1, letter c), item (ii) of the Markets Regulation);
- compliance with the publication requirements under Article 2497-*bis* of the Civil Code (in accordance with the provisions of Article 37, paragraph 1, letter a), of the Markets Regulation);
- the Company can independently negotiate with customers and suppliers (in accordance with the provisions of Article 37, paragraph 1, letter b) of the Markets Regulation);

- the Company has no cash pooling relationship with the company that manages and coordinates it or with other companies of the group it belongs to (in accordance with the provisions of Article 37, paragraph 1, letter c) of the Markets Regulation);
- the Control and Risk Committee and the Nomination and Remuneration Committee are composed only of Independent Directors (in accordance with the provisions of Article 37, paragraph 1, letter d) of the Markets Regulation).
- the Board of Directors consists of a majority of Independent Directors (in accordance with the provisions of Article 37, paragraph 1, letter d) of the Markets Regulation).

In light of the above, the Board of Directors has certified compliance with the conditions under articles 36 and 37 of the Markets Regulation (pursuant to Article 2.6.2, paragraphs 10 and 11, of the Stock Markets Regulation).

4.4 RELATED-PARTY TRANSACTIONS

The Board of Directors of the Company unanimously approved the Procedure regarding related-party transactions (the "**Procedure**") on 26 November 2010, upon the favourable opinion unanimously expressed by the Procedures Committee, pursuant to Article 2391-*bis* of the Civil Code and Article 4, paragraphs 1 and 3, of the Consob Regulation on related-party transactions. On the same date, the Company's Board of Statutory Auditors confirmed compliance of the aforesaid Procedure with the principles indicated in the Regulation.

Three years after the approval of the Procedure, the Board of Directors on 4 November, 2013, in accordance with the recommendations of Consob in its communication No. DEM/10078683 of 24 September 2010 relating to related-party transactions in line with the provisions of Article 13.1 of the Procedure, assessed the adequacy of the Procedure. In particular the Board, after obtaining the approval of the Procedures Committee, assessed the Procedure to be adequate and considered that no substantial amendment thereof was required.

In accordance with the aforesaid Consob recommendation, at the time of the three-yearly assessment of the Procedure, on 24 November 2016 the Board assigned to Protiviti the task of preparing a document concerning transactions involving Ansaldo STS and the Hitachi Group companies. In such meeting the Board resolved to assess the suitability of the Procedure as soon as Protiviti concluded its assignment and after obtaining the opinion of the Procedures Committee.

The Procedure, available on the Company's website http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/procedura_parti_correlate_eng_0.pdf is aimed at defining the rules, methods and principles to ensure the transparency and the substantial and procedural correctness of the related-party transactions conducted by the Company, either directly or through subsidiaries.

4.4.1 SIGNIFICANT RELATED-PARTY TRANSACTIONS - BACKGROUND PREPARATION AND APPROVAL

Pursuant to the provisions of Article 8 of the Regulation and Article 6.2 of the Procedure, except for Significant Related-Party Transactions (as defined in the Procedure adopted by the Company) for which the General Meeting is responsible, or that it must authorise, the Company Board of Directors is competent to authorise Significant Related-Party Transactions, subject to the binding and justified favourable opinion of the Committee for Related-Party Transactions (which, pursuant to the Procedure, coincides with the Control and Risk Committee - established in accordance with the Corporate Governance Code), subject to receipt of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out.

Even if it is through one or more of its members delegated for such purpose, the Committee for Related-Party Transactions must be involved during negotiations and during the background preparation stage. The Committee, or its delegated member, is entitled to ask for information and to formulate observations to the delegated bodies and the people in charge of carrying out the negotiations or the background preparation.

Once the background preparation is completed, after receiving the final data and information relevant to the Transaction, the Committee for Related-Party Transactions, will express - in time to allow the responsible body to reach a decision - a binding, justified opinion on the benefits to the Company of performing the Significant Transaction and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said opinion, choosing persons with proven skills and expertise on matters of interest. The costs and expenses relating to consultancy services provided by the said experts are borne by the Company.

If the Related-Party Transactions Committee has expressed a prior justified opinion opposing a Significant Transaction, or if it has expressed a conditional opinion or recommendations, the Board of Directors of the Company may: (i) approve the Significant Transaction subject to adopting all the recommendations made by the Committee for Related-Party Transactions, or alternatively, (ii) approve the Significant Transaction despite the negative opinion of the Committee, or without otherwise taking into account its recommendations, on condition that the Transaction is authorised by the General Meeting or lastly, (iii) not approve the Significant Transaction and therefore not proceed with it.

In relation to Significant Transactions which are the responsibility of the General Meeting or which must be authorised thereby pursuant to Article 2364, paragraph 1, no. 5, Civil Code, for the negotiation, background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply.

If the Board of Directors intends to submit a Significant Transaction to the General Meeting despite the negative opinion or without otherwise taking into account the recommendations made by the Committee for Related-Party Transactions, the Transaction shall not be carried out if the majority of non-related voting shareholders vote against the Transaction, on condition, however, that the non-related shareholders present at the Meeting represent at least 10% of the voting share capital.

Without prejudice to the information required under articles 5 and 6 of the Regulation, the Chief Executive Officer shall provide the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Significant Transactions.

4.4.2 LESS SIGNIFICANT RELATED-PARTY TRANSACTIONS - BACKGROUND PREPARATION AND APPROVAL

Subject to the justified and non-binding opinion of the Committee for Related-Party Transactions and subject to receipt from Corporate Affairs and Group lnsurance of timely, complete and adequate information about the characteristics of the Transaction, which the Company intends to carry out, the body responsible for decision-making shall approve Less Significant Transactions (as defined in the Procedure adopted by the Company).

After receiving full and final data and information relevant to the Transaction the Company intends to carry out, the Committee for Related-Party Transactions will express - in time for the responsible body to reach a decision - a non-binding, justified opinion on the benefits to the Company of performing the Transaction, and on the advantage and substantial correctness of the relevant terms.

If the Committee for Related-Party Transactions deems it necessary or appropriate, it may seek advice from one or more independent experts of its choice in order to issue said non-binding opinion, among persons of proven professionalism and expertise on matters of interest. The costs and expenses of the consultancy services provided by the experts will be borne by the Company.

In relation to Less Significant Transactions which are the responsibility of the General Meeting or which must be authorised thereby pursuant to Article 2364, paragraph 1, no. 5, Civil Code, for the background preparation and approval stage of the motion to be tabled before the Meeting, the terms set forth above shall apply *mutatis mutandis*.

Without prejudice to the information required under article 5, paragraph 8, and article 6 of the Regulation:

(i) the Chief Executive Officer provides the Board of Directors and the Board of Statutory Auditors, at least on a quarterly basis, with a report on the performance of Less Significant Transactions;

(ii) without prejudice to the provisions of Article 114, paragraph 1, of the TUF (and also today based on Article 17 of EU Regulation 596/2014), within fifteen days of the end of each financial year quarter, the Company makes available to the public a document specifying the other party, the subject-matter and the amount associated with the Less Significant Transactions approved during that quarter despite the negative opinion of the Committee for Related-Party Transactions, in addition to the reasons why it decided to disregard that opinion.

4.4.3 TRANSACTIONS CARRIED OUT THROUGH SUBSIDIARIES

Transactions carried out through subsidiaries must be submitted for the prior, non-binding opinion of the Committee for Related-Party Transactions, which shall issue its opinion in time to allow the responsible body to authorise, examine or assess the Transaction.

4.4.4 EXEMPT TRANSACTIONS

The terms of the Procedure do not apply to Transactions for Small Amounts (i.e. for no more than EUR 150,000.00 when the Related Party is a natural person or no more than EUR 1,000,000.00 when the Related Party is a legal person).

Without prejudice to the periodic financial reporting obligations under Article 5, paragraph 8 of the Regulation, the Procedure does not apply to the following Transactions, where applicable:

(a) Transactions relevant to share-based compensation plans approved by the Meeting pursuant to Article 114-*bis* of the TUF, and all relevant implementing operations;

(b) resolutions relating to the remuneration of directors vested with particular positions, other than those referred to in Article 13, paragraph 1 of the Regulation, as well as other Managers with Strategic Responsibilities, on condition of compliance with the requirements under Article 13 of the Regulation;

(c) Regular Transactions concluded under the same conditions as those normally adopted for non-related parties for transactions of a corresponding nature, size and risk, or based on regulatory tariffs or imposed prices, or adopted for persons with whom the Company is legally obliged to agree to a specific fixed amount, without prejudice to the obligation to comply with the information requirements as per Article 13 of the Regulation;

(d) urgent Transactions which do not fall within the remit of the General Meeting or are not required to be authorised thereby, on condition of compliance with the requirements under Article 13 of the Regulation;

(e) Transactions with or between companies individually or jointly controlled by the Company, as well as Transactions with associates of the Company, if other Related Parties of the Company have no Significant lnterest in the subsidiaries or associates that are parties to such Transaction.

Such cases of exemption also apply, *mutatis mutandis*, to Transactions carried out through subsidiaries. With regard in particular to the exemption for Regular Transactions, the activity carried out by the subsidiary is used to assess the regular nature of the Transaction, except where such subsidiary is a special purpose vehicle established to perform the Transaction, in which case the regularity must be verified with regard to at least one of the activities carried out by the ASTS Group.

4.5 BOARD OF STATUTORY AUDITORS

4.5.1. APPOINTMENT

The General Meeting elects, through list voting, the Board of Statutory Auditors, which consists of three Statutory Auditors and determines the Statutory Auditors' remuneration. The General Meeting also elects three alternate Statutory Auditors.

As provided for the submissions of lists of candidates to the Board of Directors, if the lists of candidates for the office of Auditors are not submitted by the above terms, the lists shall be considered as not submitted.

Lists may only be submitted by Shareholders who, either alone or together with other shareholders, own the shareholding identified in compliance with the provisions of the Consob regulation (both for the financial year 2016 and the year 2017, equal to 1% of the Ansaldo STS share capital). Each Shareholder may submit or contribute to submitting only one list and can vote for only one list. Shareholders belonging to the same group or being party to a shareholders' agreement concerning shares in the Company cannot submit or vote for more than one list, even through intermediaries or trust companies.

In order to prove ownership of the number of shares required to submit the lists, the shareholders shall deposit at the Company's registered office the specific certificate proving ownership of the number of shares represented, within the deadlines indicated by the applicable provisions, by giving notice through an authorised intermediary, pursuant to the applicable legislation that is in force at any given time.

The lists must include the name of one or more candidates (provided that their number shall not be greater than the members to be elected). Each candidate can be only in one list. Failure to comply with this provision shall result in the candidate not being eligible.

The lists are divided in two sections: one for candidates as Standing Member and the other for candidates as Alternate Member. The first candidate of each section must be registered in the Register of Statutory Auditors and have performed statutory audits for no less than three years.

Furthermore the lists that, considering both sections, have three or more candidates must include, in the first two places of the Standing Auditors section and of the Alternate Auditors section, candidates of different gender.

Statements shall be filed together with each list, within the terms indicated by the applicable laws, whereby the single candidates accept their nomination and certify, under their own responsibility, that no reasons for ineligibility and incompatibility exist, and that they meet the requirements set out by the applicable laws and the Company's By-laws for their respective offices.

Auditors shall be elected as follows:

- Two Standing Auditors and two Alternate Auditors shall be taken from the list that has obtained the majority of votes expressed by eligible voters, based on the progressive order they are on the list;
- The remaining Standing Auditor and Alternate Auditors shall be taken from the other lists according to the same rules for the appointment of members of the Board of Directors under Article 16.3, letter b) of the By-laws; for this purposes, the votes obtained by each section of the other lists are divided by one. The results so obtained are allocated to the candidates of each section of each list, according to the order provided therein. The quotients allocated to the candidates of each section of the lists are placed in a single decreasing ranking. Those who have obtained the highest quotient in each section are elected.

In the event that (i) only one list or (ii) no list is submitted or (iii) outside the cases of renewal of the entire Board of Directors, the Meeting shall adopt a resolution with the majorities required under law without observing the procedure above mentioned, and in any event so as to ensure that the composition of the Board of Statutory Auditors complies with the provisions pursuant to Article 1, paragraph 1 of Ministry of Justice Decree 30 March 2000, no. 162 and with the regulations in force relating to gender balance.

If more candidates have obtained the same quotient, the candidate in the list who has not elected any Auditor or has elected less Auditors shall be elected.

If none of these list has still elected any Auditor or all of them have elected the same number of Auditors, the candidate of the list that has obtained the highest number of votes shall be elected. In case of equal votes and quotient, a new voting shall be held, electing the candidate by simple majority.

In case of replacement of one of the Auditors taken from the list that has obtained the highest number of votes, the first Alternate Auditor, taken from the same list, shall be appointed; if such replacement does not allow for a composition of the Board of Statutory Auditors in compliance with the regulations in force on gender balance, the second Alternate Auditor, taken from the same list, shall be appointed. In case of replacement of the Auditor taken from the other lists, the Alternate Auditor elected under Article 16.3., letter b) of the Articles of Association shall be appointed.

If this latter mechanisms does not ensure compliance with the regulations in force on gender balance, the General Meeting shall be convened without delay to ensure compliance with these regulations. In any case, the General Meeting under Article 2401, paragraph 1 of the Civil Code shall replace the Auditor based on the principle of necessary minority representation and in compliance with the regulations in force on gender balance.

The Chairman of the Board of Statutory Auditors is appointed by the General Meeting and shall be the Standing Auditor elected by the minority, unless only one list was presented or no lists were presented; in this case, the Chairman of the Board of Statutory Auditors shall be appointed by the General Meeting with the majority provided by the law.

4.5.2 COMPOSITION

The Company's current Board of Statutory Auditors was appointed by the Ordinary General meeting on 15 April 2014.

The following table shows the members of the Board of Statutory Auditors in office during 2016.

Composition of the Board of Statutory Auditors in 2016

Members	Office
Giacinto Sarubbi	Chairman
Renato Righetti	Standing Auditor
Maria Enrica Spinardi	Standing Auditor
Giorgio Mosci	Alternate Auditor
Daniela Rosina	Alternate Auditor
Fabrizio Riccardo Di Giusto	Alternate Auditor

2 lists were submitted to the General Meeting on 15 April 2014 for the appointment of the Board of Statutory Auditors.

The Standing Auditors Renato Righetti and Maria Enrica Spinardi, and the Alternate Auditors Giorgio Mosci and Daniela Rosina were taken from the majority list submitted by Finmeccanica Società per Azioni, which held a shareholding equal to 40.066% of the share capital, and obtained a number of votes equal to 70,22% of the voting capital.

The Chairman of the Statutory Board of Statutory Auditors, Mr Giacinto Sarubbi, and the alternate Statutory Auditor Mr Fabrizio Riccardo Di Giusto were taken from the minority list presented by AcomeA SGR, which was the fund manager of AcomeA Italia, AcomeA Europa and AcomeA Globale; Anima Sgr S.p.A. which was the fund manager of Anima Geo Italia and Anima Italia; Arca SGR S.p.A. which was the fund manager of Arca Azioni Italia and Arca BB; Eurizon Capital SGR S.p.A. which was the fund manager of Eurizon Azioni Internazionali, Eurizon Azioni Area Euro, Eurizon Azionario Internazionale Etico, Eurizon Azioni Europa, Eurizon Azioni Italia, Eurizon Azioni PMI Europa and Malatesta Azionario Europa; Eurizon Capital SA which was the fund manager of EEF – Equity Europe, EEF – Equity Italy, EEF – Equity Italy LTE and EEF – Equity Small Cap Europe; Fideuram Investimenti SGR S.p.A. which was the fund manager of Fideuram Italia; Fideuram Gestions SA which was the fund manager of Fideuram Fund Equity Italy and Fonditalia Equity Italy; Interfund Sicav which was the fund manager of Interfund Equity Italy; Pioneer Asset Management SA which was the fund manager of Pioneer Funds, Italian Equity and Pioneer Investment Management SGR S.p.A. which was the fund manager of Pioneer Italia Azionario Crescita. These companies, put together, held a shareholding equal to 1.45% of the Company's share capital, whose winning votes amounted to 8.16%[1] of the voting capital. The shareholders who submitted the minority list certified that they have no connection with Finmeccanica Società per Azioni, as provided for under Article 144-*quinquies* of the Issuers' Regulation.

The term of office of the members of the Board of Statutory Auditors will expire at the General meeting called to approve the Financial Statements as of 31 December 2016.

The Board of Statutory Auditors verified that the Auditors possess the independence requirements under the applicable law and Article 8.C.1 of the Code, as already represented by the same Auditors upon their

[1]On 18.04.2014 the company received the following declaration:" *With today's communication – authenticated by a notary – Ms Paola Parodi, in her capacity to vote more than one institutional investor, states that the votes expressed in the meeting with shares which represent the 10% of the share capital – through the compilation of paper votes cast – with reference to the item 4.1 of the agenda, regarding the appointment of three Standing Auditors and three Alternate Auditors, due to a clerical error, are misaligned with respect to the received instructions and, failing this, even if the result of the votes does not change, no. 28.333.160 votes favorable to list n.2 "Funds List" should result, equal to 26,0383% of the voting capital and no.89.665 against it, equal to 0,0824% of the voting capital*."

appointment. The independence requirements were verified again on 9 December 2014, on 2 February 2016 and, finally, on 28 November 2016. Moreover, no member of the Board of Statutory Auditors has notified the existence of any interests held, on his/her behalf or on that of third parties, in any of the Company's transactions.

On 26 October 2016, a specific "induction" session was organized for the Company's Directors and Auditors, aimed at providing them with adequate knowledge of the business sector in which Ansaldo STS operates, the business dynamics and their development, the principles of correct risk management and the reference legislative and self-regulatory framework.

In particular, a meeting was organized at the Company offices, during which the management and organization mechanisms of the business and business sector in which it operates were illustrated and many existing contracts and projects were analysed.

Below you can read the personal and professional information about each member of the Board of Statutory Auditors.

GIACINTO SARUBBI

Born in Milan on 8 January 1963, he graduated in Economy and is a Certified Auditor and Accounting Professional in the register of Milan and is enrolled in the Register of Auditors (Ministerial Decree of 12 April 95, published in the Official Journal No. 31 *bis* of 21 April 1995).

As the owner of his professional firm and as a partner and Chief Executive Officer of leading international companies dealing with the audit and business consulting fields, he has carried out activities relating to tax and corporate advice, business organization and industrial accounting for various corporations, also operating at international level.

RENATO RIGHETTI

Born in Rome on 4 December 1946, he graduated in Law at the University of Rome. He became a Registered Auditor under the Ministerial Decree of 12 April 1995 published under the Official Journal no. 31*bis* of 21 April 1995. From 1990 to 1994, he was a Manager at the Italian Exchange Office and, until 2008, he was in charge of domestic and international anti-laundering activities under the responsibility of the Central Bank. From 1995 to 1998 he was a member of the team of financial experts in the Committee for Coordination of Information Services and he was a representative for the Central Bank in the Greco Commission, set up at the Ministry of Justice for the recovery of legal costs, for two years. From 2001 to 2008 he took part of the Financial Security Committee set up at the Ministry of Economy and Finance to fight money laundering and terrorism financing. In 2009 and 2010 he was appointed by the Governor to coordinate consulting activities concerning financial crimes conducted, for the Public Prosecutor's Office of Milan, by a team of experts from the Bank of Italy. Since 1995 he has been an anti-money laundering consultant for the Judiciary and Parliamentary Commissions.

MARIA ENRICA SPINARDI

Born in Turin on 14 July 1960, she graduated with honours in Economics from the University of Turin. Since 1996 he has been enrolled in the Roll of Auditors.

From 1983 to 1985 she held the role of internal auditor in Olivetti S.p.A. From 1985 she became an auditor in a leading auditing company. From 2001 to 2012 he was an partner in a leading auditing firm. She is a member of the Board of Statutory Auditors of Unicredit S.p.A. and other industrial companies. She held the office of liquidator in Webasto Product Italy S.p.A.

She currently provides consulting and auditing services.

He is a member of the Scientific Committee of the Auditing, Accounting & Control Master's Degree at School of Business Administration (SAA) of Turin.

GIORGIO MOSCI

Born in Genoa on 17 May 1958, he graduated in Economics from the University of Genoa. Since 1982 he has been a member of the Genoa Chartered Accountants Institute. He is also registered in the Auditors' Roll since its establishment.

In 1987 he joined the Ernst & Young Group, where he was Partner from 1993 to 2013, and later became a freelance professional.

As part of his audit work, he provides business consultancy services which are closely linked to his auditing work, such as, for example, in relation to company economic evaluations, service and accounting organisation.

Between 2003 and 2005 he was Visiting Professor at the Faculty of Economics of Genoa for the postgraduate "*Auditing*" course.

Between 2013 and 2015 he was Standing Auditor of Ansaldo Energia S.p.A, as well as, between 2015 and 2016 Chairman of the Board of Auditors of Italcementi SpA.

Currently he holds the position of Chairman of the Board of Directors of Italcementi SpA and Haier A/C (Italy) Trading S.p.A. as well as Statutory Auditor of Ansaldo Energia S.p.A. and Bombardier Transportation Italy S.p.A. He is also alternate Statutory Auditor of Ansaldo STS S.p.A., Beni Stabili S.p.A. SIIQ and IREN SpA and is member of the Board of Directors in Giglio Group S.p.A. and Alpidorica SpA.

DANIELA ROSINA

Born in Genoa on 10 May 1958, she has been enrolled in the Register of Certified Public Accountants and Accounting Experts of Genoa since 1983. She is also entered in the Roll of Auditors.

She acts as a court-appointed expert to evaluate business complexes, as trustee in bankruptcy, legal commissioner and liquidator in the context of voluntary winding up proceedings.

Currently she holds positions as Director, Standing Auditor, Auditor and member of the Advisory Boards for important industrial companies, including listed companies.

FABRIZIO RICCARDO DI GIUSTO

Born in Collevecchio (RI) on 20 June 1966, he graduated in Economics from the University of Rome "*La Sapienza*" in 1994. He qualified as a chartered accountant in 1995, and since 1999 he has also been enrolled in the Roll of Auditors. In 1997 he obtained a Master’s Degree in "*Labour Law*" at the University of Rome "*Tor Vergata*".

From 1994 to 2002 he was firstly an Associate and then Of Counsel at Studio Professional Legale e Tributario "*Palandri*" in Rome.

From 2002 to 2007 he was a manager at the Local Health Authority "*ASL RM B*".

Currently he has his own tax consulting Professional, administrative, commercial and financial firm in Rome.

4.5.3 MEETINGS OF THE BOARD OF STATUTORY AUDITORS AND ATTENDANCE RATES AT THE BOARD OF DIRECTORS’ MEETINGS

25 meetings were held during the Financial Year.

In 2016, the meetings of the Board of Statutory Auditors of Ansaldo STS lasted on average for about three hours.

No. 6 meetings have been planned for 2017. Since early 2017 to the date of this Report, the Board of Statutory Auditors have met on 9 February 2017 and 24 February 2017.

The table below reports the data concerning the attendance rates of each Auditor at the meetings of Auditors, as well as at the meetings of the Board of Directors held in 2016:

Any absences are duly justified.

Members	Board of Statutory Auditors		Board of Directors	
	Attendance / Nr. of meetings	Attendance %	Attendance / Nr. of meetings	Attendance %
Giacinto Sarubbi (Chairman)	25/25	100%	16/16	100%
Renato Righetti	25/25	100%	16/16	100%
Maria Enrica Spinardi	25/25	100%	15/16	93.7%

4.5.4 ROLE AND DUTIES

Pursuant to Legislative Decree no. 39 of 27 January 2010 ("*implementation of Board Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, amending Board Directives 78/660/EEC and 83/349/EEC and repealing Board Directive 84/253/EEC"),* the Board of Statutory Auditors shall supervise, *inter alia,* the statutory audit of annual accounts and consolidated accounts and the independence of the audit firm, particularly with respect to the performance of services other than audit to the entity that is subject to the statutory audit of accounts as well.

In particular, in carrying out its activity, the Board: (i) supervised the independence of the auditing firm, verifying both compliance with the relevant legal provisions, as well as the nature and entity of the services, other than audits, provided to the same Company and its subsidiaries by the auditing firm and the entities belonging to its network; (ii) coordinated with the Internal Audit department and with the Control and Risk Committee for the performance of its activity through specific meetings; (iii) at the meetings held on 15 June 2016 and 27 October 2016, the Board adopted the reports on the quarterly audits carried out by the auditing firm pursuant to Article 19 of Legislative Decree No. 39/2010, aimed at ascertaining that the corporate accounts were regularly kept and the management events were duly entered in the accounting records.

Following the appointment of the Board of Directors on the basis of the statements made by the Directors and having taken into account the evaluations of the Board, the Board of Statutory Auditors certified, at the meeting held on 10 June 2016, that the assessment criteria and procedures adopted by the Board of Directors to assess the independence of its own members were correctly applied. Such certificate was issued, moreover, on 24 February 2017 in connection with the criteria and procedures adopted by the Board of Directors for assessing the independence of Mr Crisostomo, appointed by the Ordinary Shareholders' Meeting held on 19 January 2017.

4.6 PROCESSING OF CONFIDENTIAL INFORMATION

4.6.1 PRIVILEGED AND CONFIDENTIAL INFORMATION PROCEDURE AND ESTABLISHMENT OF THE RELEVANT LIST

Following the entry into force, on 3 July 2016, of Regulation (EU) No. 596/2014 ("MAR") on market abuse, the Company, pursuant to Article 18 of the MAR and in accordance with the technical rules on implementation, i) drew up a suitable List of persons having access to privileged information ("List") and ii) updated the procedures on privileged and confidential information.

To date, therefore, the management and disclosure of privileged and confidential information and the establishment and updating of the List of persons who have access to privileged information are regulated by two distinct internal procedures, in compliance with the MAR legislation, noted by the Company's Board of Directors on 11 July 2016.

The following is noted in particular:

- the update of the Company's "*Procedure for the establishment and update of the Register of persons having access to privileged information*" was rendered necessary in order to adapt it i) to the new requirements, including technical requirements, necessary for the proper keeping of the register in electronic format and ii) to the new provisions on "*permanent insiders*" and "*insiders lists*". It is stated, in particular, that, as from 3 July 2016, the Company has made use of the information tool required by the new provisions and that, as from that date, the List of persons having access to privileged information is in line with the provisions in force;

- the Company's "*Procedure for handling privileged information*" provides for the following, *inter alia*, in order to adapt it to the new provisions: i) an extension of the concept of "privileged information" and ii) new technical tools and procedures for adequate disclosure and for a delay in the transmission of privileged information to the public.

In particular, the new Procedure for managing and disclosing confidential information aims to ensure Ansaldo STS' compliance with its obligations as a listed company, regulating:

- the information flow between the Group companies and Ansaldo STS, especially with respect to the events and circumstances that form, or might form privileged information under Article 7 of the MAR;

- the management and processing of privileged information as well as the relevant ways of disclosing it to the public.

The new procedure for establishing and updating the List of people with access to privileged and confidential information is aimed, instead, at ensuring the Company's fulfilment of its obligations as a listed company, regulating the method of keeping and regular updating of the List pursuant to Article 18 of the MAR.

The person in charge of keeping the List is the acting Manager responsible for Corporate Affairs of Ansaldo STS who, in case of absence or impediment, is replaced by an employee belonging to the Company's Corporate Affairs & Group Insurance function, identified by the Manager himself.

The current procedures are available on the Company's website http://www.ansaldo-sts.com/en/governance/governance-system.

4.6.2 INTERNAL DEALING CODE

As part of the procedures for the management and transmission of information relating to the Company, on 11 July 2016, the Board of Directors adopted the update to the Code of Conduct for Internal Dealing Matters *("Internal Dealing Code")*, rendered advisable to adapt it to the new provisions introduced by the MAR legislation and, in particular, to the new more stringent terms laid down on the disclosure of transactions performed by the relevant party and the relevant public disclosure, and with regard to the extension of the closing period. It is recalled that the Internal Dealing Code aims to regulate the information flow relevant to transactions identified by Consob concerning the shares issued by the Company or other connected financial instruments (known as relevant transactions) and conducted, also by proxy, by the "relevant persons" of the Company or by "persons closely associated" to the latter, as defined by Article 3, points 25 and 26 of the MAR Regulation.

The *Internal Dealing* Code also contains so-called "*Blocking periods*" during which it is expressly forbidden for relevant persons to carry out relevant transactions.

Such "*Blocking Periods*" have been identified as:

- the 30-day period preceding approval by the Board of Directors of the draft Financial Statements, the half-yearly report and the quarterly reports, up to the moment that the press release concerning the resolutions adopted by the Board is disclosed to the market;
- any other periods in which the Board, or in case of urgency its Chairman and/or the Chief Executive Officer, separately and/or jointly decide to prohibit or restrict the Relevant Transactions.

The Internal Dealing Code is available on the Company website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts_Internal_Dealing_eng.pdf

4.7 GENERAL MEETING

Pursuant to Article 15.3 of the By-laws, the Shareholders' Meeting is held and passes resolutions with the majority laid down by law, save as provided for by Articles 16.3 and 27.2 on the election of company officers. The Company has not issued shares with multiple votes (as indicated in section 2.1 of this Report) and nor are increases in the voting right provided for.

The Shareholders' Meeting passes resolutions on all matters within its competence laid down by law. Moreover, pursuant to Article 15.2, the Shareholders' Meeting has the power to authorize the performance by the Board of Directors of transactions of Greater Significance with related parties under the terms and conditions laid down in the Procedure on related-party transactions adopted by the Company.

Pursuant to Article 2365, section 2, of the Civil Code, the Company's By-laws has assigned to the Board of Directors competence to pass resolutions on the following matters:

a) adaptation of the By-laws to the legislative provisions;

b) merger or demerger of the Company pursuant to Articles 2505, 2505-bis and 2506-ter, final section, of the Civil Code;

c) reduction in the share capital in the event of the withdrawal of one or more shareholders.

In calling, planning and managing general meetings, particular attention is given to encouraging maximum attendance by the Shareholders, as well as to ensure that they receive as much information as possible in those circumstances, in compliance with the restrictions and disclosure procedures concerning price sensitive information.

General Meetings are called by a meeting notice published on the Company's website (www.ansaldo-sts.com) as well as by means of a summarised version in at least one national daily newspaper.

The notice of call must be published at least 30 days before the date of such meeting, except for meetings called to (i) appoint members of the corporate bodies, for which a period of 40 days is required; (ii) resolve on defensive measures in case of an initial public offer, in which case the period is reduced to 15 days; and (iii) resolve on the reduction of the share capital and the appointment of the liquidator, in which case the term is of 21 days.

The ordinary General Meeting shall be called at least once a year to approve the financial statements, within 120 days of the end of the financial year, or within 180 days if the Company must prepare consolidated financial statements, or whenever particular needs relating to the Company structure and purpose so require. Ordinary and extraordinary meetings are normally held in a single call. However, if the Board of Directors deems it appropriate and specifically indicates so in the meeting notice, it may decide to hold separate meetings.

The Meeting may be attended by those, in favour of whom the company has received notification from a qualified intermediary attesting the ownership of the shares based on the accounting records at the close of trading of the seventh market trading day prior to the date of first notice of the Meeting. Any debit and credit entries recorded after that date shall give no voting entitlements. An assignee who has purchased shares after such date but before the beginning of the Meeting shall be considered absent and therefore entitled, if the relevant conditions are met, both to file an action for annulment of the meeting resolution and to exercise the right of withdrawal.

Those entitled to participate and vote in the Meeting may appoint a representative by proxy conferred in writing or by electronic means pursuant to Article 21, subsection 2 of Legislative Decree no. 82 of 7 March 2005.

The proxy may be transmitted to the Company by electronic media, using the specific section in the Company website or by certified electronic mail, according to the procedures indicated, case by case, in the meeting notice. The Company keeps a proxy form for representation at each Meeting at the disposal of the persons entitled.

In order to make it easier to collect proxies from Shareholders who are employees of the Company or its subsidiaries and members of Shareholders' associations who comply with the requirements under the applicable laws, the By-laws states that premises may be made available to such associations, according to the terms and formalities arranged with their legal representatives on a case-by-case basis, to be used for providing information about the proxies and collecting them.

Moreover, pursuant to Article 135-*undecies* TUF, for each General Meeting, the Company appoints a party, the so-called "appointed representative", that people entitled to vote may entrust with a proxy, at no cost to them, including voting instructions for all items on the agenda. In this regard, in fact, in order to further encourage attendance at Meetings, Ansaldo STS decided not to exclude in the By-laws, under the same Article 135-*undecies* TUF, the appointment of the representative.

Pursuant to the new Article 127-*ter* TUF, the shareholders are entitled to ask questions on the items of the agenda even before the Meeting. Questions received before the Meeting shall be answered during the same at the latest. The notice of call includes the deadline by which the Company must receive the questions asked before the meeting. This deadline may not be earlier than three days before the date of the single or first meeting convened, or no earlier than five days if the Meeting notice states that the Company must answer any questions it receives before the General Meeting. In that case, answers shall be given at least two days before the meeting, also published in a specific section of the Company's website. If the relevant information relating to a question is already available in the "FAQ" section of the Company's website or if the answer has been published on its website, the answer is considered to be given. The answers provided on paper at the disposal of all those entitled to vote at the start of the actual Meeting are considered as being given during the Meeting.

As to the regulations governing Meeting proceedings, at the Meeting of 12 December 2005 the Shareholders approved a Meeting Regulation, subsequently amended at the Ordinary General meeting on 5 April 2011 in order to align it with the new provisions of the law and the By-laws regarding the right of shareholders introduced by Legislative Decree No. 27/2010. Such Regulation defines the procedures allowing the orderly and functional proceedings of meetings, ensuring that each shareholder is able to speak on items on the agenda, and at the same time specifying certain aspects (maximum duration of the speeches; voting procedure and conduction of voting operations, etc.) aimed at making sure the meeting business is conducted correctly. In particular, it is specified that anyone who wishes to speak shall request permission from the Chairman or – if indicated by the Chairman– from the Secretary, by submitting a written request indicating which item the request refers to, after the items on the agenda have been read out. All shareholders receive a copy of the Regulations for General meetings at each meeting, and they are also available on the Company's website at http://www.ansaldo-sts.com/sites/ansaldosts.message-asp.com/files/downloadspage/asts_regulations_shareholders_meetings_eng_0.pdf

The Board reports to the General meeting on the activity carried out and planned at least on occasion of the approval of the annual financial statements, and at any rate, whenever it so deems appropriate. In order to allow the shareholders to knowingly take the decisions for which the meeting is competent, the Board publishes detailed reports on each item on the agenda (for those items that are under its responsibility). Such reports are also available on the Company website at http://www.ansaldo-sts.com/en/governance/shareholder-meeting/documents-meeting.

4 of 9 Directors attended the General Meeting held on 13 May 2016.

No. 6 out of 9 directors attended the Shareholders' Meeting held on 19 January 2017. Except as described in paragraph 2.3 above, there were no significant changes during 2016 in the market capitalisation of the shares or in the composition of its shareholding.

As already stated in section 2.2 of the Corporate Governance Report for the financial year 2015, on 24 February 2015 Hitachi Ltd., a Japanese company with registered office at Nihon Seimei Marunouchi Building, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 101-8280, Japan, (hereinafter "**Hitachi**"), and Finmeccanica S.p.A., an Italian company with registered office at Piazza Monte Grappa n. 4, 00195 Rome, Italy, (hereinafter "**Finmeccanica**"), signed a binding agreement for the purchase by Hitachi of the entire interest held by Finmeccanica in the share capital of Ansaldo STS S.p.A. ("**Ansaldo STS**" or the "**Company**"), equal to around 40% of the latter's share capital.
Executing the aforesaid agreement, on 2 November 2015, the transfer by Finmeccanica to Hitachi Rail Italy Investments S.r.l., a company wholly controlled by Hitachi (hereinafter "**Hitachi Rail**"), of 80,131,081 Company shares, corresponding to exactly 40.07% of its share capital, was concluded.
Through the effect of that sale, Hitachi Rail became the controlling shareholder in the Company, pursuant to Article 2359, section 1, point 2), of the Civil Code and Article 93 of the TUF.

Moreover, on 21 December 2015, the Board of Directors of Ansaldo STS assessed Hitachi's exercise of the management and coordination activities pursuant to Articles 2497 *et seq.* of the Civil Code.
Moreover, following the transfer, the legal requirements for Hitachi Rail's launch of a full mandatory takeover bid were checked, pursuant to and for the purposes of Articles 102 and 106, section 1-*bis*, of the TUF, for all the remaining ordinary shares in the Company, amounting to 119,868,919, corresponding to 59.93% of the share capital of Ansaldo STS (the "**Takeover Bid**").
On 5 December 2015, the Takeover Bid was authorized by Consob and, on 4 January 2016, the acceptance period commenced.
On 14 March 2016, the Takeover Bid acceptance period ended: 12,832,398 ordinary shares in Ansaldo STS were accepted, equal to 6.416% of the Company's share capital. Therefore, on 21 March 2016, the date of payment of the fee payable to the shareholders accepting and of the simultaneous transfer thereof to the bidder, the interest held by Hitachi Rail in Ansaldo STS amounted to 46.482% of the share capital.
As Hitachi Rail had acquired an interest of less than 90% of the share capital of Ansaldo STS S.p.A., the requirements for exercising the Obligation and the Purchase Right were not satisfied, pursuant to Articles 108, sections 1 and 2, and 111 of the TUF, respectively.

Hitachi Rail then acquired a further 8,581,223 ordinary shares in Ansaldo STS: following that purchase, the interest held by Hitachi Rail in Ansaldo STS is now equal to 50.772% of the share capital.
For further information on the Takeover Bid, see the notices and documentation made available to the public pursuant to the legislation in force on the Company's website on the page http://www.ansaldo-sts.com/it/investor-relations/offerta-pubblica-dacquisto.

4.8 INVESTOR RELATIONS

In order to establish an ongoing and professional relationship with most of the Shareholders and the institutional investors, as recommended by the Code, an specific "*Investor Relations*" corporate department has been set up.

The department reports directly to the Chief Financial Officer and, since 1 June 2013, is headed by Mr Roberto Corsanego.

Investor Relations has ongoing relations with the financial community in order to understand its needs for information and to support top management in their communication strategy.

The primary goal is to keep up ongoing communications with the Italian and international financial community, providing prompt and transparent sensitive market information and guaranteeing a correct rating of the Company.

Several surveys addressed to interlocutors have confirmed the overall positive impression of the work of the Investor Relations team, recognised as the primary point of reference between the Company and the financial community. The outstanding knowledge of the market, of the business model and the Company's strengths and weaknesses, shown by the Manager of Investor Relations during meetings, was also appreciated.

The office is recognized for its creativity, availability and quality of the information material produced by it.

Financial analysts are considered to be the main stakeholders, since they are essential for understanding the Company's environment, its business and the strategic line adopted by the Management.

Hedging of shares remained substantially unchanged compared to the previous year, being provided by 10 investment banks; in particular, only 5 of those became actively involved following the conclusion of the takeover bid by Hitachi Rail for the capital of Ansaldo STS and the entry into the shareholding structure of the American fund Elliott, while the other 5, although not officially waiving hedging, maintained a more distant approach, awaiting future developments.

Some provide periodic sector-related research and analysis on competitors, which the Investor Relations Department collects, studies and disseminates internally, along with the official communications from the market.

On a quarterly basis before the release of the financial results, the IR office requests brokers, who hedge the Company stock, for the last update of their forecasts for the Company's main economic/financial indicators, calculating the average values thereof.

This means for the Company that it has an accurate update on the "*sell side*" analysts' perception, which Management is discusses and reflects on.

Since 2014, the Investor Relations Department, while maintaining unchanged it staff and the intrinsic quality of its activities, has with a view to supporting the Management, taken over the task of monitoring and analysing the market and the competitive scenario.

In addition to the usual daily focus on market "*rumours*" and the weekly distribution of the information thus collected, the office has the task of conducting an in-depth analysis and giving regularly updates on competitors' progress, the markets and the main fields of study.

The Company has acquired specific instruments- in compliance with statutory provisions for the dissemination, storage and filing of regulated information – but the website, which contains a section dedicated to all "Investor Relations" matters, remains the main tool for disseminating financial information to stakeholders.

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For the Board of Directors

The Chairman

(Alistair Dormer)

TABLE 1: INFORMATION ON THE OWNERSHIP STRUCTURES

STRUCTURE OF THE COMPANY'S SHARE CAPITAL				
	No. Of shares	% with respect to the share cap.	Listed (indicate the markets)/not listed	Rights and obligations
Ordinary shares	200,000,000	100	Listed MTA Star	Right to vote in ordinary and extraordinary meetings, right to dividend and to refund of capital in case of liquidation
Multiple-voting shares	-	-	-	-
Limited-voting shares	-	-	-	-
Non-voting shares	-	-	-	-
Others	-	-	-	-

OTHER FINANCIAL INSTRUMENTS (conferring the right to subscribe newly-issued shares)				
	Listed (indicate the markets)/not listed	No. of circulating instruments	Class of shares at the service of conversion/exercise	No. of shares at the service of conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT INVESTMENTS IN THE CAPITAL			
Declarant	**Direct Shareholder**	**% Share of Ordinary Capital**	**% Share of Voting Capital**
HITACHI Ltd.	HITACHI RAIL ITALY INVESTMENTS S.R.L.	50.772%	50.772%
UBS GROUP AG	UBS AG UBS ASSET MANAGEMENT TRUST COMPANY	6.310%	6.310%
SINGER PAUL E. (in his capacity of *General Partner* of The Liverpool Limited Partnership e Elliott International, L.P.)	THE LIVERPOOL LIMITED PARTNERSHIP ELLIOTT INTERNATIONAL L.P. ELLIOT ASSOCIATES L.P.	22.543%(1)	22.543%(1)

Please note that, on the basis of the holdings submitted for the General Meeting held on 19 January 2017, Litespeed Management LLC / Litespeed Master Fund LTD holds no. 7,903,597 ordinary shares, equal to 3.952% of the share capital.

(1) Shareholding made known to the Company on 23 January 2017, pursuant to Article 120 of the Consolidated Finance Law (TUF) and Article 117 of the Issuers Regulation. It must be noted that on 23 January 2017, Mr. Paul E. Singer, who is directly and indirectly general partner of the limited partnership Elliott International, LP Elliott Associates, LP and The Liverpool Limited Partnership, informed the Company, pursuant to Article 120 of the TUF and Article 119 of the Issuers Regulation, of holding 8.825% of the Company's share capital.

TABLE 2: BOARD OF DIRECTORS AND INTERNAL COMMITTEES STRUCTURE IN 2016

Board of Directors													Control and Risk Committee		Nomin & Remun. Committee		Executive Committee, if any		Other Committee, if any	
Office	**Members**	**Year Of Birth**	**Date of First Appointment ***	**In office since**	**In office until**	**List (M/m) ****	**Exec.**	**Non-exec.**	**Indep. According to Code**	**Indep. According to TUF**	**Number of the office *****	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**
Chairman	ALISTAIR DORMER	1963	2 November 2015	2 November 2015	General Meeting approving 2018 Financial Statement	M	X([1])	-	-	-	-	15/16	-	-	-	-	P	1/1	-	-
Vice Chairman	ALBERTO DE BENEDICTIS	1952	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	M	-	X	X	X	-	9/9	P	4/4	M	4/4	-	-	-	-
CEO • ◊	ANDREW BARR	1973	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	M	X	-	-	-	-	9/9	-	-	-	-	M	1/1	-	-
Director	GIUSEPPE BIVONA[(2)]	1964	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	m	-	X	X	X	-	9/9	-	-	-	--	-	-	-	-
Director	ROSA CIPRIOTTI	1974	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	m	-	X	X	X	5	9/9	-	-	--	-	-	-	-	-
Director	MARIO GARRAFFO	1937	25	13 May	General	M	-	X	X	X	2[(4)]	15/16	M	4/4	M	4/4	-	-	-	-

			November 2015 [3]	2016	Meeting approving 2018 Financial Statement															
Director	**FABIO LABRUNA**	1968	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	m	-	X	X	X	-	8/9	-	-	-	-	-	-	-	-
Director	**KATHERINE MINGAY**	1965	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	M	-	X	-	-	-	7/9	-	-	-	-	M	1/1	-	-
Director	**KATHARINE PAINTER**	1960	13 May 2016	13 May 2016	General Meeting approving 2018 Financial Statement	M	-	X	X	X	-	9/9	M	4/4	P	4/4	-	-	-	-

DIRECTORS WHO LEFT OFFICE DURING THE FINANCIAL YEAR IN QUESTION																			
Office	**Members**	**Year of Birth**	**Date of First Appointment** *	**In office from**	**In office until**	**List (M/m)** **	**Exec.**	**Non-exec.**	**Indep. according to Code**	**Indep according to TUF**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**	**(**)**	**(*)**
Chairman	**STEFANO SIRAGUSA**	1976	1 January 2014(5)	2 November 2015	13 May 2016	M	X	-	-	-	7/7	-	-	-	-	-	-	-	-
Vice Chairman	**KAREN BOSWELL**	1963	2 November 2015	2 November 2015	13 May 2016	M	-	X	-	-	6/7	-	-	-	-	-	-	-	-
Director	**PAOLA GIANNOTTI**	1962	2 November 2015	2 November 2015	13 May 2016	m	-	X	X	X	7/7	M	5/5	-	-	-	-	-	-
Director	**GIOVANNI CAVALLINI**	1950	5 April 2011	2 November 2015	13 May 2016	m	-	X	X	X	6/7	P	3/5	-	-	-	-	-	-
Director	**GIULIO GALLAZZI**	1964	15 April 2014	2 November 2015	13 May 2016	m	-	X	X	X	7/7	-	-	P	8/8	-	-	-	-
Director	**BRUNO PAVESI**	1941	30 March 2012(6)	2 November 2015	13 May 2016	M	-	X	X	X	7/7	M	5/5	M	8/8	-	-	-	-
Director	**ALESSANDRA PICCININO**	1962	9 November 2015 (7)	9 November 2015	13 May 2016	-	-	X	X	X	7/7	-	-	M	7/8	-	-	-	-
No. of meetings held during the year in question:				Board of Directors: **16**					Risk Control Committee: 9			Nomination and Remuneration Committee: 12	Executive Committee: 1			Other Committee: N.A.			

NOTES

The symbols listed below must be entered in the "Office" column:

• This symbol indicates the Director in charge of the internal control and risk management system.

◊ This symbol indicates the principal officer of the issuer's management (Chief Executive Officer or CEO).

* The date of first appointment of each director shall mean the date on which the said director was appointed for the first time (ever) in the Issuer's Board of Directors.

** This column indicates M/m depending on whether the member was elected from the slate voted by the majority (M) or by a minority (m).

*** This column indicates the number of offices held by the relevant person as Director or Auditor in other companies listed in domestic and foreign regulated markets, or in financial, banking or insurance companies or in large companies. In the report on corporate governance, the positions are indicated in full. As regards Directors who resigned during the year in question, the indicated assignments must be construed as referring to the date of termination.

(*) This column indicates the attendance rate of Directors in the meetings, respectively of the Board of Directors and the Committees (no. of meetings attended/held during the actual period of office of the relevant director).

(**) This column shows the status of the Director within the Committee: "P": President; "M": member

(1) Mr. Alistair Dormer, as Chairman of the Board of Directors is considered - even if he did not receive any specific delegation from the Board and, therefore, does not perform any executive role within the Company – an executive director by virtue of the positions held in the Hitachi Group.

(2) The Ordinary Shareholders' Meeting held on 19 January 2017 resolved to bring a corporate liability action pursuant to Article 2393 of the Civil Code against the engineer Mr Bivona who, on that account, was dismissed from office and his replacement, the lawyer Michele Alberto Fabiano Crisostomo, was appointed.

(3) Co-opted by the Company's Board of Directors at the Board Meeting held on 25 November 2015, in order to replace Mr. Ryoichi Hirayanagi.

(4) Mr Garraffo resigned from one of the aforesaid offices with effect from 30 November 2016.

(5) Co-opted by the Board of Directors on 11 December 2013, with effect from 1 January 2014, in order to replace Mr. Grasso.

(6) Co-opted by the Board of Directors of 30 March 2012, in replacement of Director Filippo Milone.

(7) Co-opted by the Board of Directors at the Board Meeting held on 9 November 2015, in order to replace Ms. Barbara Poggiali.

TABLE 3: STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

Board of Statutory Auditors									
Office	**Members**	**Year of Birth**	**Date of First Appointment***	**In office since**	**In office until**	**List** **	**Indep. Code**	**Attendance of Board of Statutory Auditors' Meetings** ***	**N. other appointments** ****
Chairman	**GIACINTO SARUBBI**	1963	1 April 2008	15 April 2014	General Meeting approving 2016 Financial Statement	m	X	25/25	6
Standing Auditor	**RENATO RIGHETTI**	1946	5 April 2011	15 April 2014	General Meeting approving 2016 Financial Statement	M	X	25/25	0
Standing Auditor	**MARIA ENRICA SPINARDI**	1960	15 April 2014	15 April 2014	General Meeting approving 2016 Financial Statement	M	X	25/25	8
Alternate Auditor	**GIORGIO MOSCI**	1958	15 April 2014	15 April 2014	General Meeting approving 2016 Financial Statement	M	X	N.A	6
Alternate Auditor	**DANIELA ROSINA**	1958	15 April 2014	15 April 2014	General Meeting approving 2016 Financial Statement	M	X	N.A	11

Alternate Auditor	**FABRIZIO RICCARDO DI GIUSTO**	1966	15 April 2014	15 April 2014	General Meeting approving 2016 Financial Statement	m	X	N.A	2
Quorum required for the presentation of lists by minority shareholders for the election of one or more members (pursuant to Article 148 of the TUF): The quorum established by Consob for the presentation of the lists to the General Meeting held on 15 April 2014 was 1%. This quorum was confirmed by Consob for 2016 and for 2017.									
Number of meetings held during the financial year in question*: 25*									

NOTE
* The date of first appointment of each Statutory Auditor will mean the date on which the said auditor was appointed for the first time (ever) in the Issuer's Board of Statutory Auditors.
** This column shows the slate from which each auditor was elected: "M": Majority List; "m": minority list.
*** This column indicates the attendance rate of Statutory Auditors in the Board of Statutory Auditors' meetings (no. of meetings attended/held during the actual period of office of the relevant auditor).
**** This column indicates the number of offices held by the relevant person as Director or Statutory Auditor pursuant to Article 148-bis TUF and relevant implementing provisions contained in the Consob Issuer's Regulations. The complete list of appointments is published by Consob on its website pursuant to Article 144-quinquiesdecies of the Consob Issuers' Regulation.

Ansaldo STS A Hitachi Group Company

REPORT OF THE BOARD OF DIRECTORS ON REMUNERATION

(PREPARED PURSUANT TO ARTICLES 123-*TER* OF THE CONSOLIDATION ACT ON FINANCE [TUF] AND 84-*QUARTER* OF THE ISSUERS REGULATION)

24 March 2017

GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Corporate Governance Code, or Code	The Corporate Governance Code for listed companies, updated as last in July 2015 by the Corporate Governance Committee and established by Borsa Italiana S.p.A., ABI (the Italian Banking Association), Ania, Assonime, Confindustria and Assogestioni.
Nomination and Remuneration Committee, or Committee	The Nomination and Remuneration Committee established by Ansaldo STS pursuant to the Code.
Board	The Board of Directors of Ansaldo STS
Managers with Strategic Responsibilities	The managers indicated by Article 65, paragraph 1-*quater*, of the Issuers Regulation, as identified by the Board of Directors.
Group	Ansaldo STS and its subsidiaries pursuant to Articles 93 of the Consolidation Act on Finance (TUF)
Market Regulations Instructions	The Instructions accompanying the Market Regulations organized and managed by Borsa Italiana S.p.A.
Remuneration Policy, or Policy	The Remuneration Policy for financial year 2017, approved by the Board of Directors and described in Section 1 of this Report.
Committee Rules	The Rules of the Nomination and Remuneration Committee.
Issuers Regulation	The Regulation issued by Consob by resolution no. 11971 of 14 May 1999 concerning issuers, as subsequently amended and supplemented.
Report	This remuneration report, prepared pursuant to articles 123-*ter* of the Consolidation Act on Finance (TUF) and 84-*quater* of the Issuers Regulation, approved by Ansaldo STS' Board of Directors on 24 March 2017 and subsequently updated.
Company	Ansaldo STS S.p.A.
TUF	The Italian Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented.

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SECTION I: REMUNERATION POLICY FOR THE FINANCIAL YEAR 2017

A) Bodies or people involved in preparing and approving the Remuneration Policy; with roles, bodies and people in charge of correctly implementing such policy

The Board of Directors approves the Remuneration Policy on an annual basis, on a proposal of the Nomination and Remuneration Committee (*see below, letter B**)***).

The Remuneration Policy for the financial year 2017, as described in this section of the Report, is submitted for a non-binding resolution of the General Meeting, called pursuant to Article 2364 paragraph 2 of the Italian Civil Code.

The Bodies in charge of the correct implementation of the Policy are the Nomination and Remuneration Committee in the exercise of its duties as described below, as well as the Chief Executive Officer and the Board of Directors.

B) Action of the Nomination and Remuneration Committee, composition, tasks and operating procedures of this Committee

The Nomination and Remuneration Committee, which submitted the Remuneration Policy proposal to the Board of Directors, is composed of a number of Directors set by the Board of Directors upon its appointment, all of whom are non-executive and independent as required by Article 37 of Consob Regulation No. 16191 of 2007, by the Corporate Governance Code and by the Committee Rules. At least one member of the Nomination and Remuneration Committee has adequate knowledge and experience in financial or remuneration policy, to be assessed by the Board of Directors at the time of the appointment.

The members of the Nomination and Remuneration Committee appointed by the Board of Directors on 16 May 2016 were the independent directors Ms Katharine Painter (Chairman), Mr Alberto de Benedictis and Mr Mario Garraffo.

The Nomination and Remuneration Committee is assigned the following tasks, in connection with the Remuneration Policy:

- submit proposals to the Board of Directors on the remuneration policy for directors and Managers with Strategic Responsibilities, if any;
- make periodical evaluations of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the preceding item, making use of the information provided by the Chief Executive Officer as concerns Managers with Strategic Responsibilities, and submit proposals on this matter to the Board of Directors, where appropriate;
- submit proposals or give opinions to the Board of Directors on the remuneration of executive

directors and of any other directors holding particular offices as well as on the performance targets linked to the variable part of such remuneration, monitoring the implementation of the decisions taken by the same Board and verifying the actual achievement of the performance targets;

- evaluate the proposals of the Chief Executive Officer relevant to the general remuneration and incentive policy, as well as to the management development systems and plans, for the key resources of the Group and the directors vested with powers of the Group companies;
- assist the Company top management in defining the best policy for handling the managerial resources of the Group;
- propose share-based remuneration plans in favour of Directors and Managers of the Company and of the other Group companies and the relevant implementing regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;
- report to the Company's shareholders on the way in which it carries out its duties.

In the performance of its duties, the Committee shall ensure suitable functional and operational links with the relevant corporate structures.

The Committee reports to the Board of Directors at least every six months.

C) Name of the independent experts, if any, involved in preparing the Remuneration Policy

No independent experts have been involved in preparing the Remuneration Policy.

D) Aims of the Remuneration Policy, underlying principles and changes in such policy, if any, from the financial year 2016

The Company's Remuneration Policy aims to attract, retain and motivate managers with high professional skills, who are able to successfully manage the Company.

In particular, the remuneration of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, aims to:

- align the interests of the said people with the priority objective of creating shareholder value in a medium-long term perspective;
- create a strong connection between remuneration and performance, both individual and of the Group, by involving and incentivising said people, insofar as their action is deemed to be essential to the achievement of the Company and Group targets;
- enhance the loyalty of the key resources, thus encouraging their permanence within the Company and the Group;
- convey the Company intent to share the expected increase in the Company's value with

the top professionals of the Group.

For non-executive Directors, the Remuneration Policy takes into account the commitment required from each of them and their participation, if any, in one or more committees, and it is not linked to the economic performance of the Company (*see* paragraph *N)* below).

Compared to the Remuneration Policy for the financial year 2016, which was approved by the Board of Directors on 25 February 2016 and submitted to the resolution of the Shareholders on 13 May 2016 – called to give its non-binding advice on the first part of the Report wherein details on such Policy were provided, the Remuneration Policy for the financial year 2017 has remained substantially unchanged.

E) Description of the policies on fixed and variable components of the remuneration, with particular regard to the indication of the relevant weight in the total remuneration, differentiating between short and medium-long term variable components

With regard to the fixed component of the remuneration, the Corporate Governance Code recommends that such remuneration should be sufficient to compensate the services of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities in the event that no variable component is paid.

With regard to the variable component, the Corporate Governance Code recommends that the remuneration of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities should comply with the following criteria:

- the fixed and the variable component should be suitably balanced;
- maximum limits should be indicated for the variable components;
- the performance targets should be predefined, measurable and connected with the creation of shareholders value in a medium-long term perspective;
- a significant part of the variable component of the remuneration should be suitably postponed by an appropriate period, after accrual.

With specific regard to share-based remuneration plans, the Corporate Governance Code recommends:

- that shares, options and any other rights assigned to the directors, the General Manager and Managers with Strategic Responsibilities to buy shares or be remunerated on the basis of the share price trends, should have an average vesting period of at least three years;
- that the vesting as per the preceding item should be subject to predefined, measurable performance targets;
- that the directors should keep part of the shares allocated or acquired through the exercise of such rights until the end of their term of office.

In line with the above, the Remuneration Policy states that the remuneration should consist of[1]:

- a fixed component consisting:
  a. for the Chief Executive Officer and General Manager:
     i. of the fee approved by the ordinary General Meeting upon appointment for the office of member of the Board of Directors; and
     ii. of the fee approved by the Board of Directors on a proposal of the Nomination and Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, received as Chief Executive Officer; and
     iii. of the fee approved by the Board of Directors on a proposal of the Nomination and Remuneration Committee, for the office of General Manager;
  b. for non-executive Directors, of the fee approved by the ordinary General Meeting upon appointment for the office of member of the Board of Directors; and
  c. for Managers with Strategic Responsibilities, of the annual fixed gross remuneration under the individual contract signed by the Managers with Strategic Responsibilities, in compliance with the provisions of the applicable collective bargaining regulations;
- a variable component, both for the Chief Executive Officer and General Manager and for the Managers with Strategic Responsibilities consisting:

a) of a short-term variable incentive instrument, subject to the achievement of performance targets predefined on an annual basis (known as *Management by Objectives* or "**MBO**"), both of corporate nature (such as the *Earning Before Interests and Taxes* – EBIT, the *Free Operating Cash Flow* – FOCF and the *Economic Value Added* – EVA)**,** and of individual nature, depending on the office held (such as the value of the orders acquired, the achievement of certain values of the sector-specific EBIT and the achievement of certain structural costs, or specific quantity-quality targets).

   The MBO should be designed to provide for the maximum proportion of the incentive deriving from the achievement of the targets indicated from time to time, which shall not, in any event, exceed 100% of the fixed component of the Chief Executive Officer and General Manager and of the Managers with Strategic Responsibilities. In addition, the MBO may provide that *(i)* if the predefined budget is achieved, a proportion of the incentive be paid, equal to at least 50% of the maximum value that may be allocated and *(ii)* if the targets predefined in the budget are increased, the maximum amount of the

[1] It must be pointed out that, in the event that the General Manager' role is assigned to a person other than the Chief Executive Officer, the Remuneration Policy described in this section of the Report concerning Managers with Strategic Responsibilities is also applicable to the General Manager.

incentive be paid;

b) of a medium-long term cash incentive (known as *Long Term Incentive Plan* or "**LTIP**"), structured on the basis of three-year *rolling* cycles, subject to the achievement of the following targets:

   - *Net Result* as the access threshold;
   - two annual performance targets, to be identified among the main economic-financial indicators, such as the achievement of certain values in terms of Orders, ROE, ROA, ROS and FOCF.

   The maximum proportion of the fully operational incentive to the service of the LTIP shall not exceed the fixed component of the plan beneficiaries' remuneration.

   In order to encourage and remunerate in compliance with the results over a medium-long period, the Remuneration Policy also states that LTIP plans shall arrange, for the targets to which they apply, mechanisms both for the recovery in subsequent years of any underperformance registered in previous years, and for carrying over to subsequent years any over-performance registered in each plan year.

   In order to align the interests of the plan beneficiaries with the creation of shareholder value in a medium-long term perspective, LTIP plans also provide for the accrual of the incentive portions to occur as follows;

   - 25% of the incentive for the first year of the cycle;
   - 25% of the incentive for the second year of the cycle; and
   - the remaining 50% at the end of the three years.

   Also, in order to postpone the allocation of a significant part of the variable remuneration by a suitable period, the Remuneration Policy provides for the payment of the incentive portions accrued with respect to each year and to each target to be postponed by one year from the time of approval of the financial statements certifying the achievement of the targets;

c) of a medium-long term variable incentive based on shares (known as "*Stock Grant Plan* or "**SGP**"), of multiple years' duration.

   The allocation of the shares shall be subject to certain conditions precedent, namely the achievement of the following annual performance indicators:

   - *Free Operating Cash Flow* (FOCF);
   - STS Share vs. FTSE IT *All Share*;
   - Economic Value Added (EVA).

The incidence of each target for the allocation of incentives is defined by the Board of Directors, on a proposal of the Nomination and Remuneration Committee.

In order to encourage and remunerate the maintenance of medium-long term period results, the Nomination and Remuneration Policy requires the SGP to be structured in such manner as to ensure that:

(i) at least 50% of the shares that may be allocated under the plan accrue on achievement of the targets of the last year;

(ii) as regards each of the targets, there are : *(i)* mechanisms for the recovery of any underperformance registered in previous years, as well as *(ii)* mechanisms for carrying over, to subsequent years, any over-performance registered in previous years;

(iii) with regard to the achievement of each target, a tolerance threshold may be indicated on occasion of the annual final balance, for the failed achievement of 100% of the relevant target, but not to exceed 2.5%, thus allowing the accrual to the beneficiary of a corresponding proportion of the shares owed under the plan.

As for the vesting period, the Stock Grant Plan shall provide – in line with the recommendations of the Corporate Governance Code – for a three-year rolling vesting period, starting, for the first corporate year, from the date of approval of the SGP by the General Meeting of Shareholders and, for the subsequent years, from the corresponding date of each year.

The Remuneration Policy also provides for a lock-up clause to be established at the end of the vesting period mentioned above for the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, on a significant portion of the shares allocated, to be identified under the responsibility of the Board of Directors, on a proposal of the Nomination and Remuneration Committee, for a period of two years in relation to the 20% accrued stock.

F) Non-monetary benefits policy

The Remuneration Policy contains no provisions regarding non-monetary benefits. The Chief Executive Officer and General Manager and the Managers with Strategic Responsibilities are granted the use of the corporate car for both business and private use and eventually, if the need therefore arises, the use of a dwelling, even for limited periods, according to the customary practice adopted in the company by the other managers.

- ***G) With regard to the variable components, description of the performance targets on the basis of which they are granted, differentiating between short and medium-long term variable components, and information on the link between the variation of the results and the variation of the remuneration***

See letter E).

- ***H) Criteria used for the assessment of the performance targets on which the allocation of shares, options and other financial instruments or variable remuneration components is based***

Each of the performance target values identified by the Remuneration Policy for paying the variable component of the remuneration are selected by giving preference to operating and financial objectives and target values in line with the creation of shareholder value over the medium-long period. For this purpose, mechanisms are also provided for the recovery of any underperformance registered in previous years, as well as for carrying over to subsequent years any over-performance registered in previous years.

Generally speaking, the target values and objectives are based on the specific business of the Company and are indicators of the ability of that company – which mainly operates in the management of multi-year job orders – to be self-financing and to handle the risk associated with its business over the medium-long period. The objectives connected with the performance of the Company's shares compared to the FTSE IT *All Share* index trend have been chosen as they represent, in the Company's opinion, objective criteria to measure the creation of value of the Company's shares over the medium-long term.

- ***I) Information aimed at highlighting the consistency of the Remuneration Policy with the pursuit of the company's long-term interests and with the risk management policy***

The Remuneration Policy states that the performance targets outlined above, the target values and the procedures for paying the variable component shall be consistent with the risk management policy adopted by the Company, because they must take into account the risks taken by Ansaldo STS, as well as the necessary capital and liquidity requirements of the Company to deal with the activities undertaken.

As explained in letter *H),* the said parameters are consistent with the pursuit of the long-term interest of the Company.

- ***J) Accrual entitlement terms (so-called vesting period), any deferred payment schemes, with indication of the postponement periods and of the criteria used to define such periods and the ex post correction mechanisms, where arranged***

As regards the vesting period and the postponement periods, see letter *E).*

The *vesting period* and the postponement periods are defined in view of the specific activity carried out by the Company - which mainly operates in the management of multi-year job orders - and with a view to aligning the management's interest with the pursuit of shareholders value creation over the medium-long period.

The Remuneration Policy provides that - with regard to the Chief Executive Officer's and the General Manager's variable remuneration components (as well as those of the Managers with Strategic Responsibilities) - the Company is allowed, by contract, to demand the repayment (or withhold the deferred payment), in whole or in part, of the variable remuneration components that have been paid on the basis of data which has - within a period of three years from disbursement - been proven by the competent departments to be manifestly erroneous (so-called claw-back clauses).

The claw-back clauses must subject the effective application thereof to the condition that the Company's Board of Directors gives a binding opinion in relation thereto.

As indicated in letter *E*), the policy provides, moreover, for mechanisms for recovering any underperformance registered in previous years, as well as for carrying over to subsequent years any over-performance registered in previous years.

K) Information on possible clauses for the maintenance of financial instruments in the portfolio after their acquisition, with indication of the maintenance periods and of the criteria used to define such periods

As indicated under letter *E),* the Remuneration Policy states that, with regard to the Chief Executive Officer and the General Manager and the Managers with Strategic Responsibilities, the SGPs must provide for a lock-up clause on a significant portion of the shares allocated, to be identified by the Board of Directors, on a proposal of the Nomination and Remuneration Committee, for a period of two years. The duration of such lock-up period, which, as said above, starts after the end of the three-year vesting period, meets the need to align the interests of the top management of the Company with those of the shareholders over the medium-long period.

L) Policy for compensation in the event of cessation from office or termination of the employment contract

The Remuneration Policy does not provide for agreements to be stipulated between the Company, the Directors, the General Manager and the Managers with Strategic Responsibilities, granting indemnities in the event of resignation or dismissal/termination without just cause or cessation of the employment in consequence of a takeover bid.

Except for voluntary resignation from office and/or from the employment without just cause, or termination and/or dismissal for just cause, the Board of Directors - after consulting with the

Nomination and Remuneration Committee and the Board of Statutory Auditors – may execute with the Chief Executive Officer and/or General Manager agreements aimed at regulating ongoing relationships, that grant the Chief Executive Officer and/or General Manager an indemnity for termination or non-renewal of office; this indemnity may not exceed 24 months' total remuneration for the offices and/or relationships that are ongoing when the termination occurs.

The compensation applicable to cessation from office or termination of the employment shall be regulated by specific agreements with the ceased individuals, as well as by specific provisions, if any, of the regulations of the LTIP and SGP plans and/or of the national collective bargaining agreement for company managers.

M) Information on insurance, social-security or pension benefits, other than mandatory ones

The Remuneration Policy does not provide for insurance, social-security and pension benefits for the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, other than those required under the national collective bargaining agreement for the category, applicable to the Group managers.

N) Remuneration policy on: (i) independent directors, (ii) participation in committees and (iii) the performance of certain tasks

As recommended by the Corporate Governance Code, the remuneration of non-executive Directors is not linked to the economic performance the Company and/or the Group.

The remuneration of non-executive Directors, as mentioned above under letter *D)* of the Report, consists only of a fixed component, as resolved by the ordinary General Meeting.

Considering the definition of executive directors under Article 2, paragraph 1 of the Corporate Governance Code, the Chief Executive Officer is executive.

Likewise, the Chairman of the Board of Directors is also considered executive - even if he has received no particular delegation by the Board of Directors and therefore holds no executive role within the Company - by virtue of the posts held in the Hitachi Group.

In view of the above, all Independent Directors of the Company are non-executive. The remuneration policy followed by the Company for these Directors is therefore the same as for all non-executive Directors.

As regards the remuneration of Directors who take part in internal committees of the Board of Directors (the Control and Risk Committee, which also functions as Related-Party Transactions Committee, and the Nomination and Remuneration Committee), the Policy states that they shall receive, in return for participation in each committee, an additional fee defined by the Board of Directors, upon a prior proposal from the Nomination and Remuneration Committee.

The Chairman and Vice Chairman of the Board of Directors receive a fixed fee defined by the ordinary General Meeting.

O) Information on the use, for reference if necessary, of the Remuneration Policy of other companies

The Remuneration Policy has been drawn up by the Company without reference to the policy of any other companies.

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SECTION II – FEES RECEIVED IN 2016 BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, AS WELL AS BY THE GENERAL MANAGER AND THE MANAGERS WITH STRATEGIC RESPONSIBILITIES

With reference to the 2016 financial year, this section of the Report illustrates: (i) name by name, the fees owed to the persons who, during the course of such financial year, have held the office of Director, Statutory Auditor and/or General Manager even for a fraction of such financial year, as well as (ii) the aggregate fees owed to Managers with Strategic Responsibilities.

* * * * *

PART ONE – ITEMS COMPRISING THE REMUNERATION

In this part of Section II, an adequate representation is provided for each item comprising the 2016 remuneration for people who have held the office of Member of the Board of Directors, Member of the Board of Statutory Auditors, General Manager, or Manager with Strategic Responsibilities for the financial year 2016.

These items are reflected in the tables contained in the Second Part of this Section.

1.1 Board of Directors

On the date of the Report, the Company's Board of Directors comprised Mr Alistair Dormer (Chairman), Mr Andrew Barr (Chief Executive Officer and General Manager), Mr Alberto De Benedictis (Deputy Chairman), Mr Michele Alberto Fabiano Crisostomo (Independent Director), Ms Rosa Cipriotti (Independent Director), Mr Mario Garraffo (Independent Director), Mr Fabio Labruna (Independent Director), Ms Katherine Mingay (Non-Executive Director) and Ms Katharine Painter (Independent Director).

1.1.1 Chief Executive Officer and General Manager

In 2016, the office of Chief Executive Officer and General Manager of the Board of Directors was held:

- by Mr Stefano Siragusa from 1 January 2016 until 13 May 2016, who held office since 1 January 2014 and who was confirmed by the Board of Directors on 3 November 2015 after the General Meeting had approved the renewal of the company officers on 2 November 2015. It is to be noted that on 30 March 2016, Mr Stefano Siragusa resigned from his offices in Ansaldo STS S.p.A. with effect from the date of the appointment of the new Board of Directors by the first General Meeting called (13 May 2016);
- by Mr Andrew Barr, appointed as Managing Director and General Manager by the Board of Directors held on 24 May 2016 who was also appointed Director of the Company by the above referred to General Meeting of 13 May 2016.

A description follows of each of the items comprising Mr Siragusa's remuneration from 1 January 2016 to 13 May 2016.

- Fixed component, consisting of:
  - A fee of EUR 50,000.00 for the office of member of the Board of Directors resolved by the General Meeting held on 2 November 2015 for the period commencing on 2 November 2015; please note that effective fee received for the period in which he was in charge has been equivalent to Euro 18,413.00;
  - a fee of EUR 30,000.00, for the office of Chief Executive Officer , pursuant to Article 2389, third paragraph, of the Italian Civil Code - approved by the Board of Directors on 3 November 2015, as proposed by the Nomination and Remuneration Committee after having heard the opinion of the Board of Statutory Auditors - for the period commencing on 2 November 2015; please note that effective fee received for the period in which he was in charge has been equivalent to Euro 11,049.00;
  - a fee for the office of General Manager amounting to EUR 320,000.00, approved by the Board of Directors meeting held on 3 November 2015, as proposed by the Nomination and Remuneration Committee; please note that effective fee received for the period in which he was in charge has been equivalent to Euro 108,876.00;
  - a fee of EUR 100,000.00 which is specific consideration for the non-competition covenant described below in paragraph 1.4; please note that effective fee received for the period in which he was in charge has been equivalent to Euro 33,333.00;
- Non-monetary benefits: corporate car, insurance and social-security coverage under the national collective bargaining agreement applied to the category, as well as use of accommodation, for a value of Euro 27,534.00.

- Variable component: following Mr Siragusa's resignation on 30 March 2016, the latter waived payment of the variable components arising in term of the variable incentive plans.

Reference is to be made to paragraph 1.4 below with respect to employment severance payable to the Chief Executive Officer and General Manager upon resignation handed in by the latter on 30 March 2016 and Mr Siragusa's waiver by of payment of the variable remuneration components.

The following is a description of each item making up Mr Andrew Barr's remuneration during the financial year 2016.

- Fixed component, consisting of:
  - A fee of EUR 50,000.00 for the office of member of the Board of Directors resolved by the General Meeting held on 13 May 2016; please note that effective fee received for the period in which he was in charge has been equivalent to EUR 30,242.00;
  - a fee of EUR 30,000.00, for the office of Chief Executive Officer, pursuant to Article 2389, third paragraph, of the Italian Civil Code - approved by the Board of Directors on 24 May 2016, as proposed by the Nomination and Remuneration Committee after having heard the opinion of the Board of Statutory Auditors - for the period commencing on 24 May 2016; please note that the effective fee received for the period in which he was in charge has been equivalent to EUR 18,145.00;
  - a fee for the office of General Manager amounting to EUR 320,000.00 - approved by the Board of Directors on 24 May 2016, as proposed by the Nomination and Remuneration Committee - for the period commencing on 24 May 2016; please note that effective fee received for the period in which he was in charge has been equivalent to EUR 189,191.00;
  - a fee of EUR 150,000.00 which will be paid at the end of the employment relationship and which is specific consideration for the non-competition covenant described below in paragraph 1.4.
- Non-monetary benefits: corporate car, insurance and social-security coverage under the national collective bargaining agreement applied to the category, as well as use of accommodation, for a value of EUR 9,175.00.
- Variable component: during financial year 2016 Mr Barr benefitted from the following plans:

- One year MBO plan for 2016 subject to achievement by end of the financial year 2016 of the following performance targets: EBIT, FOCF, EVA as well as specific quantitative and qualitative targets. Achievement of such targets was verified after approval of the draft Financial Statements and the Consolidated Financial Statements for the financial year 2016. The incentive matured equal to EUR 79,147.00 will be paid during the financial year 2017.

- The LTIP plan 2014-2016, requires that the following performance targets be achieved in each year: (i) Net Result as access threshold; (ii) Revenue and Cash Assets. With respect to the portion of incentive referring to the financial year 2016, achievement of targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016, approved by the Board of Directors. Please note that the incentive for the financial year 2016 on the basis of LTIP plan 2014-2016 will not be paid since the access threshold was not reached;
- The LTIP plan 2015-2017: requires that the following performance targets be achieved for each financial year: (i) Net Result as access threshold; (ii) two annual performance targets chosen from the main economic- financial indicators (Net Invested Capital and ROS); with respect to the portion of incentive referring to the financial year 2016 the achievement of the targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016, approved by the Board of Directors. The incentive mature equal to EUR 30,767.00 will be made up during 2018;
- The LTIP plan for 2016-2018, requires that the following performance targets be achieved in each year: (i) Net Result as access threshold; (ii) two annual performance targets chosen from the main economic - financial indicators (Orders and Net Working Capital). For the portion of the incentive referring to the financial year 2016, the achievement of the targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016, approved by the Board of Directors. Since the access threshold has not been reached with reference to the financial year 2016, no incentive will be paid even if the access threshold of Net Result was achieved, Orders and Net Working Capital targets were not reached.
- Plan for the free allocation of shares 2014-2016 (SGP 2014-2016) requires that the performance targets indicated in the "*Informative document pursuant to article 84-bis sub article 1, of the Regulations adopted by Consob with Resolution no. 11971 of 14 May 1999 as subsequently modified and supplemented, in relation to Ansaldo STS. S.p.A*" stock grants available at web address http://www.ansaldo-sts.com;

With reference to the financial year 2016, the Board of Directors meeting held on 24 May set at EUR 16,265 the maximum number of shares that may be allocated to Mr Barr under that plan. The achievement of the targets was verified on the basis of the draft

Financial Statements and Consolidated Financial Statements for the financial year 2016 approved by the Board of Directors. The shares accrued with reference to the financial year 2016 were 15,370 and they will be allocated in the financial year 2019. The SGP for 2014-2016 also provides for a two-year lock-up period with respect to 20% of the shares assigned after the tree – year vesting period.

1.1.2. Chairman of the Board of Directors

The remuneration of the Chairman is not linked to the economic results of the Company and, therefore, it consists only of a fixed pay defined by the ordinary Meeting upon their appointment.

During the financial year 2016, the office as Chairman of the Board of Directors was held

- by the Director Alistair Dormer, appointed as Chairman of the Board of Directors by the General Meeting held on 2 November 2015 and subsequently confirmed in this post during the General Meeting of 13 May 2016.

For the year 2016:

- Mr Alistair Dormer, received remuneration *pro rata temporis* for the position of Chairman of the Board of Directors amounting to EUR 75,000.00, as approved by the General Meeting on 13 May 2016.

No compensation is to be paid in the event of cessation from office.

1.1.3 Vice Chairman of the Board of Directors

In 2016, the office of Vice Chairman of Ansaldo STS was held:

- From 1 January 2016 to 13 May 2016 by the Director Karen Boswell, appointed as Vice Chairman of the Board of Directors held on 25 November 2015 in replacement of Mr Ryoichi Hirayangi. Please note that on 30 March 2016, Ms Karen Boswell resigned from her offices in Ansaldo STS S.p.A. with effect from the appointment of the new Board of Directors by the first General Meeting held (13 May 2016);
- From 16 May 2016 to 21 October 2016 by Director Katherine Mingay, appointed as Vice Chairman by the Board of Directors held on 16 May 2016, who resigned on 21 October 2016 with immediate effect;
- From 28 October 2016 by Mr Alberto De Benedictis, appointed as Vice Chairman by the Board of Directors held on 28 October 2016;

For the financial year 2016, on the basis of an annual fee of EUR 50,000.00, as member of the Board of Directors:

- Vice Chairman of the Board of Directors, Ms Karen Boswell received a pro rata fee of EUR 18,306.00 as remuneration for the office of member of the Board of Directors, as resolved by the General Meeting on 23 April 2015;

- Vice Chairman Ms Katherine Mingay received a pro rata remuneration for the position of member of the Board of Directors amounting to EUR 31,694.00, as resolved by the General Meeting held on 13 May 2016;
- Vice Chairman Mr Alberto de Benedictis received a pro rata remuneration for the position of member of the Board of Directors amounting to EUR 31,694.00, as resolved by the General Meeting held on 13 May 2016.

No compensation is to be paid in the event of cessation from office.

1.1.4 Other members of the Board of Directors

During the financial year 2016, the following Directors were members of the Board of Directors, apart from the Directors Stefano Siragusa, Andrew Barr, Alistair Dormer, Karen Boswell, Katherine Mingay and Alberto de Benedictis:

1) For the period from 1 January 2016 to 13 May 2016:

- Paola Gianotti, appointed by General Meeting, held on 2 November 2015;
- Giovanni Cavallini, Giulio Gallazzi and Bruno Pavesi, who had already been members of the previous Board of Directors, were confirmed by the General Meeting held on 2 November 2015;
- Alessandra Piccinino, who was appointed, pursuant to Article 2386 of the Italian Civil Code, by Board of Directors Meeting held on 9 November 2015, in order to replace the director Barbara Poggiali;
- Mario Garraffo, who was appointed, pursuant to Article 2386 of the Italian Civil Code, by the meeting of the Board of Directors held on 25 November 2015, replacing the Director Ryoichi Hirayanagi.

2) For the period from 13 May 2016 to 31 December 2016:

- Giuseppe Bivona, Rosa Cipriotti, Fabio Labruna and Katharine Painter, as resolved by the General Meeting held on 13 May 2016;
- Mario Garraffo, already member of the Board of Directors and confirmed by the General Meeting held on 13 May 2016.

The remuneration of these members of the Board of Directors, all non-executive, is not linked to the economic results of the Company and, therefore, it consists only of a fixed pay.

For the financial year 2016, on a fixed fee set at Euro 50,000.00:

- To Giovanni Cavallini, Giulio Gallazzi and Bruno Pavesi each received a *pro rate* fee the office of member of the Board of Directors amounting to EUR 18,306.00 as resolved by the General Meetings held on 2 November 2015;

- To Paola Giannotti each received a *pro rate* fee the office of member of the Board of Directors amounting to EUR 18,306.00 as resolved by the General Meetings held on 2 November 2015;
- To Alessandra Piccinino and Mario Garraffo received a fee on a *pro rata* basis for the position of member of the Board of Directors, amounting respectively to to EUR 18,306 and Euro 50,000.00, as approved by the General Meeting held on 2 November 2015 and with respect to Mario Garraffo confirmed by General Meeting of 13 May 2016;
- To Giuseppe Bivona, Rosa Cipriotti, Fabio Labruna and Katharine Painter received a fee on a pro rata basis for the position of member of the Board of Directors, amounting, to EUR 31,694.00 as approved by the General Meeting held on 13 May 2016.

1.1.5 Members of Internal Committees of the Board of Directors

The members of the Control and Risk Committee and the Nomination and Remuneration Committee receive an additional fee defined, in a fixed amount, by the Board of Directors. Please note that the Board of Directors meeting held on 28 October 2016 resolved to set up and Executive Committee made up of the Chairman Alistair Dormer, the Chief Executive Officer Andrew Barr and the Director Katherine Jane Mingay. Please note also that no remuneration is payable for membership in the above referred to Committee.

During the financial year 2016, the Control and Risk Committee was composed of the following members of the Board of Directors:

- From 1 ° January 2016 to 13 May 2016: Giovanni Cavallini (Chairman), Paola Giannotti and Bruno Pavesi, whose annual fee was determined by the Board of Directors Meeting held on 9 November 2015 in EUR 30,000.00 for the Chairman, and EUR 25,000.00 for the other members of the Committee;
- From 16 May 2016 to 31 December 2016, Alberto de Benedictis (Chairman), Mario Garaffo and Katharine Painter, whose annual remuneration had been determined by the Board of Directors Meeting held on 16 May 2016 in EUR 30,000.00 for the Chairman and EUR 25,000.00 for the other members of the Committee.

Based on the above, set out below is the remuneration received by the aforesaid Directors for participating in the Control and Risk Committee during the financial year 2016:

- Giovanni Cavallini: EUR 10,984.00;
- Paola Giannotti: EUR 9,153.00;
- Bruno Pavesi: EUR 9,153.00
- Alberto de Benedictis: EUR 19,016.00;

- Mario Garraffo: EUR 15,847.00;
- Katharine Painter: EUR 15,847.00.

During the financial year 2016, the Nomination and Remuneration Committee was composed of the following members of the Board of Directors:

- From 1 January 2016 to 13 May 2016:Giulio Gallazzi (Chairman), Bruno Pavesi and Alessandra Piccinino, whose annual remuneration was determined by the Board of Directors Meeting held on 9 November 2015 in EUR 20,000.00 for the Chairman and EUR 15,000.00 for the other members of the Committee.
- From 16 May 2016 to 31 December 2016: Katherine Painter (Chairman), Alberto de Benedictis and Mario Garraffo whose annual remuneration was determined by the Board of Directors of 16 May 2016 in Euro 20,000.00 for the Chairman and 15,000.00 for the other members of the Committee.

Based on the above, set out below is the remuneration received by the aforesaid Directors for participating in the Nomination and Remuneration Committee during the financial year 2016:

- Giulio Gallazzi: EUR 7,322.00
- Bruno Pavesi: Euro 5,492.00;
- Alessandra Piccinino: EUR 5,492.00
- Katharine Painter: EUR 12.678.00
- Alberto de Benedictis: EUR 9,509.00
- Mario Garraffo: EUR 9,508.00.

1.2 Board of Statutory Auditors

During the financial year 2016, the Board of Statutory Auditors was composed of the following statutory auditors: Giacinto Sarubbi (Chairman), Renato Righetti and Maria Enrica Spinardi, whose annual remuneration was approved by the General Meeting held on 15 April 2014 and amounted to:

- EUR 75,000.00 plus a lump-sum of EUR 15,000.00 for attending the Board committee meetings, for the Chairman and
- EUR 50,000.00 plus a lump-sum of EUR 10,000.00 for attending the Board committee meetings, for the other auditors.

1.3 Managers with Strategic Responsibilities

During the financial year 2013, the Company identified as Managers with Strategic Responsibilities the *Business Signalling* unit manager (a position which was covered at such time by Emmanuel Viollet, who is no longer employed by the Group Ansaldo STS), the *Business Transportation Solutions* unit manager (position held on an interim basis by Sergio De Luca until 31

December 2013) and the *Standard Product & Platform* unit manager (Giuseppe Gaudiello).

On 20 February 2014, the Board of Directors, after consultation with the Nomination and Remuneration Committee and in light of the new organisational structure of the Company, identified the following as new Managers with Strategic Responsibilities, replacing the previous ones, with effect from 1 January 2014: the *Chief Operating Officer* of the Company (Christian Andi), the *Business Mass Transit & Railways* unit manager (Giuseppe Gaudiello) and the *Business Freight* unit manager (Michele Fracchiolla).

Please note that the fees indicated for the Managers with Strategic Responsibilities are the aggregate, inasmuch as, during the financial year 2016, none of the Managers with Strategic Responsibilities received annual total fees of more than the highest annual total fee received by members of the Board of Directors and of the Board of Statutory Auditors.

Below there is a description of each of the items that comprised the remuneration of the Managers with Strategic Responsibilities during the financial year 2016.

- Fixed component comprising the annual fixed gross remuneration, under the individual agreement signed by the Managers with Strategic Responsibilities, in compliance with the provisions of the applicable collective bargaining regulations, for a total amount of EUR 660,467.00.
- Non-monetary benefits: corporate car, insurance and social-security coverage under the national collective bargaining agreement applied to the category, amounting to a total of EUR 97,053.00.
- Variable component: a significant part of the remuneration of Managers with Strategic Responsibilities is linked to reaching specific company performance targets. More specifically, during the financial year 2016, Managers with Strategic Responsibilities, who were in office, received the remuneration set out below:

− One year MBO plan for 2016 subject to achievement by end 2016 of the following performance targets: EBIT, FOCF, EVA as well as specific quantitative and qualitative targets. Achievement of such targets was verified in occasion of the approval of the draft Financial Statements and the Consolidated Financial Statements for the financial year 2016. The incentive matured equal to EUR 371,705.00 will be paid during the financial year 2017.

− The LTIP plan 2014-2016, requires that the following performance targets be achieved in each financial year: (i) Net Result as access threshold; (ii) Revenue and Cash Assets. With respect to the portion of incentive referring to the financial year 2016, the achievement of targets was verified on the basis of the draft financial statements and consolidated financial statements for the financial year 2016, approved by the Board of Directors. It is to be noted that the incentive for the financial year 2016 on the basis of LTIP plan 2014-2016 will not be paid since the access threshold was not reached.

− The LTIP plan 2015-2017: requires that the following performance targets be achieved for each financial year: (i) Net Result as access threshold; (ii) two annual performance targets chosen from the main economic- financial indicators (Net Invested Capital and ROS); with respect to the portion of incentive referring to the financial year 2016 the achievement of the targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016, approved by the Board of Directors. The incentive mature equal to EUR 162,566.00 will be paid during the financial year 2018.

− The LTIP plan for 2016-2018, requires that the following performance targets be achieved in each financial year: (i) Net Result as access threshold; (ii) two annual performance targets chosen from the main economic- financial indicators (Orders and Net Working Capital). For the portion of the incentive referring to the financial year 2016, the achievement of the targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016, approved by the Board of Directors. It is to be noted that. Since the access threshold has not been reached with reference to the financial year 2016, no incentive will be paid even if the access threshold of Net Result was achieved, Orders and Net Working Capital targets were not reached.

− Plan for the free allocation of Shares 2014-2016 (SGP 2014-2016) requires that the performance targets indicated in the "*Informative document pursuant to article 84 bis- sub-article 1, of the Regulations adopted by Consob with Resolution no. 11971 of 14 May 1999 as subsequently modified and supplemented, in relation to Ansaldo STS. S.p.A stock grants*" available at web address http://www.ansaldo-sts.com; are reached.

With reference to this plan, with respect to financial year 2016, it was set at EUR 80,251 the maximum number of shares that may be allocated to Managers with Strategic Responsibilities under that plan. The achievement of the targets was verified on the basis of the draft Financial Statements and Consolidated Financial Statements for the financial year 2016 approved by the Board of Directors. The shares accrued with reference to the financial year 2016 were 75,837 and they will be allocated during the financial year 2019. The SGP for 2014-2016 also provides for a two-year lock-up period with respect to 20% of the shares assigned at the end of the three years vesting period.

Compensation in the event of early termination of the employment with the Managers with Strategic Responsibilities are described in the paragraphs that follow. With the exception of those provisions, no other agreements are in place between the Company and the Managers with

Strategic Responsibilities.

1.4 Agreements providing for an indemnity in the event of early termination of the employment contract and effects of termination of employment on rights granted under incentive plans

Subject to what has been indicated below, there are no specific agreements in force providing for an indemnity in the event of early termination of the employment contract.

As specifically regards the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, the SGP 2014-2016 plan provides that:

- in the event of dismissal for just cause under Article 2119 of the Italian Civil Code and of justified dismissal or of resignation without just cause pursuant to the same article, as in the case of termination for just cause or of resignation without just cause (from the position of director), which occurs prior to the delivery of the shares involved in the plan, the exclusion from the plan will be automatic; accordingly, the allocation of the shares to the participants in the plan (Chief Executive Officer, the General Manager and Managers with Strategic Responsibilities) shall be deemed to be cancelled for all effects and purposes and all entitlement to receive shares that are allocated but not yet delivered at the date of termination of the office or of the employment, shall be immediately cancelled and devoid of any further effect. Unless a more favourable decision is taken by the Committee, a similar exclusion will take place in the event that the concerned party is or was on leave and/or excluded or suspended from the employment for a continuous or fractioned period greater than or equal to 3 months between the date of assignment and the date of delivery, except for maternity and paternity leave, and parental leave;
- in the event of termination by mutual agreement of a plan participant's employment contract, with the Company's prior written consent, or in the event of unjustified dismissal or dismissal without just cause under Article 2119 of the Italian Civil Code or of resignation for just cause pursuant to that article, as in the case of cessation from office not due to termination for just cause or of resignation for just cause (from the position of director), which occurs prior to the date of expiry of the Plan validity - and, unless a more favourable decision is taken by the Committee (which, for assignments to people other than the directors with delegated powers, resolves on the Chief Executive Officer's and General Manager's proposals) - the targets, whose achievement is the precondition for the attribution of the shares allocated will be redefined, also taking into account the actual permanence (*pro rata temporis*) of the plan participant in the Company or, within the scope of the plan beneficiaries, in relation to the period of validity of the same plan, provided that the conditions and targets required for the actual allocation of the shares

have been met. The same provisions also apply in the event of cessation from office or termination of the employment due to death, permanent disability or if the person concerned meets the old age pension requirements. It is understood that, in the event of death, the rights assigned shall be transferred to the heirs.

In both cases, however, the Regulation permits the Company to adopt a different and more favourable determination.

Similar provisions are also contained in the Regulations of the LTIP plans described above.

Furthermore, please note that with reference to the SGP 2014-2016 Plan, the Board of Directors, upon the Nomination and the Remuneration Committee so proposing and the Control and Risk Committee giving its favourable opinion in relation thereto, has decided, in its capacity as Related-Party transaction Committee, that, in the event that (i) he is dismissed without good cause and/or dismissed without good cause being proven, or (ii) he voluntarily resigns from his job and from his office for good cause, and is removed, at the same time from his office as Chief Executive Officer or General Manager, as well as in the event that he is not re-elected as Chief Executive Officer at the end of his current office, Mr Siragusa was entitled to the shares arising from this plan, quantified by the compulsory take-over bid promoted by Hitachi Rail Italy Investments S.r.l. on all the Ansaldo STS ordinary shares and, therefore, without applying the three-yearly vesting period. The value of shares arising from the SGP plan is not included in the calculation of the severance benefits described below.

The contract between the Company and Mr Siragusa, approved by the Board of Directors after the Nomination and Remuneration Committee has given its opinion in relation thereto, provided as follows:

In the event of early cessation of office due to:

- termination without just cause and/or dismissal without just cause;
- voluntary resignation from his job and office for just cause, a taxable gross indemnity would have been paid equal to 24 months' total remuneration, calculated as the sum:
    i. of the annual fixed remuneration paid to Mr Stefano Siragusa as Chief Executive Officer and General Manager;
    ii. of the average, on an annual basis, of the variable MBO and LTIP components (the SGP remaining excluded from any calculation) that may be received in the 2 years prior to the cessation.

On 21 December 2015, the Ansaldo STS Board of Directors, (a) having received the favourable opinion of the Nomination and Remuneration Committee and the favourable opinion of the Related Party Transaction Committee, unanimously resolved that any and (at the time not certain) resignation that Mr Siragusa were to tender (i) with effect from any date after 30 March 2016 and (ii) following the presentation of the draft Financial Statements for the financial year 2015 to the Ansaldo STS Board of Directors, would be deemed to be a resignation for just cause; (b) resolved to amend, in accordance with the above, the agreement signed by Mr Siragusa on 3 November 2015 concerning his employee relationship with the Company; (c) specified that, following the resignation tendered in the manner described above, he would have been entitled to an allowance for termination provided for under the said agreement.

The Company has also signed a non-competition agreement with Mr Stefano Siragusa, containing the following essential terms: duration of 12 months; geographic area: Europe and North America; sector: any sector in which companies in competition with Ansaldo STS operate. The consideration for this agreement was of EUR 100,000 per year (see paragraph 1.1.1).

In light of the above and of the resignation tendered by Mr Siragusa on 30 March 2016, the Company will pay to Mr Siragusa, by way of settlement with novative effects, the total lump-sum of EUR 50,000, gross of withholdings under the law within June 2016.

Furthermore, in consideration of the non-compete agreement between Mr Siragusa and the Company, the Company will pay the additional total lump-sum amount of EUR 245,000 gross of withholdings under the law within June 2016.

Please note that as non-monetary benefit the Company gave to Mr Siragusa the use of an accommodation until 31 October 2017.

In consideration of Mr Siragusa's waiver of the payments due for the variable components of his remuneration, the Company has paid the total lump-sum of EUR 2,906.000 gross of withholdings under the law within June 2016.

The Nomination and Remuneration Committee unanimously expressed its favourable opinion on the above amounts being paid to Mr Siragusa and reported the above to the Board of Directors, which also unanimously welcomed it favourably.

For the sake of completeness, please note that, under the contract between the Company and Mr Siragusa, in the event of nonrenewal as Chief Executive Officer at the end of his current office, the Company should have paid Mr Siragusa compensation for termination of the employment amounting to 1.5 years of the total remuneration referred to in points i) and ii) above. As regards payment, the aforementioned indemnities, when granted/due, should have been paid only if the following basing preconditions are met:

- the cessation of the office of Chief Executive Officer and of the employment; and
- the signing of a settlement agreement, ratified pursuant to Article 2113, paragraph 4, of the Italian Civil Code and Articles 410 and 411 of the Italian Code of Civil Procedure on

termination of his post of Chief Executive Officer and his employment, as well as any other work relationship with the Ansaldo STS Group companies.

Nothing would have been due to the Mr Stefano Siragusa in the event of his voluntary resignation from office and/or from the employment without just cause, or in the event of termination of and/or dismissal from office with just cause.

It must be noted that the Company has also entered into a non-competition agreement with Mr Andrew Barr having the following essential characteristics: term of 12 months, geographical application: Europe and North America, reference sector those operating in the same sector as Ansaldo STS. Remuneration for this agreement is equal to Euro 150,000 (ref preceding paragraph 1.1.1).

Notwithstanding the foregoing, there are no agreements providing for the allocation or maintenance of non-monetary benefits in favour of those who have ceased their office, or the stipulation of consultancy contracts for a period following the termination of the relationship.

* * * * *

Please note that all remuneration plans adopted by the Company under Articles 114-*bis* of the TUF are available in the "*Governance*" – "*Governance Documents and Reports*" section of the Company's website (www.ansaldo-sts.com).

Attached to this report are the tables containing the implementation status of the SGP 2012-2013 plan and the SGP 2014-2016 plan.

* * * * *

PART TWO - TABLES

The following tables detail the fees of the members of the Board of Directors and of the Board of Statutory Auditors, the General Manager and of the Managers with Strategic Responsibilities, paid or to be paid by the Company or by its subsidiaries and affiliates for the financial year2016.

Genoa, 13 April 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

Table 1: Fees paid to the members of the Board of Directors, the Board of Statutory Auditors, of the General Manager and the Managers with Strategic Responsibilities during the financial year 2016*

Name and surname	Office	Term of office	Date of expiry of office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	Fair Value of fees	Indemnity for end of office / termination of employment contract
							Bonuses and other incentives	Participation in the profits					
Figures in EUR													
Alistair Dormer	BoD Chairman	01.01.2016 – 31.12.2016	Meeting for approval of fin. Statements for 2018	*Fees in Ansaldo STS*	75,000.00	-	-	-	-	-	75,000.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	75,000.00	-	-	-	-	-	75,000.00	-	-
Stefano Siragusa	Chief Executive Officer and General Manager	01.01.2016 – 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	275,932.00 (1)	-	-	-	27,534.00	-	303,466.00	-	3,201,000.00 (2)
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	275,932.00 (1)	-	-	-	27,534.00	-	303,466.00	-	3,201,000.00 (2)
Andrew Barr	Chief Executive Officer and General Manager	24.05.2016 – 31.12.2016	Meeting for approval of fin. statements for 2018	*Fees in Ansaldo STS*	243,304.00 (4)	-	109,914.00 (5)	-	9,175.00	-	362,393.00	170,783.00 (3)	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	243,304.00 (4)	-	109,914.00 (5)	-	9,175.00	-	362,393.00	170,783.00 (3)	-
Karen Boswell	Vice Chairman BoD	01.01.2016 - 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306.00	-	-	-	-	-	18,306.00	-	-
				Fees in	-	-	-	-	-	-	-	-	-

* Please note that, with the exception of the notes set out below concerning the Chief Executive Officer, the General Manager and the Managers with Responsibilities, fees of the members of the Board of Directors and of the members of the Board of Statutory Auditors indicated in this table and relative to the financial year 2016, will be paid in 2017.

Name and surname	Office	Term of office	Date of expiry of office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	Fair Value of fees	Indemnity for end of office / termination of employment contract
							Bonuses and other incentives	Participation in the profits					
Figures in EUR													
				subsidiaries and affiliates									
				Total	18,306.00	-	-	-	-	-	18,306.00	-	-
Katharine Mingay	Vice Chairman BoD** and Director	13.05.2016 – 31.12.2016	Meeting for approval of fin. statements for 2018	*Fees in Ansaldo STS*	31,694.00	-	-	-	-	-	31,694.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	31,694.00	-	-	-	-	-	31,694.00	-	-
Alberto de Benedictis	Vice Chairman BoD, member of the Nomination and Remuneration Committee and Control and Risk Committee Chairman (6)	13.05.2016 – 31.12.2016	Meeting for approval of fin. Statements for 2018	*Fees in Ansaldo STS*	31.694.00	28,525.00(7)	-	-	-	-	60,219.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	31,694.00	28,525.00(7)	-	-	-	-	60,219.00	-	-
Giuseppe Bivona	Director	13.05.2016 – 31.12.2016	19.01.2017	*Fees in Ansaldo STS*	31,694.00	-	-	-	-	-	31,694.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	31,694.00	-	-	-	-	-	31,694.00	-	-
Giovanni Cavallini	Director and Control and Risk Committee Chairman	01.01.2016 - 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306,00	10,984.00	-	-	-	-	29,290.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	18,306,00	10,984.00	-	-	-	-	29,290.00	-	-

Name and surname	Office	Term of office	Date of expiry of office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	Fair Value of fees	Indemnity for end of office / termination of employment contract
							Bonuses and other incentives	Participation in the profits					
Figures in EUR													
Rosa Cipriotti	Director	13.05.2016 – 31.12.2016	Meeting for approval of fin.statements for 2018	*Fees in Ansaldo STS*	31,694.00	-	-	-	-	-	31,694.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	31,694.00	-	-	-	-	-	31,694.00	-	-
Giulio Gallazzi	Director and Nomination and Remuneration Committee Chairman	01.01.2016 – 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306.00	7,322.00	-	-	-	-	25,628.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	18,306.00	7,322.00	-	-	-	-	25,628.00	-	-
Mario Garraffo	Director and member of the Nomination and Remuneration Committee and member of the Control and Risk Committee (8)	01.01.2016 – 31.12.2016	Meeting for approval of fin. statements for 2018	*Fees in Ansaldo STS*	50,000.00	25,355.00 (9)	-	-	-	-	75,355.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	50,000.00	25,355.00 (9)	-	-	-	-	75,355.00	-	-
Paola Giannotti	Director and member of the Control and Risk Committee	01.01.2016 - 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306.00	9,153.00	-	-	-	-	27,459.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	18,306.00	9,153.00	-	-	-	-	27,459.00	-	-
Fabio Labruna	Director	13.05.2016 - 31.12.2016	Meeting for approval of fin. statements	*Fees in Ansaldo STS*	31,694.00	-	-	-	-	-	31,694.00	-	-
				Fees in subsidiaries	-	-	-	-	-	-	-	-	-

Name and surname	Office	Term of office	Date of expiry of office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	Fair Value of fees	Indemnity for end of office / termination of employment contract
							Bonuses and other incentives	Participation in the profits					
Figures in EUR													
			for 2018	*and affiliates*									
				Total	31,694.00	-	-	-	-	-	31,694.00	-	-
Katherine Painter	Director and member of the Control and Risk Committee and Nomination and Remuneration Committee Chairman (10)	13.05.2016 - 31.12.2016	Meeting for approval of fin. statements for 2018	*Fees in Ansaldo STS*	31,694.00	28,525.00(11)	-	-	-	-	60,219.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	31,694.00	28,525.00 (11)	-	-	-	-	60,219.00	-	-
Bruno Pavesi	Director and member of the Control and Risk Committee and member of the Nomination and Remuneration Committee(12)	01.01.2016 - 13.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306.00	14,645.00 (13)	-	-	-	-	32,951.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	18,306.00	14,645.00 (13)	-	-	-	-	32,951.00	-	-
Alessandra Piccinino	Director and member of the Nomination and Remuneration Committee	01.01.2016 - 31.05.2016	13.05.2016	*Fees in Ansaldo STS*	18,306.00	5,492.00	-	-	-	-	23,798.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	18,306.00	5,492.00	-	-	-	-	23,798.00	-	-
Giacinto Sarubbi	Chairman Board Statutory of Auditors	01.01.2016 - 31.12.2016	Meeting for approval of fin. statements	*Fees in Ansaldo STS*	75,000.00	15,000.00	-	-	-	-	90,000.00	-	-
				Fees in subsidiaries	-	-	-	-	-	-	-	-	-

Name and surname	Office	Term of office	Date of expiry of office		Fixed fees	Fees for participation in Committees	Non equity variable fees		Non-monetary benefits	Other fees	Total	Fair Value of fees	Indemnity for end of office / termination of employment contract
							Bonuses and other incentives	Participation in the profits					
Figures in EUR													
			for 2016	*and affiliates*									
				Total	75,000.00	15,000.00	-	-	-	-	90,000.00	-	-
Renato Righetti	Regular Statutory Auditor	01.01.2016 - 31.12.2016	Meeting for approval of fin. statements for 2016	*Fees in Ansaldo STS*	50,000.00	10,000.00	-	-	-	-	60,000.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	50,000.00	10,000.00	-	-	-	-	60,000.00	-	-
Maria Enrica Spinardi	Regular Statutory Auditor	01.01.2016 - 31.12.2016	Meeting for approval of fin. statements for 2016	*Fees in Ansaldo STS*	50,000.00	10,000.00	-	-	-	-	60,000.00	-	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	50,000.00	10,000.00	-	-	-	-	60,000.00	-	-
Manager with Strategic Responsibilities (14)	-	-	-	*Fees in Ansaldo STS*	706,691.00 (15)	-	534,271.00 (16)	-	97,053.00	-	1,338,015.00	796,289.00 (3)	-
				Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-
				Total	706,691.00 (15)	-	534,271.00 (16)	-	97,053.00	-	1,338,015.00	796,289.00 (3)	-

** Please note that Ms Mingay resigned from the office of Vice Chairman of the Board of Directors on 21 October 2016 with immediate effect.

(1) Amounts paid during financial year 2016 for period from 01 January 2016 until 13 May 2016:

- EUR 18,413.00 as fixed fee for the office of Member of the Board of Directors;
- EUR 11,049.00 as fixed fee assigned to Mr Siragusa for the office of Chief Executive Officer pursuant to Article 2389, third paragraph of the Italian Civil Code;
- EUR 108,876.00 as fee for the office of General Manager;
- EUR 33,333.00 by way of consideration for the non-compete covenant described in paragraph 1.4, Section II;
- EUR 99,330.00 as employment remuneration, with particular regard to holidays and other allowances;

- EUR 4,931.00 as lump-sum reimbursement for expenses.

(2) Following his resignation on 30 March 2016, Mr Siragusa waived the payment of the variable component of his remuneration. In consideration of this waiver, the Company paid the total lump-sum amount of EUR 3,201,000.00 gross of withholdings due under the law, within June 2016.

(3) *Fair value* based on the maximum number of shares that may be allocated under the 2014-2016 Stock Grant Plan, with reference to the financial year 2016.

(4) Amounts paid during the financial year 2016 for period from 24 May 2016 to 31 December 2016:

- EUR 30,242.00 as fixed fee for the office of Member of the Board of Directors;
- EUR 18,145.00 as fixed fee assigned to Mr Barr for the office of Chief Executive Officer pursuant to Article 2389, third paragraph of the Italian Civil Code;
- EUR 189,191.00 as fee for the office of General Manager;
- EUR 1,894.00 as employment remuneration, with particular regard to holidays and other allowances;
- EUR 3,832.00 as lump-sum reimbursement for expenses.

(5) of which:

- EUR 79,147.00 as an incentive accrued for the financial year 2016 on the basis of the established performance targets and the incentive accrued with reference to the MBO 2016 plan; this amount will be paid in 2017;
- EUR 30,767.00 as an incentive accrued for the financial year 2016 on the basis of the established performance targets and the incentive accrued with reference to the LTIP 2015-2017 plan for the financial year 2016; this amount will be paid in 2018 on the basis of the annual vesting period.

(6) Alberto de Benedictis was appointed by the Board of Directors as member of the Nomination and Remuneration and Chairman of the Control & Risk Committee from 16 May 2016 and Vice Chairman of the Board of Directors on 28 October 2016.

(7) Of which: *(i)* EUR 19,016.00 as *pro rata temporis* remuneration for the office of Chairman of the Control and Risk Committee; and *(ii)* EUR 9,509.00 as *pro rata temporis* remuneration for the office of Member of the Nomination and Remuneration Committee.

(8) Mario Garraffo was confirmed as director by the Board Meeting held on 13 May 2016 and on 16 May 2016 was appointed by the Board of Directors as member of the Nomination and Remuneration Committee and of the Control and Risk Committee.

(9) Of which: *(i)* EUR 9,508.00 as *pro rata temporis* remuneration for the position of member of the Nomination and Remuneration Committee; and *(ii)* EUR 15,847 as *pro rata temporis* remuneration for the position of member of the Nomination and Remuneration Committee.

(10) On 16 May 2016 Katharine Painter was appointed Chairman of the Nomination and Remuneration Committee and member of the Control and Risk Committee by the Board of Directors.

(11) Of which: *(i)* EUR 12,678.00 as pro rata temporis remuneration for the office of Chairman of the Nomination and Remuneration Committee and *(ii)* EUR 15,847.00 as pro rata temporis remuneration for the office of member of the Control and Risk Committee.

(12) Bruno Pavesi was appointed member of the Nominations and Remuneration Committee and the Control and Risk Committee up to 13 May 2016.

(13) Of which: *(i)* EUR 5,492.00 as *pro rata temporis* remuneration as member of the Nomination and Remuneration Committee and *(ii)* EUR 9,153.00 as pro rata temporis remuneration for the office of member of the Control and Risk Committee.

(14) This item refers to the Company's Chief Operating Officer (Christian Andi), the Head of the Business Railways & Mass Transit (Giuseppe Gaudiello) and the Head of Business Freight (Michele Fracchiolla) identified as the Managers with Strategic Responsibilities commencing from 1 January 2014.

(15) Of which:

- EUR 660,467.00 as fixed remuneration, consisting in the fixed gross annual remuneration provided for under the individual contract signed by the Managers with Strategic Responsibilities, in accordance with the provisions of the applicable contractual rules;
- EUR 8,804.00 as employment remuneration, with particular reference to holidays and other emoluments;

- EUR 37,420.00 by way of a fixed indemnity.

(16) Of which:

- EUR 371,705.00, as an incentive accrued for the financial year 2016 on the basis of the established performance targets and the incentive accrued with reference to the MBO 2016 plan; this amount will be paid in 2017;
- EUR 162,566.00 as an incentive accrued for the financial year 2016 on the basis of the established performance targets and the incentive accrued with reference to the LTIP 2015-2017 plan for the financial year 2016; this amount will be paid, on the basis of the annual vesting period, in 2018.

Table 2: Incentive plans based on financial instruments, other than *stock options,* in favour of the Chief Executive Officer, of the General Manager and of the Managers with Strategic Responsibilities

				Financial instruments allocated in previous financial years, not *vested* during the financial year		Financial instruments allocated during the financial year					Financial instruments *vested* during the financial year and not allocated	Financial instruments *vested* during the financial year that may be allocated		Financial instruments accrued during the financial year
First name and surname	**Office**		**Plan**	**No. and type of financial instruments**	***Vesting* period**	**No. and type of financial instruments**	***Fair value* at the allocation date (EUR)**	***Vesting* period**	**Date of allocation**	**Market price at the allocation date (EUR)**	**No. and type of financial instruments**	**No. and type of financial instruments**	**Value at accrual date**	***Fair Value* (EUR)**
Andrew Barr	Chief Executive Officer and General Manager	*Fees in Ansaldo STS*	Free Share Allocation Plan 2014-2016 (Meeting of held on 15.04.2014)	-	-	16,265 [1]	10.5	Three years	24 May 2016	-	_	_	_	170,783.00 [2]
		Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-	-	-
		Total	-	-	-	16,265	10.5	Three years	-	-	_	_	_	170,783.00
Sergio De Luca	Chief Executive Officer [3]	*Fees in Ansaldo STS*	Free Share Allocation Plan 2012-2013 (Meeting held on 07.05.2012)	-	-	-	-	-	-	-	_	12,835 [4]	134,023.00 [5]	-

		Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-	-	-
		Total	-	-	-	-	-	-	-	-	-	12,835	134,023.00	-
Managers with Strategic Responsibilities		*Fees in Ansaldo STS*	Free Share Allocation Plan 2012-2013 (Meeting of 07.05.2012)	-	-	-	-	-	-	-	-	6,532 (6)	68,207.00 (5)	-
			Free Share Allocation Plan 2014-2016 (Meeting of 15.04.2014)	80,252(7)	Three years	80,251(8)	10.5	Three years	15 April 2014 (2)	-	-	-	-	842,636.00 (9)
		Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-	-	-	-	-
		Total	-	80,252	Three years	80,251	10.5	Three years	-	-	-	6,532	68,207.00	842.635,00

(1) Maximum number of shares to be granted under the Stock Grant Plan 2014-2016 for the financial year 2016. The shares vested with reference to the financial year 2016 amounted to 15,370 and, in respect of the three-year vesting period will be been granted during the financial year 2019.

(2) Fair value determined based on the maximum number of shares attributed as part of the 2014-2016 Stock Grant Plan, with reference to the financial year 2016.

(3) Office held until 31 December 2013.

(4) The shares accrued with reference to the financial year 2013, inclusive of the increases linked to the instalments of the capital increase, of which 2,567 are subject to lock-up every two years. These shares, in compliance with the three-year vesting period, were allocated during the financial year 2016.

(5) Taxable value of shares granted on the accrual date, which is the so-called "normal value" and which is the average daily closing value of the Ansaldo STS stocks in the 30 days prior to the expected delivery.

(6) Shares accrued with reference to the financial year 2013, inclusive of the increases linked to the instalments of the capital increase, of which 1,306 is subject to lock-up every two years. These shares, in compliance with the three-year vesting period, were allocated during the financial year 2016.

(7) Maximum number of shares to be granted for the financial years 2014-2015 under the Stock Grant Plan 2014-2016 to the Managers with Strategic Responsibilities commencing from 1 January 2014. The shares accrued with reference to the financial year 2014 amounted to 40,126 and, in compliance with the three-year vesting period, will be conferred during the financial year 2017. The shares accrued with reference to the financial year 2015 amounted to 40,126 and, in compliance with the three-year vesting period, will be conferred during the financial year 2018.

[8] Maximum number of shares to be granted for the financial year 2016 under the Stock Grant Plan 2014-2016 to the Managers with Strategic Responsibilities commencing from 1 January 2014. The shares accrued with reference to the financial year 2016 amounted to 75,837 and, in compliance with the three-year vesting period, will be conferred during the financial year 2019.

[9] Fair value determined by the maximum number of shares to be granted under the 2014-2016 Stock Grant Plan with reference to the financial year 2016.

Table 3: Monetary incentive plans in favour of the Chief Executive Officer, of the General Manager and of the Managers with Strategic Responsibilities

				Annual bonus (EUR)			Previous annual bonuses (EUR)			Other bonuses (EUR)
First name and surname	**Office**		**Plan**	**Payable/paid**	**Postponed**	**Postponement period**	**No longer payable**	**Payable/paid**	**Further postponed**	
Andrew Barr	Chief Executive Officer and General Manager	*Fees in Ansaldo STS*	MBO 2016 (BoD 27 July 2016)	79,147.00	–	–	–	–	–	–
			LTIP 2014-2016 (BoD 30.10.2014)	0	0	1 year	–	–	–	–
			LTIP 2015-2017 (BoD 27 July 2016)	-	30,767.00	1 year	-	-	-	-
			LTIP 2016 - 2018 (BoD 27 July 2016)	0	0	1 year	–	–	–	-
		Fees in subsidiaries and affiliates	–	–	–	–	–	–	–	–
		Total		79,147.00	30,767.00	-	-	-	-	-
Managers with Strategic Responsibilities		*Fees in Ansaldo STS*	MBO 2016 (BoD 27 July 2016) (1)	371,705.00	–	–	–	–	–	–
			LTIP 2014-2016 (BoD 30.10.2014) (1)	0	0	1 year	–	–	–	–
			LTIP 2015 - 2017 (BoD 27.07.2016) (1)	-	162,566.00	1 year	-	-	-	-

			LTIP 2016 - 2018 (BoD 27 July 2016) [(1)]	0	0	1 year	–	–	–	-
		Fees in subsidiaries and affiliates	-	-	-	-	-	-	-	-
		Total	-	371,705.00	162,566.00	-	-	-	-	-

[(1)] This item refers to the Company's Chief Operating Officer (Christian Andi), the Head of the *Business Railways & Mass Transit* (Giuseppe Gaudiello) and Head of the Business Freight (Michele Fracchiolla) who have, since 1 January 2014, been identified as the Managers with Strategic Responsibilities.

SECTION III: INFORMATION ON THE SHAREHOLDINGS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS, AS WELL AS OF THE GENERAL MANAGER AND MANAGERS WITH STRATEGIC RESPONSIBILITIES

The following table indicates, name by name, the shareholdings held by the members of the Board of Directors, the Board of Statutory Auditors, the General Manager and the aggregate of those held by the Managers with Strategic Responsibilities in Ansaldo STS and its subsidiaries.

Surname and first name	Office	Period in which the office was held	Invested company	No. of shares owned at the end of the financial year 2015	No. of shares bought	No. of shares sold	No. of shares owned at the end of the financial year 2016
Managers with Strategic Responsibilities (1)	-	01.01.2016 - 31.12.2016	Ansaldo STS	1,960	9,905 (2)	9,905	1,960 (3)

(1) Such item refers to the Company's *Chief Operating Officer* (Christian Andi), the head of the *Business Railways & Mass Transit* (Giuseppe Gaudiello) and the head of the *Business Freight Division* (Michele Fracchiolla), who have been identified as Managers with Strategic Responsibilities since 01 January 2014.

(2) These shares, of which 3,266 were subject to two-year lock-up, were delivered during the course of the financial year 2016.

(3) Ownership of Shares.

ANNEX

The tables detailing the status of implementation of the SGP 2012-2013 plan are set out below

FEE PLANS BASED ON FINANCIAL INSTRUMENTS

Table No. 1 of Schedule 7 of Annex 3A of Regulation No. 11971/1999

First name and surname or category	Office	**Stock Grant Plan 2012 - 2013 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2013**						
		Financial instruments other than stock options *(STOCK GRANT)*						
		Section 1 Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Sergio De Luca	Chief Executive Officer of Ansaldo STS S.p.A. (1)	07/05/2012	Shares in Ansaldo STS S.p.A.	12,835 (2)	05/03/2014 (2)	__	10.380	Three years (7)
Managers with Strategic Responsibilities (3)	----	07/05/2012	Shares in Ansaldo STS S.p.A.	6,532 (4)	05/03/2014 (4)	__	10.380	Three years (7)
Managers (40 recipients) (5)	----	07/05/2012	Shares in Ansaldo STS S.p.A.	107,327 (6)	05/03/2014 (6)	__	10.380	Three years (7)

(1) Office held until 31st December 2013.

(2) Based on the General Meeting resolution of 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Chief Executive Officer was allocated a maximum number of shares amounting to 35,939 in 2013. 12,835 shares, which effectively accrued for 2013, were allocated by the Nomination and Remuneration Committee on 5 March 2014 (this number takes into account the increase related to the third, fourth and fifth instalments of the capital increase). The shares will be delivered during 2016, in compliance with the three-year vesting period foreseen the plan. The shares will be delivered on the first working day of May 2016

following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016. It must be noted that, with respect to the SGP 2012-2013 Plan Regulation, 20% of the shares delivered is subject to a bi-annual lock-up running from the expiry of the vesting period.

(3)Such item refers to the sole head of the *Standard Product & Platform* Unit (Giuseppe Gaudiello), qualified as a Manager with Strategic Responsibilities until 31 December 2013, thus excluding Emmanuel Viollet, who was previously head of the *Business Signalling* Unit and has no longer been an employee of the Ansaldo STS Group since 31 March 2015.

(4) Based on the General Meeting resolution passed on 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Managers with Strategic Responsibilities in office until 31 December 2013 were assigned, in aggregate, a maximum number of 18,289 shares for 2013. The 6,532 shares effectively accrued for the financial year 2013 were allocated by the Nomination and Remuneration Committee on 5 March, 2014 (this number takes into account the increase related to the third, fourth and fifth instalments of the capital increase). The shares were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016. It must be noted that, with respect to the SGP 2012-2013 Plan Regulation, 20% of the shares delivered is subject to a bi-annual lock-up running from the expiry of the vesting period.

(5) The Board of Directors meeting of 28 June 2012, on the Nomination and Remuneration Committee so proposing, identified the Managers of Ansaldo STS and/or Companies of the Group ASTS as beneficiaries of the 2012-2013 Stock Grant Plan, also determining the number of shares to be allotted to each of them (on that date, 56 Managers were thus identified). Following the exit from the Group of three of the beneficiaries who had been initially identified (of which one on 1 March 2014), 53 Managers were identified as beneficiaries for the year 2013. After 13 individuals, who had initially been identified, had left the Group, the beneficiaries of the *Stock grant* 2012-2013 plan for the financial year 2013 amounted to 40.

(6) Based on the General Meeting resolution of 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Managers of Ansaldo and/or of companies of the Ansaldo STS Group were allocated, in aggregate, a maximum of 305,361 shares for 2013. The 107,327 shares – which had effectively accrued for the financial year 2013 – were allocated by the Nomination and Remuneration Committee on 5 March 2014 (this number takes into account the increase relating to the third, fourth and fifth instalments of the capital increase). The shares were delivered were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016.

(7) The Stock Grant Plan for 2012-2013 approved by the ordinary General Meeting of 7 May 2012 provides that the three-year vesting period for shares allocated for the financial year 2013 begins from 7 May 2013. The shares were delivered were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016.

The following table shows the status of the SGP 2014-2016 plan's implementation

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS

Table No. 1 of scheme 7 of Annex 3A to Regulation No. 11971/1999

First name and surname or category	Office	**Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2014** Financial instruments other than stock options *(STOCK GRANT)* **Section 1** Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Stefano Siragusa	Ansaldo STS S.p.A. Chief Executive Officer and General Manager	15/04/2014	Shares of Ansaldo STS S.p.A.	18,298 (1)	3 March 2015 (1)	__	N.A. (6)	Three years (7)
Managers with Strategic Responsibilities (2)	----	15/04/2014	Shares of Ansaldo STS S.p.A.	40,126 (3)	3 March 2015 (3)	__	N.A. (6)	Three years (7)
Managers (28 beneficiaries) (4)	----	15/04/2014	Shares of Ansaldo STS S.p.A.	149,487 (5)	3 March 2015 (5)	__	N.A. (6)	Three years (7)

(1) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares amounting to 18,298 for the financial year 2014 were assigned to the Chief Executive Officer and General Manager. 18,298 actually vested shares for the financial year 2014 were allocated by the Nomination and Remuneration Committee on 3 March 2015. Based on the provisions of the Plan, these shares would have been attributed during financial year 2017. Following his resignation, Mr Siragusa waived, among other payments, the payment of the variable component of his remuneration arising from his participation in the Stock Grant Plan 2014-2016. Therefore, the vested shares will not be delivered.

(2) This item refers to the Company's Chief Operating Officer (Christian Andi), the Head of the *Business Railways & Mass Transit* (Giuseppe Gaudiello) and the Head of the *Business Freight* (Michele Fracchiolla), identified as Managers with Strategic Responsibilities commencing from 1 January 2014.

(3) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares attributable for the fianancial year 2014 amounting to 40,126 were allocated in aggregate to Managers with Strategic Responsibilities commencing from 1 January 2014. 40,126 actually vested shares were, for the financial year 2014, allocated by the Nomination and

the Remuneration Committee on 3 March 2015. The shares will be delivered during the course of 2017, in compliance with the plan's three-year vesting period.

(4) The Board of Directors Meeting held on 30 October 2014, identified, upon the Nomination and Remuneration Committee so proposing, 37 Ansaldo STS and/or ASTS Group Managers as being beneficiaries of the 2014-2016 Stock Grant Plan. Following the exit of 9 of the initially identified recipients from the Group, the number of beneficiaries of the Stock Grant Plan 2014-2016, for 2014, amounted to 28.

(5) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares attributable for the financial year 2014 amounting to 149,487 were allocated in aggregate to Ansaldo STS and/or ASTS Group Managers in office. 149,487 actually vested shares were, for the financial year 2014, allocated by the Nomination and the Remuneration Committee on 3 March 2015. The shares will be delivered during the course of 2017, in compliance with the three-year vesting period of the plan.

(6) This figure will be available on the delivery of the shares. On 15 April 2014, when the General Meeting approved the 2014-2016 Stock Grant Plan, the market price was EUR 6.939.

(7) The 2014-2016 Stock Grant Plan approved by the General Meeting on 15 April 2014 provides that the three-year vesting period regarding the shares assigned with reference to the financial year 2014 runs from the date of approval of the plan by the General Meeting.

First name and surname or category	Office	Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2015						
		Financial instruments other than stock options *(STOCK GRANT)*						
		Section 1 Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Stefano Siragusa	Ansaldo STS S.p.A. Chief Executive Officer and General Manager	15/04/2014	Shares of Ansaldo STS S.p.A.	18,298[(1)]	15 February 2016 [(1)]	__	N.A. [(6)]	Three years[(7)]
Managers with Strategic Responsibilities [(2)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	40,126[(3)]	15 February 2016 [(3)]	__	N.A. [(6)]	Three years [(7)]
Managers (29 beneficiaries) [(4)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	160,305 [(5)]	15 February 2016 [(5)]	__	N.A. [(6)]	Three years[(7)]

[(1)] Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock Grant Plan, a maximum number of shares amounting to 18,298 for the financial year 2015 were assigned to the Chief Executive Officer and General Manager. 18,298 actually vested shares for the financial year 2015 were allocated by the Nomination and Remuneration Committee on 15 February 2016. Based on the provisions of the plan, shares should have been attributed during the course of the financial year 2018. However, following his resignation, Mr. Siragusa waived, among other payments, the payment of the variable component of his remuneration arising from his participation in the Stock Grant Plan 2014-2016. Therefore, the vested shares will not be delivered.

[(2)] This item refers to the Chief Operating Officer of the Company (Christian Andi), the Head of the *Business Railway & Mass Transit* (Giuseppe Gaudiello) and the Head of the *Business Freight* (Michele Fracchiolla), qualified as Managers with Strategic Responsibilities commencing from 1 January 2014.

[(3)] Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock grant Plan, a maximum number of shares attributable for the financial year 2015 amounting to 40,126 were allocated in aggregate to Managers with Strategic Responsibilities commencing from 1 January 2014. 40,126 actually vested shares were, for the financial year 2015, allocated by the Nomination and the Remuneration Committee on 15 February 2016. The shares will be delivered during the course of 2018, in compliance with the three-year vesting period of the plan.

[(4)] The Board of Directors Meeting held on 30 October 2014, upon the Nomination and Remuneration Committee so proposing, identified 37 Ansaldo STS and/or ASTS Group Managers as beneficiaries of the 2014-2016 Stock Grant Plan. Following the exit of 10 of the initially identified recipients from the Group and the identification of 2 further beneficiaries, the number of beneficiaries of the 2014-2016 Stock Grant Plan for the financial year 2015 amounted to 29.

[(5)] Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock Grant Plan, a maximum number of shares attributable for the financial year 2015 amounting to 160,305 were allocated in aggregate to Ansaldo STS and/or ASTS Group Managers. 160,305 were actually vested shares for the financial year 2015, that were allocated by the Nomination and the Remuneration

Committee on 15 February 2016. The shares will be delivered during the course of 2018, in compliance with the three-year vesting period of the plan.

(6) This figure will be available on the delivery date of the shares. On 15 April 2014, when the General Meeting approved the 2014-2016 Stock Grant Plan, the market price was EUR 6.939.

(7) The 2014-2016 Stock Grant Plan approved by the General Meeting on 15 April 2014 provides that the three-year vesting period regarding the shares assigned with reference to the financial year 2015 runs from 15 April 2015.

First name and surname or category	Office	Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2016 Financial Instruments other than stock options *(STOCK GRANT)* **Section 1** Financial instruments relating to plans that are still ongoing approved on the basis of the previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments if any	Market price at allocation date	Vesting period
Andrew Barr	Chief Executive Officer of Ansaldo STS S.p.A.	15/04/2014	Shares of Ansaldo STS S.p.A.	15,370[(1)]	23 February 2017 [(1)]	__	N.A.[(6)]	Three years[(7)]
Managers with strategic responsibilities[(2)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	75,837[(3)]	23 February 2017[(3)]	__	N.A.[(6)]	Three years[(7)]
Managers (29 beneficiaries)[(4)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	302,975 [(5)]	23 February 2017[(5)]	__	N.A.[(6)]	Three years [(7)]

[(1)] Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan*, the Chief Executive Officer and the General Manager were allocated the maximum number of shares accruing as from the date of appointment 24 May 2016, amounting to 16,265. Allocation of 15.370 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

[(2)] This item makes reference to the Company's *Chief Operating Officer* (Christian Andi), to the manager of the Business Unit *Railways & Mass Transit* (Giuseppe Gaudiello) and to the manager of the Business Freight unit (Michele Fracchiolla), qualified as Managers with Strategic Responsibilities as from 1 January 2014.

[(3)] Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan,* Managers with Strategic Responsibilities appointed as from 1 January 2014 were allocated the maximum number of shares accruing during financial year 2016 amounting to 80,251. Allocation of 75.837 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

[(4)] Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors' meeting held on 30 October 2014, identified 37 Managers of Ansaldo STS and/or ASTS Group Companies beneficiaries of the 2014-2016 Stock Grant Plan. Following exit from the group of 10 beneficiaries initially selected and a further 2 beneficiaries the number of beneficiaries of the 2014-2016 *Stock Grant Plan,* the allocation for financial year 2016, is equal to 29.

[5] Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan* the Managers of Ansaldo STS and/or companies within the Ansaldo STS Group were allocated the maximum number of shares accruing during financial year 2015 amounting to 320.608. Allocation of 302.975 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

[6] This information will be available upon delivery of the shares. At the date of the General Meeting on 15 April 2014 which approved the *Stock Grant Plan* 2014-2016, the market price was Euro 6.939.

[7] The 2014-2016 *Stock Grant Plan* approved by the ordinary General Meeting of 15 April 2014 provided that the three year vesting period for the shares allocated for 2016 begins from 15 April 2016.

ANSALDO STS S.p.A.
REGISTERED OFFICE: VIA PAOLO MANTOVANI 3-5, GENOA
SHARE CAPITAL €100,000,000.00 FULLY SUBSCRIBED AND PAID UP
REGISTRATION NUMBER AT THE GENOA COMPANY REGISTER AND TAX IDENTIFICATION NUMBER 01371160662
SUBJECT TO THE MANAGEMENT AND COORDINATION OF HITACHI LTD.

Ordinary and Extraordinary Shareholders' Meeting

11 May 2017

Explanatory Report of the Board of Directors

compiled pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998 on the

first item on the agenda of the Ordinary session:

"1. Financial Statements as of 31 December 2016

1.1 Financial Statements as of 31 December 2016; Reports of the Board of Directors, the Board of Statutory Auditors and the External Auditor. Related and consequent resolutions.

1.2. Allocation of profit for the financial year. Related and consequent resolutions."

* * * * *

"1.1 Financial Statements as of 31 December 2016; Reports of the Board of Directors, the Board of Statutory Auditors and the External Auditor. Related and consequent resolutions."

Dear Shareholders,

We submit the Financial Statements of 2016 for your approval, filed and published pursuant to the laws in force, inter alia, also available on the internet site of the company www.ansaldo-sts.com, to which reference is made, that closed with a net profit of EUR 145,857,237.53.

You are reminded that the Shareholders' meeting has also been called on to pass resolution on the profit indicated in the aforementioned Financial Statements, as provided in Article 2433 of the Italian Civil Code.

In this regard, the Board of Directors of the company has formulated a proposed resolution on the allocation of the profit for the financial year and the distribution of the dividend, as indicated in the relevant explanatory report produced pursuant to Article 125-*ter* of Legislative Decree No. 58 of 24 February 1998 (the Consolidated Law on Finance or CLF), as amended, which is made available to the public according to the terms and conditions of the applicable legislation.

The proposal provides for: (i) the distribution to Shareholders of a dividend of EUR 0.18, before statutory withholding taxes, per share, with a nominal value of EUR 0.50, in issue on the date hereof and with dividend rights; (ii) the carrying forward of the residual amount.

No provision is made for allocation to the legal reserve, in view of the fact that the reserve stands at EUR 20,000,000.00, or 20% of the share capital, which is the maximum amount provided for in Article 2430 of the Italian Civil Code.

In particular, the proposal provides for the distribution to Shareholders of EUR 36,000,000.00 of the profit for 2016 through a dividend of EUR 0.18 before statutory withholding taxes for each of the 200,000,000 shares in issue on the date hereof and with dividend rights, and to carry forward the remainder of EUR 109,857,237.53.

The total amount of the dividend which is proposed to distribute corresponds to 36% of the registered capital, to approximately 25% of the net profit of Ansaldo STS S.p.A. in 2016 and approximately 46% of the Group's consolidated net profit in 2016, which amounts to EUR 77,968,238.27.

For further information on the ex-dividend date, the dividend payment date and the relevant record date pursuant to Article 83-*quater* of the CLF, see the aforementioned explanatory report produced by the Board of Directors pursuant to Art. 125-*ter* of the CLF.

* * * * *

Dear Shareholders,

if you are in agreement with the proposal indicated above, please approve the following resolution:

"The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A.

- *having regard to the Report of the Board of Directors;*
- *having regard to the Report of the Board of Statutory Auditors;*
- *having reviewed the Financial Statements as of 31 December 2016;*
- *acknowledging the Report of the external auditor Ernst & Young S.p.A.,*

resolves

- *to approve the Report of the Board of Directors and the Financial Statements as of 31 December 2016;*
- *to grant a mandate to the Board of Directors and on its behalf, the Chairman and Chief Executive Officer, permitting them, separately, including through special representatives,*

with the widest powers, without exclusion or exception, to proceed with the formalisation of all obligations and formalities related to the execution of this resolution."

* * * * *

"1.2. Allocation of profit for the financial year. Related and consequent resolutions."

Dear Shareholders,

The Board of Directors of Ansaldo STS S.p.A. hereby convenes you to an Ordinary Shareholders' Meeting on 11 May 2017, in a single convocation at 11:00 A.M. at Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo) Genoa, at the headquarters of the FONDAZIONE ANSALDO, to discuss and pass resolution on, *inter alia*, the proposal to distribute the net profit as indicated in the financial statements of Ansaldo STS S.p.A. as of 31 December 2016.

The Financial Statements for 2016 closed with a net profit of EUR 145,857,237.53.

The Shareholders' meeting is also called on to pass resolution on the profit indicated in the aforementioned Financial Statements, as provided in Article 2433 of the Italian Civil Code.

The proposal submitted for your approval provides for: (i) the distribution to Shareholders of a dividend of EUR 0.18, gross of statutory withholding taxes, per each share with a nominal value of EUR 0.50, in issue on the date hereof and with dividend rights; (ii) the carrying forward of the residual amount.

This proposal does not make any provision for allocation to the legal reserve, in view of the fact that the reserve stands at EUR 20,000,000.00, or 20% of the share capital, which is the maximum amount provided for in Article 2430 of the Italian Civil Code.

We therefore formulate the following proposal to allocate the entire profit of the financial year amounting to EUR 145,857,237.53:

- the sum of EUR 36,000,000.00 to be distributed to Shareholders through a dividend of EUR 0.18, before statutory withholding taxes, for each of the 200,000,000 shares in issue on the date hereof and with dividend rights, with detachment of coupon No. 15 on 22 May 2017 and payment from 24 May 2017. Pursuant to Article 83-*terdecies* of Legislative Decree No. 58 of 24 February 1998, entitlement to the dividend payment is determined with reference to the intermediary's accounts as provided in Article 83-*quater*, paragraph 3, of the Legislative Decree No. 58/98, at the end of the accounting day of 23 May 2017 (the record date);
- the residual amount, of EUR 109,857,237.53 to be carried forward.

The total amount of the dividend which is proposed to distribute corresponds to 36% of the share capital, to approximately 25% of the net profit of Ansaldo STS S.p.A. in 2016 and approximately 46% of the Group's consolidated net profit in 2016, which amounts to EUR 77,968,238.27.

* * * * *

In view of the foregoing, we submit the following resolution for your approval:

"The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A., after examining and discussing the proposal of the Board of Directors, as set out in the explanatory report on this agenda item for this Shareholders' Meeting

resolves

- *to approve the following proposal formulated by the Board of Directors to distribute the entire profit for the year amounting to EUR 145,857,237.53:*
  - *the sum of EUR 36,000,000.00 to be distributed to Shareholders through a dividend of EUR 0.18, before statutory withholding taxes for each of the 200,000,000 shares in issue on the date hereof and with dividend rights, with detachment of coupon No. 15 dated 22 May 2017 and payment from 24 May 2017. Pursuant to Article 83-terdecies of Legislative Decree No. 58 of 24 February 1998, entitlement to the dividend payment is determined with reference to the intermediary's accounts as provided in Article 83-quater, paragraph 3, of the Legislative Decree No. 58/98, at the end of the accounting day of 23 May 2017 (the record date);*
  - *the residual amount, of EUR 109,857,237.53 to be carried forward.*
- *to grant a mandate to the Board of Directors and on its behalf, the Chairman and Chief Executive Officer, permitting them, separately, including through special representatives, with the widest powers, without exclusion or exception, to proceed with the formalisation of all obligations and formalities related to the execution of this resolution."*

Genoa, 29 March 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

ANSALDO STS S.P.A.
REGISTERED OFFICE IN GENOA, VIA PAOLO MANTOVANI 3 – 5
SHARE CAPITAL €100,000,000.00 FULLY SUBSCRIBED AND PAID UP
REGISTRATION NUMBER AT THE GENOA COMPANY REGISTER AND TAX IDENTIFICATION NUMBER 01371160662
SUBJECT TO THE DIRECTION AND COORDINATION OF HITACHI LTD.

Ordinary and Extraordinary General Shareholders' Meeting

11 May 2017

Explanatory report of the Board of Directors produced pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998 on

Second item on the agenda of the Ordinary session:

"2. First Section of the Report on remuneration. Related and consequent resolutions."

* * * * *

Dear Shareholders,

This Remuneration Report shows, in compliance with the laws and regulatory provisions in force, the basic principles and guidelines to be pursued by Ansaldo STS S.p.A. with its Remuneration policy, approved by the Board of Directors on 24 March 2017, upon proposal by the Nomination and Remuneration Committee and, subject to the opinion of the Chief Executive Officer, as regards the remuneration of Managers with Strategic Responsibilities.

In particular, in accordance with Art. 123-*ter* of Italian Legislative Decree 58/1998, in the first section of the Report, which is indicated in full below, the main contents of the Remuneration policy are pointed out (the powers conferred on the matter to the company bodies, the fixed and variable components of the remuneration, the methods for assigning the variable components and the bonus), as well as the information concerning the actual adoption and implementation of the policy itself.

With the Remuneration Report, the Company intends to submit to your attention a clear illustration of the overall top management remuneration system of Ansaldo STS, so that you can consciously express your advisory vote on the first section of the Report, as provided by Art. 123-*ter*, paragraph 6, of Italian Legislative Decree 58/1998.

* * * * *

“SECTION I - REMUNERATION POLICY FOR THE FINANCIAL YEAR 2017

a) **Bodies or persons involved in preparing and approving the Remuneration Policy; with roles, bodies and persons in charge of correctly implementing such policy**

The Board of Directors approves the Remuneration Policy on an annual basis, on a proposal of the Nomination and Remuneration Committee (*see below, letter B)*).

The Remuneration Policy for the financial year 2017, as described in this section of the Report, is submitted for a non-binding resolution of the General Meeting, called pursuant to Article 2364 paragraph 2 of the Italian Civil Code.

The Bodies in charge of the correct implementation of the Policy are the Nomination and Remuneration Committee in the exercise of its duties as described below, as well as the Chief Executive Officer and the Board of Directors.

b) **Action of the Nomination and Remuneration Committee, composition, tasks and operating procedures of this Committee**

The Nomination and Remuneration Committee, which submitted the Remuneration Policy proposal to the Board of Directors, is composed of a number of Directors set by the Board of Directors upon its appointment, all of whom are non-executive and independent as required by Article 37 of Consob Regulation No. 16191 of 2007, by the Corporate Governance Code and by the Committee Rules. At least one member of the Nomination and Remuneration Committee has adequate knowledge and experience in financial or remuneration policy, to be assessed by the Board of Directors at the time of the appointment.

The members of the Nomination and Remuneration Committee appointed by the Board of Directors on 16 May 2016 were the independent directors Ms Katharine Painter (Chairman), Mr Alberto de Benedictis and Mr Mario Garraffo.

The Nomination and Remuneration Committee is assigned the following tasks, in connection with the Remuneration Policy:

- submit proposals to the Board of Directors on the remuneration policy for directors and Managers with Strategic Responsibilities, if any;
- make periodical evaluations of the adequacy, overall consistency and actual implementation of the remuneration policy mentioned in the preceding item, making use of the information provided by the Chief Executive Officer as concerns Managers with Strategic Responsibilities, and submit proposals on this matter to the Board of Directors, where appropriate;
- submit proposals or give opinions to the Board of Directors on the remuneration of executive directors and of any other directors holding particular offices as well as on the performance targets linked to the variable part of such remuneration, monitoring the implementation of the decisions taken by the same Board and verifying the actual achievement of the performance targets;
- evaluate the proposals of the Chief Executive Officer relevant to the general remuneration and incentive policy, as well as to the management development systems and plans, for the key resources of the Group and the directors vested with powers of the Group companies;
- assist the Company top management in defining the best policy for handling the managerial resources of the Group;
- propose share-based remuneration plans in favour of Directors and Managers of the Company

and of the other Group companies and the relevant implementing regulations, carrying out the tasks reserved to it for the management of the plans adopted by the Company case by case;

- report to the Company's shareholders on the way in which it carries out its duties.

In the performance of its duties, the Committee shall ensure suitable functional and operational links with the relevant corporate structures.

The Committee reports to the Board of Directors at least every six months.

c) **Name of the independent experts, if any, involved in preparing the Remuneration Policy**

No independent experts have been involved in preparing the Remuneration Policy.

d) **Aims of the Remuneration Policy, underlying principles and changes in such policy, if any, from the financial year 2016**

The Company's Remuneration Policy aims to attract, retain and motivate managers with high professional skills, who are able to successfully manage the Company.

In particular, the remuneration of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, aims to:

- align the interests of the said people with the priority objective of creating shareholder value in a medium-long term perspective;
- create a strong connection between remuneration and performance, both individual and of the Group, by involving and incentivising said people, insofar as their action is deemed to be essential to the achievement of the Company and Group targets;
- enhance the loyalty of the key resources, thus encouraging their permanence within the Company and the Group;
- convey the Company intent to share the expected increase in the Company's value with the top professionals of the Group.

For non-executive Directors, the Remuneration Policy takes into account the commitment required from each of them and their participation, if any, in one or more committees, and it is not linked to the economic performance of the Company (*see* paragraph *N)* below).

Compared to the Remuneration Policy for the financial year 2016, which was approved by the Board of Directors on 25 February 2016 and submitted to the resolution of the Shareholders on 13 May 2016 – called to give its non-binding advice on the first part of the Report wherein details on such Policy were provided, the Remuneration Policy for the financial year 2017 has remained substantially unchanged.

e) **Description of the policies on fixed and variable components of the remuneration, with particular regard to the indication of the relevant weight in the total remuneration, differentiating between short and medium-long term variable components**

With regard to the fixed component of the remuneration, the Corporate Governance Code recommends that such remuneration should be sufficient to compensate the services of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities in the event that no variable component is paid.

With regard to the variable component, the Corporate Governance Code recommends that the remuneration of the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities should comply with the following criteria:

- the fixed and the variable component should be suitably balanced;
- maximum limits should be indicated for the variable components;
- the performance targets should be predefined, measurable and connected with the creation of

shareholders value in a medium-long term perspective;

- a significant part of the variable component of the remuneration should be suitably postponed by an appropriate period, after accrual.

With specific regard to share-based remuneration plans, the Corporate Governance Code recommends:

- that shares, options and any other rights assigned to the directors, the General Manager and Managers with Strategic Responsibilities to buy shares or be remunerated on the basis of the share price trends, should have an average vesting period of at least three years;
- that the vesting as per the preceding item should be subject to predefined, measurable performance targets;
- that the directors should keep part of the shares allocated or acquired through the exercise of such rights until the end of their term of office.

In line with the above, the Remuneration Policy states that the remuneration should consist of[1]:

- a fixed component consisting:
  a. for the Chief Executive Officer and General Manager:
     i. of the fee approved by the ordinary General Meeting upon appointment for the office of member of the Board of Directors; and
     ii. of the fee approved by the Board of Directors on a proposal of the Nomination and Remuneration Committee, after hearing the opinion of the Board of Statutory Auditors, received as Chief Executive Officer; and
     iii. of the fee approved by the Board of Directors on a proposal of the Nomination and Remuneration Committee, for the office of General Manager;
  b. for non-executive Directors, of the fee approved by the ordinary General Meeting upon appointment for the office of member of the Board of Directors; and
  c. for Managers with Strategic Responsibilities, of the annual fixed gross remuneration under the individual contract signed by the Managers with *Strategic* Responsibilities, in compliance with the provisions of the applicable collective bargaining regulations;
- a variable component, both for the Chief Executive Officer and General Manager and for the Managers with Strategic Responsibilities consisting:

a) of a short-term variable incentive instrument, subject to the achievement of performance targets predefined on an annual basis (known as *Management by Objectives* or "**MBO**"), both of corporate nature (such as the *Earning Before Interests and Taxes* – EBIT, the *Free Operating Cash Flow* – FOCF and the *Economic Value Added* – EVA)**,** and of individual nature, depending on the office held (such as the value of the orders acquired, the achievement of certain values of the sector-specific EBIT and the achievement of certain structural costs, or specific quantity-quality targets).

The MBO should be designed to provide for the maximum proportion of the incentive deriving from the achievement of the targets indicated from time to time, which shall not, in any event, exceed 100% of the fixed component of the Chief Executive Officer and General Manager and of the Managers with Strategic Responsibilities. In addition, the MBO may provide that *(i)* if the predefined budget is achieved, a proportion of the incentive be paid,

[1] It must be pointed out that, in the event that the General Manager' role is assigned to a person other than the Chief Executive Officer, the Remuneration Policy described in this section of the Report concerning Managers with Strategic Responsibilities is also applicable to the General Manager.

equal to at least 50% of the maximum value that may be allocated and *(ii)* if the targets predefined in the budget are increased, the maximum amount of the incentive be paid;

b) of a medium-long term cash incentive (known as *Long Term Incentive Plan* or "**LTIP**"), structured on the basis of three-year *rolling* cycles, subject to the achievement of the following targets:

- *Net Result* as the access threshold;
- two annual performance targets, to be identified among the main economic-financial indicators, such as the achievement of certain values in terms of Orders, ROE, ROA, ROS and FOCF.

The maximum proportion of the fully operational incentive to the service of the LTIP shall not exceed the fixed component of the plan beneficiaries' remuneration.

In order to encourage and remunerate i n compliance with the results over a medium-long period, the Remuneration Policy also states that LTIP plans shall arrange, for the targets to which they apply, mechanisms both for the recovery in subsequent years of any underperformance registered in previous years, and for carrying over to subsequent years any over-performance registered in each plan year.

In order to align the interests of the plan beneficiaries with the creation of shareholder value in a medium-long term perspective, LTIP plans also provide for the accrual of the incentive portions to occur as follows;

- 25% of the incentive for the first year of the cycle;
- 25% of the incentive for the second year of the cycle; and
- the remaining 50% at the end of the three years.

Also, in order to postpone the allocation of a significant part of the variable remuneration by a suitable period, the Remuneration Policy provides for the payment of the incentive portions accrued with respect to each year and to each target to be postponed by one year from the time of approval of the financial statements certifying the achievement of the targets;

c) of a medium-long term variable incentive based on shares (known as "*Stock Grant Plan* or "**SGP**"), of multiple years' duration.

The allocation of the shares shall be subject to certain conditions precedent, namely the achievement of the following annual performance indicators:

- *Free Operating Cash Flow* (FOCF);
- STS Share vs. FTSE IT *All Share*;
- Economic Value Added (EVA).

The incidence of each target for the allocation of incentives is defined by the Board of Directors, on a proposal of the Nomination and Remuneration Committee.

In order to encourage and remunerate the maintenance of medium-long term period results, the Nomination and Remuneration Policy requires the SGP to be structured in such manner as to ensure that:

(i) at least 50% of the shares that may be allocated under the plan accrue on achievement of the targets of the last year;

(ii) as regards each of the targets, there are : *(i)* mechanisms for the recovery of any underperformance registered in previous years, as well as *(ii)* mechanisms for carrying over, to subsequent years, any over-performance registered in previous years;

(iii) with regard to the achievement of each target, a tolerance threshold may be indicated on occasion of the annual final balance, for the failed achievement of 100% of the relevant target, but not to exceed 2.5%, thus allowing the accrual to the beneficiary of a corresponding proportion of the shares owed under the plan.

As for the vesting period, the Stock Grant Plan shall provide – in line with the recommendations of the Corporate Governance Code – for a three-year rolling vesting period, starting, for the first corporate year, from the date of approval of the SGP by the General Meeting of Shareholders and, for the subsequent years, from the corresponding date of each year.

The Remuneration Policy also provides for a lock-up clause to be established at the end of the vesting period mentioned above for the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, on a significant portion of the shares allocated, to be identified under the responsibility of the Board of Directors, on a proposal of the Nomination and Remuneration Committee, for a period of two years in relation to the 20% accrued stock.

f) **Non-monetary benefits policy**

The Remuneration Policy contains no provisions regarding non-monetary benefits. The Chief Executive Officer and General Manager and the Managers with Strategic Responsibilities are granted the use of the corporate car for both business and private use and eventually, if the need therefore arises, the use of a dwelling, even for limited periods, according to the customary practice adopted in the company by the other managers.

g) **With regard to the variable components, description of the performance targets on the basis of which they are granted, differentiating between short and medium-long term variable components, and information on the link between the variation of the results and the variation of the remuneration**

See letter E).

h) **Criteria used for the assessment of the performance targets on which the allocation of shares, options and other financial instruments or variable remuneration components is based**

Each of the performance target values identified by the Remuneration Policy for paying the variable component of the remuneration are selected by giving preference to operating and financial objectives and target values in line with the creation of shareholder value over the medium-long period. For this purpose, mechanisms are also provided for the recovery of any underperformance registered in previous years, as well as for carrying over to subsequent years any over-performance registered in previous years.

Generally speaking, the target values and objectives are based on the specific business of the Company and are indicators of the ability of that company – which mainly operates in the management of multi-year job orders – to be self-financing and to handle the risk associated with its business over the medium-long period. The objectives connected with the performance of the Company's shares compared to the FTSE IT *All Share* index trend have been chosen as they represent, in the Company's opinion, objective criteria to measure the creation of value of the Company's shares over the medium-long term.

i) **Information aimed at highlighting the consistency of the Remuneration Policy with the pursuit of the company's long-term interests and with the risk management policy**

The Remuneration Policy states that the performance targets outlined above, the target values and the procedures for paying the variable component shall be consistent with the risk management policy adopted by the Company, because they must take into account the risks taken by Ansaldo STS, as well as the necessary capital and liquidity requirements of the Company to deal with the activities undertaken.

As explained in letter *H),* the said parameters are consistent with the pursuit of the long-term interest of the Company.

j) **Accrual entitlement terms (so-called vesting period), any deferred payment schemes, with indication of the postponement periods and of the criteria used to define such periods and the ex post correction mechanisms, where arranged**

As regards the vesting period and the postponement periods, see letter *E).*

The *vesting period* and the postponement periods are defined in view of the specific activity carried out by the Company - which mainly operates in the management of multi-year job orders - and with a view to aligning the management's interest with the pursuit of shareholders value creation over the medium-long period.

The Remuneration Policy provides that - with regard to the Chief Executive Officer's and the General Manager's variable remuneration components (as well as those of the Managers with Strategic Responsibilities) - the Company is allowed, by contract, to demand the repayment (or withhold the deferred payment), in whole or in part, of the variable remuneration components that have been paid on the basis of data which has - within a period of three years from disbursement - been proven by the competent departments to be manifestly erroneous (so-called claw-back clauses).

The claw-back clauses must subject the effective application thereof to the condition that the Company's Board of Directors gives a binding opinion in relation thereto.

As indicated in letter *E*), the policy provides, moreover, for mechanisms for recovering any underperformance registered in previous years, as well as for carrying over to subsequent years any over-performance registered in previous years.

k) **Information on possible clauses for the maintenance of financial instruments in the portfolio after their acquisition, with indication of the maintenance periods and of the criteria used to define such periods**

As indicated under letter *E),* the Remuneration Policy states that, with regard to the Chief Executive Officer and the General Manager and the Managers with Strategic Responsibilities, the SGPs must provide for a lock-up clause on a significant portion of the shares allocated, to be identified by the Board of Directors, on a proposal of the Nomination and Remuneration Committee, for a period of two years. The duration of such lock-up period, which, as said above, starts after the end of the three-year vesting period, meets the need to align the interests of the top management of the Company with those of the shareholders over the medium-long period.

l) **Policy for compensation in the event of cessation from office or termination of the employment contract**

The Remuneration Policy does not provide for agreements to be stipulated between the Company, the Directors, the General Manager and the Managers with Strategic Responsibilities, granting indemnities in the event of resignation or dismissal/termination without just cause or cessation of the employment in consequence of a takeover bid.

Except for voluntary resignation from office and/or from the employment without just cause, or termination and/or dismissal for just cause, the Board of Directors - after consulting with the Nomination and Remuneration Committee and the Board of Statutory Auditors – may execute with the Chief Executive Officer and/or General Manager agreements aimed at regulating ongoing relationships, that grant the Chief Executive Officer and/or General Manager an indemnity for termination or non-renewal of office; this indemnity may not exceed 24 months' total remuneration for the offices and/or relationships that are ongoing when the termination occurs.

The compensation applicable to cessation from office or termination of the employment shall be regulated by specific agreements with the ceased individuals, as well as by specific provisions, if any, of the regulations of the LTIP and SGP plans and/or of the national collective bargaining agreement for company managers.

_m)_ Information on insurance, social-security or pension benefits, other than mandatory ones

The Remuneration Policy does not provide for insurance, social-security and pension benefits for the Chief Executive Officer, the General Manager and the Managers with Strategic Responsibilities, other than those required under the national collective bargaining agreement for the category, applicable to the Group managers.

_n)_ Remuneration policy on: (i) independent directors, (ii) participation in committees and (iii) the performance of certain tasks

As recommended by the Corporate Governance Code, the remuneration of non-executive Directors is not linked to the economic performance the Company and/or the Group.

The remuneration of non-executive Directors, as mentioned above under letter *D)* of the Report, consists only of a fixed component, as resolved by the ordinary General Meeting.

Considering the definition of executive directors under Article 2, paragraph 1 of the Corporate Governance Code, the Chief Executive Officer is executive.

Likewise, the Chairman of the Board of Directors is also considered executive - even if he has received no particular delegation by the Board of Directors and therefore holds no executive role within the Company - by virtue of the posts held in the Hitachi Group.

In view of the above, all Independent Directors of the Company are non-executive. The remuneration policy followed by the Company for these Directors is therefore the same as for all non-executive Directors.

As regards the remuneration of Directors who take part in internal committees of the Board of Directors (the Control and Risk Committee, which also functions as Related-Party Transactions Committee, and the Nomination and Remuneration Committee), the Policy states that they shall receive, in return for participation in each committee, an additional fee defined by the Board of Directors, upon a prior proposal from the Nomination and Remuneration Committee.

The Chairman and Vice Chairman of the Board of Directors receive a fixed fee defined by the ordinary General Meeting.

_o)_ Information on the use, for reference if necessary, of the Remuneration Policy of other companies

The Remuneration Policy has been drawn up by the Company without reference to the policy of any other companies."

* * * * *

In light of the above, we submit for your approval the following resolution:

" *Ansaldo STS S.p.A. Ordinary Shareholders' Meeting*,

- *after having examined and discussed the section of the report on remuneration foreseen by Article 123-ter, paragraph 3, of Legislative Decree No. 58/98, which was approved by the Board of Directors upon the Nomination and Remuneration Committee so proposing, which contains the description of the Company's policy on remuneration for members of Boards of Directors, the*

General Manager and Managers with Strategic Responsibilities, and the procedures used for adopting and implementing this policy and which was made available to the public in the manner and time required by law;

- *considered that the aforementioned section of the remuneration report and the policy described therein are compliant with the provisions of the applicable legislation on the remuneration of members of the Board, the General Manager and Managers with Strategic Responsibilities*

resolves

- *to adopt the first section of the report on remuneration provided for under Article 123-ter, paragraph 3, of Legislative Decree. No. 58/98, which was approved by the Board of Directors on 24 March 2017 and which illustrates the Company's policy on the remuneration of members of Boards of Directors, the General Manager and Managers with Strategic Responsibilities, as well as the procedures used for adopting and implementing this policy*".

Genoa, 13 April 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

ANSALDO STS S.p.A.

Registered office in Genoa, Via Paolo Mantovani 3 - 5

Share capital Eur 100,000,000.00 fully subscribed and paid in

Registration number in the genoa Company's Register and Tax Code 01371160662

subject to management and coordination by Hitachi ltd.

Ordinary and Extraordinary General Shareholders' Meeting

11 May 2017

Report of the Board of Directors

drafted pursuant to Article 125-ter of Legislative Decree of 24 February 1998 no. 58 on the

third item on the agenda of the Ordinary session:

"3. *Appointment of the Board of Statutory Auditors.*

3.1 Appointment of three regular Auditors and three alternate Auditors.

3.2 Appointment of the Chairman of the Board of Statutory Auditors.

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors."

* * * * *

Dear Shareholders,

We would like to recall that, at the Ordinary General Meeting of May 11, 2017, called to approve the Financial Statements for the year ended on 31 December 2016, the term of office of the Company's Board of Statutory Auditors, appointed by the Ordinary General Meeting on April 15, 2014 for the three-year period 2014-2016, will expire. By reason of the foregoing, at the next Ordinary General Meeting you will therefore be called upon as follows: (3.1) to appoint three regular Auditors and three alternate Auditors, (3.2); to appoint the Chairman of the Board of Statutory Auditors and, finally, (3.3) to determine the remuneration of the members of the Board of Statutory Auditors.

* * * * *

“3.1 Appointment of three regular Auditors and three alternate Auditors.”

The appointment of the Company’s Board of Statutory Auditors will be in accordance with the provisions of Article 27 of the By-laws.

In particular, pursuant to Article 27.1 of the By-laws, the Ordinary General Meeting appoints the Board of Statutory Auditors, consisting of three regular Auditors, and also three alternate Auditors. The Auditors thus appointed shall remain in office for three years, and their office shall expire at the Ordinary General Meeting called to approve the Financial Statements for their last financial year in office.

The Auditors are appointed by the Ordinary General Meeting on the basis of lists presented by Shareholders who, alone or with other Shareholders, represent at least 1% of the share capital.

Each Shareholder may submit - alone or together with other Shareholders - one list only, and may vote one list only. Shareholders belonging to the same group and Shareholders who are party to a Shareholders' agreement relating to the Company's shares may not submit or vote more than one list, whether through an intermediary person or trust company or otherwise.

With specific regard to the preparation of the lists and the composition of the Board of Statutory Auditors, we recall the following.

Each candidate may submit his or her name on only one list, on pain of ineligibility.

The lists must be divided into two sections: one for candidates for the position of regular Auditor and one for candidates for the position of alternate Auditor, within which the candidates should be numbered in sequential order. In any case the number of candidates shall not exceed the number of members to be elected. The first candidate in each section must be enrolled in the register of certified auditors and have performed Statutory Audit activities for a period of not less than three years.

Moreover, in compliance with applicable regulations relating to gender balance, the lists which - taking into account both sections - have a number of candidates equal to or exceeding three must include - in the first two places of the section of the list referable to the regular Auditors as well as those referable to the alternate Auditors - candidates of different genders.

Please note that the candidates for the office of Auditor must satisfy the requirements of professionalism and integrity as provided for by the Decree of the Minister of Justice no. 162 of March 30, 2000. For the purposes of Article 1, paragraph 2 of the said Decree, matters relating to commercial and tax law, business economics and corporate finance are deemed to be strictly pertinent to the scope of the Company’s activities.

The candidates must also satisfy the independence requirements provided for by applicable rules. Relevant regulatory and legislative provisions apply to situations of ineligibility and to the limits imposed on the numbers of offices as director or auditor that can be held by members of the Board of Statutory Auditors.

The lists of candidates must be filed by the Shareholders at least 25 days before the date of the Meeting, that means within April 15, 2017 (the first business day which follows, taking into account that 16 April 2017 is Sunday), in accordance with the instructions contained in the call notice: *(i)* by hand delivery to the registered office of the Company, Via Paolo Mantovani, 3-5, 16151 Genoa, to the "Corporate Affairs" unit during regular office hours; *(ii)* by fax to the number + 39 010/6552055; or *(iii)* by certified email to assemblea.ansaldosts@legalmail.it. In all cases, adequate information will be required for the filing, in order to identify the person submitting the lists. The lists will be then made available to the public by the Company, at least twenty-one days prior to the date of the Ordinary General Meeting (i.e. by April 20, 2017), as provided by the rules in force.

The ownership of the minimum shareholding required to be able to submit lists - as indicated above - is determined based on the shares that are registered in favour of the Shareholder on the day during which the lists are filed with the Company. However, the relevant certification may also be produced after the list is filed by means of notice issued by an authorised intermediary pursuant to the applicable rules - provided that this is within the deadline envisaged for the publication of the lists by the Company (i.e. by April 20, 2017).

The lists must be filed along with the documentation and information required by the By-laws and by applicable rules. To this end, please note that the following must be provided along with the lists: *(i)* information relating to the identity of the Shareholders who submitted the lists, specifying the total percentage held, *(ii)* full information relating to the personal and professional qualities of the candidates, as well as declarations by which the individual candidates accept their candidacy and attest, under their own responsibility, that they satisfy the independence requirements laid down by applicable rules and *(iii)* a declaration by Shareholders other than the Shareholders who hold, also jointly, a controlling or majority participation, attesting the absence of any relationship or connection (within the meaning of Article 144-*quinquies* of the Issuers Regulations) with the latter (also in consideration of the recommendations drawn up by *Consob* in its Communication no. DEM/9017893 of 26 February 2009).

Moreover, all relevant information should be included by the Shareholders in the *curriculum vitae* of each candidate filed together with the lists, taking into account the fact that - pursuant to Article 2400, last paragraph, of the Civil Code - the offices as Director and Auditor held by the candidate Auditors in other companies must be made known at the Ordinary General Meeting at the time of appointment of the Auditors and prior to the acceptance of this office, and also taking into account the provisions relating to the limits on the number of offices that can be held, pursuant to Article 148-*bis* of Legislative Decree no. 58/98.

It should be noted that if - at the expiry of the aforementioned deadline for the filing of the lists (April 15, 2017) - only one list or only lists have been filed which are submitted by Shareholders having the relationships or connections within the meaning of Article 144-*quinquies* of the Issuers Regulations, lists may be submitted up until the fourth day after that date (i.e. until April 19, 2017). In this case, the participation threshold for the submission of the lists will be reduced by half, and will thus be 0.5% of the share capital.

In relation to the mechanism for appointing the Board of Statutory Auditors and the alternate Auditors, the following is the procedure to be followed, pursuant to Article 27 paragraph 2, subsection 10 of the By-laws:

a) two regular Auditors and two alternate Auditors shall be drawn from the list that has achieved the highest number of votes, in the sequential order in which they appear in the sections of the list itself;

b) the remaining regular Auditor and the remaining alternate Auditor are drawn from the other lists, as provided for by Article 16.3, letter b) of the By-laws, to be applied separately to each of the sections of the other lists, and in compliance with applicable legislative and regulatory provisions.

If a single list or no list is presented, the Ordinary General Meeting resolves in accordance with the majorities provided for by law without resorting to the aforementioned procedure, but so as to ensure that the composition of the Board of Statutory Auditors is in compliance with the provisions of Article 1, paragraph 1 of the Decree of the Minister of Justice no. 162 of March 30, 2000 and the regulations in force relating to the gender balance.

If more than one candidate obtains the same quotient, the criteria laid down for the appointment of the administrative body by the aforementioned Article 16.3, letter b) of the By-laws shall apply, *mutatis mutandis*.

In light of the foregoing, we invite you to appoint three regular Auditors and three alternate Auditors, voting in favour of one of the lists presented and published in accordance with the aforementioned provisions.

* * * * *

"3.2 Appointment of the Chairman of the Board of Statutory Auditors."

With reference to the appointment of the Chairman of the Board of Statutory Auditors, please note that, pursuant to Article 148, paragraph 2-*bis* of Legislative Decree no. 58/98 and Article 27.2, last paragraph of the By-laws, the Chairman of the Board of Statutory Auditors is appointed by the Ordinary General Meeting as the regular Auditor chosen by the minority (i.e. by the minority Shareholders who have no relationship or connection - direct or otherwise - with the Shareholders who submitted or voted for the list that received the highest number of votes).

This being understood, if only one list or no list is submitted, the Chairman of the Board of Statutory Auditors is appointed by the Ordinary General Meeting by the majorities provided for by law (see Article 27.2, last paragraph, of the By-laws).

We thus invite you to appoint the Chairman of the Board of Statutory Auditors, in accordance with the aforementioned provisions.

* * * * *

“3.3 Determination of the remuneration of the members of the Board of Statutory Auditors.”

In relation to determining the remuneration of the members of the Board of Statutory Auditors, please note that, pursuant to Article 2402 Civil Code and Article 27.1 of the By-laws, the remuneration of the Statutory Auditors is resolved by the Ordinary General Meeting at time of their appointment, for the entire duration of their term of office.

To this end, it should be noted that the remuneration of the members of the Board of Statutory Auditors currently holding office is: (i) for the Chairman EUR 75,000/annum in addiction to EUR 15,000/annum referred to the participation to the Committees’ meetings and (ii) for other regular Auditors EUR 50,000/annum in addiction to EUR 10,000/annum referred to the participation to the Committees’ Meetings.

The Board of Directors refrains from making specific proposals in this context and thus invites you to resolve on the remuneration of the members of the Board of Statutory Auditors based on proposals which may be drawn up by the Shareholders also during the Ordinary General Meeting.

Genoa, 29 March 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

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."

* * * * *

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.

* * * * *

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)

ANSALDO STS S.p.A.

REGISTERED OFFICE IN GENOA AT VIA PAOLO MANTOVANI 3-5

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

REGISTRATION IN THE COMPANIES' REGISTER OF GENOA AND TAX CODE: 01371160662

SUBJECT TO MANAGEMENT AND COORDINATION BY HITACHI LTD.

Ordinary and Extraordinary General Shareholders' Meeting

11 May 2017

Report of the Board of Directors

drafted pursuant to art. 114-bis of Legislative Decree of 24 February 1998 no. 58 on the

Fifth item on the agenda of the Ordinary session:

"5. *Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions."*

* * * * *

Dear Shareholders,

You have been called to discuss and resolve - in accordance with the provisions of art. 114-*bis*, paragraph 1, of Legislative Decree of February 24, 1998, no. 58 - on the Ansaldo STS Stock Grant Plan for employees, the outline of which has been drawn up by the Board of Directors, on the proposal of the Nomination and Remuneration Committee, at its meeting on March 24, 2017.

The points of this plan are described in the informative document drawn up by the Company pursuant to art. 84-*bis* of the Regulation adopted by *Consob* in its Resolution no. 11971 of May 14, 1999 ("Issuers Regulations"), made available to the public at its headquarters, and on the Company's *website* (http://www.ansaldo-sts.com/it/governance/assemblea-azionisti/assemblea-11-maggio-2017) as well as in other ways under the terms of applicable laws.

You are therefore invited to examine the aforesaid informative document.

In light of the foregoing, we table the following resolution for your approval:

“The Ordinary General Meeting of Ansaldo STS S.p.A., having examined the informative document drawn up by the Board of Directors pursuant to Art. 84-bis of the Issuers Regulations,

resolves

- to approve the Ansaldo STS Stock Grant Plan 2017-2019 destined for the Chief Executive Officer and General Manager, for the Managers with Strategic Responsibilities and all those deemed to be key resources of Ansaldo STS S.p.A. and/or its subsidiaries pursuant to art. 2359 Civil Code, according to the terms and conditions described in the informative document prepared pursuant to art. 84-bis of the Issuers Regulation;

- to grant the Board of Directors and, on its behalf, the Chairman and Chief Executive Officer, separately, the widest powers necessary to implement the Ansaldo STS Stock Grant Plan 2017-2019, including the power of subdelegation to the Nomination and Remuneration Committee, to be exercised in accordance with the criteria described in the informative document prepared pursuant to art. 84-bis of the Issuers Regulations."

Genoa, 6 April 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

ANSALDO STS S.p.A. REGISTERED OFFICE: VIA PAOLO MANTOVANI 3-5, GENOA

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

REGISTRATION NUMBER AT THE GENOA COMPANY REGISTER AND TAX IDENTIFICATION NUMBER 01371160662

SUBJECT TO THE MANAGEMENT AND COORDINATION OF HITACHI LTD.

Ordinary and Extraordinary Shareholders' Meeting

11 May 2017

Explanatory Report of the Board of Directors

produced pursuant to Article 72, paragraph 1-bis of Consob Resolution No 11971 of 14 May 1999 on the

Sole item on the agenda of the extraordinary part:

"*Proposal for an amendment to the By-laws concerning the date of closing of the financial year. Related and consequent resolutions.*"

* * * * *

Dear Shareholders,

You have been convened for an extraordinary session to discuss and pass resolution on the proposal to amend the date of closure of the financial year, as indicated below.

Article 29 of the By-laws of Ansaldo STS provides that the company financial year closes on 31 December of each year.

However, the Japanese "Hitachi" Group, of which Ansaldo STS became a part with effect from November 2015, has adopted the date of 31 March as the closing date of its financial year. All companies belonging to Hitachi Group use 31 March as the closing date of their financial year. The Italian companies that control Ansaldo STS, "Hitachi Rail Italy Holding S.r.l." (the indirect parent company) and "Hitachi Rail Italy Investments S.r.l." (the direct parent company) also close their financial year on 31 March.

The parent company "Hitachi Ltd", which is listed on the Tokyo stock exchange, is subject to numerous market disclosure obligations which have a consequent impact on the Group. These companies are required to implement specific procedures for reporting to the parent company which, due to market disclosure and internal management requirements, are particularly complex and onerous in administrative terms.

In this context, it is clear that with regard to the date of closure of the financial year adopted within the Hitachi Group (31 March), reporting is more complex and subject to specific auditing procedures by the group Auditor.

Thus, the presence of an important subsidiary such as Ansaldo STS, which closes its financial year on a date other than 31 March, involves certain inefficiencies in several respects. In particular:

- The fact that Ansaldo STS closes its financial year on 31 December, and that it is subject to complex reporting procedures related to the date of March 31, means that double the effort is required to produce managerial and financial data, with an obvious burden in terms of the cost of both internal staff and the external entities involved in the relevant process (in particular the auditing firm);
- Reporting procedures linked to the date of 31 March contain some inefficiencies in terms of the accuracy and timelines of the data provided, given that the data arises from a procedure for the closure of the company year which is not subject to such rigorous control.

For these reasons it has been deemed advisable to amend Article 29 of the By-laws to change the closing date of the Ansaldo STS company financial year to March 31 of each year, with effect from the current financial year, which would therefore have a duration of more than one year, i.e. from 1 January 2017 until 31 March 2018.

Such a change would make it possible to eliminate these inefficiencies and optimise the reporting process.

The decision to establish a transitional financial year of 15 months during the initial application phase of the proposed amendment to the By-laws is justified by the fact that a three-month transitional company year such as 1 January 2018 to 31 March 2018 would result in an inaccurate representation of the company's performance, as it would account for only the results of the first three months of operations and therefore it would not provide a full and comprehensive picture of an entire financial year, particularly given the specific business of Ansaldo STS. Furthermore, the Company would also be obliged to incur the exceptional financial and reporting charges of a normal 12-month year for a transitional period of only three months.

Authoritative legal theory and recent case law have upheld the view that the principle, according to which financial years must have a duration of a year, must be reconciled with the right of the Company to choose the start date of its financial year and if necessary to change it, for justified reasons, during the company's lifetime. In suche case, to provide, for the first financial year and in order to find a solution for the transitional period, for a financial year which can last less or more than 12 months, with the condition, in such last case, that the financial statements concerning a period lasting more than 12 months is not significative.

Therefore there are no obstacles to the Shareholders' Meeting adopting a resolution that provides, together with a change in the date of closure of the company financial year, for a transitional financial period which is somewhat, but not significantly, longer than one year.

In view of these considerations, and given the advisability of aligning the closure of the financial year of Ansaldo STS with that of Hitachi Group companies, an amendment to the current Article 29.1 of the By-laws, providing for the closure of the financial year on 31 March of each year, is submitted for approval at the Extraordinary Shareholders' Meeting of Ansaldo STS.

It should be noted that for the purposes of consistency of the text of the By-laws, in addition to an amendment to Article 29.1, it would be appropriate to amend Article 3.1 to bring the term of the company into line with the close of the financial year.

The text of the current By-laws, compared to the proposed text, is indicated below for a clear view of the amendments in question.

CURRENT TEXT	**PROPOSED TEXT**
Financial statements and Earnings Article 29 29.1 The company financial year closes on 31 December of each year.	Financial statements and Earnings Article 29 29.1 The company financial year closes on ~~31 December~~ 31 March of each year.
Term of the company Article 3 3.1 The term of the company shall expire on 31 December 2100 and may be extended on one or more occasions by resolution of the Shareholders' Meeting.	Term of the company Article 3 3.1 The term of the company shall expire on ~~31 December~~ 31 March 2100 and may be extended on one or more occasions by resolution of the Shareholders' Meeting.

* * * * *

Note that the above proposals for amendment to the By-laws do not grant a right of withdrawal to shareholders who do not approve them, as they do not come within any of the grounds for withdrawal identified in Article 2437 of the Italian Civil Code.

* * * * *

In view of the foregoing, we hereby submit the following proposed resolution for the approval of the Shareholders' Meeting of Ansaldo STS S.p.A.:

"The Extraordinary Shareholders' Meeting of Ansaldo STS S.p.A., after examining the explanatory report of

the Board of Directors, and acknowledging the opinion of the Board of Statutory Auditors,

resolves

- *to amend Article 29.1 of the By-laws as formulated in the right column of the table with parallel text in the explanatory report produced by the Board of Directors pursuant to Article 72, paragraph 1-bis of Consob Resolution No. 11971 of 14 May 1999, with the result that the financial year commencing on 1 January 2017 shall end on 31 March 2018;*
- *to amend Article 3.1 of the By-laws as formulated in the right column of the table with parallel text in the explanatory report produced by the Board of Directors pursuant to Article 72, paragraph 1-bis of Consob Resolution No. 11971 of 14 May 1999;*
- *to approve the new text of the By-laws, updated and coordinated to incorporate the amendments resolved as indicated in the preceding points;*
- *to grant a mandate to the Chairman of the Board of Directors and to the Chief Executive Officer, including separately and if necessary through special representatives, to fulfil all requirements and formalities in any way related to or arising from this resolution, and to introduce any amendments to this resolution that may be necessary for the purposes of registration with the Company Register*".

Genoa, 29 March 2017

For the Board of Directors

The Chairman

(Alistair Dormer)

Ansaldo STS

A Hitachi Group Company

INFORMATIVE DOCUMENT

Pursuant to art. 84-*bis,* para. 1, of the Regulation adopted by Consob by effect of Resolution no. 11971 of May 14, 1999, as amended and integrated, relevant to the

STOCK GRANT PLAN

ANSALDO STS S.P.A.

6 April 2017

Contents

GLOSSARY

Ansaldo STS	Ansaldo STS S.p.A.
Shares	Ansaldo STS's ordinary shares under the Plan.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee formed within the Board of Directors of Ansaldo STS pursuant to the Corporate Governance Code adopted by Borsa Italiana S.p.A.
Beneficiaries	The beneficiaries of the Plan as identified by the Board of Directors and the Nomination and Remuneration Committee.
Managers	The Managers (or similar classes according to applicable law in countries where the Group's companies hold office) of Ansaldo STS and/or the Group companies considered key resources.
Managers with Strategic Responsibilities	The managers indicated by art. 65, para. 1-*quater* of the Issuers Regulation, if any, identified by the Board of Directors.
Informative Document	This Informative Document, drafted pursuant to and for the effects of art. 84-*bis,* para. 1 of the Issuers Regulation.
Group	Ansaldo STS and its Subsidiaries.
Plan	The Stock Grant Plan for 2017 - 2019, approved by the Board of Directors of Ansaldo STS on 24 March 2017.
Issuers Regulation	The Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999, as amended and integrated.
Company	Ansaldo STS.
Subsidiary	A subsidiary of Ansaldo STS pursuant to art. 2359 of the Italian Civil Code.

INTRODUCTION

The Informative Document is published in order to provide the shareholders of the Company and the market with broad and detailed information on the Plan, in compliance with the provisions of art. 84-*bis* of the Issuers Regulation.

Since the listing of its shares on Borsa Italiana, the Company has included - as an integral part of the incentive system for the key resources of the Group - a Stock Grant Plan (the plan for 2006-2007) designed, *inter alia*, to ensure the compliance of the remuneration structure for executive directors with the recommendations of the Corporate Governance Code.

After the expiration of the aforementioned plan, on April 1, 2008, the general meeting of the Company adopted a new three-year plan (the plan for 2008-2010), entirely similar to the previous one, which also expired on 31 December 2010.

On April 23, 2010, the general meeting of the Company adopted a plan, also with a three-year term (the plan for 2010-2012), similar to the previous one, which, however, was not a plan of particular relevance within the meaning of art. 114-*bis* of the Consolidated Finance Act, as it was intended for managers and middle managers of the Company, other than the people listed in the then-applicable art. 84-*bis* of the Issuers Regulation.

In the financial year 2011, in view of the recent amendments introduced to the remuneration regulations and the fact that the latter had not been entirely defined yet, the ordinary general meeting of the Company adopted a one-year plan, essentially in line with the previous Stock Grant plans, in order to define during the financial year the remuneration policy for the Chief Executive Officer and of the Managers with Strategic Responsibilities, if any.

On 7 May 2012, the general meeting of the Company thus approved a two-year Stock Grant Plan (the plan for 2012 – 2013) in compliance with the recommendations under current art. 6 of the Corporate Governance Code.

On 15 April 2014 the general meeting of the Company approved a three-year Stock Grant Plan (2014 – 2016).

The Plan described in this Informative Document, which is substantially similar to the one for 2014 – 2016, was drafted in compliance with the current provisions of art. 6 of the Corporate Governance Code.

In particular, the three-year Plan provides for: (i) a three-year vesting period for all Beneficiaries of the Plan; (ii) the subordination of the entitlement to receive the shares to the achievement of certain annual performance targets, with recovery mechanisms for any under performance and carrying over of any over performance registered in the first year of the Plan, and (iii) for the Chief Executive Officer and Managers with Strategic Responsibilities of the Company, a two-year lock-up period with respect to 20% of the shares accrued.

Taking into account the offices and roles covered by the recipients, the Plan is considered of "particular significance" pursuant to art. 114-*bis*, paragraph 3 of the Consolidated Financial Act and art. 84-*bis*, paragraph 2 of Market Regulations.

As better specified in the Informative Document, certain aspects relevant to the Plan will be defined by the Board of Directors, after consultation with the Nomination and Remuneration Committee, pursuant to the delegation which the Company Meeting was called to entrust the Board and in compliance with the principles that will be set out by the same Meeting. The Company will notify the public of the decisions taken by the Board of Directors in accordance with the procedures required by art. 84-*bis*, para. 5, of the Issuers Regulation.

The Ordinary Meeting called to resolve on the Plan has been convened for May 11, 2017, in single call.

The Informative Document is available to the public at the registered office of Ansaldo STS in Genoa, Via Paolo Mantovani, 3-5, as well as on the Company's website, www.ansaldo-sts.com and in other ways as provided by applicable rules.

1. BENEFICIARIES

1.1 Indication of the names of the Beneficiaries of the Plan that are members of the Board of Directors of Ansaldo STS and of certain companies of the Group

The Beneficiaries of the Plan include:

- The Chief Executive Officer and General Manager, Mr. Andrew Thomas Barr, participating in the Plan as General Manager of Ansaldo STS.

During the period of validity of the Plan, as a consequence of the alternation of the offices of Chief Executive Officer and/or General Manager, as in the case of the assignment of particular offices in Ansaldo STS or in any of its Subsidiaries, it is possible that the aforementioned person may be replaced or that other figures may be added or the participation in the Plan is decided on a different basis.

1.2 Indication of the classes of employees or collaborators of Ansaldo STS and of the Group, being beneficiaries of the Plan

The Beneficiaries of the Plan are:

- the Chief Executive Officer and General Manager, Mr. Andrew Thomas Barr;
- the Managers with Strategic Responsibilities, as identified by the Company's Board of Directors;
- the Managers.

1.3 Indication of the names of general managers and Managers with Strategic Responsibilities who have received during the financial year a total remuneration exceeding the highest total annual remuneration paid out to members of the Board of Directors, or natural people controlling the Company, who are employees or collaborate with the issuer of the shares.

Please refer to the previous paragraphs 1.1 and 1.2.

1.4 Description and number of the Plan Beneficiaries that hold offices as Managers with Strategic Responsibilities and any other classes of employees or collaborators in respect of whom different features of the plan apply.

On 24 March 2017, the Board of Directors of the Company identified 3 Managers with Strategic Responsibilities, beneficiaries of this Plan, i.e. the Chief Operating Officer of the Company and the managers of the Business Unit Mass Transit & Railway and of the Business Unit Freight. There are no other classes of employees or collaborators in respect of whom different features of the Plan apply.

2. REASONS BEHIND THE ADOPTION OF THE PLAN

2.1 Objectives of the Plan

The main objectives of the Plan are the following:

- to align the interests of the Beneficiaries with the priority objective of the creation of value for shareholders in a medium-long term;
- to involve and motivate the directors and the management, whose activity is deemed to be of fundamental importance to achieve the goals of the Group itself;
- to convey the Company's intent to share the expected increase in the value of the same Company with the top professionals of the Group;
- to enhance the loyalty of the key resources of the Group, thus encouraging them to remain within the same.

2.2 Key variables and performance indicators

The allocation of the Shares is subject to certain conditions precedent, namely the achievement of the following annual performance indicators: Free Operating Cash Flow (FOCF), EVA (Economic Value Added), and performance of the Ansaldo STS's shares based on the FTSE Italia *All Share* index performance.

The Board of Directors, on the proposal of the Nomination and Remuneration Committee, has identified the aforementioned performance indicators based on the specific activities carried out by Ansaldo STS, considering them to be indicators of the ability of the company – which operates mainly in the management of long-term contracts – to self-finance and to manage the risk associated with its business in the medium – long term. The objective associated with the performance of Ansaldo STS stock based on the FTSE Italia *All Share* index was determined on the basis that it represents – in the opinion of the Company – an objective criterion to measure the creation of value of Ansaldo STS shares over the medium – long period**.**

2.3 Criteria for determining the number of Shares to be allocated

The decision as to the number of Shares to be allocated to each Beneficiary shall be made by the Board of Directors after consultation with the Nomination and Remuneration Committee, on the basis of the role and responsibility assumed by each Beneficiary within the Group.

The Company's Board of Directors has set the maximum number of Shares under the Plan at 1,500,000 (one million and five hundred thousand).

2.4 Reasons behind the decision, if any, to allocate remuneration plans based on financial instruments not issued by Ansaldo STS

Not applicable.

2.5 Significant tax and accounting implications

There are no particular tax and/or accounting implications that have affected the definition of the Plan.

2.6 Support to the Plan, if any, by the special Fund to incentivise worker participation in the enterprises, pursuant to art. 4, para. 112 of Law No. 350 of 24 December 2003.

Not applicable.

3. APPROVAL PROCEDURE AND TIME SCHEDULE FOR THE ALLOCATION OF THE SHARES

3.1 Powers and tasks delegated by the General Meeting to the Board of Directors for the implementation of the Plan

It will be proposed that the ordinary General Meeting of Ansaldo STS called to decide on the Plan, should grant to the Board of Directors, and particularly the Chairman or the Chief Executive Officer, separately, the widest powers necessary to actually implement the Plan, to be exercised in compliance with the principles set out by the same Meeting and explained in the Informative Document.

3.2 People in charge of implementing the Plan

The body in charge of the decisions relating to the Plan – without prejudice to the prerogatives of the General Meeting – is the Board of Directors of the Company, which supervises the operating management of the same Plan, applying the provisions of the relevant implementing regulation, to be adopted upon proposal of the Company’s Nomination and Remuneration Committee.

Moreover, the Board of Directors, and particularly the Chairman or the Chief Executive Officer, may delegate the Nomination and Remuneration Committee to implement the Plan Regulation and any amendments thereto, and also to manage the Plan. In particular, the Committee may:

(i) identify any other Beneficiaries of the Plan, upon proposal of the Chief Executive Officer and without prejudice to the provisions of the preceding paragraph;

(ii) provide for the allocation of the Shares, indicating the performance objectives to which the allocation is subject and the criteria for their measurement;

(iii) verify, during the period of validity of the Plan, the continued satisfaction of the requirements for participation in the said Plan;

(iv) define the parameter that determines the number of Shares allocated in the event that the assignees are not in office throughout the entire period of validity of the Plan;

(v) verify the achievement of the performance objectives and define, for each beneficiary, the number of Shares to be allocated as a result of such verifications;

(vi) ensure, in relation to the Shares to be allocated to the Chief Executive Officer and General Manager of Ansaldo STS, that the evidence for the verifications indicated at iii), iv) and v) above is directly obtained, in order to adopt the relevant decisions.

3.3 Existing procedures for revising the Plan

In consideration of the fact that the Plan Regulation is to be approved by the Board of Directors, upon proposal of the Nomination and Remuneration Committee, after the ordinary General Meeting called to approve the Plan, the revision procedures for the same Plan have not been defined yet.

3.4 Procedures for determining the availability and allocation of the Shares

The Shares will be made available by using already issued shares, to be purchased pursuant to art. 2357 *et seq.* of the Italian Civil Code, or already owned by the Company. In the event that the preconditions for the purchase of treasury shares are not met, when this becomes necessary, the allocation of shares may be partly or entirely replaced by a payment of an amount in cash equal to the countervalue in shares, to which each Participant would have been entitled in accordance with the mechanisms of the Plan.

In this regard the purchase of own shares, even for the purposes of the Plan, will be resolved upon by the Ordinary General Meeting of the Company in time for the assignment of the Shares to the Beneficiaries. For such purpose, the Board of Directors will prepare proper reports for the General Meeting containing the proposal for the purchase of own shares and will make them available to the public under the applicable laws.

3.5 Role of each Director in defining the characteristics of the Plan

The entire process of determining the characteristics of the Plan occurred jointly with the propositional and advisory support of the Nomination and Remuneration Committee, in compliance with the recommendations of the Corporate Governance Code of listed companies promoted by Borsa Italiana S.p.A. and with the best corporate practices in this area. The resolution whereby the Board of Directors is to adopt the Plan Regulation shall be adopted with the abstention of the Chief Executive Officer, as he is one of the Beneficiaries.

3.6 Date of the decision taken by the competent body to submit to the General Meeting the approval of the Plan, and of the proposal (if any) of the Nomination and Remuneration Committee

The decision of the Board of Directors to submit the Plan to the Meeting for approval was taken on 24 March 2017. The relevant proposal of the Nomination and Remuneration Committee was drawn up on 23 March 2017.

3.7 Date of the decision by the competent body regarding the allocation of the Shares and of the Nomination and Remuneration Committee proposal, if any

For the purposes of art. 84-*bis*, para. 5, letter a), of the Issuers Regulation, the decision regarding the allocation of the Shares is to be taken after the ordinary General Meeting called to approve the Plan.

3.8 Market price of the shares registered on the dates indicated in points 3.6 and 3.7

The following is the market price of the Company shares as registered on the date indicated in the preceding paragraph 3.6:

- Official price of the Ansaldo STS shares recorded at the Electronic Share Market organised and managed by Borsa Italiana S.p.A. on 23 March 2017: EUR 12,28.

3.9 Safeguards adopted by the Company in case of coincidence of time between the date of allocation of the Shares or any associated decisions of the Nomination and Remuneration Committee, and the disclosure of relevant information within the meaning of art. 114, para. 1 of Legislative Decree no. 58 of 24 February 1998 and of the Regulation (EU) 596/2014.

It should be noted that it has not been necessary to adopt any safeguard of this kind, since the Shares will be allocated only if certain objectives are achieved, at a subsequent time. Accordingly, any dissemination of privileged information concurrently with the date of allocation of the Shares would have no effect for the Beneficiaries of the Plan, since at that time they are unable to carry out operations on the Shares, the delivery of which is deferred to a period subsequent to the relevant allocation.

4. CHARACTERISTICS OF THE SHARES

4.1 Structure of the Plan

The Plan provides for the free assignment (“stock grant”) of a maximum of 1,500,000 (one million five hundred thousand) Shares, subject to the achievement of the performance objectives indicated at para. 4.5 below.

The Shares assigned to the Plan Beneficiaries shall have a three-year vesting period.

4.2 Implementation period of the Plan

The Plan’s reference period is that of the financial years 2017, 2018 and 2019.

The allocation of the Shares for the financial years 2017, 2018 and 2019 is subject to the fulfilment of certain conditions precedent, which shall be verified by the Nomination and Remuneration Committee simultaneously to the approval by the Company’s Board of Directors of the draft Financial Statements and of the Consolidated Financial Statements for each financial year for the Shares relevant to each reference year.

In line with the recommendations of the Corporate Governance Code, the Plan provides for a three-year rolling vesting period starting, for the financial year 2017, from the date of approval of the Plan by the General Meeting and, for the financial years 2018 and 2019, from the corresponding date of those years. Accordingly, *(i)* the Shares accrued for the financial year 2017 shall be allocated to the Beneficiaries in 2020, *(ii)* the Shares accrued for the financial year 2018 shall be allocated to the Beneficiaries in 2021 and *(iii)* the Shares accrued for the financial year 2019 shall be allocated to the Beneficiaries in 2022.

Moreover, for the Chief Executive Officer and General Manager and the Managers with Strategic Responsibilities, 20% of the Shares – with regard to each financial year – are subject to a two-year lock-up period starting from the expiration of the vesting period. Therefore, for the Chief Executive Officer and General Manager as well as for the Managers with Strategic Responsibilities, such period will expire: (i) in 2022, for the Shares relating to 2017, (ii) in 2023, for the Shares relating to 2018 and (iii) in 2024, for the Shares relating to 2019.

4.3 Date of expiration of the Plan

As indicated in the preceding paragraph, the reference period of the Plan is 2017 – 2019. Should the performance objectives set out in para. 4.5 below for 2017, 2018 and 2019 be achieved, the Shares shall be delivered on the first working day following the 11 May 2020, 2021 and 2022 (respectively for the Shares relevant to 2017, 2018 and 2019).

This is without prejudice, however, to the two-year lock-up period for the Chief Executive Officer and General Manager as well as the Managers with Strategic Responsibilities, with respect to 20% of the Shares for each year, pursuant to para. 4.2 above.

4.4 Maximum number of Shares allocated in each financial year

The Company's Board of Directors has set the maximum number of Shares under the Plan at 1,500,000 (one million five hundred thousand).

Without prejudice to the provisions of para. 4.5, there is no maximum number of Shares to be allocated each financial year.

4.5 Procedures and terms for implementing the Plan

The allocation of the Shares will be subject to certain conditions precedent, namely the following annual performance targets: Free Operating Cash Flow (FOCF), EVA (Economic Value Added), and performance of Ansaldo's shares based on the performance of the FTSE Italia All Share index.

Please note that if the Shareholders' Meeting of 11 May 2017 resolves the amendment of the date of closing of the financial year at 31 March of each year, providing a transitional year of 15 months, the targets and the consequent achievement will be adjusted in order to consider this duration of more than one year.

The following is the incidence of each target for the purposes of assigning the incentives:

- Free Operating Cash Flow (FOCF): 25%
- ASTS Share vs. FTSE IT All Share: 25%
- Economic Value Added (EVA): 50%

In order to stimulate and remunerate the maintenance of medium-long results:

- 25% of the Shares will accrue upon achievement of the targets for the financial year 2017;
- 25% of the Shares will accrue upon achievement of the targets for the financial year 2018, with recovery of any underperformance registered with reference to each target in the previous year and carrying over to 2018 of any over performance registered with regard to each target in the previous year;
- 50% of the Shares will accrue upon achievement of the targets for the financial year 2019, with recovery of any underperformance registered with regard to each target in the previous year and carrying over to 2019 of any over performance registered with regard to each target in the previous year.

In addition, a 2.5% tolerance threshold is introduced for the achievement of each target for 2017, 2018 and 2019. In such event, the beneficiary will be entitled to a proportionate amount of the Shares.

4.6 Restrictions on the Disposal of the Shares

For the Chief Executive Officer and General Manager and the Managers with Strategic Responsibilities, 20% of the allocated Shares – for the financial years 2017, 2018 and 2019 – at the end of the vesting period, is subject to a two-year lock-up period.

Therefore, for such people, the lock-up period will expire in 2022 for the Shares of 2017, in 2023 for the Shares of 2018 and in 2024 for the shares of 2019, so that all Shares will be available for disposal starting from 2024.

4.7 Possible conditions subsequent relating to the Plan in cases where the Beneficiaries carry out hedging transactions that enable neutralisation of any prohibitions on sale of the Options or Shares

Not applicable.

4.8 Effects caused by the termination of the employment relationship

The effects deriving from the termination of the employment relationship shall be defined in the Plan's Regulation to be approved by the Board of Directors, upon proposal of the Nomination and Remuneration Committee, subsequent to the Ordinary General Meeting called to approve the Plan.

4.9 Indications of any other causes of annulment of the Plan

Any causes of annulment shall be defined in the Plan's Regulation to be approved by the Board of Directors, on a proposal of the Nomination and Remuneration Committee, subsequent to the Ordinary Meeting of Shareholders called to approve the Plan.

4.10 Reasons relevant to the possible redemption of the Options and/or Shares

No form of redemption of the Shares is established in favour of the Company.

4.11 Loans or any other facilities for the purchase of the Shares

Not applicable.

4.12 Assessment of the estimated cost for Ansaldo STS at the date of allocation of the Shares

On the basis of the official price of Ansaldo's shares as registered at the Electronic Share Market organised and managed by Borsa Italiana S.p.A. on March 23, 2017, the maximum estimated cost for Ansaldo at the date of the Informative Document, taking into account the maximum number of assignable Shares, is of approximately EUR 18,420,000.

4.13 Possible dilution effects of the Plan

Since the same ordinary General Meeting called to decide on the Plan has also been called to authorise the Board of Directors to purchase and dispose of own shares, also for the purposes of share incentive plans, no dilution effects are currently anticipated.

4.14 Possible limits to the exercise of voting rights and of the pecuniary rights attached to the Shares

The Shares allocated shall carry the ordinary dividend right, as no limits are placed on the exercise of participation and pecuniary rights attached to the same.

4.15 Information relevant to Shares not negotiated in regulated markets

Not applicable.

* * * * *

The table below summarises the state of implementation: (i) of the Stock Grant Plan for 2012-2013 for the Chief Executive Officer, Managers with Strategic Responsibilities and Managers of Ansaldo STS and/or Group Companies considered as key resources, resolved by the General Meeting of 7 May 2012; (ii) of the Stock Grant Plan for 2014 - 2016 for the Chief Executive Officer, Managers with Strategic Responsibilities and Managers of Ansaldo STS and/or Group Companies considered as key resources, resolved by the General Meeting of 15 April 2014, and (iii) of this Plan.

Genoa, 6 April 2017

For the Board of Directors
The Chairman
(Alistair Dormer)

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS

TABLE NO. 1 OF SCHEME 7, ANNEX 3 A OF THE REGULATION NO. 11971/1999

First name and surname or category	Office	Stock Grant Plan 2012 - 2013 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2013						
		Financial instruments other than stock options *(STOCK GRANT)*						
		Section 1 Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Sergio De Luca	Chief Executive Officer of Ansaldo STS S.p.A. (1)	07/05/2012	Shares in Ansaldo STS S.p.A.	12,835 (2)	05/03/2014 (2)	__	10.380	Three years (7)
Managers with Strategic Responsibilities (3)	----	07/05/2012	Shares in Ansaldo STS S.p.A.	6,532 (4)	05/03/2014 (4)	__	10.380	Three years (7)
Managers (40 recipients) (5)	----	07/05/2012	Shares in Ansaldo STS S.p.A.	107,327 (6)	05/03/2014 (6)	__	10.380	Three years (7)

(1) Office held until 31st December 2013.

(2) Based on the General Meeting resolution of 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Chief Executive Officer was allocated a maximum number of shares amounting to 35,939 in 2013. 12,835 shares, which effectively accrued for 2013, were allocated by the Nomination and Remuneration Committee on 5 March 2014 (this number takes into account the increase related to the third, fourth and fifth instalments of the capital increase). The shares will be delivered during 2016, in compliance with the three-year vesting period foreseen the plan. The shares will be delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016. It must be noted that, with respect to the SGP 2012-2013 Plan Regulation, 20% of the shares delivered is subject to a bi-annual lock-up running from the expiry of the vesting period.

[3] Such item refers to the sole head of the *Standard Product & Platform* Unit (Giuseppe Gaudiello), qualified as a Manager with Strategic Responsibilities until 31 December 2013, thus excluding Emmanuel Viollet, who was previously head of the *Business Signalling* Unit and has no longer been an employee of the Ansaldo STS Group since 31 March 2015.

[4] Based on the General Meeting resolution passed on 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Managers with Strategic Responsibilities in office until 31 December 2013 were assigned, in aggregate, a maximum number of 18,289 shares for 2013. The 6,532 shares effectively accrued for the financial year 2013 were allocated by the Nomination and Remuneration Committee on 5 March, 2014 (this number takes into account the increase related to the third, fourth and fifth instalments of the capital increase). The shares were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016. It must be noted that, with respect to the SGP 2012-2013 Plan Regulation, 20% of the shares delivered is subject to a bi-annual lock-up running from the expiry of the vesting period.

[5] The Board of Directors meeting of 28 June 2012, on the Nomination and Remuneration Committee so proposing, identified the Managers of Ansaldo STS and/or Companies of the Group ASTS as beneficiaries of the 2012-2013 Stock Grant Plan, also determining the number of shares to be allotted to each of them (on that date, 56 Managers were thus identified). Following the exit from the Group of three of the beneficiaries who had been initially identified (of which one on 1 March 2014), 53 Managers were identified as beneficiaries for the year 2013. After 13 individuals, who had initially been identified, had left the Group, the beneficiaries of the *Stock grant* 2012-2013 plan for the financial year 2013 amounted to 40.

[6] Based on the General Meeting resolution of 7 May 2012 approving the 2012-2013 Stock Grant Plan, the Managers of Ansaldo and/or of companies of the Ansaldo STS Group were allocated, in aggregate, a maximum of 305,361 shares for 2013. The 107,327 shares – which had effectively accrued for the financial year 2013 – were allocated by the Nomination and Remuneration Committee on 5 March 2014 (this number takes into account the increase relating to the third, fourth and fifth instalments of the capital increase). The shares were delivered were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016.

[7] The Stock Grant Plan for 2012-2013 approved by the ordinary General Meeting of 7 May 2012 provides that the three-year vesting period for shares allocated for the financial year 2013 begins from 7 May 2013. The shares were delivered were delivered on the first working day of May 2016 following the expiry of the three-year vesting period from the date of the General Meeting approving the plan and therefore, 9 May 2016.

The following table shows the status of the SGP 2014-2016 plan's implementation

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS
TABLE NO. 1 OF SCHEME 7, ANNEX 3 A OF THE REGULATION NO. 11971/1999

First name and surname or category	Office	**Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2014**						
		Financial instruments other than stock options *(STOCK GRANT)*						
		Section 1 Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Stefano Siragusa	Ansaldo STS S.p.A. Chief Executive Officer and General Manager	15/04/2014	Shares of Ansaldo STS S.p.A.	18,298[1]	3 March 2015 [1]	__	N. A. [6]	Three years [7]
Managers with Strategic Responsibilities [2]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	40,126[3]	3 March 2015 [3]	__	N. A. [6]	Three years [7]
Managers (28 beneficiaries) [4]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	149,487[5]	3 March 2015 [5]	__	N.A. [6]	Three years [7]

[1] Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares amounting to 18,298 for the financial year 2014 were assigned to the Chief Executive Officer and General Manager. 18,298 actually vested shares for the financial year 2014 were allocated by the Nomination and Remuneration Committee on 3 March 2015. Based on the provisions of the Plan, these shares would have been attributed during financial year 2017. Following his resignation, Mr Siragusa waived, among other payments, the payment of the variable component of his remuneration arising from his participation in the Stock Grant Plan 2014-2016. Therefore, the vested shares will not be delivered.

(2) This item refers to the Company's Chief Operating Officer (Christian Andi), the Head of the *Business Railways & Mass Transit* (Giuseppe Gaudiello) and the Head of the *Business Freight* (Michele Fracchiolla), identified as Managers with Strategic Responsibilities commencing from 1 January 2014.

(3) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares attributable for the fianancial year 2014 amounting to 40,126 were allocated in aggregate to Managers with Strategic Responsibilities commencing from 1 January 2014. 40,126 actually vested shares were, for the financial year 2014, allocated by the Nomination and the Remuneration Committee on 3 March 2015. The shares will be delivered during the course of 2017, in compliance with the plan's three-year vesting period.

(4) The Board of Directors Meeting held on 30 October 2014, identified, upon the Nomination and Remuneration Committee so proposing, 37 Ansaldo STS and/or ASTS Group Managers as being beneficiaries of the 2014-2016 Stock Grant Plan. Following the exit of 9 of the initially identified recipients from the Group, the number of beneficiaries of the Stock Grant Plan 2014-2016, for 2014, amounted to 28.

(5) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the Stock Grant Plan 2014-2016, a maximum number of shares attributable for the financial year 2014 amounting to 149,487 were allocated in aggregate to Ansaldo STS and/or ASTS Group Managers in office. 149,487 actually vested shares were, for the financial year 2014, allocated by the Nomination and the Remuneration Committee on 3 March 2015. The shares will be delivered during the course of 2017, in compliance with the three-year vesting period of the plan.

(6) This figure will be available on the delivery of the shares. On 15 April 2014, when the General Meeting approved the 2014-2016 Stock Grant Plan, the market price was EUR 6.939.

(7) The 2014-2016 Stock Grant Plan approved by the General Meeting on 15 April 2014 provides that the three-year vesting period regarding the shares assigned with reference to the financial year 2014 runs from the date of approval of the plan by the General Meeting.

First name and surname or category	Office	Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2015 Financial instruments other than stock options *(STOCK GRANT)* **Section 1** Instruments relating to plans that are still ongoing, approved on the basis of previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments, if any	Market price at the allocation date	Vesting period
Stefano Siragusa	Ansaldo STS S.p.A. Chief Executive Officer and General Manager	15/04/2014	Shares of Ansaldo STS S.p.A.	18,298(1)	15 February 2016 (1)	__	N. A. (6)	Three years(7)
Managers with Strategic Responsibilities (2)	----	15/04/2014	Shares of Ansaldo STS S.p.A.	40,126(3)	15 February 2016 (3)	__	N. A. (6)	Three years (7)
Managers (29 beneficiaries) (4)	----	15/04/2014	Shares of Ansaldo STS S.p.A.	160,305 (5)	15 February 2016 (5)	__	N.A. (6)	Three years(7)

(1) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock Grant Plan, a maximum number of shares amounting to 18,298 for the financial year 2015 were assigned to the Chief Executive Officer and General Manager. 18,298 actually vested shares for the financial year 2015 were allocated by the Nomination and Remuneration Committee on 15 February 2016. Based on the provisions of the plan, shares should have been attributed during the course of the financial year 2018. However, following his resignation, Mr. Siragusa waived, among other payments, the payment of the variable component of his remuneration arising from his participation in the Stock Grant Plan 2014-2016. Therefore, the vested shares will not be delivered.

(2) This item refers to the Chief Operating Officer of the Company (Christian Andi), the Head of the *Business Railway & Mass Transit* (Giuseppe Gaudiello) and the Head of the *Business Freight* (Michele Fracchiolla), qualified as Managers with Strategic Responsibilities commencing from 1 January 2014.

(3) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock grant Plan, a maximum number of shares attributable for the financial year 2015 amounting to 40,126 were allocated in aggregate to Managers with Strategic Responsibilities commencing from 1 January 2014. 40,126 actually vested shares were, for the financial year 2015, allocated by the Nomination and the Remuneration Committee on 15 February 2016. The shares will be delivered during the course of 2018, in compliance with the three-year vesting period of the plan.

(4) The Board of Directors Meeting held on 30 October 2014, upon the Nomination and Remuneration Committee so proposing, identified 37 Ansaldo STS and/or ASTS Group Managers as beneficiaries of the 2014-2016 Stock Grant Plan. Following the exit of 10 of the initially identified recipients from the Group and the identification of 2 further beneficiaries, the number of beneficiaries of the 2014-2016 Stock Grant Plan for the financial year 2015 amounted to 29.

(5) Based on the resolution passed by the General Meeting on 15 April 2014 which approved the 2014-2016 Stock Grant Plan, a maximum number of shares attributable for the financial year 2015 amounting to 160,305

were allocated in aggregate to Ansaldo STS and/or ASTS Group Managers. 160,305 were actually vested shares for the financial year 2015, that were allocated by the Nomination and the Remuneration Committee on 15 February 2016. The shares will be delivered during the course of 2018, in compliance with the three-year vesting period of the plan.

(6) This figure will be available on the delivery date of the shares. On 15 April 2014, when the General Meeting approved the 2014-2016 Stock Grant Plan, the market price was EUR 6.939.

(7) The 2014-2016 Stock Grant Plan approved by the General Meeting on 15 April 2014 provides that the three-year vesting period regarding the shares assigned with reference to the financial year 2015 runs from 15 April 2015.

First name and surname or category	Office	Stock Grant Plan 2014 -2016 - PANEL 1 – ALLOCATION FOR THE FINANCIAL YEAR 2016 Financial Instruments other than stock options *(STOCK GRANT)* **Section 1** Financial instruments relating to plans that are still ongoing approved on the basis of the previous General Meeting resolutions						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments if any	Market price at allocation date	Vesting period
Andrew Barr	Chief Executive Officer of Ansaldo STS S.p.A.	15/04/2014	Shares of Ansaldo STS S.p.A.	15,370[(1)]	23 February 2017 [(1)]	__	N.A.[(6)]	Three years[(7)]
Managers with strategic responsibilities[(2)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	75,837[(3)]	23 February 2017[(3)]	__	N.A.[(6)]	Three years[(7)]
Managers (29 beneficiaries)[(4)]	----	15/04/2014	Shares of Ansaldo STS S.p.A.	302,975 [(5)]	23 February 2017[(5)]	__	N.A.[(6)]	Three years [(7)]

[(1)] Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan*, the Chief Executive Officer and the General Manager were allocated the maximum number of shares accruing as from the date of appointment 24 May 2016, amounting to 16,265. Allocation of 15.370 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

[(2)] This item makes reference to the Company's *Chief Operating Officer* (Christian Andi), to the manager of the Business Unit *Railways & Mass Transit* (Giuseppe Gaudiello) and to the manager of the Business Freight unit (Michele Fracchiolla), qualified as Managers with Strategic Responsibilities as from 1 January 2014.

[(3)] Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan,* Managers with Strategic Responsibilities appointed as from 1 January 2014 were allocated the maximum number of shares accruing during financial year 2016 amounting to 80,251. Allocation of 75.837 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

[(4)] Upon the recommendation of the Nomination and Remuneration Committee, the Board of Directors' meeting held on 30 October 2014, identified 37 Managers of Ansaldo STS and/or ASTS Group Companies beneficiaries of the 2014-2016 Stock Grant Plan. Following exit from the group of 10 beneficiaries initially selected and a further 2 beneficiaries the number of beneficiaries of the 2014-2016 *Stock Grant Plan,* the allocation for financial year 2016, is equal to 29.

(5) Based on the resolution taken at the Ordinary General Meeting held on 15 April 2014 approving the 2014-2016 *Stock Grant Plan* the Managers of Ansaldo STS and/or companies within the Ansaldo STS Group were allocated the maximum number of shares accruing during financial year 2015 amounting to 320.608. Allocation of 302.975 shares actually accruing during financial year 2016 was made by the Nomination and Remuneration Committee on 23 February 2017. Shares will be delivered during 2019, pursuant to the three year vesting period foreseen in the plan.

(6) This information will be available upon delivery of the shares. At the date of the General Meeting on 15 April 2014 which approved the *Stock Grant Plan* 2014-2016, the market price was Euro 6.939.

(7) The 2014-2016 *Stock Grant Plan* approved by the ordinary General Meeting of 15 April 2014 provided that the three year vesting period for the shares allocated for 2016 begins from 15 April 2016.

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS
TABLE NO. 1 OF SCHEME 7, ANNEX 3 A OF THE REGULATION NO. 11971/1999

First name and surname or category	Office	**Stock Grant Plan 2017 - 2019 PANEL 1**						
		Financial Instruments other than stock options *(STOCK GRANT)*						
		Section 2 Newly-allocated instruments based on the Board of Directors proposal decision for the Meeting						
		Date of resolution	Description of instrument	Number of instruments assigned by the competent body (Nomination and Remuneration Committee)	Date of allocation by the competent body (Nomination and Remuneration Committee)	Purchase price of the instruments if any	Market price at allocation date	*Vesting* period
Andrew Barr	Chief Executive Officer and General Manager of Ansaldo STS S.p.A.	11/05/2017	Shares in Ansaldo STS S.p.A.	N.A.	N.A.	__	N. A.	Three years
Managers with Strategic Responsibilities	----	11/05/2017	Shares in Ansaldo STS S.p.A.	N.A.	N.A.	__	N. A.	Three years
Managers	----	11/05/2017	Shares in Ansaldo STS S.p.A.	N.A.	N.A.	__	N.A.	Three years

LITESPEED
MANAGEMENT LLC
745 Fifth Avenue, 6th Floor
New York, NY 10151
(212) 808-7420

[*courtesy translation*]

Messrs.
Ansaldo STS S.p.A.
Via Paolo Mantovani, 3-5
16151 - Genoa
f.a.o. Company Office

By certified email: assemblea.ansaldosts@legalmail.it

New York, April 8, 2017

RE: Proposal of resolution on item no. 1.2 of the ordinary session of the agenda of the shareholders' meeting of Ansaldo STS S.p.A. called for 11 May 2017 and request to supplement the agenda of the same meeting pursuant to Article 126-bis of Legislative Decree No. 58 of 24 February 1998

Dear Sirs,

We refer to the notice published on 29 March 2017 calling an ordinary and extraordinary shareholders' meeting of Ansaldo STS S.p.A. (the "**Company**") for 11 May 2017 at 11:00 AM, in single call, to be held at the office of Fondazione Ansaldo, Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo) (the "**Shareholders' Meeting**") to discuss and resolve on the following

AGENDA

Ordinary Session:

1. *Financial Statements as of 31 December 2016.*
   1.1 *Financial Statements for the year ended on 31 December 2016; Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.*
   1.2 *Allocation of the annual net income. Related and consequent resolutions.*
2. *First Section of the Report on remuneration. Related and consequent resolutions.*
3. *Appointment of the Board of Statutory Auditors.*
   3.1 *Appointment of three regular Auditors and three alternate Auditors*
   3.2 *Appointment of the Chairman of the Board of Statutory Auditors*
   3.3 *Determination of the remuneration of the members of the Board of Statutory Auditors.*
4. *Authorisation to purchase and dispose of own shares. Related and consequent resolutions.*
5. *Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.*

Extraordinary Session:

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

By this letter, Litespeed Master Fund, Ltd. ("**Litespeed**") requests that, pursuant to Article 126-bis of Legislative Decree No. 56 of 24 February 1998 (the "**Consolidated Financial Act**" or "**CFA**"):

(a) the following proposal of resolution is submitted to the Shareholders' Meeting with respect to item no. 1.2 of the ordinary session of the agenda (without prejudice to any additions that may be deemed necessary by the Board of Directors):

"*The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A., after examining and discussing the proposal of the shareholder Litespeed Master Fund, Ltd., as set out in the explanatory report submitted by the same pursuant to Article 126-bis of Legislative Decree No. 56 of 24 February 1998, resolves:*

1) to allocate the entire profit for the year amounting to EUR 145,857,237.53 as follows:
   - *EUR 144,000,000.00 to be distributed to Shareholders through a dividend of EUR 0.72, before statutory withholding taxes, for each of the 200,000,000 shares in issue on the date hereof and with dividend rights;*
   - *the residual amount, of EUR 1,857,237.53 to be carried forward;*

2) to delegate the Board of Directors and on its behalf, the Chairman and Chief Executive Officer, granting them, separately, including through special representatives, all the widest powers, without any exclusions or limitations, to take any actions and carry out all formalities necessary for or connected with the implementation of this resolution";

(b) the ordinary session of the agenda of the Shareholders' Meeting be supplemented with the addition of the following item: "*Distribution of a special dividend of EUR 56,000,000.00 (EUR 0.28 per share), to be paid through distribution of distributable reserves*".

On the date hereof, Litespeed is the holder of more than one fortieth of the Company's registered capital, and specifically holds no. 7,532,322 shares in the Company (amounting to 3.766% of the registered capital), as evidenced by the certification enclosed hereto as annex "**A**".

An explanatory report pursuant to Article 126-bis, fourth paragraph, of the CFA, setting out the reasons for (i) the proposed resolution on item no. 1.2 of the ordinary session of the agenda of the Shareholders' Meeting, and (ii) the request to supplement the agenda of the same meeting is enclosed hereto as annex "**B**".

For any clarification and/or information, please contact the following phone number/email address:

Charles Murphy
+1 212 808 7423
charlie@litespeedpartners.com

Kind regards,

Litespeed Master Fund, Ltd.
Jamie Zimmerman
In the capacity of director and legal representative

<u>Annex</u> A

Certification attesting the ownership of shares in Ansaldo STS S.p.A. by Litespeed Master Fund, Ltd.

Citibank NA- Milano

COMUNICAZIONE EX ARTT 23/24
DEL PROVVEDIMENTO BANCA D'ITALIA / CONSOB DEL 22 FEBBRAIO 2008 MODIFICATO IL 24 DICEMBRE 2010

1. Intermediario che effettua la comunicazione

ABI: 3566 CAB: 1600

denominazione: CITIBANK NA

2. Intermediario partecipante se diverso dal precedente

ABI (n. conto MT):

denominazione:

3. Data della richiesta

07.04.2017
ggmmssaa

4. Data di invio della comunicazione

07.04.2017
ggmmssaa

5. N.ro progressivo annuo

055/2017

6. N.ro progressivo della comunicazione che si intende rettificare/revocare(2)

7. Causale della rettifica/revoca(2)

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

UBS LLC

9. Titolare degli strumenti finanziari

Cognome o denominazione: LITESPEED MASTER FUND, LTD

Nome:

Codice Fiscale:

Comune di Nascita: Provincia di nascita:

Data di nascita (ggmmaa): Nazionalita':

Indirizzo: UGLAND HOUSE BOX 309

Citta': GRAND CAYMAN, KY-1-1104 CAYMAN ISLANDS

10. Strumenti finanziari oggetto di comunicazione

ISIN: IT0003977540

denominazione: ANSALDO STS SPA

11.Quantita' strumenti finanziari oggetto di comunicazione: 7,532,322

12. Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione :

Natura:

Beneficiario Vincolo:

13. Data di riferimento

07.04.2017
ggmmssaa

14. Termine di Efficacia

08.04.2017 (INCLUSO)
ggmmssaa

15.Diritto esercitabile

ODG

16. Note

SI RILASCIA LA PRESENTE CERTIFICAZIONE AI FINI DELL' INTEGRAZIONE DELL' ORDINE DEL GIORNO DELL' AGENDA DELL' ASSEMBLEA DEGLI AZIONISTI

L' INTERMEDIARIO
Citibank, N.A. Milano

****

(2) Campi da valorizzare in caso di comunicazioni ex art.24 del Provvedimento

Annex B

Explanatory report produced by Litespeed Master Fund, Ltd. pursuant to Article 126-bis, paragraph 4, of Legislative Decree no. 58 of 24 February 1998 in relation to a proposal of resolution on item no. 1.2 of the ordinary session of the agenda of the shareholders' meeting of Ansaldo STS S.p.A. called for 11 May 2017 and a request to supplement the agenda of the same meeting

Dear Shareholders,

This report has been produced by Litespeed Master Fund, Ltd. ("**Litespeed**"), in its capacity as shareholder of Ansaldo STS S.p.A. (the "**Company**" or "**Ansaldo STS**"), pursuant to Article 126-bis, fourth paragraph, of Legislative Decree no. 58 of 24 February 1998 (the "**CFA**"), in relation to the shareholders' meeting of the Company convened - in single call - for 11 May 2017 (the "**Shareholders' Meeting**").

In particular, this report sets out:

(a) a proposal of resolution on item no. 1.2 of the ordinary session of the agenda of the Shareholders Meeting ("*Allocation of the annual net income. Related and consequent resolutions*"). More specifically, Litespeed proposes that the Shareholders' Meeting resolves to distribute to the shareholders a portion of the net income equal to EUR 144,000,000.00, through the distribution of a dividend of EUR 0.72 for each share;

(b) a request to supplement the ordinary session of the agenda of the Shareholders' Meeting with the following item: "*Distribution of a special dividend of EUR 56,000,000.00 (EUR 0.28 per share), to be paid through distribution of distributable reserves*".

In essence, Litespeed proposes that the Shareholders' Meeting resolves to distribute to the shareholders the aggregate amount of EUR 1.00 for each share, a portion of which (EUR 0.72) through the payment of an ordinary dividend and the remaining portion (EUR 0.28) through the payment of a special dividend to be paid by way of distribution of distributable reserves (specifically through distribution of retained earnings, which - according to the draft financial statements of Ansaldo STS as of 31 December 2016 - amount to EUR 131,190,000).

This proposal is based on the Company's very strong net financial position, stable and profitable operations and the creditworthiness of the Company's ultimate controlling shareholder Hitachi Ltd. ("**Hitachi**")

Litespeed has been a shareholder of the Company since 2014, *i.e.* before Hitachi became the ultimate controlling shareholder of the Company.

At that time, the Company's positive net financial position was explained to be a function of relatively weak creditworthiness of Finmeccanica S.p.A. (the Company's parent at that time), and needed to be maintained despite the Company's strong operating performance.

Litespeed believes that such constraint has no longer reasons to exist today and, therefore, the Coompany may carry out the distributions to the shareholders proposed herein.

* * *

In light of the above, Litespeed:

(a) with reference to item no. 1.2 of the ordinary session of the agenda of the Shareholders' meeting, proposes the following resolution (without prejudice to any additions that may be deemed necessary by the Board of Directors):

"The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A., after examining and discussing the proposal of the shareholder Litespeed Master Fund, Ltd., as set out in the explanatory report submitted by the same pursuant to Article 126-bis of Legislative Decree No. 56 of 24 February 1998, resolves:

1) to allocate the entire profit for the year amounting to EUR 145,857,237.53 as follows:
   - *EUR 144,000,000.00 to be distributed to Shareholders through a dividend of EUR 0.72, before statutory withholding taxes, for each of the 200,000,000 shares in issue on the date hereof and with dividend rights;*
   - *the residual amount, of EUR 1,857,237.53 to be carried forward;*

2) to delegate the Board of Directors and on its behalf, the Chairman and Chief Executive Officer, granting them, separately, including through special representatives, all the widest powers, without any exclusions or limitations, to take any actions and carry out all formalities necessary for or connected with the implementation of this resolution";

(b) requests that the ordinary session of the agenda of the Shareholders' Meeting be supplemented with the addition of the following item:
"*Distribution of a special dividend of EUR 56,000,000.00 (EUR 0.28 per share), to be paid through distribution of distributable reserves*".
With regard to such item, Litespeed proposes the following resolution (without prejudice to any additions that may be deemed necessary by the Board of Directors):
"The Ordinary Shareholders' Meeting of Ansaldo STS S.p.A., after examining and discussing the proposal of the shareholder Litespeed Master Fund, Ltd., as set out in the explanatory report submitted by the same pursuant to Article 126-bis of Legislative Decree No. 56 of 24 February 1998, resolves:

1) to distribute to the Shareholders a special dividend for a total amount of EUR 56,000,000.00, i.e. a dividend of EUR 0.28, before statutory withholding taxes, for each of the 200,000,000 shares in issue on the date hereof and with dividend rights, to be paid by way of distribution of retained earnings;

2) to delegate the Board of Directors and on its behalf, the Chairman and Chief Executive Officer, granting them, separately, including through special representatives, all the widest powers, without any exclusions or limitations, to take any actions and carry out all formalities necessary for or connected with the implementation of this resolution".

* * *

HITACHI
Inspire the Next

Hitachi Rail Italy Investments S.r.l.
Registered office: Via Tommaso Gulli 39, 20147, Milano
A sole quotaholder company subject to the direction and coordination of Hitachi, Ltd.
Register of Enterprises of Milan/Tax Code: 09194070968

TO

ANSALDO STS S.p.A.

Via Paolo Mantovani 3/5

16151 – Genoa

RE: **Ordinary Shareholders' meeting of ANSALDO STS S.p.A. of May 11, 2017 (single call).**

Dear Sirs:

with respect to the above, please find attached hereto, pursuant to article 27 of the Bylaws of Ansaldo STS S.p.A., the slate of candidates of Hitachi Rail Italy Investments S.r.l. for the appointment of the members of the Board of Statutory Auditors, which includes the prescribed documentation for each candidate, as well as copy of the certificate which confirms the ownership, by Hitachi Rail Italy Investments S.r.l., as at the date of submission of the slate, of the number of shares of Ansaldo STS S.p.A. required for the submission of the same slate.

Yours sincerely,

Signed by

Hitachi Rail Italy Investments S.r.l.

By: Daniel Mark Phillips

As: Chief Executive Officer

HITACHI
Inspire the Next

SLATE FOR THE APPOINTMENT OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS OF ANSALDO STS S.P.A.

The undersigned Hitachi Rail Italy Investments S.r.l., shareholder of Ansaldo STS S.p.A., holder of no. 101,544,702 ordinary shares representing 50.772% of the corporate capital of Ansaldo STS S.p.A.,

DECLARES

to submit, for the appointment of the Board of Statutory Auditors of Ansaldo STS S.p.A., which will be carried out during the ordinary Shareholders' meeting called, in single call, for May 11, 2017, the following slate of candidates composed of the following persons and under the following order:

BOARD OF STATUTORY AUDITORS' SLATE

Section I – Effective statutory auditors

No.	Surname	Name	Date and place of birth	Gender (M/F)
1.	Naccarato	Giovanni	April 2, 1972, Rome	M
2.	Stabilini	Alessandra	November 5, 1970, Milan	F
3.	Mernone	Alfredo	December 10, 1955, Rome	M

Section II – Alternate statutory auditors

No.	Surname	Name	Date and place of birth	Gender (M/F)
1.	Speranza	Alessandro	February 23, 1976, Rome	M
2.	Galardi	Valeria	June 10, 1977, Rome	F
3.	Saponaro	Stefano	April 22, 1967, Rome	M

* * * * *

Pursuant to Article 27 of the Bylaws and Article 144-*sexies*, paragraph 4, of the Issuers' Regulation, adopted through Consob Resolution no. 11971 of May 14, 1999, the slate includes the following documentation, whose publication by Ansaldo STS S.p.A., as far as it is concerned, together with this slate is hereby authorized:

- statement whereby each candidate accepts the candidature and states, under his/her own responsibility, the absence of any cause of ineligibility and incompatibility, as well as the existence of the requirements (including the independence requirements) provided by the regulations in force and by the Bylaws in order to hold the office as statutory auditor of the Company;

- *curriculum vitae* concerning the personal and professional characteristics of each candidate, with the indication of the possible managing and control offices held in other companies;
- copy of an identification document of each candidate;
- certification which confirms the ownership, by Hitachi Rail Italy Investments S.r.l., as at the date of submission of the slate, of the number of shares of Ansaldo STS S.p.A. required for the submission of the same slate.

* * * * *

Should Ansaldo STS S.p.A. need to contact Hitachi Rail Italy Investments S.r.l., please contact Daniel Mark Phillips, phone +442079474872, fax +442079702799, email dan.phillips@hitachirail-eu.com.

London, April 13, 2017

Signed by

Hitachi Rail Italy Investments S.r.l.

By: Daniel Mark Phillips

As: Chief Executive Officer

The undersigned Giovanni NACCARATO, born in Rome, on April 2, 1972, tax code NCCGNN72D02H501N, resident in Rome, via della Giulia, no. 16

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Effective Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under his own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

  [YES] (selected by Mr. Naccarato) [NO]

- to have developed an overall expertise of at least a three-year period in the carrying out of:

  (a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; <u>or</u>

  (b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; <u>or</u>

  (c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

  [YES] (selected by Mr. Naccarato) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

  (a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; and

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Mr. Naccarato) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

[YES] (selected by Mr. Naccarato) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

[YES] (selected by Mr. Naccarato) [NO]

In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, he declares to currently hold the management and control offices listed in his curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;
- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;
- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Effective Statutory Auditor of ANSALDO STS S.p.A.

Rome, April 12, 2017

In faith

Signed by Mr. Giovanni Naccarato

GIOVANNI NACCARATO

IDENTYFING DATA

Born in Rome (Italy) on April 02, 1972

Residential Address: via Giulia, 16 – 00186 Rome (Italy)

Professional Address: Via Margutta, 54 – 00187 Rome (Italy)

EDUCATION

PhD in Business & Administration (University of Foggia);

Graduated in Business Administration (University of Rome - La Sapienza);

High School Diploma at Istituto Massimiliano Massimo of Rome (Italy).

MEMBERSHIPS OF PROFESSIONAL ASSOCIATIONS

Member of Certified Public Accountants, Auditors and Advisors of Rome since July 1996 - Registration number 6981;

Member of the Register of Statutory Auditors (Ministerial Decree of April 12, 1995, published on "Gazzetta Ufficiale della Repubblica Italiana, supplemento n. 100 – IV serie speciale – del 17.12.1999" no. 106162;

Member of the Register of Expert Witness of the Criminal and Civil Court of Rome.

PROFESSIONAL EXPERIENCE

From 1998 to 2015 he cooperated with Professor Enrico Laghi, tenured professor of Business Administration at the University of Rome "La Sapienza" – Member, among others, of the Board of Trustees of the Italian Valuation Body, carrying out advisory for: mergers and acquisitions; company and branch valuation in both public and private sectors; opinions on both separate and consolidated financial statements; debt restructuring. Since 2016 this activity is carried autonomously.

He was appointed as valuation expert, for M&A transactions and contributions of branches of companies listed on regulated markets and their subsidiaries.

<u>Management of enterprise crisis</u>

He covered the role of certifier, advisor, coadjutor in bankruptcy and insolvency procedures for primary Italian Groups among which:

- Seat Pagine Gialle: he covered the role of judicial sub-commissioner in the going concern preventive conciliation procedure;

- Italtel S.p.A.: he covered the role of advisor in the restructuring procedure under art. 182 bis of the Italian Bankruptcy Law;
- Società per Azioni Centrale Cementerie Italiane (SACCI) S.p.A.: he covered the role of expert certifier in the going concern preventive conciliation procedure;
- Gruppo Fenice Holding – Una S.p.A.: he covered the role of advisor in the debt restructuring procedures under art. 182 bis of the Italian Bankruptcy Law.

APPOINTMENTS

As of April 1, 2017 he covers the following roles:

General Manager

- Ospedale Israelitico di Roma

Sole director

- Gybe Consulting S.r.l.

Chairman of the Board of Statutory Auditors

- Acea Produzione S.p.A. (ACEA Group)
- ICQ Holding S.p.A. (Ambienta Group)
- Properties Italia S.p.A.

Member of the Board of Statutory Auditors or Independent Auditor

- Yoox Net A Porter Group S.p.A. (listed on the Star segment of Borsa Italiana)
- Acea Energia S.p.A. (ACEA Group)
- Consorzio Bancario SIR in liquidation (Cassa Depositi e Prestiti)
- Universal Pictures Intenational Italy S.r.l.

Member of the Supervisory Board

- BAT - British American Tobacco Italia S.p.A.

Substitute Member of the Board of Statutory Auditors

- Cesare Fiorucci S.p.A.
- Banca Nazionale del Lavoro S.p.A.
- Piaggio & C. S.p.A.
- Fiorucci Food Service S.r.l.

The undersigned Alessandra STABILINI, born in Milan, on November 5, 1970, tax code STBLSN70S45F205G, resident in Milan, via Leone Pancaldo, no. 1

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Effective Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under her own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

[YES] [NO] (selected by Ms. Stabilini)

- to have developed an overall expertise of at least a three-year period in the carrying out of:

(a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; <u>or</u>

(b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; <u>or</u>

(c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

[YES] (selected by Ms. Stabilini) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

(a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; and

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Ms. Stabilini) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

[YES] (selected by Ms. Stabilini) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

[YES] (selected by Ms. Stabilini) [NO]

In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, she declares to currently hold the management and control offices listed in her curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;
- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;
- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Effective Statutory Auditor of ANSALDO STS S.p.A.

Milan, April 13, 2017

In faith

Signed by Ms. Alessandra Stabilini

Alessandra Stabilini
Aggregate Professor (Professore Aggregato) *of Corporate interest, corporate social responsibility and financial reporting — University of Milan*
Confirmed Researcher (Ricercatore confermato) *of Commerciai Law — University* of *Milan*
Equity Partner — NCTM Studio Legale Associato, Milan

Born in Milan, where she lives, on 5 November 1970.

Education

Degree (JD equivalent) in Law, University of Milan, 1995.
Master of Laws (LL.M.), The University of Chicago (Illinois, U.S.A.), 2000.
Ph.D in Commercial Law, Bocconi University, Milan, 2003.

Academic Position

Aggregate Professor (Professore Aggregato) of *Corporate interest, corporate social responsibility and financial reporting* (course taught in English), University of Milan (20I6-present).
Aggregate Professor of *International Corporate Governance* (course taught in English), University of Milan (2011-2016).
Confirmed Researcher of Commercial Law, University of Milan, Department of Private Law and History of Law (from 2004, tenure confirmed in 2007).

Professional career

Admitted to the Milan Bar in 2001.

She collaborated with Nctm Studio Legale Associato, Milan, since 2015, previously as *Associate,* consequently as *Of Counsel* (2011-2015). Since 2015, she is Equity Partner of NCTM.

She specializes in company law, with specific regard to listed companies, in securities law and financial markets, including banking for regulatory and crisis profiles. She has acted and acts as legal counsel to Italian issuers in connection with: IP0s, rights issues, tender offers, corporate governance issues (legal issues in management and control, corporate regulations and procedures, shareholders' meetings, investor relations), market disclosure and price sensitive information, relations with Securities Authorities, administrative proceedings before Regulatory Authorities.

She assists unlisted companies in the areas of company and commercial law, including corporate litigation. She has assisted clients in arbitration proceedings and has acted as arbitrator in proceedings administered by the Arbitration Chamber of Milan.

Current corporate offices

Statutory Auditor of Parmalat S.p.A. (listed in MTA — Borsa italiana) since July 2013 (confirmed in office by the shareholders' meeting in April 2014). The office *will* cease on April *28, 2017 (ordinary shareholders' meeting) and will not be renewed.*

Statutory Auditor of Brunello Cucinelli S.p.A. (listed in MTA — Borsa Italiana) since Aprii 2014. She *is a candidate for renewal in the majority shareholder slate.*

Statutory Auditor of Fintecna S.p.A. (100% Cassa Depositi e Prestiti S.p.A.) since April 2014 (expiry: shareholders' meeting for approval of 2016 annual accounts).

Independent Director of Banca Widiba S.p.A., since November 2014 (confirmed in office by the shareholders' meeting on April 9, 20 i 7).

Non Executive Director of Librerie Feltrinelli s.r.I., since April 2014 (expiry: shareholders' meeting for approval of 20 i 6 annual accounts).

Statutory Auditor of Nuova Banca delle Marche S.p.A. (Bridge Bank under BRRD, 100% Fondo di Risoluzione, Banca d'Italia) since November 2015 (expiry: cessation of the bridge bank).

Independent Director of COIMA RES SIIQ S.p.A. (listed in MTA — Borsa Italiana) since May 2016 (expiry: shareholder's' meeting for approval of 2017 annual accounts).

Other Offices

Liquidator *(Commissario liquidatore)* of TANK SGR S.p.A. in liquidazione coatta amministrativa (appointed by the Bank of Italy, July 2014).

Member of the Surveillance Committee *(Comitato di Sorveglianza)* of GAA SIM S.p.A. in liquidazione coatta amministrativa (appointed by the Bank of Italy, September 20 i 3).

Member of the Supervisory Committee of ECU SIM S.P.A. in l.c.a. (appointed by Banca d'Italia, August 2015)

Formerly member of the Surveillance Committee of two financial intermediaries in crisis procedures pursuant to Article 56 of Leg. Decree No. 58/1998 (appointed by the Bank of Italy).

In March 2007, she was appointed by Decree of the Italian Minister of Finance as member of the Technical Committee supporting the Committee for the Italian Financial Market (Comitato per *la piazza finanziaria italiana)* chaired by the then-Deputy Minister On. Roberto Pinza.

Memberships and Acknowledgements

Vice-President of *NED* Community, non-profit association of Non Executive and Independent Directors (www.nedcommunity.it).

She was listed in the "Ready-for-Board Women" list compiled by the Professional Women's Association of Milan — 2011 Edition, and in the Database of Excellent Curricula compiled by the Marisa Bellisario Foundation (2011).

On May 17, 2012, she was awarded the Ambrogio Lorenzetti Prize for the governance of companies (3° place in "Non Executive Directors" category), with the following motivation: "She spreads the culture of corporate governance and promotes its application for the renewal of corporate governance through teaching and writing".

Selected recent publications

2016 *Legal framework of banking governance and board's responsibilities,* in A. Carretta, M. Sargiacomo (eds.), *Doing Banking in Italy: Governance, Risk, Accounting and Auditing issues,* Mc Graw Hill Education, United Kingdom, pp. 53-78

2014 Restrictive *agreements. Dominant undertakings' Prohibited Practices,* in A. Toffoletto, A. Stabilini (eds.), Competition *Law in Italy,* Kluwer Law International, The Netherlands, pp. 117-182

2013 *The Shortcomings* of *Voluntary Conceptions* of CSR, in Orizzonti *del* Diritto *commerciale* (on-line review), n. 1/2013, http://www.orizzontideldirittoconnnnerciale.it/sag,gi/the-shortcomingsof-voluntary-conceptions-of-csr.aspx (with Francesco Denozza)

2012 *Commento* sub art. 133, in AA. VV., *Il* Testo *Unico della* Finanza, a cura di M. Fratini e G. Gasparri, UTET, 2012 (with Alberto Toffoletto)

2012 I *soci non professionisti,* in AA. VV., Società *tra professionisti,* in Società. *Gli speciali, Digital edition,* Ipsoa

2011 *L'abuso della regola di maggioranza nelle società di capitali. Itinerari della giurisprudenza,* in Società, n. 7/201 I

2010 *Clausole di* drag along *e autonomia privata nelle società chiuse,* (with Matteo Trapani), in *Rivista del Diritto commerciale,* 2010, p. 949-1000

2009 II *sistema dualistico in alcuni ordinamenti europei: un'analisi comparata,* in AA.VV., *Il modello dualistico. Dalla norma all'attuazione,* Il Sole 24 Ore, Milano

2008 CSR *and Corporate Law: The Case for Preferring Procedural Rules, Social* Science Research *Network* (www.ssrn.com) (with Francesco Denozza)

2005 *La disciplina societaria e il ruolo degli stakeholder a livello internazionale* e *Previsioni del diritto societario per la tutela degli stakeholder,* in AA. VV., *Guida critica alla responsabilità sociale e al governo d'impresa,* Roma, 2005, 489 ss.

2003 *Virtù del mercato e scetticismo delle regole: note a margine della riforma del diritto societario,* in *Rivista delle società,* n. 1/2003, I ss. (with Guido Rossi)

I hereby authorize the processing of my personal data pursuant to law.

Milan, 13 April 2017

The undersigned Alfredo MERNONE, born in Rome, on December 10, 1955, tax code MRNLRD55T10H501B, resident in Largo Giuseppe Leti, no. 8 – 00152 Rome

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Effective Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under his own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

  [YES] (selected by Mr. Mernone) [NO]

- to have developed an overall expertise of at least a three-year period in the carrying out of:

  (a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; or

  (b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; or

  (c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

  [YES] (selected by Mr. Mernone) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

  (a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; and

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Mr. Mernone) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

[YES] (selected by Mr. Mernone) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

[YES] (selected by Mr. Mernone) [NO]

In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, he declares to currently hold the management and control offices listed in his curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;
- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;
- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Effective Statutory Auditor of ANSALDO STS S.p.A.

Rome, April 13, 2017

In faith

Signed by Mr. Alfredo Mernone

STUDIO PROFESSIONALE
ALFREDO MERNONE
DOTTORE COMMERCIALISTA

To
Ansaldo STS S.p.A.
Via Paolo Mantovani no. 3/5
16151 Genova

Rome, April 13, 2017

Dear Sirs,

I acknolwedge that my name has been proposed as member of the board of statutory auditors of your company in view of the shareholders' meeting called to resolve upon the renewal of the board of statutory auditors. I am grateful for your attention and pursuant to Article 2400, paragraph 4, of the Italian civil code, hereby communicate that the management and control offices that I hold in other companies are, as of today, the following:

- Chairman of the Controlling Body of

  Associazione Bambino Gesù – ONLUS – Lungotevere Navi, no. 19 – 00196 Rome; http://www.associazionebambinogesu.org

- Effective statutory auditor of

  Margaritelli Ferroviaria S.p.A. – Via Adriatica, no. 109 – 06135 Ponte San Giovanni (PG) http://www.margaritelli.com/italia/

- Alternate statutory auditor of

  Notartel S.p.A. – Via G. Vincenzo Gravina, no. 4 – 00196 Rome

  http://www.notartel.it/

In addition, I attach hereto my professional curriculum.

Best regards.

Signed by Mr. Alfredo Mernone

Annex: Professional curriculum

Viale Liegi, 32 - 00198 ROMA - Tel. +3906 3240700
alfredo.mernone@legalmail.it - amernone@mcc-adv.it
Cod. Fisc. MRN LRD 55T10 H501B - P. IVA 10171020588

PROFESSIONAL CURRICULUM of ALFREDO MERNONE

DATI ANAGRAFICI

Born in Rome, on December 10, 1955, married, with a son. Office in Rome — Viale Liegi, no. 32 - 00198.

Telephone: 06 3240700 – E mail: *amernone@mcc-adv.it*

EDUCATION AND PROFESSIONAL QUALIFICATIONS

Classical High School Diploma at Liceo-Ginnasio E. Q. Visconti, Piazza del Collegio Romano, no. 2 - Rome.

Decree in Economics and Commerce at Università degli Studi "La Sapienza" of Rome.

Admitted to the exercise of the profession as Certified Public Accountant and subsequent enrollment with the relevant Register of Rome.

Enrollment with the Register of the technical consultants of the Civil and Criminal Court of Rome. Enrollment with the Register of experts of the Criminal Court of Rome.

Enrollment with the Register of Auditing Accountants with number 37902.

PROFESSIONAL TRAINING

Since October 1, 1981 until December 31, 1982 – National military service carried out at the Financial Police (*Guardia di Finanza*), first with the attendance of the four-month AUC course, then as a Second Lieutenant of complement at the Research Department of the Tax Police School (*Scuola di Polizia Tributaria*) for a period of eleven months.

Since January 17, 1983 until June 7, 1987 – Officer of the auditing and accounts certification firm named Price Waterhouse s.a.s. – Rome office.

Since June 8, 1987 until March 31, 1990 – Professional person, as collaborator of Studio legale tributario A. Fantozzi - L. Biscozzi, Via Sicilia, no. 66 - 00187 Rome.

August-September 1989 — *Summer associate* at the New York office of Studio legale Gianni, Origoni, Tonucci.

THE FIRM

Since 1990, he autonomously carries out the professional activity as certified public accountant, both in an associated and individual manner, working in any case with the support of colleagues able to enhance the different culture of business economists and jurists.

Since April 1, 1990 until September 15, 1992 – Professional person, mainly involved as tax advisor of the Italian sub-holding company of a multinational pharmaceutical listed company. Office in via Ludovisi, no. 35 – Rome.

Since September 16, 1992 until April 30, 2010 – Founding partner and head of the Rome office of "Studio Associato Legale e Tributario Mernone, Corvaja, Clarich" (after Mernone, Corvaja, Martelli; consequently, Mernone, Corvaja & Partners), a professional firm of lawyers and certified public accountants with offices in Bologna, Catania, Milan and Rome. Office in Piazzale Flaminio, no. 9 – Rome.

Since May 1, 2010 until December 31, 2011 – Partner of "Studio Carnelutti, associazione professionale di avvocati e dottori commercialisti", founded at the end of 1800. Office in via Parigi, no. 11 – Rome.

Since January 1, 2012 until January 31, 2016 – Professional person, as well as founding partner of Consultants Network. Such original structure coordinates the job of a network of professionals (lawyers, certified public accountants, engineers and notary publics), advisors and business managers, located throughout Italy, in the multidisciplinary analysis of complex corporate transactions. Office in via Parigi, no. 11 – Rome.

Since February 1, 2016 – He begins a deep collaboration with "Studio legale tributario Miccinesi e Associati", in the context of the opening of the new Rome office, where he moved. Office in viale Liegi, no. 32 – Rome.

PERFORMED ACTIVITIES

During the course of the years, he developed a significant experience in the solution of his own and entrepreneurs', companies' and entities', both Italian and foreign, problems.

Preferring a multidisciplinary approach, he guarantees:

- interventions tailored to the specific needs of the customer, in the areas of tax, corporate and commercial law, as well as in various economic and business matters;
- the verification of entrepreneurial strategies and projects, supplying scientific, technical and operative support in the planning and realization thereof.

The most regular tasks concern the following areas:

- advice in relation to issues concerning any aspect of tax laws;
- tax planning, tax Check-up, tax audit, due diligence;
- representation of tax payers before the several Offices of the Financial Administration and during proceedings before the Tax Commissions;
- advice in the formulation, drafting, analysis and verification of any kind of company financial statements;
- advice and assistance in the context of extraordinary corporate transactions;
- advice and assistance in contractual matters;
- assistance in the context of extra-judicial composition of litigations;
- evaluations and technical advices upon request of the civil and criminal Judicial Authority and of the parties in the proceedings.

Member of the Board of Directors, of the Board of Statutory Auditors and of the Supervisory Board of several companies (banking, financial, industrial and commercial groups, also listed), as well as of Non-profit institutions (*i.e.*, ONLUS) and Cultural Association, also upon designation by Public Institutions. Liquidator of companies and entities.

Professor at the Tax Police School of the Financial Police (*Scuola di Polizia Tributaria* of Guardia *di Finanza)*, he lectures (*inter alia*) "*Tecnica di revisione aziendale*" (*i.e.*, technic of companies auditing) in the context of "*Corsi centralizzati per Ufficiali comandanti di Sezioni Speciali dei Nuclei Centrale e Regionali di P.T.*" (five academic years, since 1988 until 1993).

Speaker on tax and corporate matters, in seminars and conferences organized by the Association of Certified Public Accountants of Rome, by professional associations and training institutions.

Author of articles and publications in tax and business matters on specialized journals.

CLIENTS

The company offices held so far are more than one hundred and are easily checkable.

The same concerned companies of any economic sector, any size, family-owned, with stake spread and listed, Italian and foreign; with offices throughout Italy.

The most prestigious offices are maybe those received within the Ferrovie dello Stato's group, Finmeccanica, Mondadori, Ferragamo.

In the banking and financial sector, it has been significant the role covered for Banca Antonveneta, when the latter hived off the real estate sector; for Banca d'Italia, in the context of the appointment of an external commissioner for Credito di Romagna; for the England-based Atlas Capital Group, in the context of opening of the Italian branch.

In the hotel industry sector, he was member, for a ten-year period, of the Board of Statutory Auditors of the companies of the Ciga-Starwood group, he is director of the Tuscan resort CdB, and he holds guarantee offices in the vehicle companies of Jolly Hotel.

In the business advice sector, are significant the roles played for the England-based High Point Rendel, for the Milan-based Galgano & Associati and for the Rome-based General Service Italia.

Consequently, he begins the Neomobile's activities, which is currently leader in the mobile commerce, and also the traditional activities of "Di Baio editore", whose journals are a landmark for any architect.

More numerous and complex are the advice tasks, covered in any context, which have never been disclosed.

The undersigned Alessandro SPERANZA, born in Rome, on February 23, 1976, tax code SPRLSN76B23H501T, resident in Rome, via Guardistallo, no. 31

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Alternate Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under his own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

  [YES] (selected by Mr. Speranza) [NO]

- to have developed an overall expertise of at least a three-year period in the carrying out of:

  (a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; or

  (b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; or

  (c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

  [YES] (selected by Mr. Speranza) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

  (a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; and

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; and

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Mr. Speranza) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

[YES] (selected by Mr. Speranza) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

[YES] (selected by Mr. Speranza) [NO]

In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, he declares to currently hold the management and control offices listed in his curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;
- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;
- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Alternate Statutory Auditor of ANSALDO STS S.p.A.

Rome, April 13, 2017

In faith

Signed by Mr. Alessandro Speranza

ALESSANDRO SPERANZA

Mob.+39 335 6682225
Office in via San Tommaso d'Aquino 47, 00136 Rome
E- mail: alessandro.speranza@studiotributariosperanza.it

CURRICULUM VITAE

EDUCATION AND TRAINING

2000: Degree in Business and Economics at the University of Rome "La Sapienza.

PROFESSIONAL SKILLS

- Enrolled with the Register of Certified Public Accountants, Auditors and Advisors of Rome since May 2, 2005.
- Enrolled with the Register of the Accounting Auditors (Number 141263) pursuant to Ministerial Decree 21/07/2006, published on the Italian Official Gazette no. 58 of August 1, 2006.

EXECUTIVE POSITIONS

STATUTO LUX HOLDING RE S.R.L. (Statuto Group)
SOLE STATUTORY AUDITOR AND ACCOUNTING AUDITOR

MDP HOLDING S.R.L. (STATUTO GROUP)
SOLE STATUTORY AUDITOR AND ACCOUNTING AUDITOR

SLH HOTEL S.R.L. (STATUTO GROUP)
SOLE STATUTORY AUDITOR AND ACCOUNTING AUDITOR

MONTENAPOLEONE RETAIL S.R.L. (STATUTO GROUP)
SOLE STATUTORY AUDITOR

DANIELI PROPERTY S.R.L. (STATUTO GROUP)
HOTEL DANIELI OF VENICE
SOLE STATUTORY AUDITOR AND ACCOUNTING AUDITOR

SACLI SPA (CLINIC OF GUARNIERI GROUP)
CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND ACCOUNTING AUDITOR

GUARNIERI S.P.A. (CLINIC OF GUARNIERI GROUP)
STATUTORY AUDITOR AND ACCOUNTING AUDITOR

ARS MEDICA S.P.A. (CLINIC OF GUARNIERI GROUP)
STATUTORY AUDITOR AND ACCOUNTING AUDITOR

SAN BASILIO MANAGEMENT HOLDING S.P.A.
CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND ACCOUNTING AUDITOR

SAN BASILIO PROPERTY HOLDING S.P.A.
CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND ACCOUNTING AUDITOR

SAB BASILIO PROPERTY S.P.A.
CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND ACCOUNTING AUDITOR

SAB BASILIO MANAGEMENT S.P.A.
CHAIRMAN OF THE BOARD OF STATUTORY AUDITORS AND ACCOUNTING AUDITOR

BOSSI SCALA PROPERTY S.P.A.

STATUTORY AUDITOR AND ACCOUNTING AUDITOR

YALLA YALLA S.P.A. IN LIQUIDAZIONE
LIQUIDATOR

BUSINESS ECONOMICS ADVISOR IN MATTERS CONCERNING:

- ECONOMIC, FINANCIAL, TAX AND ADMINISTRATIVE MANAGEMENT OF INDUSTRIAL AND REAL ESTATE INTERNATIONAL GROUPS (SUCH AS POLYHEDRA GROUP PLC AND CESAL FINANCIERE SA);
- COMPANY CRISES (DEBT RESTRUCTURING AGREEMENTS AND COMPOSITION AGREEMENTS);
- REPORT PURSUANT TO ARTICLE 2501–*BIS*;
- EXTRAORDINARY TRANSACTIONS (MERGERS, DE-MERGERS, CONTRIBUTIONS, ACQUISITIONS, ETC.);
- REPORT OF BUSINESS EVALUATIONS;
- GROUP TAX PLANNING;
- HEAD OF THE COMPANY BUDGET AND OF EACH BUSINESS UNIT;
- MANAGEMENT OF ALL THE GROUP EXTRAORDINARY AND RESTRUCTURING TRANSACTIONS , M&A, TAX AND ACCOUNTING DUE DILIGENCE;
- FIXING OF THE FINANCIAL STRATEGIES OF THE GROUP'S SUBSIDIARIES, AIMED AT OBTAINING THE COLLECTION OF THE FINANCIAL MEANS AND AT GUARANTEEING THE BUSINESS DEVELOPMENT IN THE SHORT/MEDIUM/LONG TERM;
- OPERATIONAL MANAGEMENT OF THE FINANCIAL AGREEMENTS AND THE CASH FLOW, OPTIMIZING THE CONDITIONS AND SAFEGUARDING THE BALANCE OF THE FLOWS IN COMPLIANCE WITH THE COMPANY DIRECTIVES;
- ASSISTANCE IN THE FIXING AND DIRECTION OF THE ECONOMIC, FISCAL AND FINANCIAL GOVERNANCE SYSTEM, IN THE FORMULATION OF THE MANAGERIAL CONTROL POLICIES AND IN THE STRATEGIC PLANNING;
- IMPLEMENTATION OF THE MANAGEMENT CONTROL IN VIEW OF THE OPTIMIZATION OF THE DECISION-MAKING PROCEDURES BY SAFEGUARDING THE ECONOMIC AND FINANCIAL BALANCE OF THE COMPANIES;
- DRAFTING OF PERIODICAL REPORTS IN ORDER TO INFORM THE BOARD OF DIRECTORS OF THE DEVELOPMENT OF THE HEADED SECTORS, AGREEING AND IMPLEMENTING POSSIBLE IMPROVEMENTS AND AMENDMENTS;
- DEVELOPMENT OF THE INFORMATIVE SYSTEMS IN ORDER TO GUARANTEE THE CORRECT FUNCTIONING AND OPTIMIZING THE PERFORMANCE THEREOF;
- CONTROL OF THE COMPANY'S CREDIT EXPOSURE BY COLLECTING INFORMATION ON THE CLIENTS' SOLVENCY AND STARTING THE NECESSARY ACTION IN ORDER TO REACH THE OBJECTIVES;
- MANAGEMENT OF THE RELATIONSHIPS WITH BANKS AIMED TO THE REACHING OF DEBT RESTRUCTURING AGREEMENTS ALSO MAKING USE OF ARTICLE 67 AND ARTICLE 182-*BIS* OF THE BANKRUPTCY LAW;
- MANAGEMENT OF THE RELATIONSHIPS WITH THE FINANCIAL AND LEGAL ADVISORS AND OF THE RELATIONSHIPS WITH INTERNATIONAL AND NATIONAL INVESTMENT FUNDS.

PRICEWATERHOUSE COOPERS S.P.A.,
Independent Auditor s 2001 to 2003

LANGUAGE AND IT SKILL

- **Good knowledge of English language**

- **Good knowledge of the personal computer, of the major operating systems on the market, and of the Office packages on Windows.**

PERSONAL DATA

Born in Rome, 23RD February, 1976. Resident in: Via Guardistallo no. 31, 00189 Rome.
Italian Citizenship. Married with three children.

I hereby allow the use and processing of my personal data according to Legislative Decree 196/2003 concerning the handling of personal data.

SIGNED BY MR. ALESSANDRO SPERANZA

To the Shareholders' Meeting

Rome, April 13, 2017

RE: **<u>Statement pursuant to Article 2400, paragraph 4, of the Italian civil code: offices held in other companies.</u>**

The undersigned Mr. ALESSANDRO SPERANZA, Certified Public Accountant, born in Rome, on February 23, 1976, Italian Citizen, domiciled in Rome – via San Tommaso D'Aquino no. 47, Tax Code SPRLSN76B23H501T, enrolled with the Register of Certified Public Accountants, Auditors and Advisors of Rome since May 2, 2005; enrolled with the Register of the Accounting Auditors (Number 141263) pursuant to Ministerial Decree 21/07/2006, published on the Italian Official Gazette no. 58 of August 1, 2006, following the proposal of appointment as alternate statutory auditor received from the company ANSALDO STS S.p.A.

DECLARES

pursuant to Article 2400, paragraph 4, of the Italian civil code, to hold the following offices in the companies listed below:

COMPANY	OFFICE
STATUTO LUX HOLDING RE S.R.L. **Sole quotaholder company** Registered office: Via XX Settembre, no 5 - Rome Tax and VAT Code: 11212821000	Sole Statutory Auditor and Accounting Auditor
MDP Holding S.R.L. Registered office: Via Borgonovo, no. 2 - Milan Registered with the Register of Enterprises of Milan – Tax Code and number of registration: 12462421004	Sole Statutory Auditor and Accounting Auditor
SLH Hotels S.R.L. Registered office: Via Borgonovo, no. 2 - Milan Registered with the Register of Enterprises	Sole Statutory Auditor and Accounting Auditor

of Milan – Tax Code and number of registration: 08605240962	
Montenapoleone Retail S.R.L. Registered office: Via Borgonovo, no. 2 - Milan Registered with the Register of Enterprises of Milan – Tax Code and number of registration: 08843900963	Sole Statutory Auditor
Danieli Property S.R.L. Registered office: Via XX Settembre, no. 5 - Rome Registered with the Register of Enterprises of Milan – Tax Code and number of registration: 08697711003	Sole Statutory Auditor and Accounting Auditor
MDP Holding S.R.L. Registered office: Via Borgonovo, no. 2 - Milan Registered with the Register of Enterprises of Milan – Tax Code and number of registration: 12462421004	Sole Statutory Auditor and Accounting Auditor
ARS MEDICA S.p.A. UNICO SOCIO Registered office: Via Cesare Ferrero di Cambiano, no. 29, Rome (RM) Tax Code and number of registration: 01453700583	Effective Statutory Auditor and Accounting Auditor
SACLI - SOCIETA' CLINICHE S.p.A. UNICO SOCIO Registered office: Via Olevano Romano, no 25 - Rome (RM) Registered with the Register of Enterprises of Rome Tax Code and number of registration: 02651490589	Chairman of the Board of Statutory Auditors and Accounting Auditor
CASA DI CURA GUARNIERI S.R.L. UNICO SOCIO Registered office: Via Tor De' Schiavi, no. 139 - Rome (RM) Registered with the Register of Enterprises of Rome Tax Code and number of registration: 08587551006	Effective Statutory Auditor and Accounting Auditor

San Basilio Management S.p.A. Registered office: Via Borgonovo, no. 2 - Milan Tax Code and number of registration: 08584110962	Chairman of the Board of Statutory Auditors and Accounting Auditor
San Basilio Management Holding S.p.A. Registered office: Via Borgonovo, no. 2 - Milan Tax Code and number of registration: 09310410965	Chairman of the Board of Statutory Auditors and Accounting Auditor
San Basilio Property S.p.A. Registered office: Via Borgonovo, no. 2 - Milan Tax Code and number of registration: 08603130967	Chairman of the Board of Statutory Auditors and Accounting Auditor
San Basilio Property Holding S.p.A. Registered office: Via Borgonovo, no. 2 - Milan Tax Code and number of registration: 09310400966	Chairman of the Board of Statutory Auditors and Accounting Auditor
Bossi Scala Property S.p.A. Registered office: Via Borgonovo, no. 2 - Milan Tax Code and number of registration: 09749410966	Effective Statutory Auditor and Accounting Auditor

In faith

Signed by Mr. Alessandro Speranza

The undersigned Valeria GALARDI, born in Rome, on June 10, 1977, tax code GLR VLR 77H50 H501N, resident in Rome, Piazza Annibaliano, no. 9

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Alternate Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under her own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

  [YES] (selected by Ms. Galardi) [NO]

- to have developed an overall expertise of at least a three-year period in the carrying out of:

  (a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; <u>or</u>

  (b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; <u>or</u>

  (c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

  [YES] (selected by Ms. Galardi) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

  (a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Ms. Galardi) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

  [YES] (selected by Ms. Galardi) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

  [YES] (selected by Ms. Galardi) [NO]

  In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, she declares to currently hold the management and control offices listed in her curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;

- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;

- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Alternate Statutory Auditor of ANSALDO STS S.p.A.

Rome, April 13, 2017

In faith

Signed by Ms. Valeria Galardi

CURRICULUM VITAE

Personal Information

Name	Valeria Galardi
Address	Piazza Annibaliano, 9 – 00198 Roma
Phone	+39 339 7202350
Fax	
E-mail	valeriagalardi@gmail.com
Nationality	Italian
Date of birth	10/06/1977

WORK EXPERIENCES

• Dates from 2011 — PROFESSIONAL COLLABORATION

• Name and address of employer — Professional Firm Rosati, La Commara & Partners

• Type of business or sector — Accounting, tax and strategic consulting

• Main activities and responsibilities — Professional assistance and activities of:

- Business evaluations and drafting of business and financial plans.
- Accounting and tax services to SMEs.
- Drafting of individual and consolidated financial statements in accordance with the Italian accounting principles.
- Preparation of tax declarative models.
- Statements by individuals and partnerships.
- Corporate and commercial law.
- Activities as statutory auditor.
- Statutory audit of accounts.
- Management of tax litigations.

COVERED PROFESSIONAL OFFICES

- Telecontact Center S.p.A. (Telecom Italia Group), Effective statutory auditor since 2016
- Fondazione Insè, Effective statutory auditor since 2015;

- Piaggio Aero Industries S.p.A., Alternate statutory auditor;
- Noverca S.r.l. (Telecom Italia Group), Alternate statutory auditor;

- Sace BT S.p.A., effective statutory auditor since 2013 until 2016;
- Punta Tragara S.p.A., Effective statutory auditor since 2015 until 2015

Dates from 2006 to 2011 — PROFESSIONAL COLLABORATION

• Name and address of employer — Professional firm: LS Lexjus Sinacta

• Type of business or sector	Accounting, tax and strategic consulting
• Main activities and responsibilities.	Professional assistance and activities of: ▪ Business evaluations and drafting of business and financial plans. ▪ Drafting of individual and consolidated financial statements in accordance with the Italian accounting principles. ▪ Preparation of tax declarative models. ▪ Statements by individuals and partnerships. ▪ Corporate and commercial law. ▪ Statutory audit of accounts. ▪ Management of tax litigations.
• Date from 2006 to 2011	PROFESSIONAL COLLABORATION
• Name and address of employer	Professional Firm Tasco & Associati
• Type of business or sector	Accounting, tax and strategic consulting
• Main activities and responsibilities:	Professional assistance and activities of: ▪ Business evaluations and drafting of business and financial plans. ▪ Drafting of individual and consolidated financial statements in accordance with the Italian accounting principles. ▪ Preparation of tax declarative models of companies and individuals. ▪ Informatics assistance. ▪ Bookkeeping of ordinary and simplified companies books.
EDUCATION AND TRAINING	
• Date from 2001- 1995	Degree in Economics and Business at the University of Rome “La Sapienza” with the vote of 105/110. Classical High School Diploma at “Giulio Cesare” of Rome with the vote of 48/60.
Qualification obtained	Certified Public Accountant, enrolled since 2006 with the Register of Certified Public Accountants of Rome Statutory Auditor, enrolled since 2007 with the Register of Statutory Auditors
	Good knowledge of the English language, both written and spoken
PERSONAL APTITUDE	Very inclined to interpersonal relationships and to the team working

The undersigned Stefano SAPONARO, born in Rome, on April 22, 1967, tax code SPNSFN67D22H501R, resident in Rome, via Gerolamo Belloni, no. 94

WHEREAS

A) the undersigned – for the purposes of the appointment of the members of the Board of Statutory Auditors of ANSALDO STS S.p.A., which will be held during the ordinary Shareholders' meeting called, in single call, for May 11, 2017 – has been designated by the shareholder Hitachi Rail Italy Investments S.r.l. in the slate for the office as Alternate Statutory Auditor of ANSALDO STS S.p.A.;

B) the undersigned is aware of the requirements pursuant to the current legislation and to the Company's Bylaws for the office as Statutory Auditor of ANSALDO STS S.p.A.,

Now, therefore

The undersigned, under his own and exclusive responsibility, pursuant to Article 76 of the Decree of the President of the Republic no. 445 of December 28, 2000, concerning documents falsifications and false statements,

DECLARES[1]

- to be enrolled with the register of accounting auditors and to have carried out activity of auditing of the accounts for a period not less than three years;

  [YES] (selected by Mr. Saponaro) [NO]

- to have developed an overall expertise of at least a three-year period in the carrying out of:

  (a) management and statutory auditing activity or managerial tasks in companies with a corporate capital not lower than Euro 2,000,000.00; <u>or</u>

  (b) professional or academic activities in legal, economic, financial and technical-financial matters strictly connected to the Company's business; <u>or</u>

  (c) managerial tasks in public authorities or public administrations carrying out banking, financial, and insurance activities or, in any case, in sectors strictly relating to the Company's business. Pursuant to the Company's Bylaws, are considered strictly related to the Company's business the matters concerning the commercial and tax law, the business economics and the corporate finance;

  [YES] (selected by Mr. Saponaro) [NO]

- the absence of reasons of ineligibility, forfeiture and incompatibility as well as the possession of the reputation, independence and professionalism requirements which are requested for the appointment to the aforesaid office, and in particular:

  (a) not to be in the situations listed under Article 1, paragraphs 5 and 6, of the Ministerial Decree no. 162 of March 30, 2000; <u>and</u>

[1] *Please tick the appropriate box*

(b) to have the reputation requirements set forth under Article 2 of the Ministerial Decree no. 162 of March 30, 2000; and

(c) to have the independence requirements set forth under Article 148, paragraph 3, of the Legislative Decree no. 58 of February 24, 1998;

[YES] (selected by Mr. Saponaro) [NO]

- as well as to have the independence requirements set forth under the joint provisions of Articles 8.C.1 and 3.C.1 of the Corporate Governance Code;

[YES] (selected by Mr. Saponaro) [NO]

- to comply with the limits on the plurality of management and control offices which the statutory auditors of listed companies can hold in joint stock companies, partnerships partly limited by shares (*società in accomandita per azioni*) and limited liability companies, pursuant to Article 148-*bis* of Legislative Decree no. 58 of February 24, 1998 and Article 144-*duodecies* a 144-*quinquiesdecies* of the Regulations adopted through Consob's resolution no. 11971 of May 14, 1999;

[YES] (selected by Mr. Saponaro) [NO]

In this regard, and taking into account what is provided under Article 2400, last paragraph, of the Italian civil code, he declares to currently hold the management and control offices listed in his curriculum vitae attached to this statement;

- to undertake to promptly communicate to the Board of Directors and to the Board of Statutory Auditors of ANSALDO STS S.p.A. possible variations of this statement;
- to undertake to promptly provide, upon request of ANSALDO STS S.p.A., the documentation necessary to confirm the truthfulness of the declared data;
- to be aware, pursuant and with the purposes of Article 13 of Legislative Decree no. 196 of June 30, 2003, and to agree that the personal data collected in the context of the current candidature will be processed by the Company, also through informatics instruments, only in the context of the procedure with reference to which the current statement is made.

FURTHER DECLARES

- to accept the candidature and the possible appointment as Alternate Statutory Auditor of ANSALDO STS S.p.A.

Rome, April 13, 2017

In faith

Signed by Mr. Stefano Saponaro

CURRICULUM VITAE

STEFANO SAPONARO, born in Rome, April 22 1967.

Chartered Accountant and Statutory Auditor, based in Rome – 00195 – 123, Viale G. Mazzini – Tel.: + 39 06 3725439 - Fax: + 39 06 58201185 - Mob. +39 3355278615 - email s.saponaro@fastwebnet.it - pec s.saponaro@pec.it

Chartered Accountant since July 6 1993.

Statutory Auditor n. 107312, DM 25.11.1999 published on G.U. 17.12.1999.

Skills:

- Firm, Company and Tax advisory, and particularly:
  - Operations of Company and Groups restructuring, reorganization and liquidation;
  - Bankruptcy proceedings;
  - Business evaluations;
  - Preparation of Business and Financial Plans even within proceedings *ex* art. 67, art 182 *bis* Bankruptcy Law and *Concordato Preventivo*;
  - Certification of Plans within proceedings *ex* art. 67, art. 182 *bis* Bankruptcy Law and *Concordato Preventivo*;
  - Assistance in criminal trials concerning Corporate, Bankruptcy and Fiscal Crimes;
  - tax consulting, assistance, and representation.
- Predisposition of Corporate Governance Models
- Predisposition of Organization and Control Models *ex* D.Lgs. 231/2001;

<u>In the context of his professional activity, he performed and performs offices as:</u>

- President of Boards of Statutory Auditors, Statutory Auditors and Independent Auditor in listed companies – also part of multinational listed Groups – limited liability companies, Cooperatives and Associations and ONLUS.
- Plan advisor or certifier in proceedings ex art. 67, 182 bis, and in agreements with creditors (concordato preventivo) of companies operating in several sectors (medical, retail, real estate, industrial, commercial, biotechnology, e-commerce, software house).
- President of the Supervisory Body ex D.Lgs. 231 in joint stock companies and companies which are part of multinational groups in the assurance and re-assurance sector.
- Expert appointed by the Civil and Criminal Court and the Pubblic Prosecutor in criminal and civil trials;
- Technical Advisor of litigator parties in civil, criminal and administrative trials in corporate, criminal commercial, tax and financial matters.
- Liquidator of the joint stock company CIRIO FINANZIARIA S.p.A., charged by the bankrupcy department of the Court of Rome of the management activity of the Company in the context of extraordinary administration procedures of big sized companies in crises (*Amministrazione Straordinaria delle Grandi Imprese in Crisi*)

Other Skills:

- Lecturer at the School of Practitioner for Training Chartered Accountants.
- Speaker at conferences on corporate and business consulting organized by the Order of Chartered Accountants of Rome
- From 2013 - Member of the Consultative Commission "Insolvency" of the Order of Certified Public Accountants of Rome and former member of the commission "Business Consulting" (2008-2012), "Indirect Taxes" (2003-2007), "non-commercial entities" of the Order of Certified Public Accountants of Rome.
- Expert in "Methods and start up business techniques" at the University of Chieti and Pescara "G. D'Annunzio", Faculty of Management, Specialized Degree Course in Economics and Management (AA 2007/2008).
- Co-author of publications on the reform of Corporate Law.
- Author of articles on tax and banking matters on specialized journals (il Fisco, Italia Oggi, Bancaria – Mensile ABI).

Rome, April 2017

STEFANO SAPONARO
CERTIFIED PUBLIC ACCOUNTANT
ACCOUNTING AUDITOR

List of the offices as of April 13, 2017:

Liquidator:

- Porta di Roma S.r.l. in liquidazione
- Immobiliare Campana S.r.l. in liquidazione

Presidente Collegio Sindacale: SOA Container S.p.A.

Revisore Legale : Ass. CIDIM

Rome, April 13, 2017

Signed by Mr. Stefano Saponaro

00195 Roma – Viale Mazzini 123 - Tel. +39 06 3725439 – Mob. +39 3355278615
email: stefano.saponaro@gybeconsulting.it

Comunicazione ex artt. 23/24
del Provvedimento Banca d'Italia/Consob del 22 febbraio 2008 modificato il 24 dicembre 2010

1. Intermediario che effettua la comunicazione

ABI 03069 CAB 09400
denominazione INTESA SANPAOLO S.P.A.

2. Intermediario partecipante se diverso dal precedente

ABI (n.ro conto MT)

denominazione

3. data della richiesta
07.04.2017

4. data di invio della comunicazione
07.04.2017

5. n.ro progressivo annuo
230

6. n.ro progressivo della comunicazione che si intende rettificare/revocare (*)

7. causale della rettifica (*)

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

9. titolare degli strumenti finanziari:

cognome o denominazione HITACHI RAIL ITALY INVESTMENTS
nome
codice fiscale 09194070968
comune di nascita provincia di nascita
data di nascita nazionalità ITALIANA
indirizzo VIA TOMMASO GULLI, 39
città 20147 MILANO (MI) Stato ITALIA

10. strumenti finanziari oggetto di comunicazione:

IT0003977540
denominazione ANSALDO STS SPA

11. quantità strumenti finanziari oggetto di comunicazione:

101.544.702

12. vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione

natura data di: ○ costituzione ○ modifica ○ estinzione

Beneficiario vincolo

13. data di riferimento
07.04.2017

14. termine di efficacia
15.04.2017

15. diritto esercitabile
DEP

16. note

COMUNICAZIONE PER IL DEPOSITO LISTE PER LA NOMINA DEI COMPONENTI DEL COLLEGIO SINDACALE DI ANSALDO STS S.p.A.

Intesa Sanpaolo Group Services Scpa
per procura di FIDEURAM ISPB S.p.A.
Ufficio Anagrafe Titoli ed Operazioni Societarie

Maria Rosa Losbrani

[This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value]

Ansaldo STS S.p.A.
Via Paolo Mantovani, 3-5
16151 - Genova
Attn. Corporate Affairs Office

Via certified email: *assemblea.ansaldosts@legalmail.it*

Genoa, April 12, 2017

RE: Filing of the slate of candidates for the appointment of the Board of Statutory Auditors of Ansaldo STS pursuant Article 27 of the Bylaws

Dear Sirs,

on behalf of the shareholders Elliott International, L.P. e The Liverpool Limited Partnership - collectively holding no. 45,086,943 ordinary shares (equal to 22.5435% of the share capital) of Ansaldo STS S.p.A. - we hereby file the slate of candidates for the appointment of the Board of Statutory Auditors of Ansaldo STS S.p.A. proposed by the abovementioned shareholders in sight of the shareholders' meeting convened for May 11, 2017, in single call, at 11.00, in Genoa, at the offices of Fondazione Ansaldo, Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo).

Kind regards.

Signed by: Matteo M. Pratelli

[This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value]

SLATE OF CANDIDATES FOR THE APPOINTMENT OF THE MEMBERS OF THE BOARD OF STATUTORY AUDITORS OF ANSALDO STS S.P.A.

Elliott International, L.P. e The Liverpool Limited Partnership, in their capacity as shareholders of Ansaldo STS S.p.A. ("**Ansaldo STS**" or the "**Company**") as specified below:

Shareholder	**No. of shares**	**% of the share capital**
Elliott International, L.P.	31,012,105	15.5061%
The Liverpool Limited Partnership	14,074,838	7.0374%
Total	45,086,943	22.5435

whereas

- the shareholders' meeting of Ansaldo STS has been called for 11 May 2017, in single call, at 11:00 AM, in Genoa, at the offices of Fondazione Ansaldo, Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo) in order to resolve, *inter alia*, through slate voting, on the appointment of the members of the Board of Statutory Auditors,

taking into account

- the rules set forth by applicable law (and regulations), Ansaldo STS's Bylaws, and Borsa Italiana Corporate Governance Code (*Codice di Autodisciplina*) (to which the Company adhered) for the submission of the slate of candidates for the abovementioned appointment, including the regulation of the connections between majority shareholders and minority shareholders

hereby submit

- the following slate of candidates for the appointment of the Board of Statutory Auditors of the Company with the following order

SLATE OF CANDIDATES FOR THE APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

Section I - Standing Statutory Auditors

No.	Surname	Name
1	Zecca	Antonio

* * *

Section II - Alternate Statutory Auditors

No.	Surname	Name
1	Proserpio	Cristiano

hereby declare

- that there are no substantial connections or relationships, also pursuant to Consob Communication no. DEM/9017893 of February 26, 2009, with the shareholders who - also jointly - own a controlling or a relative majority shareholding, as provided under Article 144-

quinquies of the Issuers Regulations approved by Consob with resolution no. 11971/1999 and, more in general, under the Bylaws and applicable law;

- their commitment to submit, upon Ansaldo STS S.p.A.'s request, the appropriate documentation in order to confirm the truthfulness of the information set out herein,

hereby appoint

Mr Gianpiero Succi (Fiscal code SCCGPR74S14F952U) and Mr Matteo Maria Pratelli (Fiscal code PRTMTM79P08D969P) - both domiciled at their Law Firm in Genoa, Via delle Casaccie no. 1 - so that the appointed attorneys, each of them severally, can submit, on behalf of Elliott International, L.P. e The Liverpool Limited Partnership, this slate of candidates for the appointment of the Board of Statutory Auditors of Ansaldo STS S.p.A. along with the relevant documentation, granting them the power to give notice of such submission to the competent authorities and to the stock exchange management company, if so required.

* * *

The following documentation is attached to the slate:

1. Certification attesting the ownership of shares in Ansaldo STS S.p.A. by Elliott International, L.P. e The Liverpool Limited Partnership;
2. Statement whereby each candidate accepts his candidacy and certifies, under his responsibility, the absence of causes of ineligibility and incompatibility, and the existence of the independence requirements, also pursuant to Article 148, par. 3, of Law Decree 24.2.1998, no. 58 and Article 3 of Borsa Italiana Corporate Governance Code (*Codice di Autodisciplina*), of the integrity and professional requirements pursuant to Ministerial Decree of 30.3.2000, no. 162 in accordance with Article 148, par. 4, Law Decree 24.2.1998, no. 58, and pursuant to the Bylaws, in order to be appointed as a Statutory Auditor;
3. *Curriculum vitae* the personal and professional characteristics of each candidate, including the list of the offices as director and as auditor held by each candidate and relevant under applicable law;
4. Copy of an identity document of each candidate.

* * *

For any clarification and/or information, please contact

Avv. Matteo M. Pratelli
BonelliErede Studio Legale
Tel.: +39 010 84621
Fax: +39 010 813849
matteomaria.pratelli@belex.com

Elliott International, L.P.
By Elliott International Capital Advisors Inc. as attorney-in-fact

Signed by: Elliot Greenberg, Vice President

The Liverpool Limited Partnership
By The Liverpool Associates Ltd., as general partner

Signed by: Elliot Greenberg, Vice President

[This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value]

Certification attesting the ownership of shares in Ansaldo STS S.p.A. by Elliott International, L.P. e The Liverpool Limited Partnership

BNP PARIBAS
SECURITIES SERVICES
Succursale di Milano

Comunicazione ex artt. 23 del Provvedimento Post Trading

Intermediario che effettua la comunicazione

ABI 03479 CAB 1600
denominazione BNP Paribas Securities Services

Intermediario partecipante se diverso dal precedente

ABI (n.ro conto MT)
denominazione

data della richiesta		**data di invio della comunicazione**
12/04/2017		12/04/2017
n.ro progressivo annuo	**n.ro progressivo della comunicazione che si intende rettificare/revocare**	**causale della rettifica/revoca**
0000000549/17		

Nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

Titolare degli strumenti finanziari:
cognome o denominazione LIVERPOOL LIMITED PARTNERSHIP
nome
codice fiscale
comune di nascita provincia di nascita
data di nascita nazionalità

indirizzo CANONS COURT, 22 VICTORIA STREET
città HAMILTON stato BERMUDA

Strumenti finanziari oggetto di comunicazione:
ISIN IT0003977540
denominazione ANSALDO STS AOR

Quantità strumenti finanziari oggetto di comunicazione:
n. 505.977

Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione
Natura vincolo 00 - senza vincolo
Beneficiario vincolo

data di riferimento	**termine di efficacia**	**diritto esercitabile**
12/04/2017	14/04/2017	DEP - Deposito di liste per la nomina del Collegio Sindacale (art. 148 TUF)

Note

Certificazione per la presentazione della lista per la nomina del Collegio Sindacale di Ansaldo STS S.p.A.

Firma Intermediario

BNP Paribas Securities Services
Succursale di Milano
Piazza Lina Bo Bardi, 3 - 20124 Milano

BNP PARIBAS
SECURITIES SERVICES
Succursale di Milano

Comunicazione ex artt. 23 del Provvedimento Post Trading

Intermediario che effettua la comunicazione

ABI 03479 CAB 1600
denominazione BNP Paribas Securities Services

Intermediario partecipante se diverso dal precedente

ABI (n.ro conto MT)
denominazione

data della richiesta		**data di invio della comunicazione**
12/04/2017		12/04/2017
n.ro progressivo annuo	**n.ro progressivo della comunicazione che si intende rettificare/revocare**	**causale della rettifica/revoca**
0000000548/17		

Nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

Titolare degli strumenti finanziari:

cognome o denominazione ELLIOTT INTERNATIONAL LP
nome
codice fiscale
comune di nascita provincia di nascita
data di nascita nazionalità

indirizzo PO BOX 309 UGLAND HOUSE
città GRAND CAYMAN stato CAYMAN ISLANDS

Strumenti finanziari oggetto di comunicazione:

ISIN IT0003977540
denominazione ANSALDO STS AOR

Quantità strumenti finanziari oggetto di comunicazione:

n. 1.027.285

Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione

Natura vincolo 00 - senza vincolo
Beneficiario vincolo

data di riferimento	**termine di efficacia**	**diritto esercitabile**
12/04/2017	14/04/2017	DEP - Deposito di liste per la nomina del Collegio Sindacale (art. 148 TUF)

Note

Certificazione per la presentazione della lista per la nomina del Collegio Sindacale di Ansaldo STS S.p.A.

Firma Intermediario

BNP Paribas Securities Services
Succursale di Milano
Piazza Lina Bo Bardi, 3 - 20124 Milano

BNP PARIBAS
SECURITIES SERVICES
Succursale di Milano

Comunicazione ex artt. 23 del Provvedimento Post Trading

Intermediario che effettua la comunicazione

ABI 03479 CAB 1600
denominazione BNP Paribas Securities Services

Intermediario partecipante se diverso dal precedente

ABI (n.ro conto MT)
denominazione

data della richiesta		**data di invio della comunicazione**
12/04/2017		12/04/2017
n.ro progressivo annuo	**n.ro progressivo della comunicazione che si intende rettificare/revocare**	**causale della rettifica/revoca**
0000000541/17		

Nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

Titolare degli strumenti finanziari:

cognome o denominazione ELLIOTT INTERNATIONAL L.P
nome
codice fiscale
comune di nascita provincia di nascita
data di nascita nazionalità

indirizzo PO BOX 309, UGLAND HOUSE
città GRAND CAYMAN stato CAYMAN ISLANDS

Strumenti finanziari oggetto di comunicazione:

ISIN IT0003977540
denominazione ANSALDO STS AOR

Quantità strumenti finanziari oggetto di comunicazione:

n. 24.813.093

Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione

Natura vincolo 00 - senza vincolo
Beneficiario vincolo

data di riferimento	**termine di efficacia**	**diritto esercitabile**
12/04/2017	14/04/2017	DEP - Deposito di liste per la nomina del Collegio Sindacale (art. 148 TUF)

Note

Certificazione per la presentazione della lista per la nomina del Collegio Sindacale di Ansaldo STS S.p.A.

Firma Intermediario

BNP Paribas Securities Services
Succursale di Milano
Piazza Lina Bo Bardi, 3 - 20124 Milano

BNP PARIBAS
SECURITIES SERVICES
Succursale di Milano

Comunicazione ex artt. 23 del Provvedimento Post Trading

Intermediario che effettua la comunicazione

ABI 03479 CAB 1600
denominazione BNP Paribas Securities Services

Intermediario partecipante se diverso dal precedente

ABI (n.ro conto MT)
denominazione

data della richiesta
12/04/2017

data di invio della comunicazione
12/04/2017

n.ro progressivo annuo
0000000540/17

n.ro progressivo della comunicazione che si intende rettificare/revocare

causale della rettifica/revoca

Nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

Titolare degli strumenti finanziari:

cognome o denominazione THE LIVERPOOL LIMITED PARTNERSHIP
nome
codice fiscale
comune di nascita
provincia di nascita
data di nascita
nazionalità

indirizzo CANONS COURT, 22 VICTORIA STREET
città HAMILTON
stato BERMUDA

Strumenti finanziari oggetto di comunicazione:

ISIN IT0003977540
denominazione ANSALDO STS AOR

Quantità strumenti finanziari oggetto di comunicazione:

n. 11.956.212

Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione

Natura vincolo 00 - senza vincolo
Beneficiario vincolo

data di riferimento	**termine di efficacia**	**diritto esercitabile**
12/04/2017	14/04/2017	DEP - Deposito di liste per la nomina del Collegio Sindacale (art. 148 TUF)

Note

Certificazione per la presentazione della lista per la nomina del Collegio Sindacale di Ansaldo STS S.p.A.

Firma Intermediario

BNP Paribas Securities Services
Succursale di Milano
Piazza Lina Bo Bardi, 3 - 20124 Milano

Citibank NA- Milano

COMUNICAZIONE EX ARTT 23/24
DEL PROVVEDIMENTO BANCA D'ITALIA / CONSOB DEL 22 FEBBRAIO 2008 MODIFICATO IL 24 DICEMBRE 2010

1. Intermediario che effettua la comunicazione

ABI: 3568 CAB: 1600

denominazione: CITIBANK NA

2. Intermediario partecipante se diverso dal precedente

ABI (n. conto MT):

denominazione:

3. Data della richiesta: 10.04.2017 (ggmmssaa)

4. Data di invio della comunicazione: 10.04.2017 (ggmmssaa)

5. N.ro progressivo annuo: 057/2017

6. N.ro progressivo della comunicazione che si intende rettificare/revocare(2):

7. Causale della rettifica/revoca(2):

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

UBS AG LONDON

9. Titolare degli strumenti finanziari

Cognome o denominazione: THE LIVERPOOL LIMITED PARTNERSHIP

Nome:

Codice Fiscale:

Comune di Nascita: Provincia di nascita:

Data di nascita (ggmmaa): Nazionalita':

Indirizzo: C/O APPLEBY CORPORATE SERVICES (BERMUDA) LTD. CANONS COURT, 22 VICTORIA STREET

Citta': HAMILTON HM 12 BERMUDA

10. Strumenti finanziari oggetto di comunicazione

ISIN: IT0003977540

denominazione: ANSALDO STS SPA

11.Quantita' strumenti finanziari oggetto di comunicazione: 1,041,854

12. Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione :

Natura:

Beneficiario Vincolo:

13. Data di riferimento: 10.04.2017 (ggmmssaa)

14. Termine di Efficacia: 14.04.2017 (INCLUSO) (ggmmssaa)

15.Diritto esercitabile: DEP

16. Note: SI RILASCIA LA PRESENTE CERTIFICAZIONE AI FINI DELLA PRESENTAZIONE DI UNA LISTA PER LA NOMINA DEL COLLEGIO SINDACALE

L' INTERMEDIARIO
Citibank, N.A. Milano

(2) Campi da valorizzare in caso di comunicazioni ex art.24 del Provvedimento

Citibank NA- Milano

COMUNICAZIONE EX ARTT 23/24
DEL PROVVEDIMENTO BANCA D'ITALIA / CONSOB DEL 22 FEBBRAIO 2008 MODIFICATO IL 24 DICEMBRE 2010

1. Intermediario che effettua la comunicazione

ABI 3568 CAB 1600

denominazione CITIBANK NA

2. Intermediario partecipante se diverso dal precedente

ABI (n. conto MT)

denominazione

3. Data della richiesta 10.04.2017 ggmmssaa

4. Data di invio della comunicazione 10.04.2017 ggmmssaa

5. N.ro progressivo annuo 056/2017

6. N.ro progressivo della comunicazione che si intende rettificare/revocare(2)

7. Causale della rettifica/revoca(2)

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

UBS AG LONDON

9. Titolare degli strumenti finanziari

Cognome o denominazione ELLIOTT INTERNATIONAL L.P.

Nome

Codice Fiscale

Comune di Nascita

Provincia di nascita

Data di nascita (ggmmaa)

Nazionalita'

Indirizzo C/O MAPLES CALDER, PO BOX 309, UGLAND HOUSE

Citta' GRAND CAYMAN, KY1-1104 CAYMAN ISLANDS

10. Strumenti finanziari oggetto di comunicazione

ISIN IT0003977540

denominazione ANSALDO STS SPA

11. Quantita' strumenti finanziari oggetto di comunicazione 2,587,349

12. Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione :

Natura

Beneficiario Vincolo

13. Data di riferimento 10.04.2017 ggmmssaa

14. Termine di Efficacia 14.04.2017 (INCLUSO) ggmmssaa

15. Diritto esercitabile DEP

16. Note

SI RILASCIA LA PRESENTE CERTIFICAZIONE AI FINI DELLA PRESENTAZIONE DI UNA LISTA PER LA NOMINA DEL COLLEGIO SINDACALE

L' INTERMEDIARIO
Citibank, N.A. Milano

(2) Campi da valorizzare in caso di comunicazioni ex art 24 del Provvedimento

Citibank NA- Milano

citi

COMUNICAZIONE EX ARTT 23/24
DEL PROVVEDIMENTO BANCA D'ITALIA / CONSOB DEL 22 FEBBRAIO 2008 MODIFICATO IL 24 DICEMBRE 2010

1. Intermediario che effettua la comunicazione

ABI: 3566 CAB: 1600

denominazione: CITIBANK NA

2. Intermediario partecipante se diverso dal precedente

ABI (n. conto MT):

denominazione:

3. Data della richiesta

10.04.2017
ggmmssaa

4. Data di invio della comunicazione

10.04.2017
ggmmssaa

5. N.ro progressivo annuo

058/2017

6. N.ro progressivo della comunicazione che si intende rettificare/revocare(2)

7. Causale della rettifica/revoca(2)

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

BARCLAYS

9. Titolare degli strumenti finanziari

Cognome o denominazione: THE LIVERPOOL LIMITED PARTNERSHIP

Nome:

Codice Fiscale:

Comune di Nascita: Provincia di nascita:

Data di nascita (ggmmaa): Nazionalita':

Indirizzo: C/O APPLEBY SPURLING HUNTER, CANONS COURT, 22 VICTORIA STREET

Citta': HAMILTON HM 12 BERMUDA ✓

10. Strumenti finanziari oggetto di comunicazione

ISIN: IT0003977540

denominazione: ANSALDO STS SPA ✓

11.Quantita' strumenti finanziari oggetto di comunicazione: 570,795 ✓

12. Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione :

Natura:

Beneficiario Vincolo:

✓ **13. Data di riferimento**

10.04.2017
ggmmssaa

14. Termine di Efficacia

14.04.2017 (INCLUSO)
ggmmssaa

15.Diritto esercitabile

DEP

16. Note

SI RILASCIA LA PRESENTE CERTIFICAZIONE AI FINI DELLA PRESENTAZIONE DI UNA LISTA PER LA NOMINA DEL COLLEGIO SINDACALE ✓

L' INTERMEDIARIO
Citibank, N.A. Milano

****

(2) Campi da valorizzare in caso di comunicazioni ex art.24 del Provvedimento

Citibank NA- Milano

citi

COMUNICAZIONE EX ARTT 23/24
DEL PROVVEDIMENTO BANCA D'ITALIA / CONSOB DEL 22 FEBBRAIO 2008 MODIFICATO IL 24 DICEMBRE 2010

1. Intermediario che effettua la comunicazione

ABI 3588 CAB 1600

denominazione CITIBANK NA

2. Intermediario partecipante se diverso dal precedente

ABI (n. conto MT)

denominazione

3. Data della richiesta

10.04.2017
ggmmssaa

4. Data di invio della comunicazione

10.04.2017
ggmmssaa

5. N.ro progressivo annuo

059/2017

6. N.ro progressivo della comunicazione che si intende rettificare/revocare(2)

7. Causale della rettifica/revoca(2)

8. nominativo del richiedente, se diverso dal titolare degli strumenti finanziari

BARCLAYS

9. Titolare degli strumenti finanziari

Cognome o denominazione ELLIOTT INTERNATIONAL LP ✓

Nome

Codice Fiscale

Comune di Nascita | Provincia di nascita

Data di nascita (ggmmaa) | Nazionalita'

Indirizzo C/O MAPLE CORPORATE SERVICES LIMITED, PO BOX 309, UGLAND HOUSE ✓

Citta' GRAND CAYMAN KY1-1104 CAYMAN ISLANDS

10. Strumenti finanziari oggetto di comunicazione

ISIN IT0003977540

denominazione ANSALDO STS SPA

11.Quantita' strumenti finanziari oggetto di comunicazione 2,584,378 ✓

12. Vincoli o annotazioni sugli strumenti finanziari oggetto di comunicazione :

Natura

Beneficiario Vincolo

13. Data di riferimento

10.04.2017
ggmmssaa

14. Termine di Efficacia

14.04.2017 (INCLUSO)
ggmmssaa

15.Diritto esercitabile

DEP ✓

16. Note

SI RILASCIA LA PRESENTE CERTIFICAZIONE AI FINI DELLA PRESENTAZIONE DI UNA LISTA PER LA NOMINA DEL COLLEGIO SINDACALE ✓

L' INTERMEDIARIO
Citibank, N.A. Milano

(2) Campi da valorizzare in caso di comunicazioni ex art.24 del Provvedimento

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STATEMENT OF ACCEPTANCE AND EXISTENCE OF THE LAW REQUIREMENTS

The undersigned **ANTONIO ZECCA**, born in Lecce, on September 25, 1975, fiscal code: ZCCNTN75P25E506M, resident in Assago (MI), Via Leopardi, n. 1

Whereas

(A) the undersigned has been designated as candidate for the office of standing statutory auditor of Ansaldo STS S.p.A. in the slate proposed by the shareholders Elliott International, L.P. e The Liverpool Limited Partnership for the election of the members of the Board of Statutory Auditors of Ansaldo STS S.p.A. to be made by the shareholders' meeting which will be held in single call on May 11, 2017 at 11:00 AM, in Genoa, at the offices of Fondazione Ansaldo, Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo);

(B) the undersigned is aware of the requirements which applicable law and the Bylaws prescribe for the appointment to the office of statutory auditor of Ansaldo STS S.p.A.

now therefore

the undersigned, under his own and exclusive responsibility, pursuant to the Law and the Bylaws, including Article 76 of the President of Republic's Decree 28.12.2000, no. 445 in case of forgery and false statements

declares

- to be enrolled in the register of the auditors and to have carried out the auditing activity for no less than three years;
- the non-existence of causes of ineligibility and incompatibility, and the existence of the independence requirements, set forth under Article 148, par. 3, of Law Decree 24.2.1998, no. 58 and Article 3.C.1 and 8.C.1 of Borsa Italiana Corporate Governance Code (*Codice di Autodisciplina*), of the integrity and professional requirements set forth also under Ministerial Decree of 30.3.2000, no. 162 and in any case under the applicable Law and the Bylaws in order to be appointed as Statutory Auditor;
- not to hold offices as director or as statutory auditor in a measure equal or superior to the limit set by the applicable law. To this purpose the undersigned declares to hold currently the offices as director and as statutory auditor listed in the document hereby enclosed;
- to file the *curriculum vitae*, apt to provide a comprehensive information on his personal and professional features, enclosed with a list of all the offices as director and as auditor held in other companies pursuant to the Law, consenting to their public release as of now;
- to commit to promptly communicate to Ansaldo STS S.p.A. and, more specifically, to its Board of Directors and its Board of Statutory Auditors possible changes of the statement as of the date of the shareholders' meeting;
- to be informed, pursuant Article 13 of Law Decree 30.6.2003 n. 196 and to consent that the personal data collected are processed by Ansaldo STS S.p.A., also with IT tools, in the procedure for which the present statement is made.

furthermore declares

to accept the candidacy and the possible appointment to the office of standing statutory auditor of Ansaldo STS S.p.A.
In faith

Signed by: Antonio Zecca
Milan, April 11, 2017

[This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value]

CURRICULUM VITAE
ANTONIO ZECCA

WORK EXPERIENCE

- **SINCE SEPTEMBER 2010**

  CHARTERED ACCOUNTANT, PARTNER AT SPADA PARTNERS (FORMERLY STUDIO SPADACINI ASSOCIAZIONE PROFESSIONALE)

  DIRECT RESPONSIBILITY FOR THE FOLLOWING ACTIVITIES: RESTRUCTURING & REORGANIZATION SERVICES, BUSINESS RECOVERY SERVICES, TREASURY MANAGEMENT, FINANCIAL CONTROL MANAGEMENT, TEMPORARY CFO, FINANCIAL DUE DILIGENCE, EVALUATION SERVICES, COMPANY LIQUIDATIONS, ASSEVERATION ACCORDING TO BANKRUPTCY LAW.
  ACTING AS INDEPENDENT DIRECTOR AND STATUTORY AUDITOR IN SEVERAL MEDIUM AND LARGE ENTITIES.

- **DECEMBER 2006 – AUGUST 2010**

  DELOITTE FINANCIAL ADVISORY SERVICES S.P.A. - *DIRECTOR* IN THE *REORGANIZATION & TRANSACTION SERVICES* DEPARTMENT.

- **JUNE 2005 – DECEMBER 2006**

  DELOITTE & TOUCHE LLP – LONDON – *MANAGER* IN THE *REORGANIZATION & TRANSACTION SERVICE* DEPARTMENT.

- **SEPTEMBER 2001 – JUNE 2005**

  DELOITTE FINANCIAL ADVISORY SERVICES S.P.A. – MILAN - *SENIOR* AND ***SUPERVISOR*** IN THE *REORGANIZATION & TRANSACTION SERVICES* DEPARTMENT.

- **DECEMBER 2000 - SEPTEMBER 2001**

  ARTHUR ANDERSEN S.P.A. – MILAN – *AUDITOR* IN THE FINANCIAL SERVICES DEPARTMENT.

EDUCATION

- **2002**

  CERTIFIED CHARTERED ACCOUNTANT

  CERTIFIED PUBLIC ACCOUNTANT

- **1999**

  DEGREE IN ECONOMIA E LEGISLAZIONE PER L'IMPRESA AT **BOCCONI UNIVERSITY**.
  MAIN AREAS OF SPECIALIZATION: CORPORATE FINANCE, FINANCIAL MARKETS, ACCOUNTING AND BUSINESS LAW.

LANGUAGE SKILLS

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- **ITALIAN**

  MOTHER TONGUE

- **ENGLISH**

  FLUENT

- **SPANISH**

  GOOD

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List of positions held by Mr. Antonio Zecca

- Accord Phoenix S.p.A., Effective Statutory Auditor;
- Bellatrix S.p.A. (Prada Group), Effective Statutory Auditor;
- Bertolotti S.p.A., Effective Statutory Auditor;
- BWT Italia S.r.l., Sole Statutory Auditor;
- Capitolocinque S.r.l. in liquidazione, Liquidator;
- Castiglioni Cartotecnica S.p.A., Effective Statutory Auditor;
- Comdata S.p.A., Effective Statutory Auditor;
- Conceria Gaiera Giovanni S.p.A., Auditor;
- Crest S.r.l., Effective Statutory Auditor;
- E' qui S.p.A., Effective Statutory Auditor;
- Era S.p.A., Effective Statutory Auditor;
- Inprint S.p.A., Member of the Board of Directors;
- Investinfood S.p.A., Effective Statutory Auditor;
- Litorama S.p.A. Member of the Board of Directors;
- LKQ Italia Bondco S.p.A., Effective Statutory Auditor;
- LKQ Italia S.r.l., Effective Statutory Auditor,
- Marelli Motori S.p.A., Effective Statutory Auditor;
- Motortecnica S.r.l., Sole Statutory Auditor;
- Oxygen S.r.l. in liquidazione, Special Attorney;
- Pane & Company S.r.l., Chairman of Board of Statutory Auditors;
- Panificio San Francesco S.p.A., Effective Statutory Auditor;
- Previmedical –Servizi per Sanità Integrativa S.p.A. - Member of the Board of Directors;
- Rhiag – Inter Auto Parts Italia S.p.A., Effective Statutory Auditor;
- Rhiag Engineering S.p.A., Effective Statutory Auditor;
- Rhino Bidco S.p.A., Effective Statutory Auditor;
- Tapì S.p.A., Effective Statutory Auditor;
- Tcap 1927 S.p.A., Effective Statutory Auditor;
- Tecnomeccanica S.p.A., Chairman of Board of Statutory Auditors;
- Tiemme Holding S.p.A., Chairman of Board of Statutory Auditors;
- Twiga Europe S.p.A., Chairman of Board of Statutory Auditors;
- Wega macchine per caffè S.r.l., Sole Statutory Auditor;

List of positions held by Mr. Antonio Zecca as Alternate Statutory Auditor

- Angel Lab S.p.A., Alternate Statutory Auditor;
- Bieffe Medital S.p.A., Alternate Statutory Auditor;
- Biolchim S.p.A., Alternate Statutory Auditor;
- Calliope Finance S.r.l. in liquidazione, Alternate Statutory Auditor;
- Capitoloquattro S.p.A. in liquidazione, Alternate Statutory Auditor;
- Mapfre Warranty S.p.A., Alternate Statutory Auditor;
- Moleskine S.p.A., Alternate Statutory Auditor;
- Motovario S.p.A., Alternate Statutory Auditor;
- Prada Holding S.p.A., Alternate Statutory Auditor;
- Primat S.p.A., Alternate Statutory Auditor;
- V.M.E. S.p.A., Alternate Statutory Auditor;

- Valextra S.p.A., Alternate Statutory Auditor;

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STATEMENT OF ACCEPTANCE AND EXISTENCE OF THE LAW REQUIREMENTS

The undersigned **CRISTIANO PROSERPIO**, born in Milano, on October 14, 1975, fiscal code: PRSCST75R14F205Y, resident in Milano, Via Della Sila, n. 24

Whereas

(C) the undersigned has been designated as candidate for the office of alternate statutory auditor of Ansaldo STS S.p.A. in the slate proposed by the shareholders Elliott International, L.P. e The Liverpool Limited Partnership for the election of the members of the Board of Statutory Auditors of Ansaldo STS S.p.A. to be made by the shareholders' meeting which will be held in single call on May 11, 2017 at 11:00 AM, in Genoa, at the offices of Fondazione Ansaldo, Corso F.M. Perrone 118 (Villa Cattaneo dell'Olmo);

(D) the undersigned is aware of the requirements which applicable law and the Bylaws prescribe for the appointment to the office of statutory auditor of Ansaldo STS S.p.A.

now therefore

the undersigned, under his own and exclusive responsibility, pursuant to the Law and the Bylaws, including Article 76 of the President of Republic's Decree 28.12.2000, no. 445 in case of forgery and false statements

declares

- to be enrolled in the register of the auditors and to have carried out the auditing activity for no less than three years;
- the non-existence of causes of ineligibility and incompatibility, and the existence of the independence requirements, set forth under Article 148, par. 3, of Law Decree 24.2.1998, no. 58 and Article 3.C.1 and 8.C.1 of Borsa Italiana Corporate Governance Code (*Codice di Autodisciplina*), of the integrity and professionalism requirements set forth also under Ministerial Decree of 30.3.2000, no. 162 and in any case under the applicable Law and the Bylaws in order to be appointed as Statutory Auditor;
- not to hold offices as director or as statutory auditor in a measure equal or superior to the limit set by the applicable law. To this purpose the undersigned declares to hold currently the offices as director and as statutory auditor listed in the document hereby enclosed;
- to file the *curriculum vitae*, apt to provide a comprehensive information on his personal and professional features, enclosed with a list of all the offices as director and as auditor held in other companies pursuant to the Law, consenting to their public release as of now;
- to commit to promptly communicate to Ansaldo STS S.p.A. and, more specifically, to its Board of Directors and its Board of Statutory Auditors possible changes of the statement as of the date of the shareholders' meeting;
- to be informed, pursuant Article 13 of Law Decree 30.6.2003 n. 196 and to consent that the personal data collected are processed by Ansaldo STS S.p.A., also with IT tools, in the procedure for which the present statement is made.

furthermore declares

to accept the candidacy and the possible appointment to the office of alternate statutory auditor of Ansaldo STS S.p.A.

In faith

Signed by: Cristiano Proserpio

Milan, April 11, 2017

Cristiano Proserpio
Born in Milan on 14th October 1975
Office in Milan, Corso Italia 22
20122 Milano
E-mail: **cristiano.proserpio@spadapartners.it**
PEC: **cristiano.proserpio@odcecmilano.it**

CURRICULUM VITAE

EDUCATION

1994	High School Diploma (scientific studies) at Liceo "A. Volta" di Milano
1999	Degree in Economics and Administration Laurea in Economia e Commercio – with specialization in Corporate Organization and Management at the "Università Cattolica del Sacro Cuore" of Milan. Final vote: 110/110
2003	Legally admitted to Milan's Registry of Chartered Accountants and Certified Bookkeepers (registration number 6220)
2003	Registration number 131471, to the "Auditors Registry", as provided by the regulation of 5th December 2003, published on the Official Gazette of the Italian Republic no. 97 – IV Special Series of 12th December 2003.
2016	Registration number 14021 to the Register of Technical Consultants of the Milan Court, Civil Section, Specializations "firm evaluations and extraordinary transaction"

PROFESSIONAL EXPERIENCE

1999-2003 Professional training at “Studio Poli e Associati” of Milan, “Studio Roberto Moro Visconti” and “Studio Timo” of Milan

2003-2006 Freelance Certified Public Accountant in Milan.

Until September 2004, collaborated with “Studio Timo” of Milan and “Studio Garbolino Milanese Ranalli” of Turin.

Since October 2004 until December 2007, collaborated with “Studio Spadacini Associazione Professionale” of Milan.

2007- today Since January 2007 partner of Spada Partner Associazione Professionale (previously named “Studio Spadacini Associazione Professionale”)

The activity has been mostly carried out as companies and finance advisor, specialized in M & A, debt restructuring, business plans, evaluations, in addition to the more traditional fiscal and accounting professional services.

During my professional experience I have carried out, by way of an example, the following activities:

- appraisals pursuant to articles 2343 and 2465 Italian Civil Code, voluntary company valuation;
- effective collaboration on and writing of fairness opinions on the industrial plans pursuant to article 2501-b Italian Civil Code;
- opinions pursuant to article 67/161/182 *bis* bankruptcy law;
- assistance in preparing financial statements and business plans of listed companies and subsidiaries of listed companies
- fiscal and accounting professional advice and assistance in preparing of financial statements of companies;
- assistance during the IPO process of industrial and telecommunication companies;

- assistance in preparing the accounting separation model of the Italian broadcasting corporation (RAI);
- assistance in preparing and formalizing management control systems of industrial companies;
- accounting and fiscal *due diligence,* aimed at the acquisition of industrial, financial and service companies;
- financial restructuring and bank relationship management;
- advisory to subjects in the investment services area and *private equity* funds;
- assistance in the transfer of companies with reference to the determination of the price and the drawing up of the contracts;
- assistance to public bodies, also in the arrangement of the securitization of the properties;
- collaboration on writing articles regarding Italian insurance companies and investment funds.

Ottobre 2013: Speaker at Master Ipsoa Scuola di Formazione "Domestic and International banking Law" about debt restructuring

Maggio 2014: Speaker at IUS Conference "Management of the companies crisis"

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Cristiano Proserpio

List of the offices

Statement, made pursuant 4° paragraph of Article 2400 of the Italian Civil Code, on the existence of other office sas auditor or auditor held in other companies

Moleskine S.p.A. Sede in Milano, viale Stelvio n.66	*Effective Auditor*
Fratelli Prada S.p.A. Registered office in Milano, via Spartaco 8	*Effective Auditor*
Gruppo Formula S.p.A. Registered office in Corsico (MI), via G. di Vittorio n. 10	*Chairman of the Board of Statutory Auditors*
InBetween SGR S.p.A. Registered office in Milano, via Gerolamo Morone n. 8	*Member of the Board of Directors*
Marzotto SIM S.p.A. Registered office in Milano, corso Como n. 15	*Effective Auditor*
Prada Holding S.p.A. Registered office in Milano, via Fogazzaro n 28	*Effective Auditor*
Redecam Group S.p.A. Registered office in Sesto San Giovanni (MI), piazza Indro Montanelli n. 20	*Effective Auditor*
Fondazione Prada Registered office in Milano, Largo Isarco, 2	*External Auditor*
Tip Trailer Services S.r.l. Registered office in Mantova, via Di Capi n.12	*Effective Auditor*
Mapfre Warranty S.p.A. Registered office in Milano, via San Martino n. 7	*Chairman of the Board of Statutory Auditors*
Biolchim S.p.A. Registered office in Medicina (BO), via San Carlo n. 2130	*Effective Auditor*
IPI Logistica S.r.l. (Gruppo Prada) Registered office in Terranuova B.ni (AR), via Poggilupi n. 992/998	*Effective Auditor*
Artisans Shoes S.r.l. (Gruppo Prada) Registered office in Montegranaro (FM), via Alpi n. 97	*Effective Auditor*
CIFO S.p.A. Registered office in San Giorgio di Piano (BO), via	*Effective Auditor*

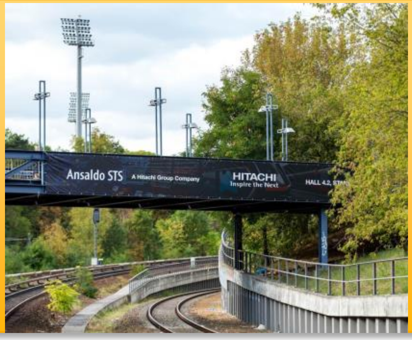
[This is an English courtesy translation of the original documentation prepared in Italian language. Please consider that only the original version in Italian language has legal value]

Oradour 6	
Controls S.p.A. Registered office in Liscate (MI), Via Salvo D'Acquisto n. 2/4	*Effective Auditor*
TMCI Padovan S.p.A. Registered office in Vittorio Veneto (TV), via caduti del Lavoro	*Effective Auditor*
Imprima S.p.A. Registered office in Milano, Corso Italia 22	*Effective Auditor*
Alere S.r.l. Registered office in Scorzè (VE), via Drizzagno n. 11	*Chairman of the Board of Statutory Auditors*
Primat S.p.A. Registered office in Milano, Corso Italia *22*	*Chairman of the Board of Statutory Auditors*
Atotech Italia S.r.l. Registered office in Lainate (MI), via Lecco n.6	*Single Auditor and Member of the Supervisory Board*
Guarisco Class S.r.l. Registered office in Grandate (CO), s.s. dei Giovi 66	*Effective Auditor*
Gestione Industrie Tessili S.p.A. Registered office in Grandate (CO), s.s. dei Giovi 66	*Effective Auditor*
GSL S.r.l. Registered office in Luisago (CO), via Gorizia 14	*Effective Auditor*
Ludo S.r.l. Registered office in Milano, via Fogazzaro n. 28	*Single Auditor*
Mirar S.r.l. Registered office in Milano, Piazza Filippo Meda n.3	*Single Auditor*
Rigel S.r.l. Registered office in Milano, Piazza Filippo Meda **n.3**	*Single Auditor*
Niinivirta Transport S.p.A. Registered office in Milano, via Torino n. 61	*Effective Auditor*
Robilant & Associati S.p.A. Registered office in Milano, via Vigevano n. 41	*Effective Auditor*
Design Value S.r.l. Registered office in Milano, Corso Italia 22	*Effective Auditor*
Colcom Group S.r.l. a socio unico Registered office in Nave (BS), via degli Artigiani 56	*Effective Auditor*
TMC Italia S.p.A.	*Effective Auditor*

Registered office in Milano, via Lattuada Serviliano 16	
Elitechgroup S.p.A. Registered office in Trezzano sul Naviglio (MI), via C. Colombo 49	*Effective Auditor*
Stella Partecipazioni di Gianni e Giorgio Chiarva S.a.p.A. Registered office in Cuneo, via Porta Mondovì n. 3	*Effective Auditor*
Stella Holding di Gianni e Giorgio Chiarva S.a.p.A. Registered office in Cuneo, via Porta Mondovi n. 3	*Effective Auditor*
Viridio S.a.p.a. Registered office in Milano, via Piazza Sant'Ambrogio n. 8	*Effective Auditor*
BC Finanziaria S.p.A. Registered office in Milano, via Pietro Mascagni n. 14	*Effective Auditor*
Selin S.p.A. Registered office in Milano, via Montenapoleone n.16	*Chairman of the Board of Statutory Auditors*
Holding Piergiorgio Coin S.r.l. Registered office in Milano, Corso Italia 22	*Chairman of the Board of Statutory Auditors*
Emmepiemme Holding S.r.l. Registered office in Milano, Corso Italia 22	*Chairman of the Board of Statutory Auditors*
Capitolocinque S.r.l. con unico socio in liq. Registered office in Milano, Corso Italia 22	*Chairman of the Board of Statutory Auditors*
Valdadige Costruzioni S.p.A. in liq. in conc. prey. Registered office in Verona, via Pancaldo 70	*Chairman of the Board of Statutory Auditors*
Luzzo8 S.p.A. Registered office in Milano, via Pietro Mascagni n 14	*Effective Auditor*
Scalbe S.r.l. Registered office in Milano, Corso Italia 22	*Member of the Board of Directors*
Mikla S.r.l. Registered office in Milano, Corso Italia 22	*Effective Auditor*
Fondazione Furio Solinas - ONLUS Registered office in Milano, via Pietro Mascagni n. 14	*Chairman of the Board of Statutory Auditors*

Ansaldo STS

A Hitachi Group Company



Shareholders Meeting

Genoa, May 11th 2017

Investor Relations Department

Agenda

2016: RESILIENT RESULTS
IN A TRANSITION YEAR AND DESPITE SIGNIFICANT CHALLENGES

HSL in Italy

Contracts on Milan-Genoa and Rome-Florence lines

ORDERS + 10%
from 1,336 to 1,476 €m

REVENUE - 4%
from 1,384 to 1,327 €m

CBTC Technology on Taipei Metro

New contract in consortium with Hitachi

EBIT MARGIN:
from 9.8% to 9.6%

NET RESULT: - 16%
from 93 to 78 €m

Metro in Europe

Modernization of Glasgow and automatization of Brussels Metros

Positive NFP (cash)
Confirmed at 338 €m

Share Trend +20%

More than ***30 projects*** activations
1,300km of lines and
190 stations activated

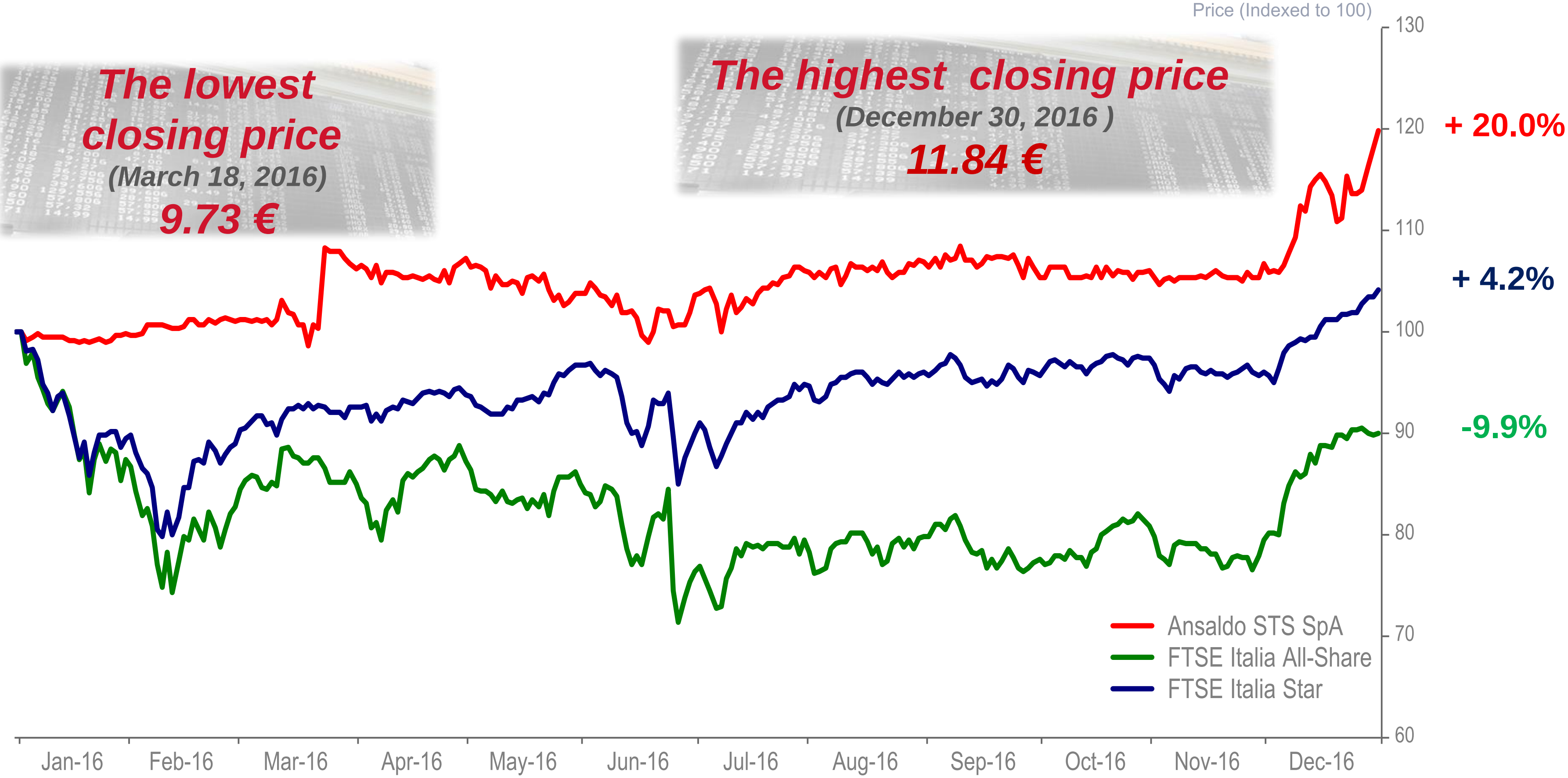
Innovation –Satellite Technology

ANSALDO STS developed and successfully tested ERSAT project: the satellite technology applied to the railway traffic management for the first time in Europe

Year 2016 ASTS vs FTSE Indexes

The lowest closing price
(March 18, 2016)
9.73 €

The highest closing price
(December 30, 2016)
11.84 €



30/12/15
9.87 €

FY 2016 average volume
201,762 shares/day
vs 1,308,883 same period 2015

30/12/16
11.84€

Year 2016 Actual Results – Key Data

(M€)	Year 2016	Year 2015	*% change*
New Orders	**1,475.8**	1,336.0	*10.5%*
Order Backlog	**6,488.4**	6,410.4	*1.2%*
Revenue	**1,327.4**	1,383.8	*-4.1%*
EBIT	**126.8**	135.8	*-6.6%*
ROS	**9.6%**	9.8%	*(0.2) p p*
Tax Rate	**33.2%**	32.0%	*1.2 p p*
Net Result	**77.9**	93.0	*-16.3%*
Net Working Capital	**120.5**	64.5	*86.9%*
Net Financial Position (Cash)	**(338.0)**	(338.7)	*-0.2%*
R&D	**36.7**	36.9	*-0.6%*
Total Headcount	**3,951**	3,772	*4.7%*
EVA	**57.9**	65.8	*-12.0%*

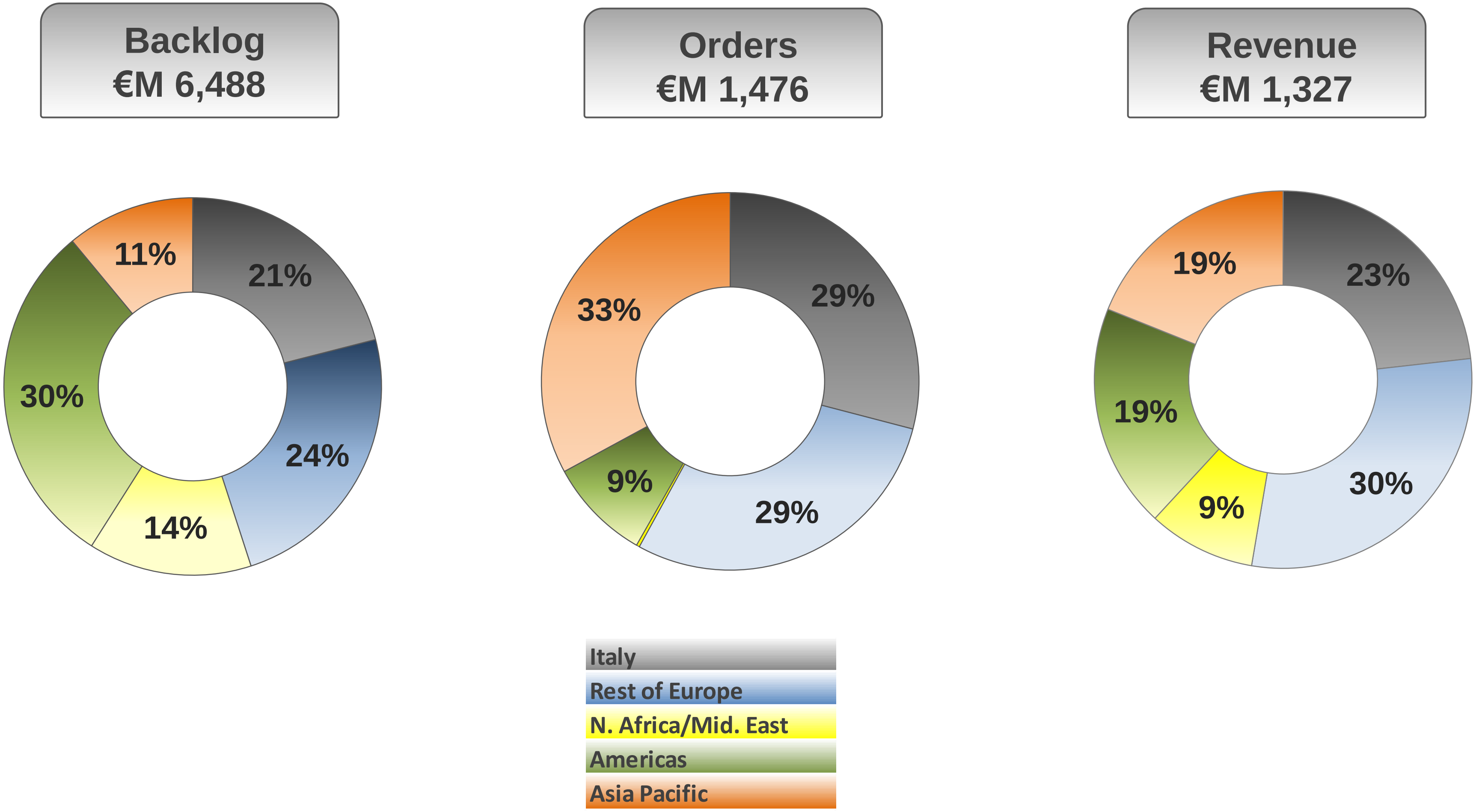
Dividend Declaration

- The Board of Directors of Ansaldo STS is proposing at today's shareholders meeting a total dividend amount equal to **36.0 M€**, the same amount distributed last year.
- The dividend per share is **0.18 €**, the same of the previous year, despite the lower FY 2016 net result mainly due to exceptional items.

2016 and 2017 Guidance

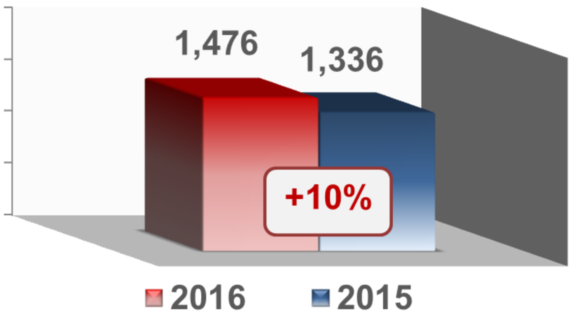
(M€)	2016 Original *Guidance*	2016 Revised *Guidance* July 2017	2016 Actual	2017 *Guidance*
New Orders	1,400 - 2,000	√	1,475.8	1,500 - 2,000
Order Backlog	6,300 - 7,000	√	6,488.4	6,500 - 7,000
Revenue	1,350 - 1,450	√	1,327.4	1,350 - 1,450
ROS	~ 9.8%	9.0% - 9.3%	9.6%	9.4% - 9.8%
Net Financial Position (Cash)	(320) - (370)	(300) - (350)	(338.0)	(330) - (380)

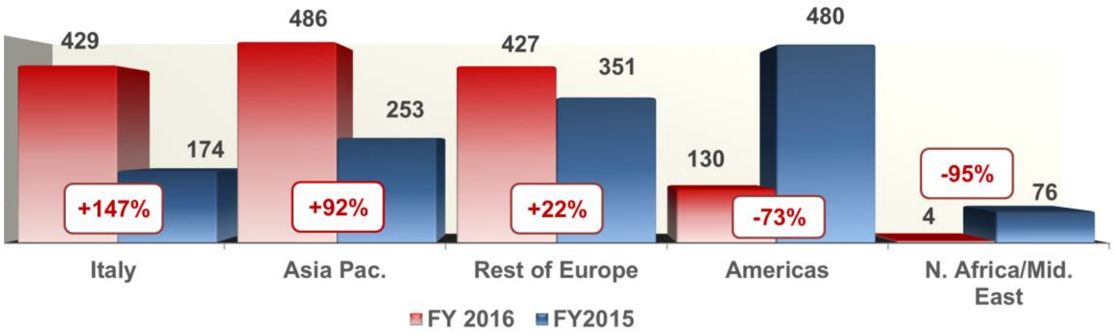
Ansaldo STS: a global company
Backlog - Orders – Revenue at the end of 2016



ORDERS FY 2016

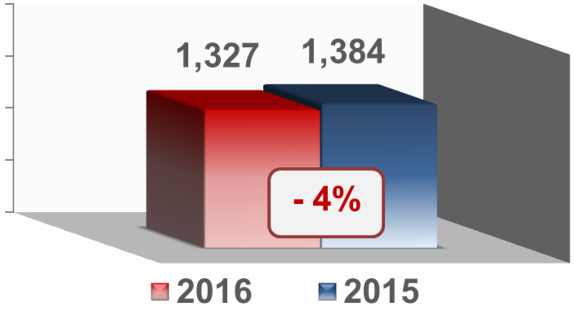
€ m

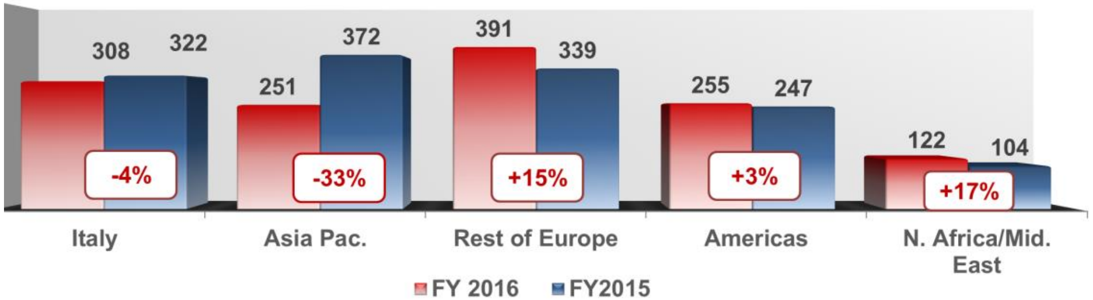




REVENUE FY 2016

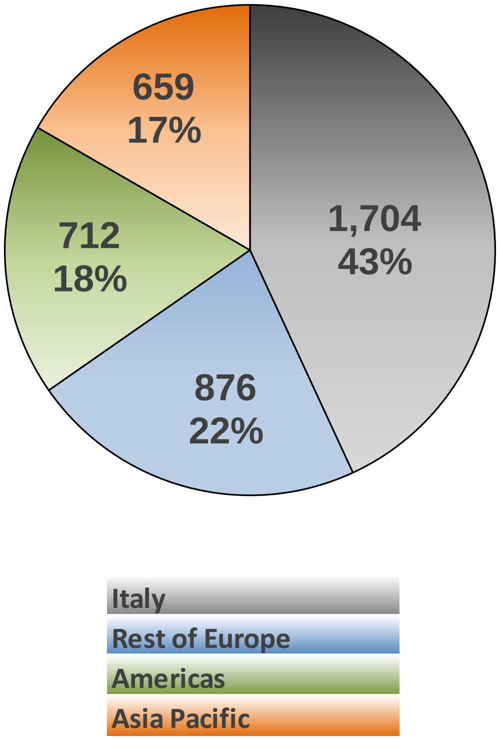
€ m



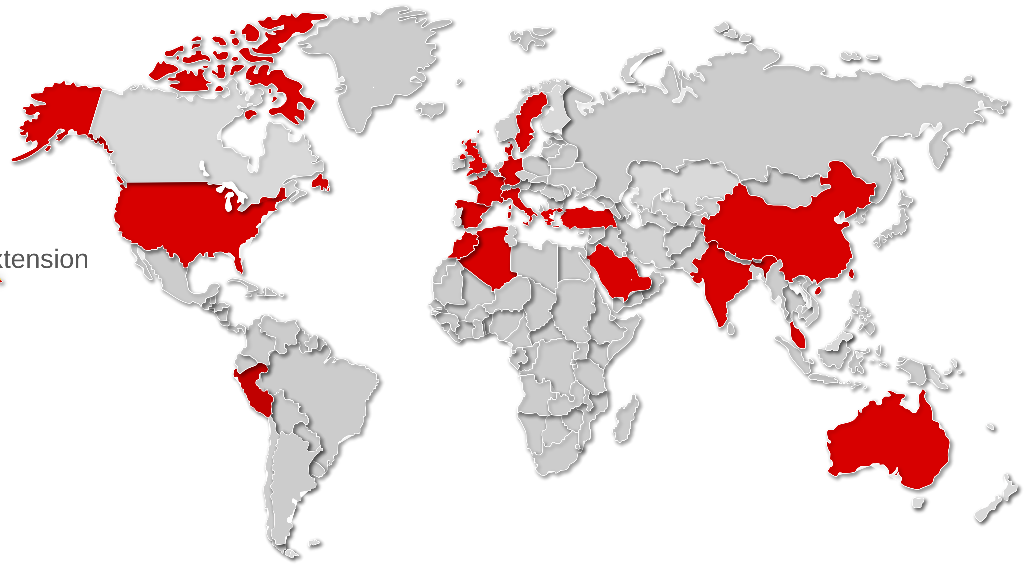


Ansaldo STS: a global company
Headcount at the end of 2016

Country	Main Locations	Headcount
ITALY	Genoa, Naples, Turin, Potenza, Branches	1,704
FRANCE	Les Ulis, Riom	627
SPAIN	Madrid	174
SWEDEN	Stockholm	61
OTHER EUROPE	Munich, London	14
USA - CANADA	Pittsburgh, Batesburg, Montreal	712
AUSTRALIA	Perth, Brisbane	266
INDIA	Bangalore	277
MALAYSIA	Kuala Lumpur	54
CHINA	Beijing	62
TOTAL HEADCOUNT		*3,951*



Main Running Projects



Americas

East Coast
Washington Metro - CSX
New York Metro
SEPTA PTC & Sharon Hill
Long Island LIRR
MBTA
West Coast
LACMTA - LA West Side Extension
Hawaii - Honolulu
Driverless Metro
Lima - Peru
Lima Metro Lines 2 & 4

Asia Pacific & Australia

South Korea
HSL Metropolitan Line
China
Metro:
Shenyang, Chengdu, Hangzhou, Xian, Zhengzhou, Dalian, Shanghai, Wenzhou, Tianjin linea 5
India
KFW, TPWS (North – South)
Metro Calcutta, Mumbay Monorail
Navi Mumbai Metro, Noida Metro
Malaysia
MNDT
KVDT
Taipei
Metro: Circular Line
San-Ying Line MRT System
Australia
Rio Tinto – framework agreement (RAFA)
Roy Hill
Moreton Bay Rail Link
Forrestfield Airport Link

Europe

Italy – HSL Line Brescia-Treviglio
Milano-Genova (Terzo Valico)
Direttissima Roma-Firenze
Italy – Conventional Line
Torino – Padova Line
Italy - Metro Roma, Napoli, Milano, Brescia, Genova
France - HSL Line
Tours-Bordeaux (SEA)
Le Mans-Rennes (BPL)
Spain - HSL Line
Madrid-Lerida O&M
La Robla – Pola de Lena
UK
Ferriby-Gilberdyke line
Metro: Glasgow Subway

Denmark
Copenhagen Metro and City-Ring + O&M
Aarhus LRT
Belgium
Metro Brussels Lines 1&5
Sweden
Happarandabanan
Metro Stockholm Red Line
Ester Line 2
Germany
SeRoBe
Velaro
Greece
Thessaloniki Metro
Turkey
Mersin –Toprakkale
Gebze - Köseköy
Metro: Ankara

North Africa & Middle East

Algeria
Oued Tlelat-Tlemcen line
Morocco
Tangiers-Kenitra HSL
Saudi Arabia
Riyadh Metro Line 3
United Arab Emirates
Abu Dhabi section 1

Year 2016 main events – Sirth - Benghazi project in Libya

- Ansaldo STS and Selex, in joint venture, signed in 2010 a contract with ZST, to provide signalling, system on the Sirth to Benghazi line in Libya.
- Ansaldo STS received advance payment amounting to approximately 71 million euro.
- Due to the civil war events in Libya, the contract was suspended in 2011 for force majeure.
- Unexpectedly, at the beginning of August 2013, ZST requested Ansaldo STS to return the advance payment and notified its intention to terminate the contract.
- In November 2013 the Tribunal of Milan authorized the payment of only a portion of the advance payment for approximately 41 million euro.
- In March 2014 ZST notified the “Statement of Claim” which formally started the arbitration in the “Wien International Arbitration Centre”, requesting the outstanding sum due on the advance payment, plus interests and arbitration proceedings’ costs.
- In April the arbitration tribunal almost entirely rejected Ansaldo STS request.
- Ansaldo STS has repaid to ZST its own share of the residual amount (about 29 million euro) of the advance payment and related legal fees plus interests (about 8 million euro).

Year 2016 main events
Participation of Ansaldo STS at InnoTrans (1/2)

- InnoTrans is the leading trade fair for the rail sector, taking place once every two years in Berlin. This year it was held on 20-23 September. There were more than 2,500 exhibitors over 300,000 square meters of exhibition space and 3,000 meters of rail track.
- On previous occasions Ansaldo STS had exhibited in a Finmeccanica branded stand. This time it was part of a Hitachi stand occupying 800 square meters over two floors.
- Andy Barr, CEO, commented that *"Ansaldo STS wants to confirm and strengthen its presence and its image in the market, bringing to Berlin, along with the quality of the whole Hitachi Group, its own history and experience"*

Year 2016 main events
Participation of Ansaldo STS at InnoTrans (2/2)

- Ansaldo STS displayed - thanks to sophisticated simulators and the support of technical experts available to visitors - its innovative products and technologies, such as its satellite solutions.

- Ansaldo STS also showcased its efficient capabilities in the areas of turnkey and driverless metro projects, with a portfolio of global projects covering more than 270 km of lines, operations and maintenance contracts.

Main commercial successes - Glasgow Metro

- On March 2016 the Ansaldo STS - Stadler consortium has won contracts to modernize the subway of Glasgow with state-of-the-art technology. The contracts include the supply of 17 new trains, Communication Based Train Control (CBTC) driverless signalling technology, platform screen doors and depot equipment, and related maintenance support services to upgrade the 10.5 km long twin subway lines, and 15 stations of the Glasgow Subway system.
- The project awarded by Strathclyde Partnership for Transport (SPT) – the Glasgow Subway operator - has a total value of £ 203.2 million. Ansaldo STS's share is valued at £ 104.3 million
- The construction contract is expected to be delivered within 66 months.
- Within the scope of the contract Ansaldo STS will implement its proven CBTC and driverless solution for the entire system as well as the communication network, Operation Control Centre, Platform Screen Doors (PSD), depot test track and will provide system integration, acceptance and related maintenance support services (£ 7.5 million).

Main commercial successes - Taipei Metro (1/2)

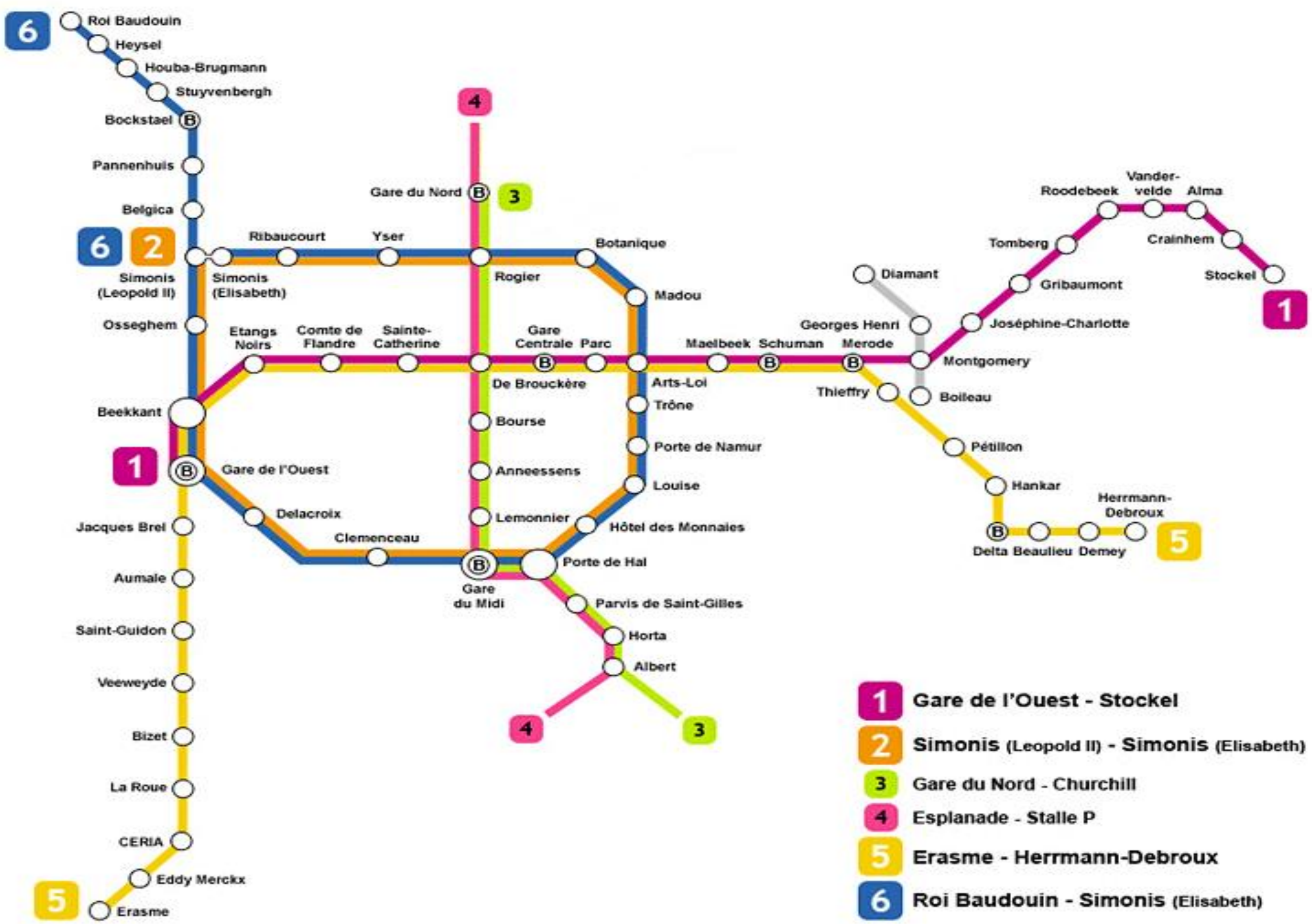
- Ansaldo STS and Hitachi, Ltd. as members of the ARH consortium (including Ansaldo STS SpA, RSEA Engineering Corp. and Hitachi, Ltd.), have signed in June a turnkey contract with New Taipei City Government Department of Rapid Transit System (NTCG DORTS).
- Ansaldo STS's scope of work, as leader of the consortium, includes the supply of CBTC technology (Communication Based Train Control) and all the electromechanical systems (Power Supply, Telecommunication, Platform Screen Doors, Automatic Fare Collection, SCADA and Depot Equipment), for an equivalent value of Euro 220 million (VAT excluded).
- The CBTC solution is leading a new era of rail transit control, enhancing flexibility, reducing maintenance costs and improving interoperability.
- For NTCG DORTS, this turnkey project combines Civil, E&M (Electro-Mechanic) works and Rolling Stock. It is the first medium-capacity Metro to be constructed and managed by New Taipei City.
- The total length of San-Ying Line is 14.29 km with 12 elevated stations and one depot. With fully elevated station design, the line route starts from MRT Blue Line Dingpu station in Tucheng, passing through Sanxia to Yingge.
- As part of the "3-rings-3-lines" project, San-Ying Line will enter construction stage in the second half of 2016 and aim for completion in 2023, providing citizens of New Taipei City with a convenient and safe mass transportation system.

Main commercial successes - Taipei Metro (2/2)

Main commercial successes - Brussels Metro (1/2)

- Ansaldo STS signed in October a contract with Société des Transports Intercommunaux de Brussels (STIB), worth Euro 88 million, for the automatization of the lines 1 & 5, as part of the modernization programme of the Brussels metro (so called Pulsar project).
- Within the modernization project Ansaldo STS will supply STIB with its Driverless CBTC based solutions, to increase the operational performance, efficiency and safety of the East-West metro axis (lines 1 & 5) with a total length of 35.5 km serving 37 stations, and a total fleet of 60 trains.
- The framework agreement includes also optional lines 2 and 6.
- The scope of work encompasses the study, design, production, full integration, tests and commissioning as well as training, maintenance and related services for the trackside and on-board systems and sub-systems.
- Through this new contract, Ansaldo STS strengthens its reputation as global excellence for the CBTC technology.

Main commercial successes - Brussels Metro (2/2)



Main commercial successes High Speed Line in Italy "Direttissima Roma-Firenze" (1/2)

- Ansaldo STS has been awarded in October two contracts, for a total value of Euro 75 million, related to the signalling of the Rome – Florence route of the High Speed Line Turin – Milan – Naples.

- The scope of work for Ansaldo STS in the contracts awarded by RFI (Italian Railway Network), is related to the design and construction of: (i) the Ground Subsystem ERTMS/ETCS Level 2; (ii) the ACC-M (centralized interlocking solution through which it is possible to manage multiple stations along the line); (III) the complementary and accessory technological upgrade operations for the Rome - Florence route of the High Speed Line Turin – Milan – Naples.

- Ansaldo STS will supply the ACC-M and ERTMS signalling systems, the Bushing Temperature Detection system, the Track Temperature Monitoring system, the power systems, the adjustment of the buildings and the telecommunication systems.

- Ansaldo STS signalling systems will serve the current 234 km double track line elevating it to the highest technological levels.

Main commercial successes High Speed Line in Italy "Direttissima Roma-Firenze" (2/2)

The Rail Traffic Operating Centre of the Genoa, Liguria and Basso Piemonte railway junction

Main commercial successes
High Speed Line Milan – Genoa (1/2)

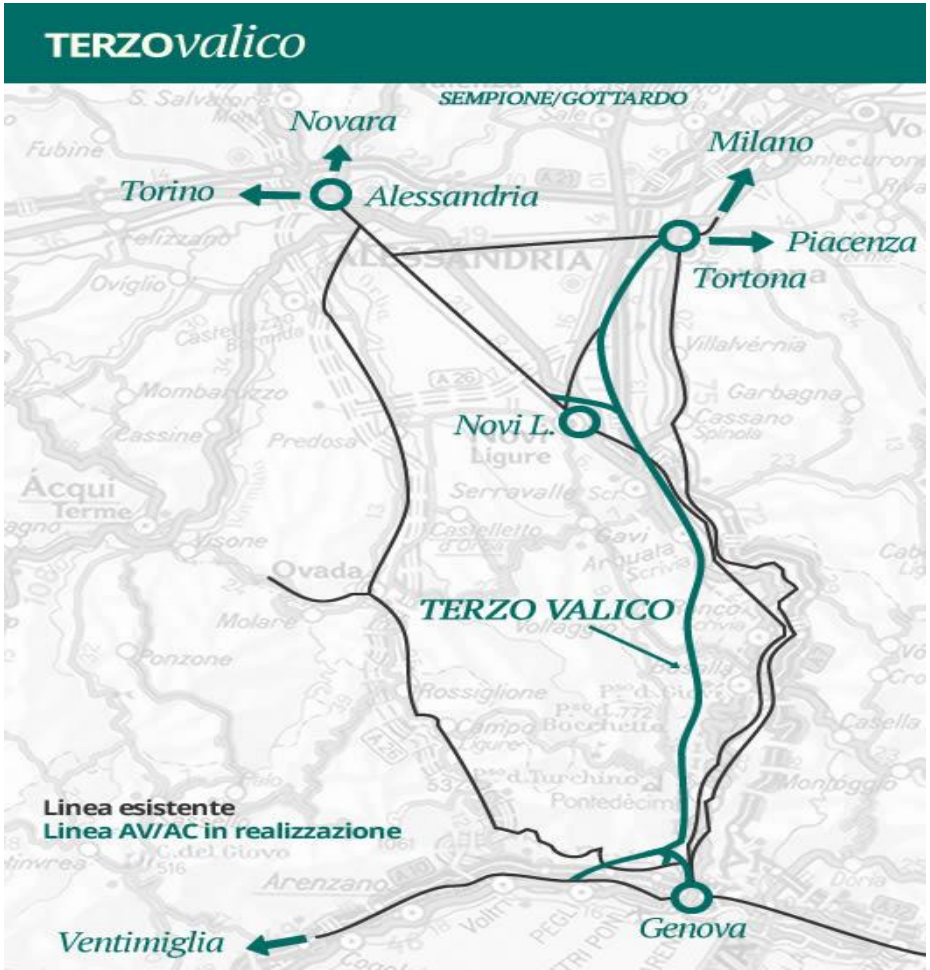
- On 28th December 2016 the “Saturno Consortium for the undertaking of High Technology Railway works for the Italian High Speed Railway System”, of which Ansaldo STS S.p.A is member, signed a contract with the General Contractor, the Consorzio Collegamenti Integrati Veloci (“COCIV”) for the production of the technological systems for the AV/AC Project (High Speed and High Capacity) of the “Terzo Valico dei Giovi” Milan – Genoa line.

- The scope of work entrusted to Ansaldo STS is to supply the technology relating to the railway signalling systems, TMS, (SCCM/AV), Power Supply and Auxiliary Systems and the system for monitoring tunnel safety. The overall value of the works assigned to Ansaldo STS amounts at EUR 175 million.

- «Terzo Valico» is a new high speed/high capacity line which will enable to strengthen the links between the ligurian harbour system with the main railway lines of North Italy and Rest of Europe. This project is included in the «Reno - Alpi» corridor, which is one of the strategic transportation transeuropean network corridors (TEN-T core network), which connect the most populated and industrial european regions.

- Coherently with the strategy to privilege transportation eco friendly modes, recently reaffirmed by the European Union with the «Faro» initiative (COM (2011) 21), the project will allow in the future to move consistent shares of freight traffic from roads to railways, with advantages for the environment, safety and social.

Main commercial successes
High Speed Line Milan – Genoa (2/2)



Main deliveries (1/2)

PROJECTS	KM	STATIONS
30+	1,300	190

METRO

M2 Metro Ankara
[CBTC + Automation]

Dalian L1 phase 2
[CBTC]

HIGH SPEED LINES

Paris – Strasbourg Phase 2 [RBC]

Treviglio - Brescia [HSL]

Sudokwon [TVMS]

FREIGHT LINES

Roy Hill
[VSS + Automation]

Rio Tinto
Freight customized ETCS Lvl 2 overall AutoHaul™ Network

Commissioning of project /project phases as scheduled

Main deliveries (2/2)

CONVENTIONAL LINES

ACC Brescia Centrale [IXL]
ACCM Genoa Junction [IXL + Automation]
ACC Napoli-Villa Literno [IXL + Automation]
Roma Termini Activities on SED-T [Automation]
Torino - Padova [IXL + Automation]
SCC Napoli & Palermo Nodes Enhancement [IXL + Automation]
Various Outsourcing Potenza, Taranto, Pisa S.Rossore, Foggia, Ponente Ligure [IAP + IeC]
SCC Upgrade Bari Lamasinata [Automation]
Revamping ACC Roma Termini [IXL + Automation]

PAI 2006 Framework 6 Stations [IXL]

Gebze - Kosekoy [IXL + ETCS Lev1 + Automation]
Mersin - Toprakkale 9 Stations [IXL + Automation]

MBRL Moreton Bay Rail Link [Macrolok Series]

PBI 138 Stations [IXL]
KFW 7 Stations [IXL + Automation]

SEPTA [Microlok + PTC]
LAMCTA MLK Upgrade [Microlok]

Commissioning of project / project phases as scheduled

First Quarter 2017 – Key Data

(M€)	March 2017	March 2016	*% variation*	Year 2016
New Orders	**266.1**	311.3	*-14.5%*	**1,475.8**
Order Backlog	**6,454.0**	6,417.3	*0.6%*	**6,488.4**
Revenue	**299.1**	291.2	*2.7%*	**1,327.4**
EBIT	**25.9**	23.4	*10.7%*	**126.8**
ROS	**8.7%**	8.0%	*0.7 p p*	**9.6%**
Tax Rate	**30.9%**	26.8%	*4.1 p p*	**33.2%**
Net Result	**20.0**	19.7	*1.4%*	**77.9**
Net Working Capital	**151.4**	93.3	*62.3%*	**120.5**
Net Financial Position (Cash)	**(327.0)**	(328.3)	*-0.4%*	**(338.0)**
R&D	**7.9**	9.1	*-13.2%*	**36.7**
Total Headcount	**4,084**	3,803	*7.4%*	**3,951**
EVA	**8.5**	8.9	*-4.7%*	**57.9**

First quarter 2017 main event

ANSALDO STS presented ERSAT project: the satellite technology applied to the railway traffic management for the first time in Europe

- ERSAT project was presented in February together with Rete Ferroviaria Italiana and Trenitalia in Sardinia to show how this technology works.
- ERSAT is the latest generation signalling project that interfaces and integrates – for the first time in Europe – the European Rail Traffic Management System (ERTMS) with the navigation and satellite positioning technology Galileo.
- ERSAT advantages are: a) increase the traffic capacity reducing CO_2 emissions; b) guarantee high railway safety standards and punctuality; c) reduction in operating costs, as the new technological equipment will require less investments for installation and maintenance.

Glossary of rail terminology (1/2)

ACC – M: “Apparato Centrale Computerizzato Multistazione” is a centralized interlocking system through which it is possible to manage multiple stations along the line.

ATP: Automatic Train Protection, or ATP, is an ATC subsystem responsible for the safe operation of a signaling system. It imposes speed limits on trains, both to maintain a safe operating distance between them and to comply with safety and speed requirements. The ATP system is designed to be a fail-safe (vital) system.

CBTC: Communication Based Train Control, or CBTC, is a system that allows for the interchangeability of different technological systems in use on various metro lines. CBTC can be understood as an attempt to create an ERTMS type standard for the mass transit industry.

ERSAT: latest satellite generation that interfaces and integrates the railway technology ERTMS (European Rail Traffic Management System) with the navigation and satellite positioning technology Galileo. The acronym comes from ER, for ERTMS, and SAT, indicating the satellite technology.

ERTMS: The European Rail Traffic Management System, or ERTMS, was introduced by the EU in 1992 as a means of creating a uniform system of command, control and coordination of rail traffic to allow for ‘‘interoperability’’ throughout EU territory. The ERTMS standard exists at three levels

ETCS: The European Train Control System (ETCS) is a signaling, control and train protection system designed to replace the many legacy safety systems currently used by European railways, especially on high-speed lines.

Glossary of rail terminology (2/2)

IXL: Interlocking System. An interlocking system is responsible for the reliable and safe movement of trains inside a station, through complex junctions and for the length of the line. The interlocking system ensures that train movement is permitted only when a route is available and the switches along this route are safely locked in their position. In all cases the interlocking allocates a track portion or a route to one train at a time, excluding all others.

RBC: Radio Block Centre. All trains automatically report their exact position and direction of travel to the RBC at regular intervals. RBC sends by radio fail safe information to the train (ATP).

SCADA: A Supervisory Control And Data Acquisition system, or SCADA, allows for the supervision of the various subsystems at work in a railway or mass transit environment. SCADA collects information from remote installations, transfers it back to a central office, analyzes the information, takes appropriate action and displays that data on a number of operator screens.

PTC: Positive Train Control, North American freight railway implementation of CBTC.

SCC: Automation – Supervision system used for railways system.

TMS: Traffic Management System

TVM: Transmission Voie-Machine (TVM, track-to-train transmission in English) is a form of in-cab signalling originally deployed in France and used on high-speed railway lines.

VSS: Vital Safety Server used in freight application (both as for IXL and RBC).

Accounting definitions (1/2)

Ansaldo STS's management also assesses the performance of the group using certain indicators that are not defined by the IFRS.
The components of each indicator are described below as required by CESR/05 - 178b Communication:

EBIT: earnings before interest and taxes, before any adjustment. EBIT excludes gains or losses on unconsolidated equity investments and securities, as well as any gains or losses on sales of consolidated equity investments, which are classified under "financial income and expense" or "share of profits (losses) of equity-accounted investees" if related to equity-accounted investments.

Return on Sale (ROS): it is calculated as the ratio of EBIT to revenue.

Free operating cash flow (FOCF): this indicator is the sum of cash flows generated by (used in) operating activities and cash flows generated by (used in) investing and disinvesting in property, plant and equipment, intangible assets and equity investments, net of cash flows from acquisitions and sales of equity investments which are deemed "strategic" due to their nature or importance. The FOCF is shown in the reclassified consolidated statement of cash flows.

Economic Value Added (EVA): it is the difference between EBIT, net of income taxes and the cost of the average invested capital of the current and previous year measured on the base of the Weighted Average Cost of Capital (WACC).

Accounting definitions (2/2)

Net Working Capital: It is working capital less provisions for current risks and other current assets and liabilities.

Net Financial (Position) or Debt: The calculation model used complies with paragraph 127 of the CESR/05-054b recommendations implementing Regulation (EC) n° 809/2004**.**

New Orders: It is the sum of the contracts agreed with customers during the reporting period that meet the contractual requirements to be recorded in the orders book.

Order Backlog: It is the difference between new orders and revenue for the period (including the change in contract work in progress). This difference is added to the backlog for the previous year.

Headcount: It is the number of employees recorded in the relevant register on the reporting date.

Research and development costs: total expense incurred for research and development, both expensed and sold. Research expense taken to profit or loss usually relates to “general technology", i.e. aimed at gaining scientific knowledge and / or techniques applicable to various new products and / or services. Sold research expense represents that commissioned by customers and for which there is a specific sales order and it is treated exactly like an ordinary order (sales contract, profitability, invoicing, advances, etc.) in accounting and management terms.

Our commitment to the theme of sustainable development is expressed in the countries where we operate, across five continents, through the dissemination of our corporate vision, attention to environmental, social, and promote our work through a climate of cooperation with local cultures.

In coherence with our vision this year we have joined the Global Compact, a voluntary initiative launched by the UN to spread the culture of respect for human rights, labor, environment and the fight against corruption.

Ansaldo STS SpA

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THANK YOU FOR YOUR ATTENTION

Time: 11:11:46

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **177** entitled to vote

representing no. **167.944.061** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 13

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

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83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 13

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

Shareholders present

In person	n°	3	for n°	111	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**177**	for n°	**167.944.061**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**159**	Shareholders for	**110.409.716**	Shares	65,742 % of participant capital
AGAINST	n°	**9**	Shareholders for	**4.915.080**	Shares	2,927 % of participant capital
ABSTAINED	n°	**9**	Shareholders for	**52.619.265**	Shares	31,331 % of participant capital
TOTAL VOTERS	n°	**177**	Shareholders for	**167.944.061**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**177**	Shareholders for	**167.944.061**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
119	CARADONNA GIANFRANCO MARIA		1	1
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASS	BALDELLI SONIA	3.090	3.090
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638
106	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

155 WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107 WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND	BALDELLI SONIA	165	165
110 WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111 WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112 WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113 WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
11 HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**159**	**shareholders for n°**	**110.409.716**	**Shares** 65,74 % of participant capital
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**1**	**Shares** 0,00 % of participant capital
BY PROXY	**n°**	**158**	**shareholders for n°**	**110.409.715**	**Shares** 65,74 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
3	BRAGHERO CARLO MARIA		10	10
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPI'	ALBANO ARTURO	634.283	634.283

Overview of voters against

TOTAL AGAINST **n°** **9** **shareholders for n°** **4.915.080** **Shares**
2,93 % of participant capital

of which

IN PERSON **n°** **2** **shareholders for n°** **110** **Shares**
0,00 % of participant capital

BY PROXY **n°** **7** **shareholders for n°** **4.914.970** **Shares**
2,93 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	FURLANI GIORGIO	1.041.854	1.041.854
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**9 shareholders for n°**	**52.619.265**	**Shares**
of which				31,33 % of participant capital
IN PERSON	**n°**	**0 shareholders for n°**	**0**	**Shares**
				0,00 % of participant capital
BY PROXY	**n°**	**9 shareholders for n°**	**52.619.265**	**Shares**
				31,33 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1S**
of the extraordinary part of the agenda

Proposal of By-laws amendment on the closing date of the financial year. Related and consequent resolutions.

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **177** entitled to vote

representing no. **167.944.061** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 13

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **177** entitled to vote

representing no. **167.944.061** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 13

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

Shareholders present

In person	n°	3	for n°	111	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**177**	for n°	**167.944.061**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**163**	Shareholders for	**118.017.252**	Shares	70,272 % of participant capital
AGAINST	n°	**6**	Shareholders for	**4.839.866**	Shares	2,882 % of participant capital
ABSTAINED	n°	**8**	Shareholders for	**45.086.943**	Shares	26,846 % of participant capital
TOTAL VOTERS	n°	**177**	Shareholders for	**167.944.061**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**177**	Shareholders for	**167.944.061**		

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
119	CARADONNA GIANFRANCO MARIA		1	1
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASS	BALDELLI SONIA	3.090	3.090
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

14 STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84 STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142 STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85 STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86 STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87 SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88 TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89 TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143 THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15 THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16 THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146 TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17 U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147 UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98 UBS ETF	BALDELLI SONIA	4.929	4.929
169 UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99 VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148 VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149 VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150 VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100 VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101 VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151 VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102 VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152 VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153 VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154 VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475

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104 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105 WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638
106 WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155 WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107 WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND	BALDELLI SONIA	165	165
110 WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111 WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112 WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113 WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
11 HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702
165 LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**163**	**shareholders for n°**	**118.017.252**	**Shares** 70,27 % of participant capital
of which					
IN PERSON	**n°**	**2**	**shareholders for n°**	**101**	**Shares** 0,00 % of participant capital
BY PROXY	**n°**	**161**	**shareholders for n°**	**118.017.151**	**Shares** 70,27 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

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Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
3	BRAGHERO CARLO MARIA		10	10
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPI	ALBANO ARTURO	634.283	634.283

Overview of voters against

TOTAL AGAINST	**n°**	**6**	**shareholders for n°**	**4.839.866**	**Shares**
					2,88 % of participant capital
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**10**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**5**	**shareholders for n°**	**4.839.856**	**Shares**
					2,88 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	FURLANI GIORGIO	1.041.854	1.041.854
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of abstensions

TOTAL ABSTAINERS **n°** **8 shareholders for n°** **45.086.943 Shares**
26,85 % of participant capital

of which

IN PERSON **n°** **0 shareholders for n°** **0 Shares**
0,00 % of participant capital

BY PROXY **n°** **8 shareholders for n°** **45.086.943 Shares**
26,85 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.1**
of the ordinary part of the agenda

Financial Statements as of 31 December 2016. 1.1 Financial Statements for the year ended on 31 December 2016. Reports of the Board of Directors, of the Board of Statutory Auditors and of the auditing firm. Related and consequent resolutions.

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

Shareholder present

In person	n°	3	for n°	111	Shares	0,00 % of the share capital
By proxy	n°	173	for n°	167.943.940	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	177	for n°	167.944.061	Shares	83,97 % of the share capital

Result of the vote

Proposal 1	**n°**	**159**	**Shareholders for n°**	**8.936.647**	**Shares**	**4,47 % of the share capital**
Proposal 2	**n°**	**16**	**Shareholders for n°**	**57.459.231**	**Shares**	**28,73 % of the share capital**
AGAINST	**n°**	**2**	**Shareholders for n°**	**101.548.183**	**Shares**	**50,77 % of the share capital**
ABSTAINED	**n°**	**0**	**Shareholders for n°**	**0**	**Shares**	**0,00 % of the share capital**
TOTAL VOTERS	n°	177	Shareholders for n°	167.944.061	Shares	83,97 % of the share capital
NON VOTERS	**n°**	**0**	**Shareholders for n°**	**0**	**Shares**	**0,00 % of the share capital**
TOTAL PRESENT	n°	177	Shareholders for n°	167.944.061	Shares	83,97 % of the share capital

Most voted list: 2

Present at the meeting

Shareholders in person	3
Proxies	10
Total televoters distributed	**13**
Total physical persons	**13**

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

Report of voters for list: 1

BALLOT		SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
119	S	CARADONNA GIANFRANCO MARIA		1	1
170	R	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	R	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	R	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	R	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	R	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	R	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	R	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	R	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	R	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX	BALDELLI SONIA	13.161	13.161
128	R	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	51.029	51.029
27	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	414.564	414.564
28	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	107.468	107.468
2	R	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	R	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	R	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	R	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	R	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	R	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
4	R	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	R	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP	BALDELLI SONIA	3.090	3.090
34	R	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	R	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	R	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	R	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	R	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

5	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	R	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	R	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	R	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	R	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	R	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	R	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	R	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	R	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
10	R	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	R	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	R	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	R	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	R	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	R	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	R	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	R	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	R	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	R	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	R	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	R	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	R	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	R	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	R	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	R	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	R	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	R	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	R	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	R	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	R	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	R	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	R	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	R	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	R	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	R	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	R	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

59	R	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	R	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	R	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	R	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	R	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	R	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	R	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	R	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	R	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	R	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	R	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	R	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	R	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	R	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEN	BALDELLI SONIA	3.285	3.285
70	R	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	R	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	R	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	R	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176	R	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	R	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	R	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	R	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	R	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	R	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	R	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	19.958	19.958
74	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	66.058	66.058
75	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	1.895	1.895
76	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	100.291	100.291
77	R	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FI	BALDELLI SONIA	1.033	1.033
78	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	R	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83	R	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
14	R	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	R	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

142	R	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	R	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	R	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87	R	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88	R	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89	R	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143	R	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15	R	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	R	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	R	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	R	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	R	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	R	UBS ETF	BALDELLI SONIA	4.929	4.929
169	R	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202	R	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	R	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99	R	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148	R	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	R	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	R	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	R	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101	R	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	R	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	R	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152	R	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	R	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	R	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103	R	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	R	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	R	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

106	R	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155	R	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107	R	WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108	R	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	R	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUN	BALDELLI SONIA	165	165
110	R	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111	R	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	R	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	R	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	R	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	R	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257

Summary votes List 1

TOTAL **n° 159 shareholders for n° 8.936.647 Shares**
4,47 % of the share capital

of which

IN PERSON **n° 1 shareholders for n° 1 Shares**
0,00 % of the share capital

BY PROXY **n° 158 shareholders for n° 8.936.646 Shares**
4,47 % of the share capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

Report of voters for list: 2

BALLOT		SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
1	S	ASTENGO GIACOMO		100	100
3	S	BRAGHERO CARLO MARIA		10	10
160	R	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMIT	FURLANI GIORGIO	2.584.378	2.584.378
161	R	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMIT	FURLANI GIORGIO	2.587.349	2.587.349
131	R	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	R	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMU	FURLANI GIORGIO	1.041.854	1.041.854
158	R	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	R	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	R	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	R	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	R	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITA	ALBANO ARTURO	634.283	634.283
165	R	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	R	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	R	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARI	505.977	505.977
167	R	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMU	SCIANNACA BRUNO	570.795	570.795
144	R	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Summary votes List 2

TOTAL	**n°**	**16**	**shareholders for n°**	**57.459.231**	**Shares**
					28,73 % of the share capital
of which					
IN PERSON	**n°**	**2**	**shareholders for n°**	**110**	**Shares**
					0,00 % of the share capital
BY PROXY	**n°**	**13**	**shareholders for n°**	**57.459.111**	**Shares**
					28,73 % of the share capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
11	HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters against

TOTAL AGAINST	**n°**	**2**	**shareholders for n°**	**101.548.183**	**Shares**
of which					60,47 % of participant capital
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**2**	**shareholders for n°**	**101.548.183**	**Shares**
					60,47 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

List of abstensions

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**0 shareholders for n°**	**0 Shares**	0,00 % of participant capital
of which				
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares**	0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares**	0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.2**
of the ordinary part of the agenda

1.2 Allocation of the annual net income. Related and consequent resolutions

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

Shareholders present

In person	n°	3	for n°	111	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**177**	for n°	**167.944.061**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**35**	Shareholders for	**57.977.754**	Shares	34,522 % of participant capital
AGAINST	n°	**141**	Shareholders for	**109.962.826**	Shares	65,476 % of participant capital
ABSTAINED	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL VOTERS	n°	**176**	Shareholders for	**167.940.580**	Shares	99,998 % of particpant capital
NON VOTERS	n°	**1**	Shareholders for	**3.481**	Shares	0,002 % of participant capital
TOTAL PRESENT	n°	**177**	Shareholders for	**167.944.061**		

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
3	BRAGHERO CARLO MARIA		10	10
119	CARADONNA GIANFRANCO MARIA		1	1
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
88	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
143	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
202	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	FURLANI GIORGIO	1.041.854	1.041.854
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK I	ALBANO ARTURO	634.283	634.283
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	SCIANNACA BRUNO	570.795	570.795

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

144 THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**35**	**shareholders for n°**	**57.977.754**	**Shares**
					34,52 % of participant capital
of which					
IN PERSON	**n°**	**3**	**shareholders for n°**	**111**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**32**	**shareholders for n°**	**57.977.643**	**Shares**
					34,52 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDE	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PL	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CA	BALDELLI SONIA	3.090	3.090
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLI	BALDELLI SONIA	3.285	3.285
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
89	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
15	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
99	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUI	BALDELLI SONIA	154	154

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

148	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETI	BALDELLI SONIA	1.126	1.126
101	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUN	BALDELLI SONIA	102	102
152	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TI	BALDELLI SONIA	7.638	7.638
106	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107	WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FI	BALDELLI SONIA	165	165
110	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
11	HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

Overview of voters against

TOTAL AGAINST	**n°**	**141**	**shareholders for n°**	**109.962.826**	**Shares**
					65,48 % of participant capital
of which					
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**141**	**shareholders for n°**	**109.962.826**	**Shares**
					65,48 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

List of abstensions

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**0**	**shareholders for n°**	**0 Shares**
of which				0,00 % of participant capital
IN PERSON	**n°**	**0**	**shareholders for n°**	**0 Shares**
				0,00 % of participant capital
BY PROXY	**n°**	**0**	**shareholders for n°**	**0 Shares**
				0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1.3**
of the ordinary part of the agenda

1.3 Distribution of a special dividend of EUR 56,000,000.00 (0.28 per share), to be paid through distribution of distributable reserves.

List of non-voters

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**1 shareholders for n°**	**3.481**	**Shares**
			0,00	% of participant capital
of which				
IN PERSON	**n°**	**0 shareholders for n°**	**0**	**Shares**
			0,00	% of participant capital
BY PROXY	**n°**	**1 shareholders for n°**	**3.481**	**Shares**
			0,00	% of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **1.4**
of the ordinary part of the agenda

Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

Shareholders present

In person	n°	3	for n°	111	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**177**	for n°	**167.944.061**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**14**	Shareholders for	**57.459.121**	Shares	34,213 % of participant capital
AGAINST	n°	**162**	Shareholders for	**110.484.930**	Shares	65,787 % of participant capital
ABSTAINED	n°	**1**	Shareholders for	**10**	Shares	0,000 % of participant capital
TOTAL VOTERS	n°	**177**	Shareholders for	**167.944.061**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**177**	Shareholders for	**167.944.061**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.4**
of the ordinary part of the agenda

Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	FURLANI GIORGIO	1.041.854	1.041.854
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK I	ALBANO ARTURO	634.283	634.283
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**14**	**shareholders for n°**	**57.459.121 Shares** 34,21 % of participant capital
of which				
IN PERSON	**n°**	**0**	**shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**14**	**shareholders for n°**	**57.459.121 Shares** 34,21 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.4**
of the ordinary part of the agenda

Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
119	CARADONNA GIANFRANCO MARIA		1	1
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDE	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PL	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CA	BALDELLI SONIA	3.090	3.090
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **1.4**
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Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130

SHAREHOLDERS' MEETING
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Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.4**
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Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLE	BALDELLI SONIA	3.285	3.285
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916

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Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

88	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUI	BALDELLI SONIA	154	154
148	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETI	BALDELLI SONIA	1.126	1.126
101	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUN	BALDELLI SONIA	102	102
152	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TI	BALDELLI SONIA	7.638	7.638
106	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107	WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FI	BALDELLI SONIA	165	165
110	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414

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A Hitachi Group Company

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Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

111	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
11	HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters against

TOTAL AGAINST	**n°**	**162**	**shareholders for n°**	**110.484.930**	**Shares**
				65,79 % of participant capital	
of which					
IN PERSON	**n°**	**2**	**shareholders for n°**	**101**	**Shares**
				0,00 % of participant capital	
BY PROXY	**n°**	**160**	**shareholders for n°**	**110.484.829**	**Shares**
				65,79 % of participant capital	

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.4**
of the ordinary part of the agenda

Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
3	BRAGHERO CARLO MARIA		10	10

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**1 shareholders for n°**	**10 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**1 shareholders for n°**	**10 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **1.4**
of the ordinary part of the agenda

Action for liability pursuant to Article 2393 of the Italian Civil CodeResolution 13

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **176** entitled to vote

representing no. **167.944.060** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 12

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

Shareholders present

In person	n°	2	for n°	110	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**176**	for n°	**167.944.060**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**51**	Shareholders for	**104.889.572**	Shares	62,455 % of participant capital
AGAINST	n°	**114**	Shareholders for	**17.810.771**	Shares	10,605 % of participant capital
ABSTAINED	n°	**11**	Shareholders for	**45.243.717**	Shares	26,940 % of participant capital
TOTAL VOTERS	n°	**176**	Shareholders for	**167.944.060**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**176**	Shareholders for	**167.944.060**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
87	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

89	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
202	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
107	WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
11	HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**51**	**shareholders for n°**	**104.889.572**	**Shares** 62,46 % of participant capital
of which					
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares** 0,00 % of participant capital
BY PROXY	**n°**	**51**	**shareholders for n°**	**104.889.572**	**Shares** 62,46 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
3	BRAGHERO CARLO MARIA		10	10
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDE	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PL/	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL C/	BALDELLI SONIA	3.090	3.090
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item 2
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
15	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
103	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TI	BALDELLI SONIA	7.638	7.638
106	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
108	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FI	BALDELLI SONIA	165	165
110	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPI	ALBANO ARTURO	634.283	634.283
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

Overview of voters against

TOTAL AGAINST	**n°**	**114**	**shareholders for n°**	**17.810.771**	**Shares**
				10,61 % of participant capital	
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**10**	**Shares**
				0,00 % of participant capital	
BY PROXY	**n°**	**113**	**shareholders for n°**	**17.810.761**	**Shares**
				10,61 % of participant capital	

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
155	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	FURLANI GIORGIO	1.041.854	1.041.854
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**11**	**shareholders for n°**	**45.243.717 Shares**
of which				26,94 % of participant capital
IN PERSON	**n°**	**1**	**shareholders for n°**	**100 Shares**
				0,00 % of participant capital
BY PROXY	**n°**	**10**	**shareholders for n°**	**45.243.617 Shares**
				26,94 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **2**
of the ordinary part of the agenda

First Section of the Report on remuneration. Related and consequent resolutions

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **175** entitled to vote

representing no. **167.944.050** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 11

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

Shareholder present

In person	n°	1	for n°	100	Shares	0,00 % of the share capital
By proxy	n°	173	for n°	167.943.940	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	175	for n°	167.944.050	Shares	83,97 % of the share capital

Result of the vote

List	**1**	**n°**	**5**	**Shareholders for n°**	**101.563.394**	**Shares**	**50,78 % of the share capital**
List	**2**	**n°**	**168**	**Shareholders for n°**	**66.305.542**	**Shares**	**33,15 % of the share capital**
AGAINST		**n°**	**2**	**Shareholders for n°**	**75.114**	**Shares**	**0,04 % of the share capital**
ABSTAINED		**n°**	**0**	**Shareholders for n°**	**0**	**Shares**	**0,00 % of the share capital**
TOTAL VOTERS		n°	175	Shareholders for n°	167.944.050	Shares	83,97 % of the share capital
NON VOTERS		**n°**	**0**	**Shareholders for n°**	**0**	**Shares**	**0,00 % of the share capital**
TOTAL PRESENT		n°	175	Shareholders for n°	167.944.050	Shares	83,97 % of the share capital

Most voted list: 1

Present at the meeting

Shareholders in person	1
Proxies	10
Total televoters distributed	**11**
Total physical persons	**11**

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

Report of voters for list: 1

BALLOT		SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
71	R	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
83	R	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
88	R	TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
143	R	THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
11	R	HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Summary votes List 1

TOTAL	**n°**	**5 shareholders for n°**	**101.563.394 Shares**	50,78 % of the share capital
of which				
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares**	0,00 % of the share capital
BY PROXY	**n°**	**5 shareholders for n°**	**101.563.394 Shares**	50,78 % of the share capital

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

Report of voters for list: 2

BALLOT		SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
1	S	ASTENGO GIACOMO		100	100
170	R	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	R	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	R	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	R	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	R	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	R	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	R	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	R	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	R	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX	BALDELLI SONIA	13.161	13.161
128	R	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	51.029	51.029
27	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	414.564	414.564
28	R	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	107.468	107.468
2	R	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	R	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	R	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	R	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	R	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
4	R	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	R	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP	BALDELLI SONIA	3.090	3.090
34	R	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	R	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	R	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	R	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	R	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	R	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	R	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

7	R	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	R	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	R	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	R	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	R	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	R	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	R	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	R	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	R	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	R	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	R	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	R	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	R	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	R	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	R	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	R	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	R	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	R	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	R	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	R	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	R	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	R	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	R	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	R	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	R	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	R	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	R	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	R	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	R	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	R	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	R	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	R	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	R	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	R	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	R	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	R	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
59	R	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

60	R	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	R	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	R	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	R	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	R	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	R	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	R	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	R	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	R	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	R	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	R	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	R	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	R	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEN	BALDELLI SONIA	3.285	3.285
70	R	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	R	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	R	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
176	R	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	R	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	R	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	R	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	R	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	R	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	R	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	19.958	19.958
74	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	66.058	66.058
75	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	1.895	1.895
76	R	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT	BALDELLI SONIA	100.291	100.291
77	R	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST F	BALDELLI SONIA	1.033	1.033
78	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	R	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	R	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
14	R	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	R	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142	R	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	R	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	R	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

87	R	SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
89	R	TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
15	R	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	R	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	R	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	R	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	R	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	R	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	R	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	R	UBS ETF	BALDELLI SONIA	4.929	4.929
169	R	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202	R	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204	R	UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99	R	VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148	R	VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149	R	VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150	R	VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100	R	VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101	R	VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151	R	VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102	R	VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152	R	VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153	R	VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154	R	VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103	R	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	R	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	R	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638
106	R	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155	R	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107	R	WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108	R	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	R	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUN	BALDELLI SONIA	165	165

SHAREHOLDERS' MEETING
11 MAY 2017

Result of the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

110	R	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111	R	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	R	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	R	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	R	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	R	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
160	R	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMIT	FURLANI GIORGIO	2.584.378	2.584.378
161	R	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMIT	FURLANI GIORGIO	2.587.349	2.587.349
131	R	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	R	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMU	FURLANI GIORGIO	1.041.854	1.041.854
158	R	BLUEBELL PARTNERS	TARICCO MARCO	10	10
127	R	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	R	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	R	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	R	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITA	ALBANO ARTURO	634.283	634.283
165	R	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	R	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	R	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARI/	505.977	505.977
167	R	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMU	SCIANNACA BRUNO	570.795	570.795
144	R	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Summary votes List 2

TOTAL	**n°**	**168**	**shareholders for n°**	**66.305.542**	**Shares** 33,15 % of the share capital
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**100**	**Shares** 0,00 % of the share capital
BY PROXY	**n°**	**166**	**shareholders for n°**	**66.305.432**	**Shares** 33,15 % of the share capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171

Overview of voters against

TOTAL AGAINST	**n°**	**2**	**shareholders for n°**	**75.114**	**Shares**
					0,04 % of participant capital
of which					
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**2**	**shareholders for n°**	**75.114**	**Shares**
					0,04 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

List of abstensions

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**0**	**shareholders for n°**	**0 Shares**
of which				0,00 % of participant capital
IN PERSON	**n°**	**0**	**shareholders for n°**	**0 Shares**
				0,00 % of participant capital
BY PROXY	**n°**	**0**	**shareholders for n°**	**0 Shares**
				0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.1**
of the ordinary part of the agenda

Appointment od the Board of Statutory Auditors. 3.1 Appointment of three regular Auditors and three alternate Auditors

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

Shareholders present

In person	n°	1	for n°	100	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**175**	for n°	**167.944.050**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**146**	Shareholders for	**165.559.001**	Shares	98,580 % of participant capital
AGAINST	n°	**27**	Shareholders for	**2.228.375**	Shares	1,327 % of participant capital
ABSTAINED	n°	**2**	Shareholders for	**156.674**	Shares	0,093 % of participant capital
TOTAL VOTERS	n°	**175**	Shareholders for	**167.944.050**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**175**	Shareholders for	**167.944.050**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CAP PASS	BALDELLI SONIA	3.090	3.090
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

162 GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42 GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43 HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44 IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190 ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
45 INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
55 KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12 LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163 LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164 LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13 LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56 LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57 MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58 MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137 MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192 MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
59 MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60 MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61 MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62 MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63 MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64 NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138 NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
65 NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66 NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67 NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68 NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69 NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
70 OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141 ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194 OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71 PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176 PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177 PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198 SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200 SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849

SHAREHOLDERS' MEETING
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Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

72 SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73 SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	19.958	19.958
74 SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	66.058	66.058
75 SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	1.895	1.895
76 SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	100.291	100.291
77 SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND	BALDELLI SONIA	1.033	1.033
78 SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79 SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80 SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81 SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82 STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83 STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
14 STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84 STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627
142 STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
86 STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87 SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88 TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89 TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143 THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15 THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16 THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
17 U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147 UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98 UBS ETF	BALDELLI SONIA	4.929	4.929
169 UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
202 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99 VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148 VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

149 VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150 VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100 VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101 VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151 VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102 VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152 VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153 VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154 VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105 WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638
106 WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
107 WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
108 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND	BALDELLI SONIA	165	165
110 WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111 WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112 WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113 WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
160 ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.584.378	2.584.378
161 ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIMITED	FURLANI GIORGIO	2.587.349	2.587.349
131 ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168 THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	FURLANI GIORGIO	1.041.854	1.041.854
127 ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20 AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156 AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157 AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK I	ALBANO ARTURO	634.283	634.283
11 HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702
165 LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130 ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145 THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167 THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERMUDA) L	SCIANNACA BRUNO	570.795	570.795
144 THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**146**	**shareholders for n°**	**165.559.001**	**Shares**
					98,58 % of participant capital
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**100**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**145**	**shareholders for n°**	**165.558.901**	**Shares**
					98,58 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDE	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	107.468	107.468
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

Overview of voters against

TOTAL AGAINST	**n°**	**27**	**shareholders for n°**	**2.228.375**	**Shares**
					1,33 % of participant capital
of which					
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**27**	**shareholders for n°**	**2.228.375**	**Shares**
					1,33 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
155	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**2 shareholders for n°**	**156.674 Shares** 0,09 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**2 shareholders for n°**	**156.674 Shares** 0,09 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **3.3**
of the ordinary part of the agenda

3.3 Determination of the remuneration of the members of the Board of Statutory Auditors

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **175** entitled to vote

representing no. **167.944.050** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 11

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

Shareholders present

In person	n°	1	for n°	100	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**175**	for n°	**167.944.050**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**161**	Shareholders for	**115.292.748**	Shares	68,649 % of participant capital
AGAINST	n°	**4**	Shareholders for	**32.027**	Shares	0,019 % of participant capital
ABSTAINED	n°	**10**	Shareholders for	**52.619.275**	Shares	31,331 % of participant capital
TOTAL VOTERS	n°	**175**	Shareholders for	**167.944.050**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**175**	Shareholders for	**167.944.050**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDEX F	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT TR	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PLAN	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422
48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMENT PL	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST FUND	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
83	STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item 4
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

142 STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85 STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86 STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
87 SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88 TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89 TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143 THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
15 THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16 THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92 THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146 TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17 U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97 UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
202 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99 VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148 VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149 VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150 VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100 VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101 VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151 VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102 VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152 VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153 VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154 VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
103 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104 WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105 WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TR	BALDELLI SONIA	7.638	7.638
106 WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155 WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
107 WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

108 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109 WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FUND	BALDELLI SONIA	165	165
110 WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111 WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112 WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113 WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115 WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
127 ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20 AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156 AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157 AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPITAL UK I	ALBANO ARTURO	634.283	634.283
11 HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**161**	**shareholders for n°**	**115.292.748**	**Shares** 68,65 % of participant capital
of which					
IN PERSON	**n°**	**1**	**shareholders for n°**	**100**	**Shares** 0,00 % of participant capital
BY PROXY	**n°**	**160**	**shareholders for n°**	**115.292.648**	**Shares** 68,65 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CA	BALDELLI SONIA	3.090	3.090
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005

Overview of voters against

TOTAL AGAINST	**n°**	**4**	**shareholders for n°**	**32.027 Shares** 0,02 % of participant capital
of which				
IN PERSON	**n°**	**0**	**shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**4**	**shareholders for n°**	**32.027 Shares** 0,02 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	FURLANI GIORGIO	1.041.854	1.041.854
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**10 shareholders for n°**	**52.619.275 Shares**	
of which			31,33 % of participant capital	
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares**	
			0,00 % of participant capital	
BY PROXY	**n°**	**10 shareholders for n°**	**52.619.275 Shares**	
			31,33 % of participant capital	

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **4**
of the ordinary part of the agenda

Authorization to purchase and dispose of own shares. Related and consequent resolutions.

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Ansaldo STS S.p.A

SHAREHOLDERS' MEETING

11 MAY 2017

COMMUNICATION OF THE PRESIDENT

Present directly representing their own shares or by proxy are no. **175** entitled to vote

representing no. **167.944.050** ordinary shares equal to

83,97 % of no. 200.000.000 (two hundred million) ordinary shares, making up the share capital

Physically present in the room: 11

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result of the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

Shareholders present

In person	n°	1	for n°	100	Shares	0,00 % of the share capital
By proxy	n°	174	for n°	167.943.950	Shares	83,97 % of the share capital
TOTAL PRESENT	n°	**175**	for n°	**167.944.050**	Shares	83,97 % of the share capital

Result of the vote

IN FAVOUR	n°	**54**	Shareholders for	**106.973.524**	Shares	63,696 % of participant capital
AGAINST	n°	**112**	Shareholders for	**15.883.573**	Shares	9,458 % of participant capital
ABSTAINED	n°	**9**	Shareholders for	**45.086.953**	Shares	26,846 % of participant capital
TOTAL VOTERS	n°	**175**	Shareholders for	**167.944.050**	Shares	100,000 % of particpant capital
NON VOTERS	n°	**0**	Shareholders for	**0**	Shares	0,000 % of participant capital
TOTAL PRESENT	n°	**175**	Shareholders for	**167.944.050**		

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

List of the voters in favour

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
1	ASTENGO GIACOMO		100	100
30	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	193.351	193.351
31	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	2.288	2.288
32	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	19.481	19.481
33	CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	15.527	15.527
186	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	23.943	23.943
188	CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	BALDELLI SONIA	51.171	51.171
34	CHEVRON MASTER PENSION TRUST	BALDELLI SONIA	10.490	10.490
35	CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN	BALDELLI SONIA	17.684	17.684
39	COLLEGE RETIREMENT EQUITIES FUND	BALDELLI SONIA	130.467	130.467
5	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 20	BALDELLI SONIA	47.167	47.167
6	EURIZON CAPITAL SGR SPA - EURIZON AZIONI PMI ITALIA	BALDELLI SONIA	446.768	446.768
7	EURIZON CAPITAL SGR SPA - EURIZON PIR ITALIA 30	BALDELLI SONIA	10.091	10.091
8	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 40	BALDELLI SONIA	102.800	102.800
9	EURIZON CAPITAL SGR SPA - EURIZON PROGETTO ITALIA 70	BALDELLI SONIA	25.928	25.928
134	FIDELITY SAL ST T SPARTAN TOTAL INT IN F	BALDELLI SONIA	1.453	1.453
135	FLEXSHARES MORNINGSTAR DEVELOPED MARKETS	BALDELLI SONIA	2.145	2.145
40	FORD MOTOR COMPANY DEFINED BENEFIT MASTER TRUST	BALDELLI SONIA	4.697	4.697
162	GOVERNMENT OF NORWAY	BALDELLI SONIA	2.082.399	2.082.399
190	ILLINOIS STATE BOARD OF INVESTMENT	BALDELLI SONIA	21.615	21.615
192	MERRILL LYNCH INVESTMENT SOLUTIONS	BALDELLI SONIA	9.739	9.739
61	MM SELECT EQUITY ASSET FUND	BALDELLI SONIA	1.759	1.759
63	MUNICIPAL EMPLOYEES' ANNUITY AND BENEFIT FUND OF CHICAGO	BALDELLI SONIA	7.537	7.537
65	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	3.389	3.389
67	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	24.519	24.519
68	NORTHERN TRUST GLOBAL INVESTMENTS COLLECTIVE FUNDS TRUST	BALDELLI SONIA	66.958	66.958
69	NTGI-QM COMMON DAILY ALL COUNWD EX-US INV MKT INDEX F NONLEND	BALDELLI SONIA	3.285	3.285
141	ONEPATH GLOBAL SHARES - SMALL CAP INDEX	BALDELLI SONIA	6.904	6.904
194	OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	40.050	40.050
71	PARAMETRIC INTERNATIONAL EQUITY FUND	BALDELLI SONIA	6.279	6.279
177	PHC NT SMALL CAP	BALDELLI SONIA	7.485	7.485
196	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF COLORADO	BALDELLI SONIA	18.026	18.026
198	SCHWAB FUNDAMENTAL INTERNATIONAL SMALL COMPANY ETF	BALDELLI SONIA	25.708	25.708
200	SCHWAB INTERNATIONAL SMALL-CAP EQUITY ETF	BALDELLI SONIA	69.849	69.849

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

83 STATE OF UTAH, SCHOOL AND INSTITUTIONAL TRUST FUNDS	BALDELLI SONIA	4.708	4.708
87 SUNSUPER SUPERANNUATION FUND	BALDELLI SONIA	4.916	4.916
88 TAX - MANAGED INTERNATIONAL EQUITY PORTFOLIO	BALDELLI SONIA	2.606	2.606
89 TEXAS SCOTTISH RITE HOSPITAL FOR CRIPPLED CHILDREN	BALDELLI SONIA	5.272	5.272
143 THE ADV.INNER C.CORNERST.AD.GL.PUB.EQ. F	BALDELLI SONIA	5.099	5.099
202 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	3.595	3.595
204 UTAH STATE RETIREMENT SYSTEMS	BALDELLI SONIA	5.487	5.487
99 VANGUARD DEVEL ALL-CAP EX NORTH AMERICA EQT IND POOLED FUND	BALDELLI SONIA	154	154
148 VANGUARD DEVELOPED MARKETS INDEX FUND	BALDELLI SONIA	391.821	391.821
149 VANGUARD EUROPEAN STOCK INDEX FUND	BALDELLI SONIA	155.625	155.625
150 VANGUARD FTSE ALL WORLD SMALL CAP IND FU	BALDELLI SONIA	153.614	153.614
100 VANGUARD FTSE DEVELOPED ALL CAP EX NORTH AMERICA INDEX ETF	BALDELLI SONIA	1.126	1.126
101 VANGUARD FTSE DEVELOPED EUROPE ALL CAP INDEX ETF	BALDELLI SONIA	831	831
151 VANGUARD INTERNATIONAL SMALL COMPANIES I	BALDELLI SONIA	5.808	5.808
102 VANGUARD INV FUNDS ICVC-VANGUARD FTSE GLOB ALL CAP IND FUND	BALDELLI SONIA	102	102
152 VANGUARD INVESTMENT SERIES PLC	BALDELLI SONIA	22.744	22.744
153 VANGUARD TOTAL INTERNATIONAL STOCK INDEX	BALDELLI SONIA	1.059.315	1.059.315
154 VANGUARD TOTAL WORLD STOCK INDEX FUND	BALDELLI SONIA	99.978	99.978
107 WHEELS COMMON INVESTMENT FUND	BALDELLI SONIA	4.969	4.969
11 HITACHI RAIL ITALY INVESTMENTS	PREMONTE RAIMONDO	101.544.702	101.544.702

Overview of voters in favour

TOTAL IN FAVOUR	**n°**	**54**	**shareholders for n°**	**106.973.524 Shares** 63,70 % of participant capital
of which				
IN PERSON	**n°**	**1**	**shareholders for n°**	**100 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**53**	**shareholders for n°**	**106.973.424 Shares** 63,70 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item 5
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

List of voters against

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	WITH VOTING RIGHT
170	56053 IP GLOBAL EQUITIES I	BALDELLI SONIA	5.454	5.454
18	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	3.863	3.863
19	ABU DHABI RETIREMENT PENSIONS AND BENEFITS FUND	BALDELLI SONIA	7.746	7.746
171	ALASKA PERMANENT FUND CORPORATION	BALDELLI SONIA	17.502	17.502
21	AQR INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	BALDELLI SONIA	14.936	14.936
22	ARROWSTREET MULTI-STRATEGY UMBRELLA PLC	BALDELLI SONIA	11.370	11.370
23	BGI MSCI EAFE SMALL CAP EQUITY INDEX FUND B	BALDELLI SONIA	26.589	26.589
24	BGI MSCI EMU IMI INDEX FUND B	BALDELLI SONIA	166	166
25	BLACKROCK AM SCH AG OBO BIFS WORLD EX SW SMALL CAP EQ INDE	BALDELLI SONIA	13.161	13.161
128	BLACKROCK INDEXED ALL-COUNTRY EQUITY FUN	BALDELLI SONIA	763	763
26	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	51.029	51.029
27	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	414.564	414.564
28	BLACKROCK INST TRUST CO NA INV FUNDSFOR EMPLOYEE BENEFIT T	BALDELLI SONIA	107.468	107.468
2	BNY MELLON EMPLOYEE BENEFIT COLLECTIVE INVESTMENT FUND PL	BALDELLI SONIA	4.504	4.504
172	BNYTD CF CANLIFE GLBL INFRA FD	BALDELLI SONIA	22.210	22.210
29	BURROUGHS WELLCOME FUND	BALDELLI SONIA	1.823	1.823
129	CAISSE DES DEPOTS ET CONSIGNATIONS	BALDELLI SONIA	49.769	49.769
4	CF DV ACWI EX-U.S. IMI FUND	BALDELLI SONIA	883	883
159	CH0526 - UBS (CH) INSTITUTIONAL FUND - EQUITIES GLOBAL SMALL CA	BALDELLI SONIA	3.090	3.090
36	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	8.148	8.148
37	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	20.750	20.750
38	CITY OF NEW YORK GROUP TRUST	BALDELLI SONIA	24.229	24.229
173	DEUTSCHE XTRK MSCI EAFE SC HDG ETF	BALDELLI SONIA	443	443
174	DEUTSCHE XTRK MSCI EMU HDG EQ ETF	BALDELLI SONIA	1.329	1.329
132	FCP ERAFP ACT IND11	BALDELLI SONIA	167.325	167.325
133	FCP REGARD SEL.ACT EURO.	BALDELLI SONIA	69.540	69.540
41	FORD MOTOR COMPANY OF CANADA, LIMITED PENSION TRUST	BALDELLI SONIA	132	132
136	GAIKOKUKABU SUB FUND 1 LP	BALDELLI SONIA	3.481	3.481
10	GLOBAL INFRASTRUCTURE EQUITY FUND LONDON CAPITAL	BALDELLI SONIA	9.856	9.856
42	GOVERNMENT OF THE REPUBLIC OF SINGAPORE	BALDELLI SONIA	1.823	1.823
43	HOME AFFAIRS UNIFORMED SERVICES (INVEST FUND)	BALDELLI SONIA	1.850	1.850
44	IBM 401K PLUS PLAN	BALDELLI SONIA	18.433	18.433
175	INDIANA PUBLIC RETIREMENT SYSTEM	BALDELLI SONIA	9.901	9.901
45	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	2.875	2.875
46	INTERNATIONAL MONETARY FUND	BALDELLI SONIA	7.838	7.838
47	ISHARES CORE MSCI EAFE ETF	BALDELLI SONIA	185.422	185.422

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

48	ISHARES CORE MSCI EAFE IMI INDEX ETF	BALDELLI SONIA	5.901	5.901
49	ISHARES CORE MSCI EUROPE ETF	BALDELLI SONIA	46.498	46.498
50	ISHARES CORE MSCI TOTAL INTERNATIONAL STOCK ETF	BALDELLI SONIA	50.954	50.954
51	ISHARES MSCI EAFE SMALL CAP ETF	BALDELLI SONIA	417.586	417.586
52	ISHARES MSCI EUROPE IMI INDEX ETF	BALDELLI SONIA	2.084	2.084
53	ISHARES MSCI EUROPE SMALL-CAP ETF	BALDELLI SONIA	8.875	8.875
54	ISHARES VII PLC	BALDELLI SONIA	148.854	148.854
55	KP INTERNATIONAL EQUITY FUND	BALDELLI SONIA	5.792	5.792
12	LBPAM RESPONSABLE ACTIONS ENVT	BALDELLI SONIA	146.016	146.016
163	LEGAL AND GENERAL ASSURANCE PENSIONS MANAGEMENT LIMITED	BALDELLI SONIA	11.716	11.716
164	LEGAL AND GENERAL COLLECTIVE INVESTMENT TRUST.	BALDELLI SONIA	2.580	2.580
13	LONDON LIFE INSURANCE COMPANY .	BALDELLI SONIA	330.872	330.872
56	LOS ANGELES CITY EMPLOYEES RETIREMENT SYSTEM	BALDELLI SONIA	13.093	13.093
57	MARYLAND STATE RETIREMENT & PENSION SYSTEM	BALDELLI SONIA	1.062	1.062
58	MERCER DIOCESE OF BROOKLYN LAY PENSION INVESTMENT TRUST	BALDELLI SONIA	2.040	2.040
137	MERCER UNHEDGED OVERSEAS SHARES TRUST	BALDELLI SONIA	6.752	6.752
59	MICHELIN NORTH AMERICA (CANADA) INC. MASTER TRUST	BALDELLI SONIA	5.319	5.319
60	MICHELIN NORTH AMERICA INC. MASTER RETIREMENT TRUST	BALDELLI SONIA	16.130	16.130
62	MSCI EAFE SMALL CAP PROV INDEX SEC COMMON TR F	BALDELLI SONIA	30.521	30.521
64	NATIONAL COUNCIL FOR SOCIAL SECURITY FUND, P.R.C	BALDELLI SONIA	10.341	10.341
138	NATIONAL PROVIDENT FUND AS TRUSTEE OF TH	BALDELLI SONIA	22.625	22.625
139	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	2.248	2.248
140	NEW MEXICO STATE INVESTMENT COUNCIL	BALDELLI SONIA	3.797	3.797
66	NEW ZEALAND SUPERANNUATION FUND	BALDELLI SONIA	7.050	7.050
70	OMERS ADMINISTRATION CORPORATION	BALDELLI SONIA	11.900	11.900
176	PENSION RESERVES INVESTMENT TRUST FUND	BALDELLI SONIA	35.556	35.556
178	PUBLIC EMPLOYEES RETIREMENT ASSOCIATION OF NEW MEXICO	BALDELLI SONIA	7.322	7.322
72	SPDR S+P INTERNATIONAL INDUSTRIAL SECTOR ETF	BALDELLI SONIA	4.270	4.270
73	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	19.958	19.958
74	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	66.058	66.058
75	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	1.895	1.895
76	SS BK AND TRUST COMPANY INV FUNDS FOR TAXEXEMPT RETIREMEN	BALDELLI SONIA	100.291	100.291
77	SSGA RUSSELL FD GL EX-US INDEX NONLENDING QP COMMON TRUST	BALDELLI SONIA	1.033	1.033
78	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	8.334	8.334
79	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	1.072	1.072
80	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	7.581	7.581
81	SSGA SPDR ETFS EUROPE II PUBLIC LIMITED COMPANY	BALDELLI SONIA	2.156	2.156
82	STATE OF ALASKA RETIREMENT AND BENEFITS PLANS	BALDELLI SONIA	3.495	3.495
14	STG PFDS V.D. GRAFISCHE	BALDELLI SONIA	36.631	36.631
84	STICHTING PENSIOENFONDS APF	BALDELLI SONIA	1.627	1.627

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item 5
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Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

142	STICHTING PENSIOENFONDS VOOR HUISARTSEN	BALDELLI SONIA	7.250	7.250
85	STICHTING PHILIPS PENSIOENFONDS	BALDELLI SONIA	13.519	13.519
86	STP NUCLEAR OPERATING COMPANY RETIREMENT TRUST	BALDELLI SONIA	3.253	3.253
15	THE CANADA LIFE ASSURANCE COMPANY	BALDELLI SONIA	34.718	34.718
16	THE GREAT-WEST LIFE ASSURANCE COMPANY	BALDELLI SONIA	28.263	28.263
90	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	461	461
91	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12.454	12.454
92	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	BALDELLI SONIA	12	12
146	TRUST AND CUSTODY SERVICED BANK LIMITED	BALDELLI SONIA	8.864	8.864
17	U.S. AND INTERNATIONAL SPECIALTY CLASS	BALDELLI SONIA	2.474	2.474
93	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	8.350	8.350
94	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	7.682	7.682
95	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	11.343	11.343
96	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.040	6.040
97	UAW RETIREE MEDICAL BENEFITS TRUST	BALDELLI SONIA	6.749	6.749
147	UBS (US) GROUP TRUST	BALDELLI SONIA	4.003	4.003
98	UBS ETF	BALDELLI SONIA	4.929	4.929
169	UBS FUND MGT (CH) AG CH0516/UBSCHIF2-EGSCPII	BALDELLI SONIA	20.005	20.005
103	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	57.475	57.475
104	WASHINGTON STATE INVESTMENT BOARD	BALDELLI SONIA	4.560	4.560
105	WELLS FARGO BK DECL OF TR EST INV FUNDS FOR EMPLOYEE BEN TI	BALDELLI SONIA	7.638	7.638
106	WELLS FARGOMASTER TRUST DIVERSIFIED STOCK PORTFOLIO	BALDELLI SONIA	4.371	4.371
155	WEST YORKSHIRE PENSION FUND	BALDELLI SONIA	156.664	156.664
108	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL EQUITY FUND	BALDELLI SONIA	28.436	28.436
109	WISDOMTREE DYNAMIC CURRENCY HEDGED INTRNL SMALLCAP EQ FI	BALDELLI SONIA	165	165
110	WISDOMTREE EUROPE HEDGED EQUITY INDEX ETF	BALDELLI SONIA	414	414
111	WISDOMTREE EUROPE HEDGED SMALLCAP EQUITY FUND	BALDELLI SONIA	30.681	30.681
112	WISDOMTREE EUROPE LOCAL RECOVERY FUND	BALDELLI SONIA	648	648
113	WISDOMTREE INTERNATIONAL SMALLCAP DIVIDEND FUND	BALDELLI SONIA	137.421	137.421
114	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	4.156	4.156
115	WISDOMTREE ISSUER PUBLIC LIMITED COMPANY	BALDELLI SONIA	257	257
127	ALPHA UCITS SICAV-AMBER EQUITY FUND	ALBANO ARTURO	492.548	492.548
20	AMBER ACTIVE INVESTORS LIMITED	ALBANO ARTURO	3.394.140	3.394.140
156	AMBER GLOBAL OPPORTUNITIES MASTER FUND	ALBANO ARTURO	318.875	318.875
157	AMBER GLOBAL OPPORTUNITIES MASTER FUND LTD C/O AMBER CAPI	ALBANO ARTURO	634.283	634.283
165	LITESPEED MANAGEMENT LLC LITESPEED MASTER FUND LTD	PICCININI VALENTINA	7.532.322	7.532.322

SHAREHOLDERS' MEETING
11 MAY 2017

Ansaldo STS
A Hitachi Group Company

Result on the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

Overview of voters against

TOTAL AGAINST	**n°**	**112**	**shareholders for n°**	**15.883.573**	**Shares**
					9,46 % of participant capital
of which					
IN PERSON	**n°**	**0**	**shareholders for n°**	**0**	**Shares**
					0,00 % of participant capital
BY PROXY	**n°**	**112**	**shareholders for n°**	**15.883.573**	**Shares**
					9,46 % of participant capital

SHAREHOLDERS' MEETING
11 MAY 2017

Result on the vote on item **5**
of the ordinary part of the agenda

Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

List of abstensions

BALLOT	SHAREHOLDER NAME	PROXY	NUMBER OF SHARES TOTAL	NUMBER OF SHARES WITH VOTING RIGHT
160	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.584.378	2.584.378
161	ELLIOTT INTERNATIONAL L.P., C/O MAPLES CORPORATE SERVICES LIM	FURLANI GIORGIO	2.587.349	2.587.349
131	ELLIOTT INTERNATIONAL LP	FURLANI GIORGIO	1.027.285	1.027.285
168	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	FURLANI GIORGIO	1.041.854	1.041.854
158	BLUEBELL PARTNERS	TARICCO MARCO	10	10
130	ELLIOTT INTERNATIONAL LP	SUCCI GIANPIERO	24.813.093	24.813.093
145	THE LIVERPOOL LIMITED PARTNERSHIP	PRATELLI MATTEO MARIA	505.977	505.977
167	THE LIVERPOOL LIMITED PARTNERSHIP C/O APPLEBY SERVICES (BERI	SCIANNACA BRUNO	570.795	570.795
144	THE LIVERPOOL LIMITED PARTNERSHIP	COCIRIO STEFANO	11.956.212	11.956.212

Overview of abstensions

TOTAL ABSTAINERS	**n°**	**9 shareholders for n°**	**45.086.953**	**Shares**
				26,85 % of participant capital
of which				
IN PERSON	**n°**	**0 shareholders for n°**	**0**	**Shares**
				0,00 % of participant capital
BY PROXY	**n°**	**9 shareholders for n°**	**45.086.953**	**Shares**
				26,85 % of participant capital

SHAREHOLDERS' MEETING
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Ansaldo STS
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Result on the vote on item **5**
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Approval of the Ansaldo STS Stock Grant Plan for employees. Related and consequent resolutions.

List of non-voters

Overview of non-voters

TOTAL NON-VOTERS	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
of which			
IN PERSON	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital
BY PROXY	**n°**	**0 shareholders for n°**	**0 Shares** 0,00 % of participant capital

Allegato

LITESPEED
MANAGEMENT LLC
745 Fifth Avenue, 6th Floor
New York, NY 10151
(212) 808-7420

March 20, 2017

Mr. Hiroaki Nakanishi,
Chairman of the Board and Representative Executive Officer of Hitachi, Ltd.
6-6, Marunouchi 1-chome
Chiyoda-Ku, Tokyo, 100-8280, Japan

Dear Mr. Nakanishi,

Litespeed Master Fund Ltd. has been a shareholder of Ansaldo STS S.p.A ("STS") since 2014. Litespeed Management LLC ("Litespeed") is the investment manager of Litespeed Master Fund Ltd. We are writing to you regarding certain matters which relate to Hitachi Ltd. ("Hitachi") in its capacity as majority shareholder in STS. We are deeply concerned by Hitachi's continuing efforts to deprive minority shareholders of the value of their holdings in STS.

The materials that were made public on the 17th of January 2017 through the website www.fairtreatmentforsts.com coupled with STS' decision to bring corporate liability action against independent director Giuseppe Bivona and the subsequent removal of Mr. Bivona at the shareholder meeting on the 19th of January are particularly troubling and point to a lack of proper corporate governance to the detriment of minority shareholders.

We believe Hitachi's behavior does not comport with that of a global corporate citizen. We call upon you Mr. Nakanishi to insure that a fair price is offered to all minority shareholders.

Specifically we refer to the following points:

1. The December 2014 Hitachi Board Presentation ("the Presentation") posted on the website, reveals by its own words, a plan to pay minority shareholders less than fair value for their shares in STS. By Hitachi's own calculation, Hitachi paid €550m less for the 40% of Ansaldo STS purchased from Finmecannica SpA by packaging Finmecannica's stake in STS with its stake in money losing AnsaldoBreda.

- Page 2 of the Presentation (referred to by Elliott Advisors (UK) Limited in a letter to you dated 11th January 2017): "*Hitachi seeks to reach basic agreement with Tower* [i.e. Finmeccanica] *for the Bishop* [i.e. Ansaldo Breda] *transaction, which is a packaged transaction with Queen* [i.e. Ansaldo STS], *to secure a favorable position in negotiations for acquiring Tower's stake in Queen*"
- Page 3 "*In the event that Tower struggles to negotiate terms for the sale of Bishop, Tower's stake in Queen could be subject to an auction process as a stand-alone transaction. In such case, the price of Queen would be much higher than anticipated. To*

avoid such scenario, Hitachi needs to be flexible for a mutually acceptable position for the Bishop acquisition"

- Page 6 "*The transaction is a "Package Deal" of both Queen and Bishop*";
- Page 13 "*Hitachi understands that if Tower's stake in Queen were subjected to an auction process as a stand-alone transaction, the price would be around €12 per share (compared to the offer price of €9.4 per share). This implies a discount with an absolute value of approximately €550m on the Queen Equity Value, achievable by purchasing Bishop as well*".

At the shareholder meeting in January, your representative Mr Raimondo Premonte stated the website "*features a considerable amount of misleading information which is disseminated for purely obstructionist purposes, doubtlessly in defiance of the right of shareholders in STS to receive correct information*". If Hitachi believes this to be the case, we urge you to publish the entire presentation to clarify the matter.

2. In response to Mr. Bivona's recommendation to you Mr. Nakanishi, in an email on August 14, 2016, to appoint a Senior Executive from Hitachi Ltd. to look into the matter of Hitachi's acquisition of Breda and STS, you responded to Mr. Bivona on 19 August 2016 that "the transactions with Finmeccanica for Ansaldo Breda and 40% of Ansaldo STS were valued as completely separate transactions." This is in direct contradiction to the information in the Presentation.

3. Possible further evidence of an effort to deprive minority shareholders of fair value was revealed in a March 19, 2016 article published in Il Secolo XIX. According to the article, as part of prosecutor Adriano Squires' criminal investigation into the possibility of market manipulation and obstruction of supervisory activity by the Chairman of Hitachi Rail Alastair Dormer, Mr. Squires was privy to a conversation, heard over wiretap, wherein Mr. Dormer asked Stefano Siragusa (then CEO of STS) to alter Hitachi's impairment charge which was based on Deloitte & Touche's independent valuation of STS at €14/share because Hitachi was only paying €9.50/share.

With the evidence revealed, Hitachi's actions regarding Mr. Bivona's removal seem to be a continuation of an effort to silence minority shareholders of STS and to deprive them of the value of their holdings.

Litespeed would welcome the possibility to meet with Hitachi to engage in a constructive dialogue and clarification regarding the issues raised.

On behalf of Litespeed Master Fund Ltd, a minority shareholder in STS, Litespeed is expressing its own views and beliefs based on the information available to us.

Yours sincerely,

Jamie Zimmerman
Chief Executive Officer
Litespeed Management LLC