

INFORMATION DOCUMENT

IN RELATION TO THE PROCEDURE FOR THE OBLIGATION TO PURCHASE

PURSUANT TO ARTICLE 108, PARAGRAPH 2, OF LEGISLATIVE DECREE NO. 58
OF FEBRUARY 24, 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

INVOLVING ORDINARY SHARES OF

“Ansaldo STS S.p.A.”

Ansaldo STS

PERSON FULFILLING THE OBLIGATION TO PURCHASE

“Hitachi Rail Italy Investments S.r.l.”

HITACHI
Inspire the Next

NUMBER OF SHARES SUBJECT TO THE OBLIGATION TO PURCHASE

No. 17,584,681 ordinary shares of Ansaldo STS S.p.A.

CONSIDERATION OFFERED

Euro 12.70 per share of Ansaldo STS S.p.A., as determined by CONSOB with resolution No. 20738 of December 12, 2018

DURATION OF THE PERIOD FOR THE SUBMISSION OF SALE REQUESTS AGREED WITH BORSA ITALIANA
S.P.A.

from 8:30 a.m. (Italian time) on December 17, 2018 inclusive, until 5:30 p.m. (Italian time) on January 18, 2019 inclusive, unless extended

PAYMENT DATE

January 25, 2019, unless extended

FINANCIAL ADVISOR TO THE PERSON FULFILLING THE OBLIGATION TO PURCHASE



INTERMEDIARY RESPONSIBLE FOR COORDINATING THE COLLECTION OF SALE REQUESTS



GLOBAL INFORMATION AGENT

**M O R R O W
S O D A L I**

**THE APPROVAL OF THE INFORMATION DOCUMENT, APPROVED WITH RESOLUTION NO. 20739 OF
DECEMBER 12, 2018, IMPLIES NO OPINION FROM CONSOB ON THE ADVISABILITY OF SUBSCRIPTION AND
ON THE MERITS OF THE INFORMATION AND DATA CONTAINED IN THIS DOCUMENT**

DECEMBER 14, 2018

Note to the English version of the Information Document: neither the U.S. Securities and Exchange Commission nor any securities commission of any state of the United States of America has approved or disapproved the Procedure or passed upon the merits or fairness of the Procedure or passed upon the adequacy or accuracy of the disclosure in the Information Document. The Italian version of the Information Document is the only document approved by CONSOB with resolution number 20739 of December 12, 2018

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LIST OF THE MAIN DEFINITIONS

Agreement with Elliott	The agreement signed on October 29, 2018 between HRII and Hitachi, Ltd., on the one hand, and Elliott, on the other, for the acquisition by HRII of the entire shareholding owned by Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership in the Issuer's share capital, equal to No. 63,588,837 ordinary shares of Ansaldo STS, representing 31.794% of the Issuer's share capital.
Announcement of the Voluntary Tender Offer	The announcement to the market on October 29, 2018 by HRII of its intention to launch a voluntary tender offer on all the ordinary shares of Ansaldo STS pursuant to Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation.
Ansaldo STS Group	The Issuer and its direct and/or indirect subsidiaries.
Appointed Intermediaries	The intermediaries appointed to collect the subscriptions to the Procedure referred to in Section B, Paragraph B.3, of this Information Document.
Borsa Italiana	Borsa Italiana S.p.A. (the Italian Stock Exchange), with registered office in Milan, Piazza degli Affari No. 6.
Borsa Rules	The Regulation of the markets organized and managed by Borsa Italiana (<i>Regolamento dei Mercati Organizzati e Gestiti da Borsa Italiana</i>).
Civil Code	The Italian Civil Code, approved with Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.
Consideration	The cash consideration to be paid to each Shareholder subscribing to the Procedure for each Share tendered, and equal to Euro 12.70, as determined by CONSOB with resolution No. 20738 of December 12, 2018, in compliance with Article 108, paragraph 4, of the TUF and Article 50, paragraph 7, of the Issuers' Regulation.
CONSOB	The Italian National Companies and Stock Exchange Commission (<i>Commissione Nazionale per le Società e la Borsa</i>), with registered office in Rome, Via G.B. Martini No. 3.
Consolidated Financial Act or TUF	Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented.
Date of Announcement of the Obligation to Purchase	November 22, 2018, being the date on which HRII announced to the market the satisfaction of the legal requirements triggering the Obligation to Purchase, pursuant to Article 50, paragraph 1, of the Issuers' Regulation.
Delisting	The revocation of the Issuer's ordinary shares from listing and trading on the MTA.
Depository Intermediaries	The authorized intermediaries that are members of the centralized management system at Monte Titoli S.p.A. (for example, banks, stock brokerage firms, investment companies and other stockbrokers) where the Shares are deposited from time to time, as specified in Section F, Paragraph F.1.2, of the Information Document.
Electronic Stock Market or MTA	The Electronic Stock Market (<i>Mercato Telematico Azionario</i>) organized

and managed by Borsa Italiana.

Elliott	Together, Elliott Management Corporation, Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership.
Global Information Agent	Morrow Sodali S.p.A., with registered office in Via XXIV Maggio No. 43, 00187, Rome, registered with the register of enterprises of Rome with No. 08082221006, as the party responsible for providing information about the Procedure to all the Shareholders of the Issuer.
Goldman Sachs International	Goldman Sachs International, with registered office at Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom, company registration No. MI - 1728962, acting as financial advisor to HRIL.
Hitachi Group	Hitachi, Ltd. and its direct and/or indirect subsidiaries, excluding the Issuer.
Hitachi, Ltd. or Hitachi	Hitachi, Ltd., a company incorporated under the laws of Japan in 1920, issued share capital of JPY 458,790 million, with registered office at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280, Japan, whose shares are listed on the Tokyo Stock Exchange, Inc., qualifying as a person acting in concert with HRIL pursuant to Article 101- <i>bis</i> , paragraph 4- <i>bis</i> , letter b), of the TUF, in light of the fact that it indirectly controls HRIL.
Hitachi Rail Europe Ltd.	Hitachi Rail Europe Ltd., a company incorporated under the laws of England and Wales, with registered office at 40 Holborn Viaduct, EC1N 2PB, London, United Kingdom, issued share capital of GBP 198,478,624 and EUR 828,000,000, registered with the register of enterprises of England and Wales, with No. 05598549, qualifying as a person acting in concert with HRIL pursuant to Article 101- <i>bis</i> , paragraph 4- <i>bis</i> , letter b), of the TUF, in light of the fact that it indirectly controls HRIL.
Hitachi Rail Italy Holdings S.r.l.	Hitachi Rail Italy Holdings S.r.l., a company incorporated under the laws of the Republic of Italy, with registered office in Milan, Via Tommaso Gulli No. 39, 20147, issued corporate capital of Euro 10,000.00, registered with the register of enterprises of Milan, with No. 09172220965, qualifying as a person acting in concert with HRIL pursuant to Article 101- <i>bis</i> , paragraph 4- <i>bis</i> , letter b), of the TUF, in light of the fact that it directly controls HRIL.
Hitachi Slate	The slate for appointment of the Issuer's Board of Directors containing seven (7) candidates designated by Hitachi, Ltd. filed by HRIL on April 18, 2016 in accordance with the terms and modalities provided under the applicable laws, six (6) of which have been appointed as directors of the Issuer at the shareholders' meeting held on May 13, 2016.
HRIL	Hitachi Rail Italy Investments S.r.l., a company incorporated under the laws of the Republic of Italy, with registered office in Milan, Via Tommaso Gulli No. 39, 20147, issued corporate capital of Euro 10,000.00, registered with the register of enterprises of Milan, with No. 09194070968.
IFRS	The International Financial Reporting Standards.
Information Document	This information document.

Information Document Date	The date of publication of this Information Document pursuant to Article 38 of the Issuers' Regulation, <i>i.e.</i> December 14, 2018.
Intermediary Responsible for Coordinating the Collection of Sale Requests or Banca IMI	Banca IMI S.p.A., with registered office at Largo Mattioli No. 3, 20121, Milan, registered with the register of banks under No. 5570, registered with the register of enterprises of Milan, tax reference and VAT No. 04377700150.
Issuer or Ansaldo STS	Ansaldo STS S.p.A., a company incorporated under the laws of the Republic of Italy, with registered office at via Paolo Mantovani No. 3-5, 16151, Genoa, issued and paid-in share capital of Euro 100,000,000.00 (one hundred million), divided into 200,000,000.00 ordinary shares with nominal value of Euro 0.50 each, registered with the register of enterprises of Genoa, Italy, with No. 01371160662, whose shares are listed on the STAR segment of the MTA.
Issuers' Regulation	The regulation implementing the Consolidated Financial Act, adopted by CONSOB with its resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented.
Joint Procedure	The joint procedure (<i>Procedura Congiunta</i>) to comply with the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the exercise of the Right to Purchase pursuant to Article 111, paragraph 1, of the TUF, agreed with CONSOB and Borsa Italiana pursuant to Article 50- <i>quinquies</i> , paragraph 1, of the Issuers' Regulation.
Market Purchases	Together, the Market Purchases Following the Announcement of the Voluntary Tender Offer and the Market Purchases Following the Date of Announcement of the Obligation to Purchase, for a total of No. 17,281,780 ordinary shares of Ansaldo STS.
Market Purchases Following the Announcement of the Voluntary Tender Offer	The further No. 14,915,577 ordinary shares of Ansaldo STS purchased on the market by HRII following the date of the Announcement of the Voluntary Tender Offer, as a result of which HRII came to hold, lastly by virtue of the Purchase, a shareholding in Ansaldo STS greater than 90% of the share capital of the Issuer.
Market Purchases Following the Date of Announcement of the Obligation to Purchase	The further No. 2,366,203 ordinary shares of Ansaldo STS purchased on the market by HRII following the Date of the Announcement of the Obligation to Purchase.
Market Regulation	The regulation implementing the Consolidated Financial Act, concerning governance of markets, adopted by CONSOB with its resolution No. 20249 of December 28, 2017, as subsequently amended and supplemented.
Maximum Amount	The maximum total value of the Procedure, calculated on the basis of the total amount of the Shares subject to the Procedure as of the Information Document Date, assuming that all the Shares are tendered in the Procedure, equal to Euro 223,325,448.70.
MEF	The Italian Ministry of Economy and Finance.
Notice on the Results of the Procedure	The announcement relating to the final results of the Procedure which shall be disclosed by HRII pursuant to Article 41, paragraph 6, of the Issuers' Regulation (<i>Comunicato sui Risultati della Procedura</i>).

Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF	HRII's obligation to purchase the remaining Shares from any Shareholder so requesting, pursuant to Article 108, paragraph 1, of the TUF if, following the end of Procedure (including any potential extension of the Period for the Submission of Sale Requests) as a result of tenders in the Procedure and/or any possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or the persons acting in concert with HRII, during the Period for the Submission of Sale Requests HRII comes to hold a total shareholding in the Issuer at least equal to 95% of the Issuer's share capital.
Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF or Obligation to Purchase	HRII's obligation to purchase the remaining Shares, from any Shareholder so requesting, pursuant to Article 108, paragraph 2, of the TUF, triggered by the Purchase, as a result of which HRII came to hold a total shareholding greater than 90% of the Issuer's share capital.
Other Countries	Any country, other than Italy and the United States of America, where the publication of the Procedure is not allowed without authorization from the competent authorities or is subject to other requirements to be complied with by HRII, including Canada, Japan and Australia.
Payment Date	The date on which the Consideration will be paid to the Shareholders who tendered their Shares during the Period for the Submission of Sale Requests, at the same time as the transfer of ownership to HRII of such Shares, and corresponding to the fifth Trading Day following the end of the Period for the Submission of Sale Requests, <i>i.e.</i> January 25, 2019, as described in Section F, Paragraph F.5, of this Information Document.
Performance Guarantee	The performance guarantee, pursuant to Article 37- <i>bis</i> of the Issuers' Regulation, by which Mizuho Bank, Ltd., Milan Branch, irrevocably and unconditionally undertakes to guarantee all of the funds for the full performance of HRII's payment obligations under the Procedure, for a maximum amount at least equal to the Maximum Amount.
Period for the Submission of Sale Requests	The period between 8:30 a.m. (italian time) on December 17, 2018 and 5:30 p.m. (Italian time) on January 18, 2019 inclusive, unless extended, during which it will be possible to subscribe to this Procedure, as described in Section F, Paragraph F.1.1, of this Information Document.
Procedure	The procedure for the fulfilment of the Obligation to Purchase, as described in this Information Document.
Purchase	The purchase by HRII of No. 1,278,843 ordinary shares of Ansaldo STS, representing 0.639% of the share capital of the Issuer, carried out on November 22, 2018, as disclosed to the market with a notice pursuant to Article 41, paragraph 2, letter c) of the Issuers' Regulation, as a result of which HRII came to hold a total shareholding in Ansaldo STS greater than 90% of the share capital of the Issuer, being a total of No. 180,049,116 ordinary shares of Ansaldo STS, representing 90.025% of the share capital of the Issuer.
Related Parties Regulation	The regulation adopted by CONSOB with its resolution No. 17221 of March 12, 2010, as subsequently amended and supplemented.
Right to Purchase	HRII's right to purchase the remaining Shares pursuant to Article 111 of the TUF, in the event that, following the end of the Procedure (including any potential extension of the Period for the Submission of Sale Requests) as a result of tenders in the Procedure and/or any possible

purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or the persons acting in concert with HRII, HRII comes to hold a total shareholding in the Issuer at least equal to 95% of the Issuer's share capital.

Sale Requests	The request for the sale of the Shares that the Shareholders tendering in the Procedure must sign and deliver to an Appointed Intermediary, duly completed in all of its parts, with simultaneous deposit of the Shares with such Appointed Intermediary.
SEC	The U.S. Securities and Exchange Commission.
Share or Shares	Each of (or, depending on the context, all or some of) the No. 17,584,681 ordinary shares of the Issuer subject to the Procedure, having a nominal value of Euro 0.50 each, listed on the MTA and representing 8.792% of the Issuer's share capital as of the Information Document Date, excluding No. 182,415,319 ordinary shares of the Issuer already held by HRII as of the Information Document Date, that are not subject to the Procedure.
Shareholder	Any shareholder of the Issuer, different from HRII, to which the Procedure is directed.
Total Shareholding	The No. 182,415,319 ordinary shares of the Issuer, equal to 91.208% of the Issuer's share capital, already directly held by HRII as of the Information Document Date.
Trading Day	Each day the Italian regulated markets are open according to the trading calendar established annually by Borsa Italiana.
U.S. or United States	The United States of America.
U.S. Securities Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.

INTRODUCTION

The following introduction briefly describes the structure and the legal basis of the procedure for the fulfilment of the obligation to purchase pursuant to Article 108, paragraph 2, of the TUF (the “**Procedure**”) which is the subject of this information document (the “**Information Document**”).

For a full understanding of the terms and conditions of the Procedure, it is recommended that investors read carefully the Information Document in its entirety, in particular Section A “Warnings”.

1. DESCRIPTION OF THE PROCEDURE

1.1 Legal basis and features of the Procedure

The Procedure described in this Information Document regards the fulfilment by Hitachi Rail Italy Investments S.r.l. (“**HRII**”) of the obligation to purchase (the “**Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF**” or the “**Obligation to Purchase**”), pursuant to Article 108, paragraph 2, of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the “**Consolidated Financial Act**” or the “**TUF**”), as well as the applicable implementing provisions of the regulation adopted by CONSOB with its resolution No. 11971 of May 14, 1999, as subsequently amended and supplemented (the “**Issuers’ Regulation**”), all of the ordinary shares of Ansaldo STS S.p.A. (“**Ansaldo STS**” or the “**Issuer**”), being No. 17,584,681 ordinary shares of Ansaldo STS, representing 8.792% of the share capital of the Issuer.

For further information on the nature and legal basis of the Procedure, please refer to Section A “Warnings” of this Information Document.

The Obligation to Purchase arose following the purchase by HRII of No. 1,278,843 ordinary shares of Ansaldo STS, representing 0.639% of the share capital of the Issuer, carried out on November 22, 2018, as disclosed to the market with a notice pursuant to Article 41, paragraph 2, letter c) of the Issuers’ Regulation (the “**Purchase**”), as a result of which HRII came to hold a total shareholding in Ansaldo STS greater than 90% of the share capital of the Issuer, being a total of No. 180,049,116 ordinary shares of Ansaldo STS, representing 90.025% of the share capital of the Issuer, thereby exceeding the 90% threshold set out under Article 108, paragraph 2, of the TUF and triggering the obligation set out under Article 108, paragraph 2, of the TUF on HRII, *i.e.* the obligation to purchase all the remaining outstanding ordinary shares of Ansaldo STS from the remaining shareholders of Ansaldo STS who so request.

The satisfaction of the legal requirements triggering the Procedure was announced to the market by HRII on November 22, 2018 (the “**Date of Announcement of the Obligation to Purchase**”) in a press release issued pursuant to Article 50, paragraph 1, of the Issuers’ Regulation, by which HRII announced, in particular:

- (i) the satisfaction of the legal requirements triggering the Obligation to Purchase on HRII;
- (ii) HRII's intention not to restore an amount of floating shares of Ansaldo STS sufficient to ensure regular trading; and
- (iii) HRII's intention to avail itself of the Right to Purchase (as defined below) in the event that, following the fulfilment of the Obligation to Purchase, HRII comes to hold a total shareholding at least equal to 95% of the share capital of Ansaldo STS.

Please note that, prior to the Date of Announcement of the Obligation to Purchase, on October 29, 2018, HRII and Hitachi, Ltd., on one hand, and Elliott Management Corporation, Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership (together, “**Elliott**”), on the other, have signed an agreement (the “**Agreement with Elliott**”) for the acquisition by HRII of the entire shareholding owned by Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership in the Issuer’s share capital, equal to No. 63,588,837 ordinary shares of Ansaldo STS, representing 31.794% of the Issuer’s share capital, at a purchase price equal to Euro 12.70 per share, for a total value of Euro 807,578,229.90 for the entire shareholding sold.

The Agreement with Elliott is not subject to conditions. Pursuant to the Agreement with Elliott, the transfer of the Issuer's ordinary shares and the simultaneous payment of the relevant price occurred on November 2, 2018.

Pursuant to the Agreement with Elliott, Elliott is under an obligation (also on behalf of its affiliate companies as well as their directors, managers, partners, members, controlling persons and financial advisors who have acted in the interest of Elliott in relation to the investment made by Elliott in Ansaldo STS as well as in relation to the actions carried out by Elliott in this regard, excluding investment banks) not to acquire shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS (or carry out transactions of any kind in relation to the shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS) for a period of twenty-four (24) months from the date of settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement with Elliott (*i.e.* November 2, 2018).

Such obligation was disclosed as a shareholders' agreement pursuant to Article 122 of the TUF and the applicable provisions of the Issuers' Regulation.

For a full description of the Agreement with Elliott, please see Section H, Paragraph H.2, of this Information Document. For the extract published pursuant to Article 122 of the TUF, please see Section M, Paragraph M.1, of the Information Document.

Following the transfer of the shares subject to the Agreement with Elliott, HRII, taking into account the No. 101,544,702 ordinary shares of the Issuer already directly owned by HRII since March 23, 2016, equal to 50.772% of the Issuer's share capital, came to hold, on November 2, 2018, an overall shareholding in the Issuer equal to No. 165,133,539 ordinary shares of Ansaldo STS, representing 82.567% of the Issuer's share capital.

On October 29, 2018, HRII also announced to the market its intention to launch a voluntary tender offer on all the ordinary shares of Ansaldo STS pursuant to Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation (the "**Announcement of the Voluntary Tender Offer**").

Following the date of the Announcement of the Voluntary Tender Offer, HRII purchased on the market further No. 14,915,577 ordinary shares of the Issuer (the "**Market Purchases Following the Announcement of the Voluntary Tender Offer**"), therefore coming to hold, lastly by virtue of the Purchase, a shareholding in Ansaldo STS greater than the threshold of 90% of the share capital of the Issuer, being an overall shareholding in the Issuer equal to No. 180,049,116 ordinary shares of Ansaldo STS, representing 90.025% of the Issuer's share capital

Following the Date of Announcement of the Obligation to Purchase, HRII purchased on the market further No. 2,366,203 ordinary shares of the Issuer (the "**Market Purchases Following the Date of Announcement of the Obligation to Purchase**" and, together with the Market Purchases Following the Announcement of the Voluntary Tender Offer, the "**Market Purchases**"), therefore coming to hold an overall shareholding in the Issuer equal to No. 182,415,319 ordinary shares of Ansaldo STS, representing 91.208% of the Issuer's share capital (the "**Total Shareholding**").

It is noted that the Total Shareholding is not subject to the Procedure.

In view of the foregoing and, in particular, in view of the intervening Obligation to Purchase on HRII, the press release by which the Obligation to Purchase was announced superseded the Announcement of the Voluntary Tender Offer pursuant to Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation and, as a result, HRII, in place of the offer document pursuant to Article 102, paragraph 3, of the TUF (filed with CONSOB on November 19, 2018, as disclosed to the market on the same date), prepared this Information Document pursuant to Article 50-*quinquies*, paragraph 4, of the Issuers' Regulation in order to implement, in place of a voluntary tender offer pursuant to Article 102, paragraph 1, of the TUF and Article 37 of the Issuers' Regulation, the Procedure.

Except for the purchase pursuant to the Agreement with Elliott and the Market Purchases Following the Announcement of the Voluntary Tender Offer (including the Purchase), neither HRII nor the persons acting in concert with HRII pursuant to Article 101-*bis*, paragraph 4-*bis*, of the TUF have made any other purchases of shares of the Issuer during the twelve (12) months prior to the Date of Announcement of the Obligation to Purchase.

The shares of the Issuer are admitted to trading on the Electronic Stock Market (*Mercato Telematico Azionario* or MTA), a market organized and managed by the Italian Stock Exchange (Borsa Italiana), on the STAR segment, and have a nominal value of Euro 0.50 each.

The Procedure is exclusively implemented in Italy and in the United States of America and concerns No. 17,584,681 ordinary shares of the Issuer, equal to 8.792% of the Issuer's share capital (the "**Shares**"), corresponding to the total of the ordinary shares issued by the Issuer, excluding the shares already directly or indirectly held by HRII as of the Information Document Date, *i.e.* excluding the Total Shareholding.

The number of Shares subject to the Procedure may decrease due to purchases made by HRII and/or the persons acting in concert with HRII during the period for the submission of sale requests in the context of the Procedure, as potentially extended (the "**Period for the Submission of Sale Requests**").

It is noted that, as of the Information Document Date, the Issuer does not hold any treasury shares (*azioni proprie*).

The Period for the Submission of Sale Requests has been agreed with Borsa Italiana as the period from 8:30 a.m. (Italian time) on December 17, 2018 inclusive, to 5:30 p.m. (Italian time) on January 18, 2019 inclusive, unless extended.

Please note that, pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules in force as of the Information Document Date, the shares of the Issuer will be revoked from listing and trading starting from the Trading Day following the Payment Date of the Consideration for the Obligation to Purchase.

The Delisting will therefore occur following and as a result of the fulfilment of the Procedure or by means of the Joint Procedure.

For further information on the potential scenarios for the existing Shareholders of Ansaldo STS, please see Section A, Paragraph A.8, of this Information Document.

1.2 Consideration of the Procedure and Maximum Amount

HRII shall pay each subscriber to the Procedure an amount in cash for each Share tendered in the Procedure equal to Euro 12.70 (the "**Consideration**").

The Consideration has been determined by CONSOB with resolution No. 20738 of December 12, 2018, in compliance with Article 108, paragraph 4, of the TUF and Article 50, paragraph 7, of the Issuers' Regulation, and is equal to the price paid by HRII for the Purchase and for the purchase pursuant to the Agreement with Elliott.

Furthermore, it is noted that all the Market Purchases have been carried out by HRII at a price per share not exceeding Euro 12.70.

The total maximum disbursement of HRII, in the event that all the Shares are tendered in the Procedure by the Issuer's Shareholders and based on the number of Shares subject to the Procedure as of the Information Document Date, is equal to Euro 223,325,448.70 (the "**Maximum Amount**").

The Consideration includes a premium of 8.835% compared to the official closing price of the Issuer's shares recorded on the last Trading Day prior to the date of Announcement of the Voluntary Tender Offer (*i.e.* Euro 11.669 per share, on October 26, 2018) and a premium of 2.162% compared to the 3-month weighted average price.

For further information on the Consideration, please refer to Section E of the Information Document.

1.3 Markets where the Procedure is being promoted

The Procedure is directed, on a non-discriminatory basis and on equal terms, to all holders of the Shares and is being promoted in Italy pursuant to Article 108, paragraph 2, of the TUF.

The Procedure is also being promoted in the United States of America, pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act of 1934, as amended and integrated (the "**U.S.**

Securities Exchange Act”), pursuant to the exemptions provided by Rule 14d-1(d) under the U.S. Securities Exchange Act.

In order to comply with such U.S. rules and exemptions, U.S. resident Shareholders will be provided with an English-language information document with the same content and on a comparable basis as the Italian Information Document.

For certain additional information in relation to the promotion of the Procedure in the United States, please see also Section F, Paragraph F.4.2, of the Information Document.

For the notice to U.S. resident Shareholders, please see Section A, Paragraph A.9, of the Information Document.

1.4 Table of the main events relating to the Procedure

Below are, in summary form and in chronological order, the main events of the Procedure.

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
October 29, 2018	Agreement with Elliott	Press release pursuant to Article 17 of Regulation 596/2014 which disclosed the Agreement with Elliott
October 29, 2018	Announcement of the Voluntary Tender Offer	Notice by HRII pursuant to Articles 102, paragraph 1, of the TUF and 37 of the Issuers' Regulation
November 2, 2018	Transfer to HRII of the Issuer's shares subject to the Agreement with Elliott	–
November 19, 2018	Filing of the offer document relating to the voluntary tender offer over all of the ordinary shares of Ansaldo STS pursuant to Article 102, paragraph 1, of the TUF	Notice by HRII pursuant to Article 37, paragraph 3, of the Issuers' Regulation
November 22, 2018	Purchase	Notice by HRII pursuant to Article 41, paragraph 2, letter c) of the Issuers' Regulation
November 22, 2018	Notice on the obligation to implement the Procedure regarding the Obligation to Purchase	Notice by HRII pursuant to Article 50, paragraph 1, of the Issuers' Regulation
November 26, 2018	Submission to CONSOB of the request for the determination of the Consideration	Request submitted pursuant to Article 108, paragraph 4, of the TUF and Article 50, paragraph 10, of the Issuers' Regulation
	Filing of the Information Document with CONSOB	

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
December 12, 2018	Determination of the Consideration for the Obligation to Purchase by CONSOB	Notice to the market by HRIL
December 12, 2018	Approval of the Information Document by CONSOB	Notice by HRIL pursuant to Article 36 of the Issuers' Regulation
December 14, 2018	Publication of the Information Document	Notice by HRIL pursuant to Article 38, paragraph 2, of the Issuers' Regulation Publication of the Information Document pursuant to Article 36, paragraph 3, of the Issuers' Regulation
December 17, 2018	Beginning of the Period for the Submission of Sale Requests	-
January 18, 2019	End of the Period for the Submission of Sale Requests	-
By the evening of the last day of the Period for the Submission of Sale Requests and, in any case, by 7:59 a.m. (Italian time) of the first Trading Day following the end of the Period for the Submission of Sale Requests, <i>i.e.</i> January 21, 2019	Notice on the provisional results of the Procedure	Notice pursuant to Article 50- <i>quinquies</i> , paragraphs 2 and 5, of the Issuers' Regulation
By the Payment Date, <i>i.e.</i> by January 25, 2019	Notice on the Results of the Procedure and notice on (i) the potential satisfaction of the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and for the Right to Purchase, as well as the terms and modalities of the Joint Procedure; and (ii) the modalities and timing for the Delisting of the shares of the Issuer	Notice pursuant to Article 50- <i>quinquies</i> , paragraphs 2 and 5, of the Issuers' Regulation
The fifth Trading Day following the end of the Period for the Submission of Sale Requests, <i>i.e.</i> January 25, 2019	Payment of the Consideration for the Shares tendered in the Procedure during the Period for the Submission of Sale Requests	-
The first Trading Day following the Payment Date, <i>i.e.</i> January 28, 2019	Revocation from listing and trading of the shares of Ansaldo STS pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules – in case a shareholding at least equal to 95% of the Issuer's share capital is not reached	-
Starting once the legal requirements have been satisfied, according to the timing to be agreed with CONSOB and Borsa Italiana	Joint Procedure - if the legal requirements are met, <i>i.e.</i> in case a shareholding at least equal to 95% of the Issuer's share capital is reached In case this information is not included in the Notice on the Results of the Procedure, notice on (i) the potential satisfaction of the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and for the Right to Purchase, as well as the terms and modalities of the Joint Procedure; and (ii) the modalities and	- If applicable, notice pursuant to Article 50- <i>quinquies</i> , paragraphs 2 and 5, of the Issuers' Regulation

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
timing for the Delisting of the shares of the Issuer		
By the end of the Joint Procedure, as ordered by Borsa Italiana	Suspension and/or revocation from listing and trading of the Issuer's ordinary shares	-

Note: all the notices under the preceding table, where not otherwise specified, will be disclosed in compliance with Article 36 of the Issuers' Regulation; communications and notices relating to the Procedure will be published without delay on the Issuer's website at www.ansaldo-sts.com.

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A. WARNINGS

A.1 CONDITIONS FOR THE EFFECTIVENESS OF THE PROCEDURE

The Procedure, implemented in order to fulfill of the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, is not subject to conditions.

The Procedure is directed on a non-discriminatory basis and on equal terms to all the Shareholders.

A.2 INFORMATION RELATING TO THE FINANCING OF THE PROCEDURE

A.2.1 Financing of the Procedure

HRII intends to finance the Maximum Amount by making use of a short-term intragroup financing.

In particular, the funds necessary to finance the Maximum Amount were obtained as follows:

- (i) a short-term intragroup financing of approximately Euro 223,325,448.70 granted by Hitachi, Ltd. to Hitachi Rail Europe Ltd. and, subsequently, by Hitachi Rail Europe Ltd. to Hitachi Rail Italy Holdings S.r.l.; and
- (ii) a short-term intragroup financing of approximately Euro 223,325,448.70 granted by Hitachi Rail Italy Holdings S.r.l. to HRII.

In turn, Hitachi, Ltd. financed these funds with their cash reserves.

For further information on the financing of the Procedure, please refer to Section G, Paragraph G.1.1, of the Information Document.

A.2.2 Main terms and conditions of the intragroup financing for the Procedure

Consistently with the Hitachi Group standard practice regarding intragroup financing, Hitachi, Ltd. granted to Hitachi Rail Europe Ltd. and, subsequently, Hitachi Rail Europe Ltd. granted to Hitachi Rail Italy Holdings S.r.l. and, subsequently Hitachi Rail Italy Holdings S.r.l. granted to HRII a short-term intragroup credit line with an interest rate equal to 0.400% and three-month maturity.

HRII did not provide any specific security for such credit line, so HRII's assets represent, in any case, the generic security of the financing itself.

Interests maturing on the intragroup financing will be repaid through the proceeds deriving from HRII's ordinary activities.

For further information, please refer to Section G, Paragraph G.1.1, of the Information Document.

A.3 RELATED PARTIES

Pursuant to Italian law, and in particular the Regulation adopted by CONSOB with resolution No. 17221 of March 12, 2010, as subsequently amended and integrated (the "**Related Parties Regulation**"), HRII is a related party to the Issuer due to the fact that it directly holds a controlling shareholding in the share capital of the Issuer, by holding 91.208% of the share capital of the Issuer, as of the Information Document Date.

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

In relation to the significant direct or indirect shareholders of HRII, as of the Information Document Date, the following companies qualify as related parties to the Issuer, in accordance with the Related Parties Regulation, since they indirectly hold, through HRII, a controlling shareholding in the share capital of the Issuer as of the Information Document Date: Hitachi, Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l..

Furthermore, it is noted that the majority of the members of the Issuer's Board of Directors, appointed by the Issuer's shareholders' meeting held on May 13, 2016, has been appointed from the Hitachi Slate.

For completeness, please note that (i) Mr. Alistair Dormer, who has been appointed as Chairman of the Board of Directors of the Issuer at the shareholders' meeting held on May 13, 2016, is also, *inter alia*, Senior Vice President and Executive Officer, Chief Executive Officer of Railway Systems Business Unit of Hitachi, Ltd.; and (ii) Ms. Katherine Jane Mingay, who has been appointed director of the Issuer at the shareholders' meeting held on May 13, 2016, is also, *inter alia*, Senior Advisor of Horizon Nuclear Power, a company controlled by the Hitachi Group.

Furthermore, for completeness, it is noted that Mr. Andrew Thomas Barr, who has been appointed as director of the Issuer at the shareholders' meeting held on May 13, 2016 and as Chief Executive Officer and Managing Director (*Direttore Generale*) of the Issuer at the Board of Directors meeting held on May 24, 2016, has previously held the office of Deputy Managing Director, member of the Board of Directors and Chief Operating Officer of Hitachi Rail Europe Ltd., and, therefore, as of the Information Document Date, he does not hold any position within the Hitachi Group.

For further information, please refer to Section B, Paragraphs B.1 and B.2, of the Information Document.

A.4 SUMMARY OF THE FUTURE PLANS IN RELATION TO THE ISSUER

The obligation to implement the Procedure arose following the completion of the Purchase, as a result of which HRII, also taking into account the shareholding already owned by HRII in Ansaldo STS, came to hold an overall shareholding of No. 180,049,116 ordinary shares, equal to 90.025% of the Issuer's share capital, thereby exceeding the 90% threshold set out under Article 108, paragraph 2, of the TUF and triggering the Obligation to Purchase on HRII.

The objective of the Procedure is to achieve the revocation of the Issuer's ordinary shares from listing and trading on the MTA (the "**Delisting**"), as well as acquire the entire share capital of the Issuer in order to fully, effectively and efficiently integrate the activities of the Issuer into the Hitachi Group.

Pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules in force as of the Information Document Date, the shares of the Issuer will be revoked from listing and trading starting from the Trading Day following the Payment Date of the Consideration for the Obligation to Purchase.

The Delisting will therefore occur following and as a result of the fulfilment of the Procedure or by means of the Joint Procedure.

Hitachi and HRII will consider the possibility of a merger by incorporation of the Issuer with and into an entity of the Hitachi Group following the Delisting (please refer to Section G, Paragraph G.2.4 of the Information Document). In this case, since the Delisting will already have taken place, the Shareholders will not be entitled to exercise any withdrawal right in relation to such merger.

Hitachi is considering various options to integrate the Issuer's business with and into the Hitachi Group, in order to allow the combined group to benefit from a more efficient corporate and business structure. Such options may include business combinations such as other intragroup mergers, transfers of assets or companies, business reorganizations, and consolidation of functions across the combined group. However, no decision has been taken or any specific plan has been approved in connection with any such transaction.

For further information, see Section G, Paragraphs G.2 and G.3, of the Information Document.

A.5 COMMUNICATIONS AND AUTHORIZATIONS FOR THE PROCEDURE

The implementation of the Procedure is not subject to any authorization.

A.6 STATEMENT OF HRII ON THE OBLIGATION TO PURCHASE PURSUANT TO ARTICLE 108, PARAGRAPH 1, OF THE TUF AND THE RIGHT TO PURCHASE PURSUANT TO ARTICLE 111 OF THE TUF

If, following the end of the Procedure, HRII (together with the persons acting in concert with HRII) comes to hold, as a result of the Sale Requests for the Shares submitted in the context of the Procedure and the possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or by the persons acting in concert with HRII, during the Period for the Submission of Sale Requests, an overall shareholding at least equal to 95% of the share capital of the Issuer, HRII hereby declares its intention to exercise the right to purchase the remaining Shares pursuant to Article 111 of the TUF (the **“Right to Purchase”**).

HRII, by exercising the Right to Purchase, at the same time will comply with the obligation to purchase pursuant to Article 108, paragraph 1, of the TUF (the **“Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF”**) in respect of the Shareholders of the Issuer who so request, carrying out a joint procedure, as agreed with CONSOB and Borsa Italiana (the **“Joint Procedure”**).

The Right to Purchase will be exercised as soon as the Procedure is completed. The consideration for the fulfilment of the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and for the exercise of the Right to Purchase will be equal to the Consideration, *i.e.* Euro 12.70 per Share, pursuant to Article 108, paragraph 3, of the TUF, as referred to by Article 111 of the TUF.

HRII will communicate the satisfaction of the legal requirements triggering the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the Right to Purchase in the notice on the final results of the Procedure, which will be disclosed pursuant to Article-50 *quinquies*, paragraph 5, of the Issuers’ Regulation (the **“Notice on the Results of the Procedure”**), which will also include indications in relation to the modalities and terms for carrying out the Joint Procedure as well as the modalities and timing for the Delisting of the shares of the Issuer.

It is also noted that, upon occurrence of the conditions triggering the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the Right to Purchase, pursuant to Article 2.5.1, paragraph 6, of Borsa Rules, Borsa Italiana will order the suspension and/or the revocation from listing and trading of the Issuer’s shares, taking into account the time required to exercise the Right to Purchase.

For further information, please refer to Section G, Paragraph G.3, of this Information Document.

A.7 POSSIBLE CONFLICTS OF INTEREST BETWEEN THE PARTIES INVOLVED IN THE TRANSACTION

With reference to the relationships between the persons involved in the Procedure, please note the following.

Goldman Sachs International (acting as financial advisor to HRII in relation to the Procedure) and its affiliates, in the ordinary course of business, have provided and may provide in the future investment banking and financial advisory services to HRII and to the Issuer.

Banca IMI, belonging to the Intesa Sanpaolo S.p.A. banking group (the **“ISP Group”**), acting as Intermediary Responsible for Coordinating the Collection of Sale Requests in relation to the Procedure, will receive commissions for the services rendered in the context of such Procedure.

Furthermore, Banca IMI is in conflict of interest as one or more of the companies of the ISP Group have granted significant financing to Hitachi, Ltd. and its group companies.

Moreover, the ISP Group may in the future engage in lending, advisory, corporate and investment banking services to the Issuer and HRII, including their subsidiaries, in the ordinary course of business.

The majority of the members of the Issuer’s Board of Directors has been appointed from the Hitachi Slate and, as of the Information Document Date, some of them hold offices in companies of the Hitachi Group.

In particular, the Issuer’s shareholders’ meeting, held on May 13, 2016, appointed as directors of the Issuer, upon designation by Hitachi, Mr. Alistair Dormer, Mr. Andrew Thomas Barr and Ms. Katherine Jane Mingay,

and as independent directors Mr. Mario Garraffo, Ms. Katharine Rosalind Painter and Mr. Alberto De Benedictis. It is noted that the independent directors do not hold offices in any company of the Hitachi Group.

For further information on the composition of the Board of Directors of the Issuer, please refer to Section B, Paragraph B.2.4, of the Information Document.

Please note that (i) Mr. Alistair Dormer, who has been appointed as Chairman of the Board of Directors of the Issuer at the shareholders' meeting held on May 13, 2016, is also, *inter alia*, Senior Vice President and Executive Officer, Chief Executive Officer of Railway Systems Business Unit of Hitachi, Ltd.; and (ii) Ms. Katherine Jane Mingay, who has been appointed as director of the Issuer at the shareholders' meeting held on May 13, 2016, is also Senior Advisor of Horizon Nuclear Power, a company controlled by the Hitachi Group.

Furthermore, for completeness, it is noted that Mr. Andrew Thomas Barr, who has been appointed as director of the Issuer at the shareholders' meeting held on May 13, 2016 and as Chief Executive Officer and Managing Director (*Direttore Generale*) of the Issuer at the Board of Directors meeting held on May 24, 2016, has previously held the office of Deputy Managing Director, member of the Board of Directors and Chief Operating Officer of Hitachi Rail Europe Ltd., and, therefore, as of the Information Document Date, he does not hold any position within the Hitachi Group.

A.8 POSSIBLE ALTERNATIVE SCENARIOS FOR THE SHAREHOLDERS

In the interest of clarity, the potential scenarios for the existing Shareholders are illustrated below.

A.8.1 Tendering in the Procedure

The Shares can be tendered in the Procedure during the Period for the Submission of Sale Requests.

In case of tendering in the Procedure, the Shareholders will receive a Consideration, equal to Euro 12.70 for each Share tendered.

A.8.2 Failure to tender in the Procedure

In case of failure to tender in the Procedure during the Period for the Submission of Sale Requests, the Issuer's Shareholders could face one of the possible scenarios as described below:

(i) HRII holds a shareholding lower than 95% of the share capital of the Issuer

If, following the end of the Procedure, HRII (together with the persons acting in concert with HRII) comes to hold, as a result of the Sale Requests submitted in the context of the Procedure and the possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or by the persons acting in concert with HRII, during the Period for the Submission of Sale Requests, an overall shareholding lower than 95% of the share capital of the Issuer as of such date, Borsa Italiana, pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules, will order the revocation from listing and trading of the ordinary shares of Ansaldo STS starting from the Trading Day following the Payment Date. Therefore, in this case, the Shareholders who have decided not to subscribe to the Procedure will be the owners of financial instruments which are not traded in any regulated market, consequently facing a lack of liquidity of their investment.

(ii) HRII holds a shareholding at least equal to 95% of the share capital of the Issuer

If, following the end of the Procedure, HRII (together with the persons acting in concert with HRII) comes to hold, as a result of the Sale Requests submitted in the context of the Procedure and the possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or by the persons acting in concert with HRII, during the Period for the Submission of Sale Requests, an overall shareholding at least equal to 95% of the share capital of the Issuer as of such date, HRII will implement the Joint Procedure. In

this case, the Shareholders who have not tendered their Shares in the Procedure will be obliged to transfer ownership of their Shares to HRII and, as a result, will receive for each Share held a consideration of Euro 12.70, *i.e.* equal to the Consideration for the Procedure, pursuant to Article 108, paragraph 3, of the TUF, as referred to by Article 111 of the TUF.

Upon occurrence of the requirements triggering the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the Right to Purchase, pursuant to Article 2.5.1, paragraph 6, of Borsa Rules, Borsa Italiana will order the suspension and/or the revocation from listing and trading of the Issuer's shares, taking into account the time required to exercise the Right to Purchase.

For further information, please refer to Section G, Paragraph G.3, of this Information Document.

A.9 NOTICE TO U.S. RESIDENT HOLDERS

The Procedure concerns the Shares of Ansaldo STS, an Italian company with shares listed exclusively on the MTA, and is subject to Italian disclosure and procedural requirements, which are different from those of the United States of America.

Financial statements included in, or incorporated by reference in, this Information Document have been prepared in accordance with non-U.S. accounting standards and may not be comparable to the financial statements of U.S. companies.

The Procedure is being promoted in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, subject to the exemptions provided by Rule 14d-1(d) under the U.S. Securities Exchange Act, and otherwise in accordance with the requirements of Italian law. Accordingly, the Procedure is subject to disclosure and other procedural requirements, including with respect to withdrawal rights, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and laws.

To the extent possible under applicable laws and regulations, in accordance with ordinary Italian law and market practice and so long as the conditions under Rule 14e-5(b)(12) of the U.S. Securities Exchange Act are satisfied, HRII, the Issuer, their parent, subsidiary or associated companies, financial advisors and brokers (acting as agents for HRII, the Issuer or any of their respective parent, subsidiary or associated companies, as the case may be) may purchase or agree to purchase from time to time after the Information Document Date, also outside of the Procedure, the shares of the Issuer or any securities that are convertible into, exchangeable for or exercisable for the shares of the Issuer.

Any such purchase made outside of the Procedure will not be made by HRII, the Issuer, their respective parent, subsidiary or associated companies and financial intermediaries and consultants (acting on behalf of HRII, the Issuer or their respective parent, subsidiary or associated companies, as the case may be) at a price greater than the Consideration unless the Consideration is increased accordingly, to match the price paid outside of the Procedure.

To the extent that information about such purchases or arrangements to purchase is made public in Italy, such information will be disclosed in the United States, by means of a press release, pursuant to Article 41, paragraph 2, letter c), of the Issuers' Regulation, or other means reasonably selected to inform U.S. Shareholders of Ansaldo STS.

In making the decision whether or not to subscribe to the Procedure, Shareholders must rely on their examination of the Procedure, including the merits and risks involved.

NEITHER THE SEC NOR ANY SECURITIES COMMISSION OF ANY STATE OF THE UNITED STATES OF AMERICA HAS (A) APPROVED OR DISAPPROVED THE PROCEDURE; (B) PASSED UPON THE MERITS OR FAIRNESS OF THE PROCEDURE; OR (C) PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THE INFORMATION DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES OF AMERICA.

THE ITALIAN VERSION OF THE INFORMATION DOCUMENT IS THE ONLY DOCUMENT APPROVED BY CONSOB.

It may be difficult for Shareholders to enforce their rights and any claim they may have arising under the U.S. federal securities laws since the Issuer and HRII are located outside the United States, and some or all of their officers and directors are resident outside the United States. As a result, it may be difficult to compel HRII and the Issuer and their affiliates to subject themselves to a U.S. court's judgment, or to enforce, in courts outside of the United States, judgments obtained in U.S. courts against any such person, including judgments based on the civil liability provisions of the U.S. securities laws. Additionally, Shareholders may not be able to sue HRII or the Issuer or their respective officers and directors in a non-U.S. court for violations of the U.S. securities laws.

For certain additional information in relation to the promotion of the Procedure in the United States, please see Section F, Paragraph F.4.2, of the Information Document.

B. PARTIES INVOLVED IN THE TRANSACTION

B.1 Person fulfilling the Obligation to Purchase

B.1.1 Name, legal status and registered office

The company name of the person fulfilling the Obligation to Purchase is “Hitachi Rail Italy Investments S.r.l.”.

HRII is a *società a responsabilità limitata* (limited liability company), with a sole shareholder, incorporated under Italian law, with registered office in Milan, Via Tommaso Gulli, 39, 20147, registered with the register of enterprises of Milan with No. 09194070968.

B.1.2 Incorporation and term

HRII was incorporated on September 8, 2015, with a notarial deed drawn up by the Notary Public Simone Chiantini of Milan and registered with the register of enterprises of Milan on September 11, 2015.

Pursuant to Article 3 of HRII’s by-laws, the company’s duration is until March 31, 2100.

B.1.3 Governing law and jurisdiction

HRII is an Italian limited liability company (*società a responsabilità limitata*) and operates on the basis of Italian law.

In regard to any disputes to which HRII is a party, HRII’s by-laws do not contain provisions exempting such disputes from ordinary court jurisdiction. Therefore, provisions of law applicable from time to time shall determine the court with jurisdiction to resolve disputes among shareholders or between shareholders and HRII, as well as for any other matter not expressly set forth in the by-laws.

B.1.4 Share capital

As of the Information Document Date, HRII’s share capital, subscribed and fully paid in, is equal to Euro 10,000.00.

B.1.5 HRII’s shareholders

HRII’s shareholders and the group it belongs to

As of the Information Document Date:

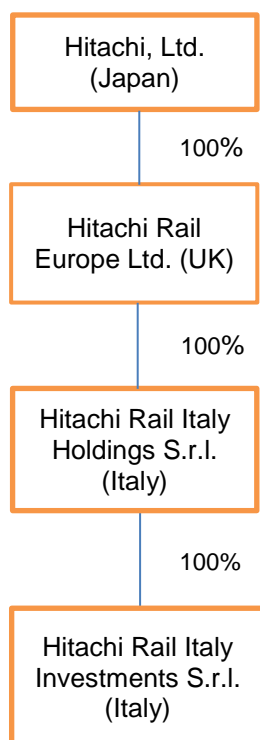
- (i) HRII’s share capital is wholly-owned by Hitachi Rail Italy Holdings S.r.l., a company incorporated under the laws of the Republic of Italy on July 30, 2015, in the form of a *società a responsabilità limitata* (limited liability company), with registered office at Via Tommaso Gulli, 39, 20147, Milan;
- (ii) the share capital of Hitachi Rail Italy Holdings S.r.l. is wholly-owned by Hitachi Rail Europe Ltd., a company incorporated under the laws of England and Wales on October 20, 2005, in the form of a private limited company, with registered office at 40 Holborn Viaduct, London, EC1N 2PB, United Kingdom; and
- (iii) the share capital of Hitachi Rail Europe Ltd. is wholly-owned by Hitachi, Ltd., a Japanese company incorporated on February 1, 1920 in the form of a limited company, whose shares are listed on the Tokyo Stock Exchange, Inc., with registered office located at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280, Japan.

Hitachi, Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l. qualify as persons acting in concert with HRII pursuant to Article 101-*bis*, paragraph 4-*bis*, letter b), of the TUF, in light of the fact that they directly or indirectly control HRII.

As of the Information Document Date, no shareholder controls Hitachi, Ltd. pursuant to Article 93 of the TUF.

In relation to the foregoing, pursuant to Article 93 of the TUF, Hitachi, Ltd., indirectly through Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., exercises control over HRIL.

The following diagram describes HRIL's chain of control:



Below is a brief description of each company which forms a part of HRIL's chain of control.

Hitachi, Ltd. is the parent company of the Hitachi Group and its shares are listed on the Tokyo Stock Exchange, Inc..

Hitachi Rail Europe Ltd. is the European total railway system supplier of the Hitachi Group, offering rolling stock, traction equipment, signalling, traffic management systems, and maintenance depots.

Hitachi Rail Italy Holdings S.r.l. is a holding company without operative activities.

Hitachi Group

Hitachi was founded in 1910 as a small electric repair shop by Namihei Odaira and incorporated as Hitachi, Ltd. in 1920 under the laws of Japan. Over the years, the Hitachi Group has broadened the horizon of its research as well as its business activities to develop a highly diversified product mix.

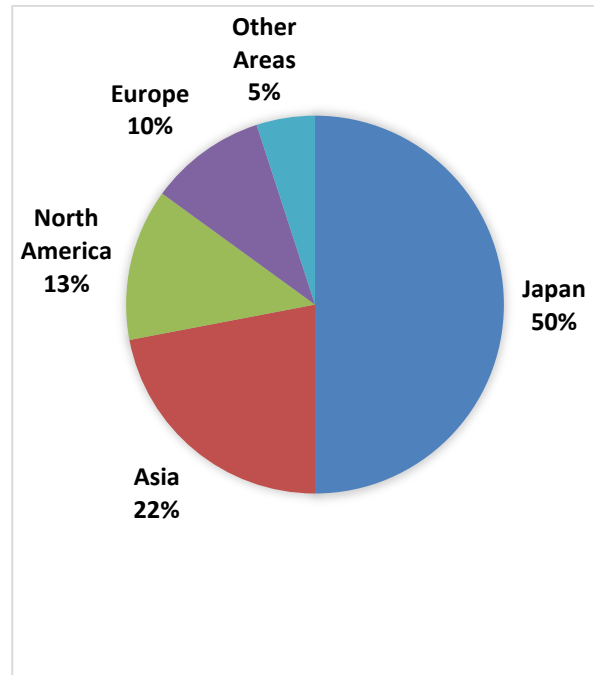
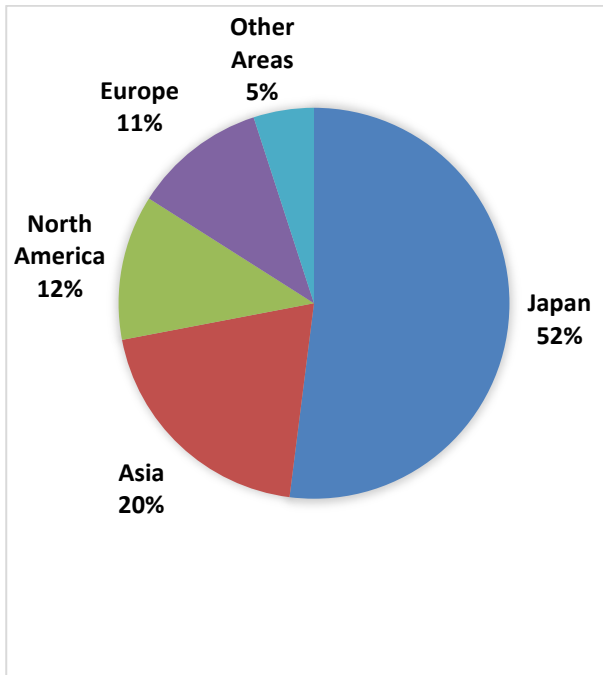
The Hitachi Group's businesses are global and diverse, and include manufacturing and services in nine segments consisting of information and telecommunication systems, social infrastructure and industrial systems, electronic systems and equipment, construction machinery, high functional materials and components, automotive systems, smart life and ecofriendly systems, others (logistics and other services) and financial services.

The Hitachi Group's operating activities are organized in five markets, defined on a geographic basis and represented by Japan, Asia, North America, Europe and other areas.

The following charts show the revenue of the Hitachi Group per geographic area for the fiscal years 2016 and 2017.

FY 2016
(Ended 31 March 2017)

FY 2017
(Ended 31 March 2018)



The Hitachi Group's customer base in domestic and overseas markets encompasses leading industrial companies, financial institutions, utilities, governments and individual customers. No material part of its business is dependent upon one or a few customers.

The Hitachi Group holds numerous intellectual property rights, including patents, trademarks and copyrights. Although it considers them to be valuable assets and important for its operations, it believes that its business is not materially dependent upon any single patent, trademark, copyright or other intellectual property right that they hold.

The Hitachi Group's mid-term management strategy is to become an Innovation Partner for the IoT Era by Social Innovation Business. Management focus is four points: (i) delivering innovations to customers and society through combination of Operational Technology, IT and products/systems, (ii) expanding opportunities for Social Innovation Business, (iii) evolving Social Innovation Business through digitalisation and (iv) accelerating collaborative creation with customers through the advanced Social Innovation Business.

In the railway business, Hitachi is a total solution provider of comprehensive systems that include rolling stock, transportation systems, electronic components and rail control solutions. Hitachi's strategy is to become a global leader in total rail solutions by growing its Social Innovation Business, combination of IT technology and sound infrastructure solutions.

The Hitachi Group operates in an intensely competitive market for each business segment. Among its major competitors are some of the top-ranking industrial companies in Japan, the United States of America, Europe and Asia. Depending on the nature of the business, rapid progress in technology or the need to reduce costs to meet customers' requirements is a major basis for competition.

B.1.6 Management and supervisory bodies

Board of Directors

Pursuant to Article 18 of its by-laws, HRII is governed by a sole director or by a Board of Directors consisting of a minimum of two (2) and a maximum of thirteen (13) members. Directors are elected by decision of the shareholders.

The sole director or the directors do not need to be quotaholders. They remain in office for three fiscal years, until the quotaholders' meeting called to approve the financial statements for the last year of their term. The

sole director or the members of the Board of Directors may also remain in office until their revocation or resignation according to a quotaholders' resolution and they may be re-appointed.

HRII's Board of Directors in office as of the Information Document Date is composed by the following two members, who were appointed on, respectively, May 2, 2018 and April 14, 2016 and will remain in office until revocation:

- (i) Chairman of the Board of Directors: Isao Hasegawa, born in Tokyo (Japan) on March 19, 1972, with tax ID No. HSGSIA72C19Z219D, Japanese citizen;
- (ii) Director and CEO: Daniel Mark Phillips, born in Manchester (UK) on March 17, 1979, with tax ID No. PHLDLM79C17Z114N, UK citizen.

As of the Information Document Date, the members of Hitachi, Ltd.'s Board of Directors are the following:

Office	Full name	Date of appointment	Termination
Director	Katsumi Ihara	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Cynthia Carroll	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Joe Harlan	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	George Buckley	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Louise Pentland	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Harufumi Mochizuki	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Takatoshi Yamamoto	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Hiroaki Yoshihara	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Hiroaki Nakanishi	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Toshiaki Higashihara	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019
Director	Toyoaki Nakamura	June 20, 2018	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2019

As of the Information Document Date, to HRII's knowledge, none of the members of the Board of Directors of HRII and Hitachi, Ltd. serves in offices of or holds economic interests in the Issuer or in any companies of the Ansaldo STS Group.

However, for completeness, please note that Mr. Alistair Dormer, who has been appointed as Chairman of the Board of Directors of the Issuer at the shareholders' meeting held on May 13, 2016, is also, *inter alia*, Senior Vice President and Executive Officer, Chief Executive Officer of Railway Systems Business Unit of Hitachi, Ltd..

B.1.7 Brief description of the group led by HRII

Except for the Total Shareholding in the capital of the Issuer, as of the Information Document Date, HRII does not hold any other shareholding in other entities or other properties or have any other relationships not relating to the Procedure.

B.1.8 Business of HRII

HRII has not engaged in any significant business since it was incorporated on September 8, 2015 to the Information Document Date, apart from holding the shareholding in Ansaldo STS.

Pursuant to Article 4 of its by-laws, HRII's corporate purpose is as follows:

"4.1. The Company's corporate purpose is:

a) the purchase, holding and management of shares, quotas, stakes and public and private securities, for the purpose of a long-term investment and not for placement on the market, in companies, entities, consortia or associations, both Italian and foreign, both listed on regulated markets and non-listed, with the express exclusion of the carrying out vis-à-vis the public of consumer credit and other financial activities pursuant to, inter alia, Article 106 of Legislative Decree of September 1, 1993, No. 385, as well as planning, production, sales, installation, maintenance and post-sales service activities in the field of rail and metropolitan transport systems and of the relevant power supply systems, mechanical, electric, electronic and software technology plants and services, including telecommunications and railway constructions systems, railway signals, supervision and remote control systems and the supply of goods and services connected with the above activities, as well as the carrying out of studies and research in the field of technologies applied to the railway and metropolitan transport system or connected to the pursuance of the corporate purpose;

b) the participation to, and the entering into of, agreements for the setting up of partnerships and joint ventures with other companies;

c) the granting of any form of financing to subsidiary companies in compliance with the applicable laws, as well as the technical, administrative and financial coordination of the same subsidiary companies, with the exclusion of the transactions carried out through the purchase of the receivables which such entities may have vis-à-vis third parties not belonging to the group;

d) the sale and purchase, management and administration of real estate assets, for the purpose of the technical, administrative and financial coordination of the subsidiary companies, as well as the increase of their capital assets and income;

e) the carrying out of advisory and assistance activities in the administrative management of the subsidiary companies, as well as the performance of functions of direction and coordination both of the industrial and of the strategic, technical, commercial and financial structure of the subsidiary companies and the provision of financial and management services to them.

4.2. The Company may carry out – also through the assumption of a stake in other Italian and foreign companies and businesses and in any form – in compliance with the laws in force – the planning, feasibility studies, construction, maintenance and management, on its own or in association with other companies, of public or private works under tender, integrated tender, contract authorization, entrustment of financed project or in its capacity as general contractor and may carry out all of the instrumental activities necessary for the awarding, execution and entrusting, even to third parties, of public works tenders pursuant to Legislative Decree No. 163/2006 and subsequent amendments and integrations. The Company may also provide validations pursuant to EU Directive 24/2014 or other special regulations in this field even by or on behalf of companies in which it does not hold stakes, in addition to the activities already indicated in the transport systems field, also, inter alia, in the following fields:

- electric systems, thermohydraulics, technological systems of all kinds, video surveillance and security systems of all kinds, luminous signs systems, topographical surveys;

- civil works of all kinds, civil and industrial buildings, water works, sewage systems, gas pipes and methane gas pipes, construction and road surfacing works, airport and railway and urban surveys of all kinds, car parks, tunnels, viaducts, underground artworks, complex masonry and reinforced concrete works, river and canal works, protection systems for rivers and canals and hydraulic systems;

- environmental intervention, internal and/or external (environmental drainages, maintenance of green spaces or similar, soundproof barriers) for individuals and/or public bodies;

- land consolidation work, irrigation works as well as ecological works to clean up pollution.

4.3. The Company may carry out transactions concerning the lease of businesses or lines of business, the assumption and acquisition, the assumption and management of businesses or lines of business, of shares, quotas, shares in the profits and stakes in other companies or businesses, both Italian and foreign, listed in regulated markets or non-listed, for the purpose of a long-term investment and not for placement on the market.

4.4. The Company may furthermore carry out, provided that it is instrumental to the pursuance of the corporate purpose, all useful and/or appropriate movables, real estate, commercial, industrial and financial transactions, including the release of guarantees”.

As of the Information Document Date, HRIL has no employees.

Pursuant to Article 93 of the TUF, Hitachi, Ltd., indirectly through Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., exercises control over HRIL.

B.1.9 Accounting standards

HRIL's financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”).

The consolidated financial statements of the Hitachi Group are prepared in accordance with IFRS.

B.1.10 Financial statements

Please find below a summary of the statement of assets and liabilities of HRIL as of March 31, 2018 and March 31, 2017, prepared in accordance with IFRS and subject to audit by Ernst & Young S.p.A. (in abbreviated form EY S.p.A.), which issued its audit report without qualification on June 29, 2018.

As highlighted below, the assets of HRIL are almost exclusively represented by the Total Shareholding.

Hitachi Rail Italy Investments S.r.l. statement of financial position as of 31 March 2018 and 2017

(in Euro)	<u>Year ended 31 March</u>	
	2018	2017
Assets		
Non-current assets		
Investments	986,088,000	986,088,000
Non-current financial assets	-	-
Total Non-current assets	986,088,000	986,088,000
Current Assets		
Trade Receivables		
Current financial assets	6,156,950	1,535,038
Other current assets	3,048,550	599
Cash and Cash Equivalents	338,203	5,627,427
Total Current Assets	9,543,703	7,163,064
Total Assets	995,631,703	993,251,064
Equity and Liabilities		
Issued capital	10,000	10,000
Capital reserves	774,144,173	756,501,201
Retained Earning	2,446,268	17,642,972
Total Equity	776,600,441	774,154,173
Current Liabilities		
Trade payables	21,174	85,340
Financial liabilities	219,010,088	219,011,521
Total liabilities	219,031,262	219,096,891
Total Equity and Liabilities	995,631,703	993,251,064

Hitachi Rail Italy Investments S.r.l. statement of profit or loss as of 31 March 2018 and 2017

(in Euro)	<u>Year ended 31 March</u>	
	2018	2017
Revenue	-	-
Other operating revenue	49,770	3,408
Cost of services	(89,056)	(105,643)
Other operating costs	(7,326)	(91,828)
Operating Income	(46,612)	(194,063)
Financial income	672	18,278,460
Financial expenses	(556,280)	(441,425)
Income before tax	(602,220)	17,642,972
Income tax (expense)/benefit	3,048,488	-
Net income	2,446,268	17,642,972

Hitachi Rail Italy Investments S.r.l. statements of cash flow for the years ended 31 March 2018 and 2017

(in Euro)	<u>Year ended 31 March</u>	
	2018	2017
Cash flow from operating activities		
Change in working capital	(110,271)	(1,556,173)
Net financial income and expenses	(555,608)	17,837,035
Cash flow from operating activities	(665,879)	16,281,862
Cash flow from investing activities		
Purchase of investments	-	-
Change in financial receivables	(4,621,913)	2,812,295
Cash flow from investing activities	(4,621,913)	2,812,295
Cash flow from financing activities		
Change in financial debt	(1,433)	(770,010,930)
Capital increases	-	754,990,000
Cash flow from financing activities	(1,433)	15,020,930
Increase/(Decrease) in cash and cash equivalents	(5,289,224)	4,072,226
Cash and cash equivalents at beginning of period	5,627,427	1,555,201
Cash and cash equivalents at end of period	338,203	5,627,427

In light of the means of funding of the Procedure, *i.e.*, through intragroup debt, the Procedure will cause an increase in the net financial position of HRII, up to an amount equal to the Maximum Amount. The potential impact of the Procedure on the net financial position of HRII, for different levels of acceptance, is quantified in the following table.

Stake of HRII	Pre-Procedure	95.00%	100.00%
Consideration (in EUR)	-	12.70	12.70
Shares subject to the Procedure ⁽¹⁾	17,584,681	17,584,681	17,584,681
Shares already owned ⁽¹⁾	182,415,319	182,415,319	182,415,319
Total number of shares	200,000,000	200,000,000	200,000,000
Shares post-Procedure		190,000,000	200,000,000
Shares received from the Procedure	-	7,584,681	17,584,681
Percentage of acceptance	-	43.13%	100.00%
Net financial position pre-Procedure pro-forma (in EUR million) ⁽²⁾	1,241.6	1,241.6	1,241.6
Payment related to the Procedure (in EUR million)	-	96.3	223.3
Net financial position post-Procedure (in EUR million)	1,241.6	1,338.0	1,465.0

Notes: (1) Includes the purchase of 31.794% Ansaldo STS stake under the Agreement with Elliott and the Market Purchases carried out on the market from October 30, 2018 to December 7, 2018. (2) Pre-Procedure net financial position is based on the latest pro-forma reported amount as of March 31, 2018 for HRII and includes consideration paid for the purchase of 31.794% Ansaldo STS stake under the Agreement with Elliott, the Market Purchases and related transaction taxes and fees.

Hitachi Rail Italy Investments S.r.l. consolidated net financial indebtedness for the years ended 31 March 2018 and 2017

	<i>(In millions of EUR)</i>	
	As of 31 March 2018	As of 31 March 2017
Cash and Cash equivalents	0.3	5.6
Liquidity	0.3	5.6
Current Financial Receivable	6.2	1.5
Current Bank Debt	0.0	0.0
Current Debt towards Related Parties	219.0	219.0
Current Financial Debt	219.0	219.0
Non Current Financial Receivable	0.0	0.0
Net Current Financial Indebtedness	212.5	211.8
Increase in financial debt towards related parties for the purchase of Ansaldo STS shares	1,029.1	n.a.
Net Current Financial Indebtedness pro forma for Ansaldo STS shares purchase	1,241.6	n.a.

Net Current Financial Indebtedness as of March 31, 2018 amounts at €212.5 million.

Net Current Financial Indebtedness pro forma as of March 31, 2018 amounts at €1,241.6 million and includes the impact of the purchase of Ansaldo STS stake under the Agreement with Elliott and the Market Purchases from October 30, 2018 to December 7, 2018 and related transaction taxes and fees.

Consolidated financial information of Hitachi Group as of and for the years ended 31 March 2018 and 2017

The following tables show the Hitachi Group consolidated financial statements as of and for the years ended March 31, 2018 and 2017, prepared in accordance with IFRS. The data set forth in the following tables has been derived from the audited consolidated financial statements of Hitachi, Ltd. in Japanese Yen for the fiscal years ended March 31, 2018 and March 31, 2017 included in Hitachi, Ltd.'s Annual Securities Report on June 29, 2018. The Hitachi Group consolidated financial statements in Japanese Yen are prepared in accordance with IFRS and subject to audit by Ernst & Young ShinNihon LLC, which issued its audit report without qualification on June 29, 2018.

Euro figures from Balance Sheet were converted at the rate of 130.9 and 118.65 EUR/JPY for year ended March 2018 and 2017 respectively. Statement of profit or loss, statement of comprehensive income and statement of cash flow figures were converted using the average annual exchange rate of 129.69 and 118.84 for year ended March 2018 and March 2017 respectively (Source: Bloomberg).

Hitachi Group consolidated statements of financial positions as of 31 March 2018 and 2017

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 31 March		As of 31 March	
	2018	2017	2018	2017
Assets				
Current assets				
Cash and cash equivalents	697,964	765,242	5,332	6,450
Trade receivables	2,501,414	2,433,149	19,109	20,507
Investments in securities and other financial assets	373,324	388,792	2,852	3,277
Inventories	1,375,232	1,225,907	10,506	10,332
Other current assets	203,866	189,516	1,557	1,597
Total current assets	5,151,800	5,002,606	39,357	42,163
Non-current assets				
Investments accounted for using the equity method	743,407	691,251	5,679	5,826
Investments in securities and other financial assets	716,431	758,350	5,473	6,391
Property, plant and equipment	2,124,827	1,998,411	16,232	16,843
Intangible assets	1,054,370	919,201	8,055	7,747
Other non-current assets	315,768	294,098	2,412	2,479
Total non-current assets	4,954,803	4,661,311	37,852	39,286
Total assets	10,106,603	9,663,917	77,209	81,449
Liabilities				
Current liabilities				
Short-term debt	121,439	196,357	928	1,655
Current portion of long-term debt	117,191	190,233	895	1,603
Other financial liabilities	254,735	274,270	1,946	2,312
Trade payables	1,536,983	1,402,233	11,742	11,818
Accrued expenses	697,185	687,905	5,326	5,798
Advances received	551,182	472,132	4,211	3,979
Other current liabilities	516,679	497,729	3,947	4,195
Total current liabilities	3,795,394	3,720,859	28,995	31,360
Non-current liabilities				
Long-term debt	811,664	790,013	6,201	6,658
Benefit Plan	575,156	635,684	4,394	5,358
Other non-current liabilities	412,718	420,366	3,153	3,543
Total non-current liabilities	1,799,538	1,846,063	13,747	15,559
Total liabilities	5,594,932	5,566,922	42,742	46,919
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	458,790	3,505	3,867
Capital surplus	575,809	577,573	4,399	4,868
Retained earnings	2,105,395	1,793,570	16,084	15,116
Accumulated other comprehensive income	142,167	141,068	1,086	1,189
Treasury stock, at cost	(4,137)	(3,916)	(32)	(33)
Total Hitachi, Ltd. stockholders' equity	3,278,024	2,967,085	25,042	25,007
Non-controlling interests	1,233,647	1,129,910	9,424	9,523
Total equity	4,511,671	4,096,995	34,467	34,530
Total liabilities and equity	10,106,603	9,663,917	77,209	81,449

Commentary on consolidated statements of financial position

As of March 31, 2018, total assets amounted to ¥10,106.6 billion (€77,209 million), an increase of ¥442.6 billion from March 31, 2017. This was due mainly to the acquisition of “Sullair” air compressor business in the Social Infrastructure & Industrial Systems segment and corporate acquisitions undertaken by Hitachi Chemical Company, Ltd. in the High Functional Materials & Components segment.

Cash and cash equivalents as of March 31, 2018 amounted to ¥697.9 billion (€5,332 million), a decrease of ¥67.2 billion from the amount as of March 31, 2017.

As of March 31, 2018, total interest-bearing debt, the sum of short-term debt and long-term debt, amounted to ¥1,050.2 billion (€8,024 million), a decrease of ¥126.3 billion from March 31, 2017. As of March 31, 2018,

short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥121.4 billion (€928 million), a decrease of ¥74.9 billion from March 31, 2017. As of March 31, 2018, current portion of long-term debt amounted to ¥ 117.1 billion (€895 million), a decrease of ¥ 73.0 billion from March 31, 2017. As of March 31, 2018, long term debt (excluding current portion), consisting mainly of debentures and loans principally from banks and insurance companies, amounted to ¥811.6 billion (€6.2 billion), an increase of ¥21.6 billion from March 31, 2017.

As of March 31, 2018, total Hitachi, Ltd. stockholders' equity amounted to ¥3,278.0 billion (€25,042 million), an increase of ¥310.9 billion from March 31, 2017. This is due mainly to posting of net income attributable to Hitachi, Ltd. stockholders. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of March 31, 2018 was 32.4%, compared with 37.0% as of March 31, 2017.

Non-controlling interests as of March 31, 2018 was ¥1,233.6 billion (€9,424 million), an increase of ¥103.7 billion from March 31, 2017.

Total equity as of March 31, 2018 was ¥4,511.6 billion (€34,467 million), an increase of ¥414.6 billion from March 31, 2017. The ratio of interest bearing debt to total equity was 0.23, compared with 0.29 as of March 31, 2017.

Hitachi Group consolidated statements of profit or loss for the years ended 31 March 2018 and 2017

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Years ended 31 March		Years ended 31 March	
	2018	2017	2018	2017
Revenues	9,368,614	9,162,264	72,239	77,097
Cost of sales	(6,866,522)	(6,782,677)	(52,946)	(57,074)
Gross profit	2,502,092	2,379,587	19,293	20,023
Selling, general and administrative expenses	(1,787,462)	(1,792,278)	(13,783)	(15,081)
Other income	12,068	100,742	93	848
Other expenses	(140,686)	(146,568)	(1,085)	(1,233)
Financial income	7,005	7,091	54	60
Financial expenses	(11,243)	(26,206)	(87)	(221)
Share of profits of investments accounted for using the equity method	62,483	(47,186)	482	(397)
EBIT (Earnings before interest and taxes)	644,257	475,182	4,968	3,999
Interest income	14,928	12,923	115	109
Interest charges	(20,593)	(19,014)	(159)	(160)
Income from continuing operations, before income tax	638,646	496,091	4,924	4,174
Income taxes	(131,708)	(125,112)	(1,016)	(1,053)
Income from continuing operations	506,938	343,979	3,909	2,894
Loss from discontinued operation	(16,020)	(5,950)	(124)	(50)
Net income	490,918	338,029	3,785	2,844
Net income attributable to:				
Hitachi, Ltd. stockholders	362,988	231,261	2,799	1,946
Non-controlling interests	127,930	106,768	986	898
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (in JPY/EUR)				
Basic	78.50	49.13	0.61	0.41
Diluted	78.43	49.12	0.60	0.41
Earnings per share attributable to Hitachi, Ltd. stockholders (in JPY/EUR)				
Basic	75.19	47.90	0.58	0.40
Diluted	75.12	47.88	0.58	0.40
Weighted-average shares outstanding (in millions of number of shares)				
Basic	4,828	4,829	4,828	4,829
Diluted	4,830	4,832	4,830	4,832

Commentary on consolidated statements of profit or loss

Revenues increased 2% to ¥9,368.6 billion (€72,239 million), as compared with the year ended March 31, 2017. Despite the effect of the move to transform business portfolio such as conversion of Hitachi Capital Corporation and Hitachi Transport System Ltd., into equity-method affiliate and deconsolidation of Hitachi Koki Co., Ltd. In the year ended March 31, 2017.

This increase was mainly due to higher revenues in the Construction Machinery segment, in which overseas sales increased mainly in China, and in the High Functional Materials & Components segment, in which sales of the electronics and automotive-related products increased.

Cost of sales increased 1% to ¥6,866.5 billion (€52,946 million), as compared with the year ended March 31, 2017, and the ratio of cost of sales to revenues was 73%, a decrease of 1% from the year ended March 31, 2017. Gross profit increased 5% to ¥2,502.0 billion (€19,293 million), as compared with the year ended March 31, 2017.

Selling, general and administrative expenses were ¥1,787.4 billion (€13,783 million), which was the same level as for the year ended March 31, 2017, and the ratio of selling, general and administrative expenses to revenues was 19% as compared to 20% for the year ended March 31, 2017.

Other income decreased ¥88.6 billion to ¥12.0 billion (€93 million) and other expenses decreased ¥5.8 billion to ¥140.6 billion (€1,085 million), as compared with the year ended March 31, 2017. The details are as follows.

Adjusted income increased by ¥127.3 billion to ¥714.6 billion, as compared with the year ended March 31, 2017. The increase was mainly due to higher profits owing to increased revenues in the Construction Machinery segment, profitability improvement for the industry & distribution field, the power and energy business, and the industrial equipment business in the Social Infrastructure & Industrial Systems segment. The increase was also attributable to higher profits in the Information & Telecommunication Systems segment owing to an improvement in the profitability of the system integration business in Japan and the effect of the structural reform implemented in the year ended March 31, 2017.

Net gain on sales and disposal of fixed assets was decreased by ¥17.6 billion and turned to loss of ¥2.5 billion (as compared with the year ended March 31, 2017).

Impairment losses decreased ¥19.9 billion to ¥48.6 billion (€371 million), as compared with the year ended March 31, 2017.

This mainly reflected the impairment losses on intangibles assets, etc. in the Information & Telecommunication Systems segment.

Net gain on business reorganization and others in the year ended March 31, 2018 decreased ¥71.5 billion to ¥9.7 billion as compared to year ended March 31, 2017 mainly due to absence of partial sale of the share of Hitachi Transport System, Ltd. and the sale of Hitachi Koki Co., Ltd. shares recorded in the year ended March 31, 2017. Special termination benefits decreased ¥8.9 billion to ¥15.7 billion as compared to year ended March 31, 2017. Expense related to competition law and others increased ¥7.5 billion to ¥14.2 billion as compared with the year ended March 31, 2017.

Financial income (excluding interest income) was ¥7.0 billion, the same level as for the year ended March 31, 2017 and financial expenses (excluding interest charges) decreased ¥14.9 billion to ¥11.2 billion, as compared with the year ended March 31, 2017.

Share of profits of investments accounted for using the equity method was ¥62.4 billion (€482 million) an amelioration of ¥109.6 billion from the previous year, for which an impairment loss for the uranium enrichment business at an U.S. equity-method associate was posted in the Social Infrastructure & Industrial Systems segment.

EBIT increased ¥169.1 billion to ¥644.3 billion (€4,968 million), as compared with the year ended March 31, 2017.

Interest income increased ¥2.0 billion to ¥14.9 billion (€ 115 million) and interest charges increased ¥1.5 billion to ¥20.5 billion (€ 159 million), as compared with the year ended March 31, 2014, respectively.

Income from continuing operations, before income taxes increased ¥169.5 billion to ¥638.6 billion (€4,924 million), as compared with the year ended March 31, 2017.

Income taxes increased ¥6.5 billion to ¥131.7 billion (1,016 million), as compared with the year ended March 31, 2017, due mainly to increased income from continuing operations, before income taxes.

Loss from discontinued operations increased ¥10.0 billion to ¥16.0 billion (€124 million), as compared with the year ended March 31, 2017.

Net income increased ¥152.8 billion to ¥490.9 billion (€3,785 million), as compared with the year ended March 31, 2017.

Net income attributable to non-controlling interests increased ¥21.1 billion to ¥127.9 billion (€986 million), as compared with the year ended March 31, 2017.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders increased ¥131 billion to ¥362.9 billion (€2,799 million), as compared with the year ended March 31, 2017.

Hitachi Group consolidated statements of comprehensive income for the years ended 31 March 2018 and 2017

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Years ended 31 March		Years ended 31 March	
	2018	2017	2018	2017
Net income	490,918	338,029	3,785	2,844
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	1,530	59,934	12	504
Remeasurements of defined benefit plans	22,753	46,086	175	388
Share of OCI of investments accounted for using the equity method	3,302	(1,887)	25	(16)
Total items not to be reclassified into net income	27,585	104,133	213	876
Items that can be reclassified into net income				
Foreign currency translation adjustments	(8,042)	(64,761)	(62)	(545)
Net changes in cash flow hedges	5,703	21,303	44	179
Share of OCI of investments accounted for using the equity method	(45)	1,166	(0.35)	10
Total items that can be reclassified into net income	(2,384)	(42,292)	(18)	(356)
Other comprehensive income (OCI)	25,201	61,841	194	520
Comprehensive income	516,119	339,870	3,980	2,860
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	382,341	299,397	2,948	2,519
Non-controlling interests	133,778	100,473	1,032	845

Hitachi Group consolidated statements of changes in equity for the years ended 31 March 2018 and 2017

<i>(In millions of JPY)</i>								
Year ended 31 March 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	577,573	1,793,570	141,068	(3,916)	2,967,085	1,129,910	4,096,995
Changes in equity								
Reclassified into retained earnings	-	-	16,428	(16,428)	-	-	-	-
Net income	-	-	362,988	-	-	362,988	127,930	490,918
Other comprehensive income	-	-	-	19,353	-	19,353	5,848	25,201
Dividends to Hitachi, Ltd. stockholders	-	-	(67,591)	-	-	(67,591)	-	(67,591)
Dividends to non-controlling interests	-	-	-	-	-	-	(34,395)	(34,395)
Acquisition of treasury stock	-	-	-	-	(292)	(292)	-	(292)
Sales of treasury stock	-	(27)	-	-	71	44	-	44
Changes in non-controlling interests	-	(1,737)	-	(1,826)	-	(3,563)	4,354	791
Total changes in equity	-	(1,764)	311,825	1,099	(221)	310,939	103,737	414,676
Balance at end of year	458,790	575,809	2,105,395	142,167	(4,137)	3,278,024	1,233,647	4,511,671

<i>(In millions of JPY)</i>								
Year ended 31 March 2017								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	458,790	586,790	1,609,761	83,543	(3,806)	2,735,078	1,390,492	4,125,570
Changes in equity								
Reclassified into retained earnings	-	-	10,486	(10,486)	-	-	-	-
Net income	-	-	231,261	-	-	231,261	106,768	338,029
Other comprehensive income	-	-	-	68,136	-	68,136	(6,295)	61,841
Dividends to Hitachi, Ltd. stockholders	-	-	(57,938)	-	-	(57,938)	-	(57,938)
Dividends to non-controlling interests	-	-	-	-	-	-	(38,283)	(38,283)
Acquisition of treasury stock	-	-	-	-	(153)	(153)	-	(153)
Sales of treasury stock	-	(15)	-	-	43	28	-	28
Changes in non-controlling interests	-	(9,202)	-	(125)	-	(9,327)	(27,382)	(332,099)
Total changes in equity	-	(9,217)	183,809	57,525	(110)	232,007	101,315	(28,575)
Balance at end of year	458,790	577,573	1,739,570	141,068	(3,916)	2,967,085	1,129,910	4,096,995

<i>(In millions of EUR)</i>								
Year ended 31 March 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	3,538	4,454	13,830	1,088	(30)	22,878	8,712	31,591
Changes in equity								
Reclassified into retained earnings	-	-	127	(127)	-	-	-	-
Net income	-	-	2,799	-	-	2,799	986	3,785
Other comprehensive income	-	-	-	149	-	149	45	194
Dividends to Hitachi, Ltd. stockholders	-	-	(521)	-	-	(521)	-	(521)
Dividends to non-controlling interests	-	-	-	-	-	-	(265)	(265)
Acquisition of treasury stock	-	-	-	-	(2)	(2)	-	(2)
Sales of treasury stock	-	(0)	-	-	0	0	-	0
Changes in non-controlling interests	-	(13)	-	(14)	-	(27)	34	6
Total changes in equity	-	(14)	2,404	8	(2)	2,398	800	3,197
Balance at end of year	3,538	4,440	16,234	1,096	(32)	25,276	9,512	34,788

<i>(In millions of EUR)</i>								
Year ended 31 March 2017								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
Balance at beginning of year	3,861	4,938	13,546	703	(32)	23,015	11,701	34,715
Changes in equity								
Reclassified into retained earnings	-	-	88	(88)	-	-	-	-
Net income	-	-	1,946	-	-	1,946	898	2,844
Other comprehensive income	-	-	-	573	-	573	(53)	520
Dividends to Hitachi, Ltd. stockholders	-	-	(488)	-	-	(488)	-	(488)
Dividends to non-controlling interests	-	-	-	-	-	-	(322)	(322)
Acquisition of treasury stock	-	-	-	-	(1)	(1)	-	(1)
Sales of treasury stock	-	(0)	-	-	0	0	-	0
Changes in non-controlling interests	-	(77)	-	(1)	-	(78)	(230)	(2,795)
Total changes in equity	-	(78)	1,547	484	(0.9)	1,952	853	(240)
Balance at end of year	3,861	4,860	14,638	1,187	(33)	24,967	9,508	34,475

Hitachi Group consolidated statements of cash flows for the years ended 31 March 2018 and 2017

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Years ended 31 March		Years ended 31 March	
	2018	2017	2018	2017
Cash flows from operating activities				
Net income	490,918	338,029	3,785	2,844
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	364,432	415,183	2,810	3,494
Impairment losses	48,656	68,587	375	577
Income taxes	131,659	124,039	1,015	1,044
Share of profits of investments accounted for using the equity method	(62,483)	47,186	(482)	397
Financial income and expenses	(862)	324	(7)	3
Net (gain) loss on business reorganization and others	(9,774)	(81,369)	(75)	(685)
Losses on sale of property, plant and equipment	2,395	4,597	18	39
Change in trade receivables	47,216	(196,824)	364	(1,656)
Change in inventories	(181,207)	(22,731)	(1,397)	(191)
Change in other assets	(17,321)	(13,299)	(134)	(112)
Change in trade payables	97,923	111,589	755	939
Change in retirement and severance benefits	(40,137)	(56,539)	(309)	(476)
Change in other liabilities	44,230	16,408	341	138
Other	7,743	1,050	60	9
Subtotal	907,922	763,128	7,001	6,421
Interest received	9,767	13,307	75	112
Dividends received	17,902	14,113	138	119
Interest paid	(21,582)	(20,664)	(166)	(174)
Income taxes paid	(186,911)	(140,302)	(1,441)	(1,181)
Net cash provided by operating activities	727,168	629,582	5,607	5,298
Cash flows from investing activities				
Purchase of property, plant and equipment	(349,388)	(316,116)	(2,694)	(2,660)
Purchase of intangible assets	(90,924)	(101,034)	(701)	(850)
Purchase of leased assets	(3,263)	(292,943)	(25)	(2,465)
Proceeds from sale of property, plant, equipment, and intangible assets	27,448	52,208	212	439
Proceeds from sale of leased assets	9,628	14,539	74	122
Collection of lease receivables	-	180,726	-	1,521
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(243,124)	(177,303)	(1,875)	(1,492)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	178,188	248,956	1,356	2,095
Other	(2,893)	53,012	(22)	446
Net cash used in investing activities	(474,328)	(337,955)	(3,657)	(2,844)
Cash flows from financing activities				
change in short-term debt, net	(104,819)	(233,818)	(808)	(1,968)
Proceeds from long-term debt	143,354	512,898	1,105	4,316
Payments on long-term debt	(256,944)	(397,394)	(1,981)	(3,344)
Proceeds from payments from non-controlling interests	3,953	7,638	30	64
Dividends paid to Hitachi, Ltd. stockholders	(67,568)	(57,935)	(521)	(488)
Dividends paid to non-controlling interests	(32,066)	(36,508)	(247)	(307)
Acquisition of common stock for treasury	(292)	(153)	(2)	(1)
Proceeds from sales of treasury stock	49	28	(0)	(0)
Purchase of shares of consolidated subsidiaries from non-controlling interests	(6,982)	(4,305)	(54)	(36)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	205	60	2	1
Other	(344)	(47)	(3)	(0)
Net cash provided (used) by financing activities	(321,454)	(209,536)	(2,479)	(1,763)
Effect of exchange rate changes on cash and cash equivalents	1,336	(16,164)	10	(136)
Change in cash and cash equivalents	(67,278)	65,927	(519)	555
Cash and cash equivalents at beginning of year	765,242	699,315	5,901	5,885

Cash and cash equivalents at end of year

697,964	765,242	5,382	6,439
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Commentary on consolidated statements of cash flows

Cash flows from operating activities

Net income in the year ended March 31, 2018 increased by ¥152.8 billion as compared with the year ended March 31, 2017. Net cash outflow from change in inventories absorbed ¥181.2 billion, an increase of ¥158.4 billion as compared with year ended March 31, 2017. Net cash flow from a change in trade payables decreased by ¥13.6 billion to ¥97.9 billion with respect to March 31, 2017 positively impacting cash flow. The decrease in trade receivables generated a positive cash flow of ¥47.2 billion in 2017.

As a result of the foregoing net cash provided by operating activities ¥727.1 billion (€5,607 million) in the year ended March 31, 2018, an increase of ¥97.5 billion compared with the year ended March 31, 2017.

Cash flows from investing activities

Net amount of investments related to property, plant and equipment was ¥406.4 billion a decrease of ¥56.1 billion as compared with the year ended March 31, 2017.

Proceeds from sales of investments in securities and other financial assets (including investments in subsidiaries and investment accounted for using the equity method) amounts to ¥(64.9) compared to ¥71.6 billion in the year ended March 31, 2017 for which partial sales of the shares of Hitachi Koki Co., Ltd were conducted.

As a result the foregoing net cash used in investing activities was ¥ 474.3 billion in the year ended March 31, 2018, an increase of ¥136.3 billion compared to the year ended March 31, 2017.

Cash flows from financing activities

Net cash outflow from a change in short-term debt decrease by ¥128.9 billion compared with the year ended March 31, 2017.

Payments related to long-term debt in the year ended March 31, 2018 were ¥113.6 billion, as compared with ¥1,155 billion proceeds related to long-term debt in the year ended March 31, 2017.

As a result of the foregoing, net cash used in financing activities was ¥321.4 billion in the year ended March 31, 2018, a increase of ¥111.9 billion compared with the year ended March 31, 2017.

As a result of the above items, as of March 31, 2018, cash and cash equivalents amounted to ¥697.9 billion a decrease of of ¥67.3 billion from March 31, 2017.

Free cash flows, the sum of cash flows from operating and investing activities, represented an outflow of ¥252.8 billion in the year ended March 31, 2018, a decrease of ¥38.7 billion from the year ended March 31, 2017.

Hitachi Group consolidated net financial indebtedness as of 31 March 2018 and 2017

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 31 March		As of 31 March	
	2018	2017	2018	2017
A Cash & Cash equivalents	697,964	765,242	5,332	6,450
B Trading securities	-	-	-	-
C Liquidity (A + B)	697,964	765,242	5,332	6,450
D Current Financial Receivable	-	-	-	-
E Current debt	(121,439)	(196,357)	(928)	(1,655)
F Current portion of non-current debt	(117,191)	(190,233)	(895)	(1,603)
G Current Financial Debt (E + F)	(238,630)	(386,590)	(1,823)	(3,258)
H Net Current Financial Indebtedness (C + D + G)	459,334	174,067	3,509	1,467
I Non-current debt	(811,664)	(790,013)	(6,201)	(6,658)
J Non-current Financial Indebtedness	(811,664)	(790,013)	(6,201)	(6,658)
K Net financial indebtedness (H + J)	(352,330)	(615,946)	(2,692)	(5,191)

Cash and cash equivalents as of March 31, 2018 amounts to ¥698.0 billion compared to ¥765.2 billion as of March 31, 2017.

Current financial debt of positive ¥238.6 billion (€1,823 million) as of March 31, 2018 represents current financial liabilities due within one year and includes (i) ¥121.4 billion (€927 million) mainly relating to the current portion of the bank loans and borrowings (ii) ¥117.2 billion (€895 million) relating to current portion of the non-current debt.

Non-current financial indebtedness of ¥811.6 billion (€6,200 million) as of March 31, 2018 comprises long-term bank loans and borrowings.

In addition, the Hitachi Group maintains commitment line agreements with a number of Japanese Banks under which the Hitachi Group may borrow in order to ensure efficient access to necessary funds. These commitment line agreements generally provide a one-year term, renewable at the end of the term upon mutual agreement between the Hitachi Group and each of the lending banks.

Pledged assets

As a general contractual term for long-term and short-term debt, banks may demand collateral and guarantees for present and future obligations, and retain rights to offset the liabilities with bank deposits when repayment is overdue or any breach of contract occurs.

Per trustee agreements of secured bonds and particular secured or unsecured loan agreements, trustees or lenders generally have the right to pre-approve profit distributions including dividend payments and new stock issues, as well as the right to demand additional collateral or mortgage.

Hitachi, Ltd. and its subsidiaries pledged a portion of their assets as collateral primarily for bank loans as follows:

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 31 March		As of 31 March	
	2018	2017	2018	2017
Trade receivables	9,3491	6,013	714	51
Inventories	10,292	13,528	79	114
Other current assets	37	575-	0	5
Investments in securities and other financial assets	890	882	7	7
Land	185	639	1	5
Buildings and structures	1,592	8,802	12	74
Machinery and other property, plant and equipment	37,161	38,443	284	324
Total	59,506	68,882	455	581

Hitachi Group related party transactions as of and for the years ended 31 March 2018 and 2017

The principal related parties (other than subsidiaries) as defined in IAS 24 are listed below.

List of related parties	Principal business	Relationship
MITSUBISHI HITACHI POWER SYSTEMS, LTD	Power Systems	Associate
Johnson Controls-Hitachi Air Conditioning Holding (UK) Ltd.	Smart Life & Ecofriendly Systems	Associate

The following tables show Hitachi, Ltd.'s and its subsidiaries' receivable and payable balances with associates and joint ventures as of March 31, 2018 and March 31, 2017.

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 31 March		As of 31 March	
	2018	2017	2018	2017
With associates				
Trade receivables	121,759	115,583	930	974
Short-term loans receivable	10,015	6,983	77	59
Long-term loans receivable	73,951	83,502	565	704
Trade payables	103,553	118,666	1	1
Other Payables	12,563	18,369	0	155
Lease Obligations	17,592	18,230	134	154

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 31 March		As of 31 March	
	2018	2017	2018	2017
With joint ventures				
Trade receivables	101,388	184,491	775	1555
Long-term-loan receivables	18,079	16,036	138	135
Trade payables	14,341	4,358	110	37

The following tables show Hitachi, Ltd.'s and its subsidiaries' revenues and purchases with associates and joint ventures for the years ended March 31, 2018 and March 31, 2017.

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Year ended 31 March		Year ended 31 March	
	2018	2017	2018	2017
With associates				
Revenues	409,826	298,387	3,131	2,515
Purchases	364,490	191,408	2,784	1,613

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Year ended 31 March		Year ended 31 March	
	2018	2017	2018	2017
With joint ventures				
Revenues	150,675	137,077	1,151	1,155
Purchases	15,684	28,989	120	244

The compensation for directors and executive officers of Hitachi, Ltd. are as follows.

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	Year ended 31 March		Year ended 31 March	
	2018	2017	2018	2017
Basic remuneration, year-end allowance and performance-linked compensation	3,054	2,437	23	21
Medium and long term incentive compensation (stock options as stock-based compensation etc.)	490	300	4	3

Please note that the above presented figures and comments related to related party transactions refer to the latest full year financial report of Hitachi Group (as of March 31, 2018).

Consolidated financial information of Hitachi Group as of and for the six months ended 30 September 2018 and 2017

The following tables show the Hitachi Group consolidated financial statements as of and for the six months ended 30 September 2018 and 2017, prepared in accordance with IFRS. The data set forth in the following tables has been derived from the reviewed consolidated financial statements of Hitachi, Ltd. in Japanese Yen as of 30 September 2018 and 2017 included in Hitachi, Ltd.'s Consolidated Financial Results for the Second Quarter ended September 30, 2018, on October 29, 2018 prepared in accordance with IFRS and subject to review by Ernst & Young ShinNihon LLC, which issued its review report with qualification on November 12, 2018.

Euro figures from Balance Sheet were converted at the rate of 131.9 and of 130.9 EUR/JPY for the six months period ended September 2018 and the twelve months period ended March 2018 respectively. Statement of profit or loss and statement of cash flow figures for six months ended 30 September 2017 and 2018 were converted using the average six months exchange rate of 131.45 and 122.94 EUR/JPY for ended September 2018 and September 2017 respectively (Source: Bloomberg).

Hitachi Group condensed quarterly consolidated statements of financial positions as of 30 September 2018 and 31 March 2018

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 30 September 2018	As of 31 March 2018	As of 30 September 2018	As of 31 March 2018
Assets				
Current assets				
Cash and cash equivalents	825,598	697,964	6,260	5,332
Trade receivables	2,238,131	2,501,414	16,970	19,109
Inventories	1,487,643	1,375,232	11,279	10,506
Investments in securities and other financial assets	300,356	373,324	2,277	2,852
Other current assets	233,228	203,866	1,768	1,557
Total current assets	5,085,160	5,151,800	38,556	39,357
Non-current assets				-
Investments accounted for using the equity method	744,875	743,407	5,648	5,679
Investments in securities and other financial assets	625,773	716,431	4,745	5,473
Property, plant and equipment	2,153,258	2,124,827	16,326	16,232
Intangible assets	1,073,017	1,054,370	8,136	8,055
Other non-current assets	378,090	315,768	2,867	2,412
Total non-current assets	4,975,013	4,954,803	37,721	37,852
Total assets	10,060,173	10,106,603	76,277	77,209
Liabilities				-
Current liabilities				-
Short-term debt	270,306	121,439	2,049	928
Current portion of long-term debt	215,002	117,191	1,630	895
Other financial liabilities	217,602	254,735	1,650	1,946
Trade payables	1,371,254	1,536,983	10,397	11,742
Other current liabilities	1,673,460	516,679	12,688	3,947
Total current liabilities	3,747,624	3,795,394	28,415	28,995
Non-current liabilities				-
Long-term debt	716,093	811,664	5,429	6,201
Retirement and severance benefits	546,588	575,156	4,144	4,394
Other non-current liabilities	382,830	412,718	2,903	3,153
Total non-current liabilities	1,645,511	1,799,538	12,476	13,747
Total liabilities	5,393,135	5,594,932	40,891	42,742
Equity				-
Hitachi, Ltd. stockholders' equity				-
Common stock	458,790	458,790	3,479	3,505
Capital surplus	577,113	575,809	4,376	4,399
Retained earnings	2,282,144	2,105,395	17,303	16,084
Accumulated other comprehensive income	135,027	142,167	1,024	1,086
Treasury stock, at cost	(4,137)	(4,137)	(31)	(32)
Total Hitachi, Ltd. stockholders' equity	3,449,257	3,278,024	26,153	25,042
Non-controlling interests	1,217,781	1,233,647	9,233	9,424
Total equity	4,667,038	4,511,671	35,386	34,467
Total liabilities and equity	10,060,173	10,106,603	76,277	77,209

Hitachi Group condensed quarterly consolidated statements of profit or loss for the six months ended 30 September 2018 and 2017

	Six months ended 30 September			
	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	2018	2017	2018	2017
Revenues	4,491,834	4,376,467	34,171	35,598
Cost of sales	(3,279,482)	(3,205,599)	(24,949)	(26,074)
Gross profit	1,212,352	1,170,868	9,223	9,524
Selling, general and administrative expenses	(867,762)	(867,625)	(6,601)	(7,057)
Other income	38,218	3,284	291	27
Other expenses	(46,972)	(42,214)	(357)	(343)
Financial income	14,484	11,624	110	95
Financial expenses	(1,152)	(937)	(9)	(8)
Share of profits of investments accounted for using the equity method	3,166	21,492	24	175
EBIT (Earnings before interest and taxes)	352,334	296,492	2,680	2,412
Interest income	10,238	6,724	78	55
Interest charges	(9,652)	(10,154)	(73)	(83)
Income from continuing operations, before income taxes	352,920	293,062	2,685	2,384
Income taxes	(92,751)	(72,855)	(706)	(593)
Income from continuing operations	260,169	220,207	1,979	1,791
Loss from discontinued operations	(4,033)	(1,274)	(31)	(10)
Net income	256,166	218,933	1,949	1,781
Net income attributable to:			-	-
Hitachi, Ltd. stockholders	192,995	160,613	1,468	1,306
Non-controlling interests	63,171	58,320	481	474
Earnings per share attributable to Hitachi, Ltd. Stockholders (JPY/EUR)				
Basic	199.86	166.34	1.52	1.35
Diluted	199.69	166.18	1.52	1.35

Hitachi Group condensed quarterly consolidated statement of comprehensive income for the six months ended 30 September 2018 and 2017

	Six months ended 30 September			
	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	2018	2017	2018	2017
Net income	256,166	218,933	1,949	1,781
Other comprehensive income (OCI)			-	-
Items not to be reclassified into net income			-	-
Net changes in financial assets measured at fair value through OCI	(23,750)	6,422	(181)	52
Remeasurements of defined benefit plans	-	-	-	-
Share of OCI of investments accounted for using the equity method	421	850	3	7
Total items not to be reclassified into net income	(23,329)	7,272	(177)	59
Items that can be reclassified into net income			-	-
Foreign currency translation adjustments	34,388	56,459	262	459
Net changes in cash flow hedges	(3,231)	(672)	(25)	(5)
Share of OCI of investments accounted for using the equity method	10,642	9,484	81	77
Total items that can be reclassified into net income	41,799	65,271	318	531
Other comprehensive income (OCI)	18,470	72,543	141	590
Comprehensive income	274,636	291,476	2,089	2,371
Comprehensive income attributable to:			-	-
Hitachi, Ltd. stockholders	204,468	212,260	1,555	1,727
Non-controlling interests	70,168	79,216	534	644

Hitachi Group condensed quarterly consolidated statements of changes in equity for the six months ended 30 September 2018 and 2017

<i>(In millions of JPY)</i>								
Six months ended 30 September 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2017	458,790	577,573	1,793,570	141,068	(3,916)	2,967,085	1,129,910	4,096,995
Changes in equity								
Reclassified into retained earnings	-	-	9,170	(9,170)	-	-	-	-
Net income	-	-	160,613	-	-	160,613	58,320	218,933
Other comprehensive income	-	-	-	(66,970)	-	51,647	20,896	72,543
Cash Dividends	-	-	(33,796)	-	-	(33,796)	(19,280)	(53,076)
Changes in treasury stock	-	(25)	-	-	(79.00)	-104		104
Equity transactions and other	-	1,682	-	(1,682)			6,573	6,573
Total changes in equity	-	1,657	135,987	40,795	(79)	178,360	66,509	244,869
As of September 30, 2017	458,790	579,230	1,929,557	181,863	(3,995)	3,145,445	1,196,419	4,341,864

<i>(In millions of JPY)</i>								
Six months ended 30 September 2017								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2018	458,790	575,809	2,105,395	142,167	(4,137)	3,281,233	1,232,233	4,513,474
Changes in equity								
Reclassified into retained earnings	-	-	19,166	(19,166)	-	-	-	-
Net income	-	-	192,995	-	-	192,995	63,171	256,166
Other comprehensive income	-	-	-	11,473	-	11,473	6,997	18,470
Cash Dividends	-	-	(38,621)	-	-	(38,621)	22,919	(61,540)
Changes in treasury stock	-	(236)	-	-	320	84		84
Equity transactions and other	-	1,540	-	553	-181	2,093	(61,709)	(59,564)
Total changes in equity	-	1,304	173,540	(7,140)	320	168,024	(14,460)	153,564
As of September 30, 2018	458,790	577,113	2,282,144	135,027	(3,817)	3,449,257	1,217,781	4,667,038

<i>(In millions of EUR)</i>								
Six months ended 30 September 2018								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2018	3,867	4,868	15,116	1,189	(33)	25,007	9,523	34,530
Changes in equity								
Reclassified into retained earnings	-	-	70	(70)	-	-	-	-
Net income	-	-	1,218	-	-	1,218	442	1,660
Other comprehensive income	-	-	-	(508)	-	392	158	550
Cash Dividends	-	-	(256)	-	-	(33,796)	(19,280)	(53,076)
Changes in treasury stock	-	-	-	-	(1)	(1)	-	1
Equity transactions and other	-	13	-	(13)	-	-	50	50
Total changes in equity	-	13	1,031	309	(1)	1,352	504	1,857
As of September 30, 2017	3,479	4,392	14,630	1,379	(30)	23,849	9,071	32,920

<i>(In millions of EUR)</i>								
Six months ended 30 September 2017								
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Total Hitachi, Ltd. stockholders' equity	Non-controlling interests	Total equity
As of March 31, 2017	3,505	4,399	16,084	1,086	-32	25,067	9,414	34,480
Changes in equity								
Reclassified into retained earnings	-	-	145	(145)	-	-	-	-
Net income	-	-	1,463	-	-	1,463	479	1,942
Other comprehensive income	-	-	-	87	-	87	53	140
Cash Dividends	-	-	(293)	-	-	-	174	(467)
Changes in treasury stock	-	(2)	-	-	2	1	-	1
Equity transactions and other	-	12	-	4	(1)	16	(468)	(452)
Total changes in equity	-	10	1,316	(54)	2	1,274	(110)	1,164
As of September 31, 2017	3,479	4,376	17,303	1,024	(29)	26,153	9,233	35,386

Hitachi Group condensed quarterly consolidated statements of cash flows for the six months ended 30 September 2018 and 2017

	Six months ended 30 September		Six months ended 30 September	
	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	2018	2017	2018	2017
Cash flows from operating activities				
Net income	256,166	218,933	1,949	1,781
Adjustments to reconcile net income to net cash provided by operating activities			-	-
Depreciation and amortization	179,384	179,787	1,365	1,462
Change in trade receivables	293,004	212,053	2,229	1,725
Change in inventories	(222,468)	(167,202)	(1,692)	(1,360)
Change in payables	(120,687)	(39,945)	(918)	(325)
Other	(173,405)	(125,154)	(1,319)	(1,018)
Net cash provided by operating activities	211,994	278,472	1,613	2,265
Cash flows from investing activities				
Purchase of property, plant and equipment	(197,873)	(170,101)	(1,505)	(1,384)
Purchase of intangible assets	(41754.00)	(44,379)	(318)	(361)
Proceeds from sale of property, plant and equipment, and intangible assets	15,247	10,423	116	85
Proceeds from sales of property, plant and equipment and intangibles assets	858,502	(20,056)	6,531	(163)
Other	(3,943)	(10,350)	(30)	(84)
Net cash used in investing activities	(142,471)	(234,463)	(1,084)	(1,907)
Cash flows from financing activities				
Change in Interest-bearing liabilities (New voice from Report)	118,393	(10,081)	901	(82)
Dividends paid to Hitachi, Ltd. stockholders	(38,591)	(33,772)	(294)	(275)
Dividends paid to non-controlling interests	(23,396)	(18,287)	(178)	(149)
Other	3,565	2,553	27	21
Net cash provided by financing activities	59,971	59,971	456	488
Effect of exchange rate changes on cash and cash equivalents	(1,860)	18,515	(14)	151
Net increase (decrease) in cash and cash equivalents	127,634	2,937	971	24
Cash and cash equivalents at beginning of period	697,964	765,242	5,310	6,225
Cash and cash equivalents at end of period	825,598	768,179	6,281	6,248

Hitachi Group consolidated net financial indebtedness as of 30 September 2018

	<i>(In millions of JPY)</i>		<i>(In millions of EUR)</i>	
	As of 30 September 2018	As of 31 March 2018	As of 30 September 2017	As of 31 March 2017
A Cash & Cash equivalents	825,598	697,964	6,260	5,255
B Trading securities	-	-	-	-
C Liquidity (A + B)	825,598	697,964	6,260	5,255
D Current Financial Receivable	-	-	-	-
E Current debt	(270,306)	(121,439)	(2,049)	(914)
F Current portion of non-current debt	(215,002)	(117,191)	(1,630)	(882)
G Current Financial Debt (E + F)	(485,308)	(238,630)	(3,680)	(1,797)
H Net Current Financial Indebtedness (C + D + G)	340,290	459,334	2,580	3,458
I Non-current debt	(716,093)	(811,664)	(5,429)	(6,111)
J Non-current Financial Indebtedness	(716,093)	(811,664)	(5,429)	(6,111)
K Net financial indebtedness (H+ J)	(375,083)	(352,330)	(2,849)	(2,652)

The net financial indebtedness as of September 30, 2018 increased by ¥22.7 billion (€173 million) from March 31, 2018.

For further financial information on the Hitachi, Ltd. for the six months period ended September 30, 2018, please see the Quarterly Report of Hitachi, Ltd. for the period ended September 30, 2018, available to the public on Hitachi, Ltd.'s website (www.hitachi.com).

Pledged assets

With respect to pledged assets, as of and for the six months ended September 30, 2018 and September 30, 2017, there were no significant transactions for which disclosure was required in accordance with IAS 34.

Hitachi Group related party transactions as of and for the six months ended 30 September 2018 and 2017

With respect to related party transactions, as of and for the six months ended September 30, 2018 and September 30, 2017, there were no significant transactions for which disclosure was required in accordance with IAS 34.

Please note that the above presented figures and comments related to the related party transactions refer to the latest available financial report of Hitachi Group (as of September 30, 2018).

B.1.11 Recent performance

During the period between September 30, 2018 (end of the period relating to the latest financial statements) and the Information Document Date, no events occurred which are significant for the purposes of HR11's economic, asset and liability and financial situation, except for the activities related to the purchase pursuant to the Agreement with Elliott, the Market Purchases (including the Purchase) and those connected to the promotion of this Procedure.

B.2 Issuer

The information contained in this Paragraph B.2 was taken exclusively from data published by the Issuer as well as other publicly available information as of the Information Document Date.

Documents relating to the Issuer and its subsidiaries are available on the website of the Issuer, www.ansaldo-sts.com and on the website of Borsa Italiana, www.borsaitaliana.it.

HRII has no responsibility as to the authenticity, correctness, accuracy and completeness of such information. HRII makes no representation that there is no additional information and data relating to the Issuer that, if known, could lead to a judgment relating to the Issuer and/or to the Procedure different from that deriving from the information and data provided below.

B.2.1 Name, legal form and registered office

The Issuer's company name is "Ansaldo STS S.p.A.".

The Issuer is a *società per azioni* (joint stock company) incorporated under the laws of the Republic of Italy, with registered office at Via Mantovani No. 3-5, 16151, Genoa, registered with the register of enterprises of Genoa, Italy, with No. 01371160662.

Pursuant to Article 3 of its by-laws, the Issuer's duration is set until March 31, 2100, unless extended by resolution of the shareholders' meeting.

B.2.2 Share capital

As of the Information Document Date, the Issuer's share capital amounts to Euro 100,000,000 (one hundred million), divided into No. 200,000,000 ordinary shares with nominal value of Euro 0.50 each.

The Issuer's shares have been listed on the MTA since 2006 and are book-entry securities pursuant to Article 83-*bis* of the TUF. The Issuer's shares are currently listed on the STAR segment of the MTA.

As of the Information Document Date, no shares of a category other than ordinary have been issued by Ansaldo STS. The Issuer has not issued debt convertible into shares, nor is there any commitment to issue debt or any delegation granting to the Issuer's Board of Directors the power to authorize the issuance of debt convertible into shares and/or financial instruments other than shares.

As of the Information Document Date, the Issuer does not own any treasury shares (*azioni proprie*).

B.2.3 Major shareholders and shareholders' agreements

According to CONSOB's website, based on the information provided pursuant to Article 120, paragraph 2, of the TUF, and Part II, Title III, Section I of the Issuers' Regulation, as of the Information Document Date, there are no shareholders holding shares of the Issuer representing more than 3% of the Issuer's share capital, other than HRII.

It is noted that, as of the Information Document Date, HRII directly exercises control over the Issuer pursuant to Article 93 of the TUF.

It is specified that, pursuant to Article 93 of the TUF, Hitachi, Ltd. exercises control over the Issuer, indirectly through Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., since the latter directly holds the entire share capital of HRII.

In particular, HRII's share capital is wholly-owned by Hitachi Rail Italy Holdings S.r.l.; the share capital of Hitachi Rail Italy Holdings S.r.l. is wholly-owned by Hitachi Rail Europe Ltd.; and the share capital of Hitachi Rail Europe Ltd. is wholly-owned by Hitachi, Ltd..

For a complete illustration of the corporate chain between Hitachi, Ltd. and HRII, please see Section B, Paragraph B.1.5, of the Information Document.

Ansaldo STS is under direction and coordination activity by Hitachi, Ltd..

Subject to what is stated in Section H, Paragraph H.2, of this Information Document, as of the Information Document Date, there are no further shareholders' agreements disclosed pursuant to Article 122 of the TUF.

B.2.4 Management and supervisory bodies

Board of Directors

Pursuant to Article 16 of its by-laws, the Issuer's Board of Directors consists of a variable number of members, from a minimum of seven (7) to a maximum of thirteen (13), appointed by the shareholders' meeting which also determines the number thereof from time to time.

The Issuer's Board of Directors is appointed based on lists presented by the shareholders in accordance with the procedures set forth in the by-laws. Such lists must comply with the rules regarding gender balance.

The directors remain in office for three fiscal years, and their term expires on the date of the shareholders' meeting called to approve the financial statements relating to the last fiscal year of their term. Directors may be re-elected.

The Issuer's Board of Directors in office as of the Information Document Date was appointed by the shareholders' meeting held on May 13, 2016.

As of the Information Document Date, the Issuer's Board of Directors thus consists of nine (9) members, as indicated in the following table:

Office	Full name	Date of appointment	Termination
Chairman of the Board of Directors	Alistair Dormer	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Chief Executive Officer and General Manager	Andrew Thomas Barr	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Vice Chairman of the Board of Directors and Independent Director	Alberto de Benedictis	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Director	Katherine Jane Mingay	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Independent Director	Mario Garraffo	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Independent Director	Katharine Rosalind Painter	May 13, 2016	Until the date of the shareholders' meeting called to approve the financial statements of 2018
Independent Director	Barbara Biassoni	November 16, 2018	Pursuant to Article 2386, paragraph 1, of the Civil Code, until the next shareholders' meeting
Director	Filippo Corsi	November 16, 2018	Pursuant to Article 2386, paragraph 1, of the Civil Code, until the next shareholders' meeting
Independent Director	Riccardo Tiscini	November 16, 2018	Pursuant to Article 2386, paragraph 1, of the Civil Code, until the next shareholders' meeting

The Issuer's Board of Directors, as described in the table above, is in compliance with Article 16 of the Market Regulation.

Please note that, to HRII's knowledge, as of the Information Document Date, none of the members of the Issuer's Board of Directors holds shares and/or other economic interests in the Issuer and/or in any company in the Ansaldo STS Group.

Please note that directors Mr. Alistair Dormer, Mr. Andrew Thomas Barr and Ms. Katherine Jane Mingay and independent directors Mr. Mario Garraffo, Ms. Katharine Rosalind Painter and Mr. Alberto De Benedictis were appointed from the Hitachi Slate.

On May 16, 2016, the Issuer's Board of Directors appointed Ms. Katherine Jane Mingay as Vice Chairman of the Board of Directors. On October 21, 2016, Ms. Katherine Jane Mingay resigned from her role of Vice Chairman of the Board of Directors, without prejudice to her office of director of the Issuer. On October 28, 2016 the Board of Directors of the Issuer appointed Mr. Alberto de Benedictis as new Vice Chairman of the Board of Directors, replacing Ms. Katherine Jane Mingay.

On May 24, 2016, the Issuer's Board of Directors appointed Mr. Andrew Thomas Barr as Chief Executive Officer and Managing Director (*Direttore Generale*).

Please note that, pursuant to the Agreement with Elliott, the directors of the Issuer Ms. Rosa Cipriotti, Mr. Michele Alberto Fabiano Crisostomo and Mr. Fabio Labruna resigned from their office as members of the Issuer's Board of Directors, with effect as of November 2, 2018. On November 16, 2018, the Board of Directors of Ansaldo STS appointed, pursuant to Article 2386 of the Civil Code, Mr. Filippo Corsi (General Counsel and Chief Compliance Officer of Ansaldo STS) as non-executive director, and Ms. Barbara Biassoni and Mr. Riccardo Tiscini as non-executive and independent directors, replacing Ms. Rosa Cipriotti, Mr. Alberto Fabiano Crisostomo and Mr. Fabio Labruna, resigning directors from November 2, 2018. The new directors will remain in office until the next shareholders' meeting of the Issuer.

It is noted that the ordinary shareholders' meeting of the Issuer held on January 19, 2017 resolved to bring an action for liability, pursuant to Article 2393 of the Civil Code, against the director Mr. Giuseppe Bivona, who has been revoked from his office by operation of law. Therefore, the shareholders' meeting of the Issuer has appointed, pursuant to the applicable laws and the Issuer's by-laws, Mr. Michele Alberto Fabiano Crisostomo as director in place of of Mr. Giuseppe Bivona. As indicated above, Mr. Michele Alberto Fabiano Crisostomo irrevocably resigned from the office of member of the Issuer's Board of Directors, on November 2, 2018.

Pursuant to Article 24.1 of its by-laws, the Issuer's Board of Directors may delegate its powers, except for the powers that are reserved for the exclusive competence of the Board of Directors pursuant to Article 2381 of the Civil Code, to an executive committee, whose composition and powers are determined by the Issuer's Board of Directors as of its appointment, or to one or more members of the Issuer's Board of Directors.

Internal committees

As of the Information Document Date, the following committees have been appointed:

- (i) *Control and Risk Committee (Comitato Controllo e Rischi)*: the Board of Directors of the Issuer has appointed an internal audit committee, in compliance with the provisions of the Market Regulation and the Control and Risk Committee Regulation adopted by the Issuer. The Control and Risk Committee also operates as Committee for Related Parties Transactions (*Comitato per le Operazioni con Parti Correlate*). As of the Information Document Date, the Control and Risk Committee is composed of the following members: Mr. Alberto de Benedictis, as Chairman of the Control and Risk Committee, Mr. Mario Garraffo and Ms. Katharine Rosalind Painter.
- (ii) *Nomination and Remuneration Committee (Comitato per le Nomine e la Remunerazione)*: the Board of Directors of the Issuer has appointed an internal committee in relation to nomination and remuneration matters, in compliance with the provisions of the Market Regulation and the Nomination and Remuneration Committee Regulation adopted by the Issuer. As of the Information Document Date, the Nomination and Remuneration Committee is composed of the

following members: Ms. Katharine Rosalind Painter, as Chairwoman of the Nomination and Remuneration Committee, Mr. Alberto de Benedictis and Mr. Mario Garraffo.

During the meeting held on May 24, 2016, pursuant to principle 7.P.3 of the Code of Conduct, the Issuer's Board of Directors appointed the CEO, Mr. Andrew Thomas Barr, as director in charge of the internal control and risk management system.

On February 27, 2017, with effect from March 1, 2017 and with favourable opinion of the Board of Statutory Auditors, the Board of Directors of the Issuer appointed Mr. Renato Gallo to replace Mr. Roberto Carassai as manager in charge of financial reporting pursuant to Article 154-*bis* of the TUF and, *ad interim*, as Chief Financial Officer of the Issuer. Then on March 28, 2017 the Issuer confirmed the appointment of Mr. Renato Gallo as Chief Financial Officer of Ansaldo STS.

On July 28, 2017 the Board of Directors appointed Mr. Andrea Crespi, a former consultant of Protiviti, as the new Internal Audit Manager with effect from October 1, 2017.

Board of Statutory Auditors

Pursuant to Article 27 of its by-laws, the Issuer's Board of Statutory Auditors consists of three (3) standing statutory auditors and three (3) alternate statutory auditors.

The Issuer's Board of Statutory Auditors is appointed, in compliance with the *pro tempore* rules in effect regarding gender balance, based on lists presented by the shareholders in accordance with the procedures set forth in the by-laws.

Statutory auditors remain in office for three fiscal years, and their term expires on the date of the shareholders' meeting called to approve the financial statements relating to the last fiscal year of their term and they may be re-elected.

The Issuer's Board of Statutory Auditors in office as of the Information Document Date – appointed by the shareholders at a meeting held on May 11, 2017 and in office until the date of the shareholders' meeting called to approve the financial statements for the year 2019 – consists of the following persons:

Office	Full name	Date of appointment	Termination
Chairman of the Board of Statutory Auditors	Antonio Zecca	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019
Standing statutory auditor	Giovanni Naccarato	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019
Standing statutory auditor	Alessandra Stabilini	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019
Alternate statutory auditor	Valeria Galardi	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019
Alternate statutory auditor	Cristiano Proserpio	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019
Alternate statutory auditor	Alessandro Speranza	May 11, 2017	Until the date of the shareholders' meeting called to approve the financial statements of 2019

To HRII's knowledge, as of the Information Document Date, none of the members of the Issuer's Board of Statutory Auditors own shares and/or other economic interests in the Issuer and/or in any company in the Ansaldo STS Group.

Auditor

Pursuant to Articles 13 and 17, paragraph 1, of Legislative Decree No. 39/2010, the Issuer's shareholders' meeting held on January 19, 2017 engaged the company Ernst & Young S.p.A. (in abbreviated form EY S.p.A.) to perform the legal audit of the accounts for the fiscal years 2016-2024, with the term of such engagement to end at the shareholders' meeting called to approve the financial statements for the year ended on March 31, 2024.

B.2.5 Recent trend and outlook

Brief description of the group that refers to the Issuer

The Issuer is the parent company of a group (the “**Ansaldo STS Group**”) - operating in the sector of railway and urban transportation systems - which is characterized by a long history at both the Italian and international level.

The origins of the Ansaldo STS Group date back to 1853 in Genoa - where the headquarters are still based - when the company Giovanni Ansaldo and C. started to operate in the railway industry.

In particular, the Ansaldo STS Group currently operates in the sector of high-end technology for freight, passenger railways and mass transit. It is active in planning, implementing and managing systems and services for signaling and supervising the freight and passenger traffic on railways and metros, often acting as lead contractor.

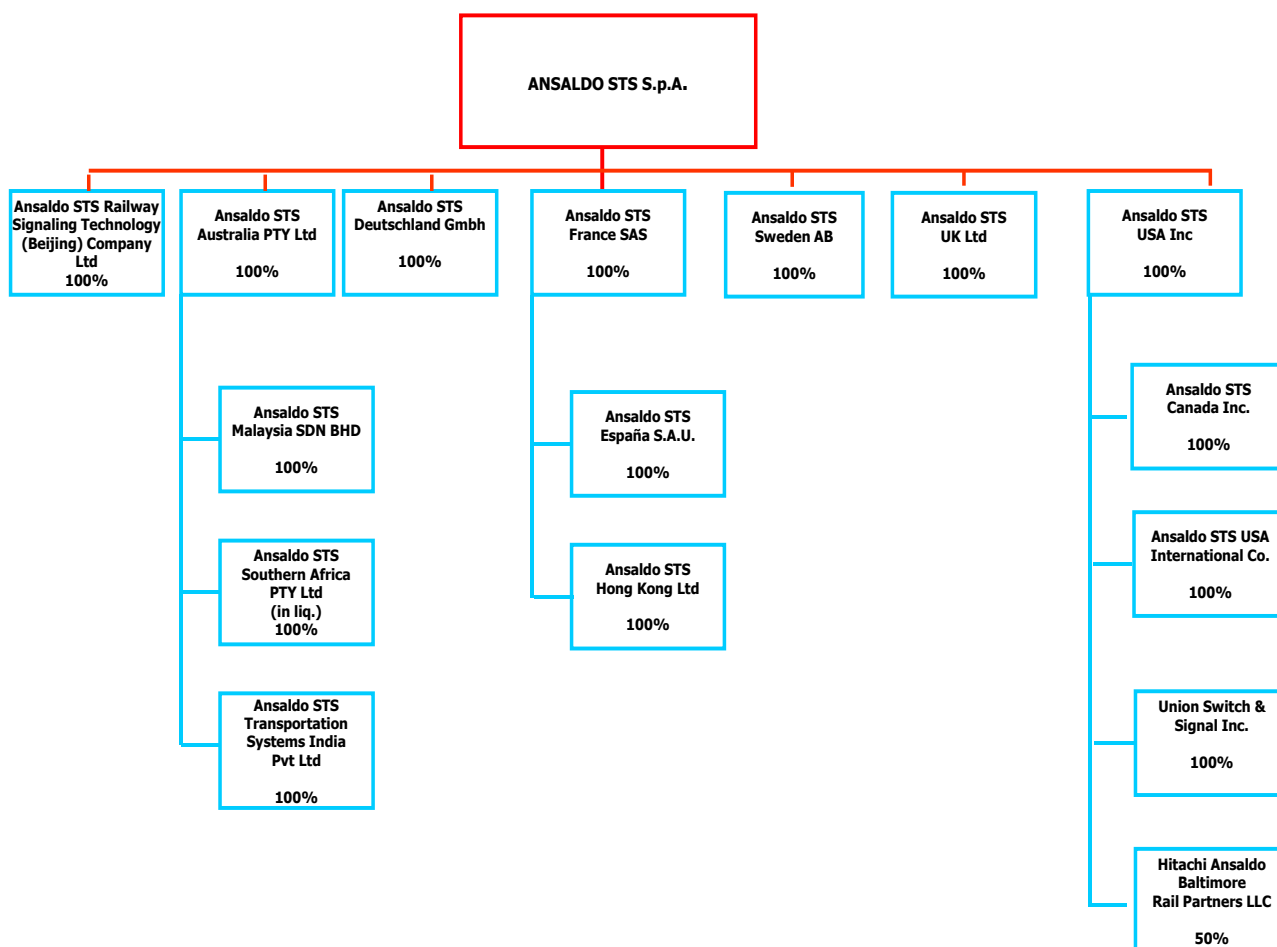
The Ansaldo STS Group has a global presence and operates in Italy, in Europe, in the Americas, in Asia, in Australia and in Africa.

Ansaldo STS is publicly listed on the STAR segment of the MTA of Borsa Italiana since March 29, 2006.

In the year ended on December 31, 2017, the Ansaldo STS Group registered turnover of Euro 1.4 billion.

As of December 31, 2017, Ansaldo STS had 4,228 employees (277 more compared to December 31, 2016).

The following diagram shows the Issuer’s subsidiaries as of the Information Document Date:



Ansaldo STS Group consolidated financial information for the years ended 31 December 2017 and 2016

The consolidated financial statements of the Issuer for the year ended 31 December 2017 (the “**Ansaldo STS Consolidated Financial Statements 2017**”), prepared in compliance with IFRS standards, were approved by the Board of Directors of the Issuer on March 14, 2018 and were audited by EY S.p.A. which - on March 27, 2018 - issued its report in compliance with the Articles 14 and 16 of the Legislative Decree No. 39 of January 27, 2010. The Ansaldo STS Consolidated Financial Statements 2017 were presented to the shareholders’ meeting on May 10, 2018.

The financial statements of the Issuer for the year ended 31 December 2017 (the “**Ansaldo STS Separated Financial Statements 2017**”), prepared in compliance with IFRS standards, were approved by the shareholders’ meeting on May 10, 2018 and subject audited by EY S.p.A. which - on March 27, 2018 - issued its report in compliance with the articles 14 and 16 of the Legislative Decree No. 39 of January 27, 2010.

The consolidated financial statements of the Issuer for the year ended 31 December 2016 (the “**Ansaldo STS Consolidated Financial Statements 2016**”), prepared in compliance with IFRS standards, were approved by the Board of Directors of the Issuer on February 27, 2017 and were audited by EY S.p.A. which - on March 27, 2017 - issued its report in compliance with the Articles 14 and 16 of the Legislative Decree No. 39 of January 27, 2010. The Ansaldo STS Consolidated Financial Statements 2016 were presented to the shareholders’ meeting on May 11, 2017.

The Ansaldo STS Consolidated Financial Statements 2017, the Ansaldo STS Separated Financial Statements 2017 and the Ansaldo STS Consolidated Financial Statements 2016 are available on the website of the Issuer www.ansaldo-sts.com.

The following figures show the consolidated balance sheet, the consolidated income statement, the statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity as of and for the year ended on 31 December 2017 and 2016. The data reported in the following tables were extracted from the Ansaldo STS Consolidated Financial Statements 2017 and from the Ansaldo STS Consolidated Financial Statements 2016.

Ansaldo STS Group consolidated balance sheet as of 31 December 2017 and 2016

(in millions of Euro)	As of 31 December	
	2017	2016
Assets		
Intangible assets	47.5	49.3
Property, plant and equipment	85.3	85.2
Equity investments	78.8	73.0
Loans and receivables	43.5	45.5
Deferred tax assets	36.2	41.3
Other non-current assets	13.8	16.1
Total Non-current assets	305.1	310.4
Inventories	111.0	125.1
Contract work in progress	379.6	358.9
Trade receivables	736.7	728.9
Tax assets	35.8	22.6
Loan assets	30.6	34.2
Other current assets	84.4	84.6
Cash and cash equivalents	327.3	305.6
Total Current assets	1,705.4	1,659.9
Non-current assets held for sale	-	-
Total Assets	2,010.4	1,970.3
Equity		
Share capital	100.0	100.0
Reserves	628.9	607.6
Equity attributable to the owners of the parent	728.9	707.6
Equity attributable to non-controlling interests	0.1	0.2
Total Equity	728.9	707.8
Liabilities		
Employee benefits	37.6	36.0
Deferred tax liabilities	8.8	12.2
Other non-current liabilities	14.4	12.9
Total Non-current liabilities	60.8	61.1
Progress payments and advances from customers	683.0	598.0
Trade payables	413.6	458.1
Loans and borrowings	0.4	1.8
Tax liabilities	6.0	9.0
Provisions for risks and charges	16.0	14.0
Other current liabilities	101.6	120.4
Total Current liabilities	1,220.7	1,201.3
Total Liabilities	1,281.5	1,262.4
Total Liabilities and Equity	2,010.4	1,970.3

Commentary on consolidated balance sheet

Cash and cash equivalents amount to € 327.3 million as of December 31, 2017, an increase of € 21.7 million with respect to the € 305.6 million as of December 31, 2016. Such increase was mainly related to the cash generated by operating activities during the period. Cash and cash equivalents are constituted by bank accounts for € 327.2 million and by cash-in-hand for €0.1 million. Furthermore, cash and cash equivalents mainly relate to Ansaldo STS (€ 184.5 million), the Ansaldo STS France group (€ 26.7 million), the Asia/Pacific subsidiaries (€ 31.5 million), the Ansaldo STS USA group (€ 47.0 million), Ansaldo Railway System Trading (Beijing) Company Ltd. (€ 17.9 million) and Ansaldo STS Sweden (€ 14.1 million).

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 decreased by € 64.3 million; this is based mainly on the higher turnover in the year compared to the volume of production realised.

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, €10.6 million reflects the decrease in “work in progress (net)” and €10.1 million to the increase in “progress payments and advances from customers (net)”.

Total advances from customers amount to €330.0 million (December 31, 2016: €352.3 million).

Please find below a table summarizing key components of Work-in-progress and net of progress payments and advances from customers.

(in millions of Euro)	Year ended 31 December	
	2017	2016
Advances from customers	(63.1)	(41.8)
Progress payments	(1,238.6)	(1,887.0)
Work-in-progress	1,719.8	2,328.5
Provision for expected losses to complete contracts	(10.6)	(12.8)
Allowance for write-down	(28.0)	(28.1)
Work-in-progress (net)	379.6	358.9
Advances from customers	(266.9)	(310.5)
Progress payments	(2,610.5)	(2,009.2)
Work-in-progress	2,231.6	1,735.1
Provision for expected losses to complete contracts	(10.1)	(12.0)
Allowance for write-down	(27.2)	(1.4)
Progress payments and advances from customers (net)	(683.0)	(598.0)
Work-in-progress, net of progress payments and advances from customers	(303,4)	(239.1)

Trade receivables amount to € 736.7 million as of December 31, 2017, an increase of € 7.8 million compared to December 31, 2016.

Specifically, trade receivables from third parties increased (€681.5 million, compared to €666.5 million at December 31, 2016), mainly due to the positions of the parent. Third party loan assets at December 31, 2017 amounted to €30.4 million (€34.0 million at December 31, 2016) and mainly relate to amounts due from the parent and Ansaldo STS India.

It should be noted that, in 2017, the group did not factor without recourse receivables not yet due (€11.9 million relating to the ultimate parent in 2016).

The fully paid-up share capital amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each. It did not undergo any changes over the last two years.

The parent has no treasury shares in the portfolio at December 31, 2017.

Reserves increased by € 21.3 million from € 607.6 million as of December 31, 2016 to € 628.9 million as of December 31, 2017. Such increase is mainly related to the € 65.0 million of net income (attributable to the owners of the parent) during the period and translation reserve change generated mainly by the consolidation of the subsidiaries Ansaldo STS USA and Ansaldo STS Australia and by the Parent for the branches within its competence in non-Euro areas. No dividends were distributed in the period.

Trade payables amount to € 413.6 million as of December 31, 2017, a decrease of €44.5 million compared to the € 458.1 million as of December 31, 2016. The decrease is due essentially to the higher payments compared to what has been booked in increase, based on higher collections accounted for in the final part of the year. Specifically, trade payables were constituted for € 383.8 million by trade payables towards third parties (€ 438.4 million as of December 31, 2016) and for € 29.9 million by trade payables towards related parties (€ 19.7 million as of December 31, 2016).

Financial debt decreased by € 1.4 million, from € 1.8 million as of December 31, 2016 to € 0.4 million as of December 31, 2017. Such decrease is mainly due to the reduction in other loans and borrowings by €1.4 million. Financial debt are constituted by:

- other loans and borrowings for € 0.4 million (€ 1.8 million as of December 31, 2016);

Other current liabilities amount to € 101.6 million as of December 31, 2017, compared to € 120.4 million as of December 31, 2016. The decrease of € 18.8 million is mainly due to reduction of €4.5 million in liabilities towards employees and of €14.3 in derivatives.

Ansaldo STS Group consolidated statements of income for the years ended 31 December 2017 and 2016

(in millions of Euro, unless otherwise stated)	Year ended 31 December	
	2017	2016
Revenue	1,361.0	1,327.4
Other operating income	26.5	21.3
Purchases	(389.0)	(354.0)
Services	(527.9)	(500.3)
Personnel expense	(334.2)	(332.3)
Amortisation, depreciation and impairment losses	(19.0)	(18.3)
Other operating expense	(20.1)	(21.5)
Changes in finished goods, work-in-progress and semi-finished products	0.3	(0.5)
(-) Internal work capitalised	3.4	5.1
Operating profit	100.8	126.8
Financial income	23.0	12.4
Financial expense	(30.5)	(26.9)
Share of profits/(losses) of equity-accounted investees	5.8	4.3
Pre-tax profit	99.1	116.6
Income taxes	(34.2)	(38.7)
Profit/(loss) from non-current assets held for sale	-	-
Profit for the year	64.9	77.9
Attributable to the owners of the parent	65.0	78.0
Attributable to non-controlling interests	(0.1)	(0.1)
Earnings per share		
Basic and diluted (in Euro)	0.32	0.39

Commentary on consolidated statements of income

Revenues amounted to € 1,361.0 million in 2017, an increase of € 33.6 million (+2.5%) compared to the € 1,327.4 million reported in 2016. The main increase in revenues was registered by the US subsidiary in relation to the start of works pertaining to the contracts acquired in the last few years. Specifically revenues from third parties were € 1,283.3 million as of December 31, 2017 (€1,235.3 million as of December 31, 2016) while revenues from related parties were € 77.7 million as of December 31, 2017, the latter decreasing by € 14.4 million compared to 2016.

Total purchases and services of € 916.9 million increased by € 62.6 million on those for the previous year (€ 854.3 million) due to larger production volumes in the year. Positions versus third parties amounted to € 827.4 million, in particular:

- purchases of materials and the change in inventories amount to € 363.1 million (€ 330.4 million in 2016), up € 32.8 million;
- services amount to € 443.5 million (€ 438.6 million in 2016), up €5.0 million;
- rentals and operating leases amount to € 20.7 million (€ 20.4 million in 2016), up € 0.3 million. They mainly relate to long-term rentals of company cars, software licences and the lease of premises.

Related party purchases and services are up € 24.5 million (€ 89.5 million and € 65.0 million in 2017 and 2016, respectively).

Personnel expense came to €334.2 million, up € 1.9 million on the previous year (€ 332.3 million). Higher costs for wages and salaries and for social security and pension contributions, as a result of the higher average headcount, were partially offset by lower costs for stock grant plans and the reduction in the caption 'other costs' which, in 2016, also included the costs relating to transactions with the company's strategic and non-strategic personnel.

The headcount at December 31, 2017 numbered 4,228, up by 277 employees on the previous year (3,951). The average headcount on the payroll in 2017 numbered 4,081, up by 253 employees compared to 3,828 in 2016.

The operating profit (EBIT) for 2017 amounts to € 100.8 million, a decrease of 20.5% compared to the € 126.8 million registered in 2016.

As of December 31, 2017, financial expenses and income were respectively € 30.5 million and € 23.0 million (€ 26.9 million and €12.4 million as of December 31, 2016, respectively) and were constituted by €16.6 million of expenses and € 15.8 million income related to exchange rate gains and losses (compared to exchange rate expenses of € 12.9 million and exchange rate income of € 10.8 million as of December 31, 2016).

Income taxes decreased by an overall € 4.5 million compared to the previous year. Specifically, the decrease is due to the following:

- a decrease (€ 10.8 million) in other foreign taxes;
- the € 5.0 million increase from net deferred tax income of €0.3 million to net deferred tax expense of €4.7 million, attributable primarily to the adjustment of tax assets and liabilities relating to the items that would be reversed in the years after 2017 for the US subsidiaries and for the French subsidiary, as a result of the reduction in the nominal rate due to tax reforms approved in the US and France.

Ansaldo STS Group consolidated statements of comprehensive income for the years ended 31 December 2017 and 2016

(in millions of Euro)	Year ended 31 December	
	2017	2016
Profit for the year	64.9	77.9
- Net actuarial gains/(losses) on defined benefit plans	(1.1)	(2.1)
- Tax	(0.1)	0.7
Items that will never be reclassified to profit or loss:	(1.1)	(1.4)
- Net change in fair value of cash flow hedges	(1.6)	4.5
- Net exchange rate gains/(losses)	(37.5)	7.7
- Tax	0.4	(1.8)
Items that will or may be reclassified to profit or loss:	(38.7)	10.5
Other comprehensive income/(expense), net of taxes	(39.9)	9.1
Total comprehensive income for the year	25.0	87.0
Attributable to:		
- the owners of the parent	25.1	87.1
- non-controlling interests	(0.1)	(0.1)

Ansaldo STS Group consolidated statements of changes in stockholders' equity for the years ended 31 December 2017 and 2016

(in millions of Euro)	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 2016	100.0	504.5	(1.5)	4.6	28.7	18.4	654.8	0.3	655.1
Change in consolidation scope	-	(2.0)	-	-	0.3	-	(1.7)	-	(1.7)
Net change in stock grant reserve	-	-	-	3.5	-	-	3.5	-	3.5
Other comprehensive income/(expense) net of taxes	-	-	4.5	-	7.7	(3.2)	9.1	0.0	9.1
Dividends	-	(36.0)	-	-	-	-	(36.0)	-	(36.0)
Profit for the year ended 31 December 2016	-	78.0	-	-	-	-	78.0	(0.1)	77.9
Equity at 31 December 2016	100.0	544.5	3.0	8.1	36.8	15.3	707.6	0.2	707.8
Equity at 1 January 2017	100.0	544.5	3.0	8.1	36.8	15.3	707.6	0.2	707.8
Change in consolidation scope	-	(4.1)	-	-	0.7	-	(3.5)	-	(3.5)
Net change in stock grant reserve	-	-	-	(0.4)	-	-	(0.4)	-	(0.4)
Other comprehensive income/(expense) net of taxes	-	-	(1.6)	-	(37.5)	(0.8)	(39.9)	0.0	(39.9)
Profit for the year ended 31 December 2014	-	65.0	-	-	-	-	65.0	(0.1)	64.9
Equity at 31 December 2017	100.0	605.3	1.4	7.7	(0.1)	14.5	728.9	0.1	729.0

Commentary on consolidated statements of changes in stockholders' equity

The fully paid-up share capital amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each. It did not undergo any changes over the last two years. The parent has no treasury shares in the portfolio at December 31, 2017.

The retained earnings and consolidation reserves as of December 31, 2017 amounted to € 605.3 million increasing mainly due to the profit generated in the period by the Ansaldo STS Group of € 65.0 million given no dividends have been distributed during the year.

Ansaldo STS Group consolidated statements of cash flows for the years ended 31 December 2017 and 2016

(in millions of Euro)	Year ended 31 December	
	2017	2016
Profit for the year	64.9	77.9
Share of profits (losses) of equity-accounted investees	(5.8)	(4.3)
Income taxes	34.2	38.7
Italian post-employment and other employee benefits	0.9	0.8
Stock grant plans	1.6	4.7
Net gains on the sale of assets	0.2	0.1
Net financial income	7.6	14.5
Amortisation, depreciation and impairment losses	19.0	18.3
Accruals to/reversals of provisions for risks	4.2	4.8
Other operating income/expense	(20.2)	3.1
Write-downs/reversals of write-downs of inventories and work in progress	27.3	(4.5)
Gross Cash flows from operating activities	133.9	154.1
Inventories	9.3	(3.0)
Work in progress and progress payments and advances from customers	(56.3)	(63.1)
Trade receivables and payables	1.4	(17.1)
Changes in working capital	(45.6)	(83.2)
Changes in other operating assets and liabilities	(15.1)	17.0
Net financial expense	3.8	(13.4)
Taxes paid	(26.9)	(20.9)
Cash flows generated from operating activities	50.1	53.7
Investments in property, plant and equipment and intangible assets and others	(19.9)	(15.8)
Sales of property, plant and equipment and intangible assets and others	4.0	3.3
Sales of equity investments	0.1	(0.0)
Dividends rec	0.0	-
Other investing activities	0.1	-
Cash flows used for strategic transactions	(3.1)	(2.1)
Cash flows used in investing activities	(18.8)	(14.7)
Net change in other financing activities	(1.6)	(1.3)
Dividends paid	-	(36.0)
Cash flows used in financing activities	(1.6)	(37.3)
Net increase in cash and cash equivalents	29.7	1.8
Net exchange rate losses	(7.9)	(0.5)
Opening cash and cash equivalents	305.6	304.3
Closing cash and cash equivalents	327.3	305.6

Commentary on consolidated statements of cash flows

Cash flows from operating activities in 2017 amounts to € 50.1 million, a decrease of € 3.6 million compared to the € 53.7 million registered in 2016. Overall, the lower change in working capital (-€45.6 million in 2017 compared to -€83.2 million in 2016) was offset by the stronger change in other operating assets and liabilities, net financial expense and taxes paid (-€38.2 million in 2017 compared to -€17.3 million in 2016).

Overall cash flow absorbed by investment activities in 2017 was € 18.8 million, an increase on € 4.1 million compared to the € 14.7 million registered in 2016.

Cash flows from financing activities in 2017 was €(1.6) million, an increase of € 35.7 million compared to €(37.3) million in 2016, due to no dividends paid in 2017 (€ 36.0 million in 2016).

Ansaldo STS Group consolidated net financial indebtedness as of 31 December 2017 and 2016

(in millions of Euro)		As of 31 December	
		2017	2016
A	Cash-in-hand	0.1	0.1
B	Other cash and cash equivalents (bank current accounts)	327.2	305.5
C	Securities held for trading	-	-
D	CASH AND CASH EQUIVALENTS (A+B+C)	327.3	305.6
E	CURRENT LOAN ASSETS	30.6	34.2
F	Current bank loans and borrowings	0.0	0.0
G	Current portion of non-current loans and borrowings	-	-
H	Other current loans and borrowings	0.4	1.8
I	CURRENT FINANCIAL DEBT (F+G+H)	0.4	1.8
J	NET CURRENT FINANCIAL INDEBTEDNESS (I-E-D)	(357.5)	(338.0)
K	Non-current bank loans and borrowings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	NON-CURRENT FINANCIAL DEBT (K+L+M)	-	-
O	NET FINANCIAL INDEBTEDNESS (J+N)	(357.5)	(338.0)

Other current loans and borrowings (Item H)

(in millions of Euro)		As of 31 December	
		2017	2016
H	Other current loans and borrowings		
	Related party loans and borrowings	-	-
	Other current loans and borrowings	0.4	1.8
	Total	0.4	1.8

The net financial indebtedness as of December 31, 2017 amounts to € 357.5 million and is determined by the predominance of receivables and cash and cash equivalents over borrowings. Compared to the value as of December 31, 2016 of €338.0 million, it increased by € 19.5 million.

Loan assets include the euro equivalent amount of the Libyan dinar advance received in relation to the first of the two contracts in Libya and deposited in a local bank pending the resumption of activities (€28.4 million).

Related party transactions of Ansaldo STS Group

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.

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.

From 2011, the amended disclosure requirements of IAS 24 (revised) with reference to related parties exclusively entail the restatement of comparative figures shown in the financial statements to consider as related parties those entities under the control or significant influence of the Ministry of Economy and Finance ("MEF").

Operations of Ansaldo STS Group with related parties at and for the year ended 31 December 2017

(in millions of Euro)	Non-current Assets	Other noncurrent financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate Parent						
Hitachi Ltd (Rail)	-	-	-	0.1	0.0	0.1
Subsidiaries						
Alifana Due S.c.r.l.	-	-	-	0.3	-	0.3
Associates						
I.M. Intermetro S.p.A. (in liq.)	-	-	-	0.4	-	0.4
Metro 5 S.p.A.	-	19.3	-	5.9	-	25.2
Metro Service A.S.	-	-	-	1.7	-	1.7
SP M4 S.C.p.A. (in liq.)	-	-	0.2	-	-	0.2
SPV Linea M4 S.p.A.	-	6.2	-	-	-	6.2
Metro Brescia S.r.l.	-	-	-	0.5	-	0.5
Consortia						
Saturno consortium	-	-	-	11.9	-	11.9
Ascosa Quattro consortium	-	-	-	1.3	-	1.3
Ferroviano Vesuviano consortium	-	-	-	2.1	-	2.1
MM4 consortium	-	0.2	-	23.9	-	24.1
San Giorgio Volla Due consortium	-	-	-	0.8	0.0	0.8
San Giorgio Volla consortium	-	-	-	1.4	-	1.4
Other Group Companies						
Hitachi Rail Inc.	-	-	-	1.0	-	1.0
Hitachi India Pvt Ltd Rail Systems Co.	-	-	-	1.0	-	1.0
Hitachi Rail Italy S.p.A.	-	-	-	2.8	-	2.8
Total	-	25.6	0.2	55.2	0.0	81.1
% of the total corresponding financial statements caption	-	59%	1%	7%	0.02%	

(in millions of Euro)	Revenues	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate Parent						
Hitachi Rail Europe Ltd	0.0	-	0.0	-	-	-
Hitachi Ltd (Rail)	0.8	-	0.5	-	-	-
Subsidiaries						
Alifana S.c.r.l.	0.8	-	0.1	-	-	-
Alifana Due S.c.r.l.	0.3	0.0	0.8	-	-	-
Associates						
I.M. Intermetro S.p.A. (in liq.)	0.0	-	-	-	-	-
Metro 5 S.p.A.	1.7	1.3	0.0	-	-	-
Pegaso S.c.r.l. (in liq.)	-	-	0.3	-	-	-
SPV Linea M4 S.p.A.	-	-	0.2	-	-	-
SP M4 S.C.p.A. (in liq.)	-	-	0.0	0.0	-	-
Metro Brescia S.r.l.	0.2	0.0	-	-	-	-
Metro Service A.S.	6.4	-	52.2	-	-	-
Joint Ventures						
Balfour Beatty Ansaldo Syst. JV SDN BHD	9.9	-	0.0	-	-	-
Consortia						
Ascosa Quattro consortium	5.1	-	0.8	-	-	-
Ferroviano Vesuviano consortium	2.0	-	0.3	-	-	-
Saturno consortium	15.0	0.0	1.0	-	-	-
San Giorgio Volla 2 consortium	0.2	-	0.2	-	-	-
San Giorgio Volla consortium	(0.0)	-	0.0	-	-	-
MM4 consortium	22.8	0.1	0.3	-	-	-
Cris consortium	-	-	0.0	-	-	-
Other Group Companies						
Hitachi Rail Italy S.p.A.	9.2	-	31.0	-	-	-
Hitachi Rail Inc.	2.2	-	-	-	-	-
Hitachi Rail India Pvt Ltd Rail Systems Company	0.6	-	-	-	-	-
Hitachi Australia Pvt Ltd	-	-	0.0	-	-	-
Hitachi Systems CBT S.p.A.	-	-	1.7	-	-	-
Hitachi High Technologies Europe GmbH	0.4	-	-	-	-	-
Total	77.7	1.5	89.5	0.0	-	-
% of the total corresponding financial statements caption	6%	6%	10%	0.04%		

Operations of Ansaldo STS Group with related parties at and for the year ended 31 December 2016

(in millions of Euro)	Non-current Assets	Other noncurrent financial assets	Current loan assets	Trade receivables	Other current financial assets	Total
Ultimate Parent						
Hitachi Rail Europe Ltd	-	-	-	0.2	-	0.2
Hitachi Ltd (Rail)	-	-	-	0.3	-	0.3
Subsidiaries						
Alifana S.c.r.l.	-	-	-	0.1	-	0.1
Alifana Due S.c.r.l.	-	-	-	0.2	-	0.2
Associates						
I.M. Intermetro S.p.A. (in liq.)	-	-	-	0.4	-	0.4
Metro 5 S.p.A.	-	22.5	-	1.4	-	23.9
Metro Service A.S.	-	-	-	1.7	-	1.7
SPV Linea M4 S.p.A.	-	2.5	-	-	-	2.5
SP M4 S.C.p.A. (in liq.)	-	-	0.3	-	-	0.3
Metro Brescia S.r.l.	-	-	-	0.6	-	0.6
Joint Ventures						
Balfour Beatty Ansaldo Syst. JV SDN BHD	-	-	-	2.2	-	2.2
Consortia						
Saturno consortium	-	-	-	29.5	-	29.5
Ascosa Quattro consortium	-	-	-	1.2	-	1.2
Ferroviano Vesuviano consortium	-	-	-	1.5	-	1.5
MM4 consortium	-	0.2	-	11.9	-	12.0
San Giorgio Volla 2 consortium	-	-	-	3.5	0.0	3.5
San Giorgio Volla consortium	-	-	-	1.4	-	1.4
EPC Lima consortium	-	0.3	-	-	-	0.3
Other Group Companies						
Hitachi High Technologies Europe GmbH	-	-	-	0.1	-	0.1
Hitachi Rail Italy S.p.A.	-	-	-	6.3	-	6.3
Total	-	25.2	0.3	62.4	0.0	88.2
% of the total corresponding financial statements caption		56%	1%	9%	0.004%	

(in millions of Euro)	Revenues	Other operating income	Costs	Financial income	Financial expense	Other operating expense
Ultimate Parent						
Hitachi Rail Europe Ltd	0.0	-	(0.0)	-	-	-
Hitachi Ltd (Rail)	0.5	-	0.6	-	-	-
Subsidiaries						
Alifana S.c.r.l.	0.0	-	0.1	-	-	-
Alifana Due S.c.r.l.	0.1	-	0.3	-	-	-
Associates						
International Metro Service S.r.l.	(0.1)	0.0	-	-	-	0.0
I.M. Intermetro S.p.A. (in liq.)	0.0	-	-	-	-	-

Metro 5 S.p.A.	13.0	1.3	0.1	-	-	-
Pegaso S.c.r.l. (in liq.)		-	0.2	-	-	-
SP M4 S.C.p.A. (in liq.)	-	-	0.0	-	-	-
Metro Brescia S.r.l.	0.3	0.0	0.0	-	-	-
Metro Service A.S.	6.3	-	32.8	-	-	-
Joint Ventures						
Kazakhstan	0.1	-	-	-	-	-
Balfour Beatty Ansaldo Syst. JV SDN BHD	(2.4)	-	0.0	-	-	-
Consortia						
Ascosa Quattro consortium	0.1	-	-	-	-	-
Consorzio Ferroviario Vesuviano	0.6	-	0.1	-	-	-
Saturno consortium	34.8	-	1.7	-	-	-
San Giorgio Volla 2 consortium	2.9	-	0.2	-	-	-
San Giorgio Volla consortium	(0.0)	-	0.0	-	-	-
MM4 consortium	22.5	-	0.9	-	-	-
Cris consortium	-	-	0.0	-	-	-
Other Group Companies						
Hitachi Rail Italy S.p.A.	12.1	-	28.0	-	-	-
Hitachi Rail Inc.	0.8	-	-	-	-	-
Hitachi Rail India Pvt Ltd Rail Systems Company	0.4	-	-	-	-	-
Hitachi High Technologies Europe Gmbh	0.1	-	-	-	-	-
Total	92.1	1.3	65.0	-	-	0.0
% of the total corresponding financial statements caption	7%	6%	8%			0.02%

Commentary on transactions with related parties

As of December 31, 2017, the other non-current assets towards related parties amounted to € 25.6 million and were constituted as follows:

- € 19.3 million towards Metro 5 S.p.A.;
- € 6.2 million towards SPV Linea M4 S.p.A.;
- €0.2 million towards MM4 Consortium.

Current trading assets constitute the main item towards related parties and registered a decrease during 2017 (€ 55.2 million as of December 31, 2017 compared to € 62.4 million as of December 31, 2016), and refer to the positions versus the clients MM4 Consortium (€ 23.9 million), Saturno Consortium (€ 11.9 million) and Metro 5 S.p.a. (€ 5.9 million).

Current trading payables toward related parties as of December 31, 2017 amount to € 29.9 million and were mainly related to liabilities versus Hitachi Rail Italy S.p.A. (€ 19.4 million) and Metro Service A.S. (€ 6.8 million).

With regards to the income statement for the period ended on December 31, 2017, the key items toward related parties were:

- revenues toward related parties for € 77.7 million, mainly related to operations with MM4 Consortium (€ 22.8 million), Saturno Consortium (€ 15.0 million) and Balfour Beatty Ansaldo Syst. JV SDN BHD (€ 9.9 million);
- costs for purchases and services of € 89.5 million, mainly constituted by operations with Metro Service A. S. (€ 52.2 million) and Hitachi Rail Italy S.p.A. (€ 31.0 million).

Guarantees related to outstanding financial indebtedness

As of December 31, 2017 the Issuer had limited financial liabilities towards banks, equal to € 0.4 million, versus a cash and cash equivalent of € 327.3 million. As such considering the marginal value of such financial liabilities details around related terms, conditions and guarantees are not available.

Outlook for 2018

On March 14, 2018 Ansaldo STS announced the 2018 Guidance, which was approved by Ansaldo STS Board of Directors:

- New orders: €1,500 – 2,000 million;
- Order backlog: €6,450 – 7,050 million;
- Revenues: €1,350 – 1,450 million;
- ROS: 8.0% - 8.5%;
- Net financial indebtedness: €300 – 380 million (positive net cash).

Ansaldo STS separate financial information for the years ended 31 December 2017 and 2016

The Ansaldo STS Separated Financial Statements 2017, prepared in compliance with IFRS standards, were approved by the shareholders' meeting on May 10, 2018 and subject audited by EY S.p.A. which - on March 27, 2018 - issued its report in compliance with the Articles 14 and 16 of the Legislative Decree No. 39 of January 27, 2010.

The Ansaldo STS Separated Financial Statements 2017 is available on the website of the Issuer www.ansaldo-sts.com.

The following figures show the separate balance sheet, the separate income statement, the separate statement of comprehensive income, the separate statement of cash flows and the separate statement of changes in equity as of and for the year ended on 31 December 2017 and 2016. The data reported in the following tables were extracted from the Ansaldo STS Separate Financial Statements 2016 and Ansaldo STS Separate Financial Statements 2017.

Ansaldo STS separate balance sheet as of 31 December 2017 and 2016

(in millions of Euro)	As of 31 December	
	2017	2016
Assets		
Intangible assets	8.6	10.1
Property, plant and equipment	63.7	62.8
Equity investments	172.8	169.8
Loans and receivables	27.8	27.6
Deferred tax assets	21.2	18.1
Other non-current assets	13.8	16.1
Non-current assets	307.8	304.5
Inventories	79.8	95.3
Contract work in progress	164.9	178.4
Trade receivables	635.1	606.1
Tax assets	18.7	17.5
Loan assets	91.7	51.2
Derivatives	11.0	9.8
Other current assets	55.0	57.3
Cash and cash equivalents	184.5	203.0
Current assets	1,240.6	1,218.5
Total assets	1,548.5	1,523.0
Equity		
Share capital	100.0	100.0
Other reserves	83.2	98.3
Retained earnings, including the profit for the year	349.0	277.0
Total equity	532.2	475.3
Liabilities		
Employee benefits	19.5	18.3
Deferred tax liabilities	6.7	9.2
Other non-current liabilities	3.5	3.5
Non-current liabilities	29.7	31.0
Progress payments and advances from customers	510.0	427.9
Trade payables	352.5	398.7
Loans and borrowings	44.6	94.0
Tax liabilities	4.4	8.3
Provisions for risks and charges	3.9	2.1
Derivatives	7.3	22.6
Other current liabilities	63.8	63.1
Current liabilities	986.6	1,016.7
Total liabilities	1,016.3	1,047.7
Total liabilities and equity	1,548.5	1,523.0

Commentary on the separate balance sheet

Cash and cash equivalents amount to € 184.5 million as of December 31, 2017 decreasing by € 18.5 million compared to the value of € 203.0 million as of December 31, 2016. Cash and cash equivalents are constituted almost exclusively by bank accounts.

Work in progress, net of progress payments and advances from customers, is a negative €345.1 million, with respect to a negative value of €249.5 million at December 31, 2016, marking a decrease of €95.6 million. This is mainly related to the higher turnover in the period and the fall in advances from customers.

(in millions of Euro)	As of 31 December	
	2017	2016
Work in progress (gross)	1,435.2	2,099.9
Progress payments	(1,238.6)	(1,887.0)
Advances from customers	(25.5)	(13.3)
Provision for expected losses to complete contracts	(3.0)	(4.3)
Allowance for write-down	(3.2)	(17.0)
Work-in-progress (net)	164.9	178.4
Progress payments	(2,595.6)	(1,997.0)
Work-in-progress	2,358.0	1,867.2
Advances from customers	(246.4)	(288.2)
Provision for expected losses to complete contracts	(7.6)	(8.6)
Allowance for write-down	(18.4)	(1.4)
Progress payments and advances from customers (net)	(510.0)	(427.9)
Work-in-progress, net of progress payments and advances from customers	(345.1)	(249.5)

The net balance of work in progress includes the net advance of €112.2 million 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 described in the directors' report on operations. The advances amply cover the work carried out to date and not yet invoiced. As a consequence, no probable risks are known at the reporting date that would require provisions to be recorded.

Net contract work in progress decreased from € 178.4 million at December 31, 2016 to € 164.9 million at December 31, 2017, while progress payments and advances from customers increased from € 427.9 million at December 31, 2016 to € 510.0 million at December 31, 2017. The total amounts of advances from customers at December 31, 2017 is €272.0 million (€ 301.5 million as of December 31, 2016).

The allowance for write-down refers to the relevant contracts. Specifically, € 3.2 million reflects the decrease in "contract work in progress, net" and € 18.4 million 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.

Trade receivables amount to € 635.1 million and are higher than the € 606.1 million at December 31, 2016. Specifically, related party trade receivables increased € 30.8 million, due mainly to the amounts due from Gruppo Ferrovie dello Stato, the MM4 consortium, City and Industrial Development for the Mumbai project, and the municipality of Naples.

Derivatives mainly refer to:

- 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 recognizing a balancing entry with respect to the subsidiary;
- cash flow hedges relating to the cash flows of the Abu Dhabi, Lima Metro, Riyadh Metro and Kolkata Metro contracts.

The fully paid-up share capital amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each. The company does not have treasury shares at December 31, 2017 as the shares acquired during the year to grant shares to the company managers as part of the 2014 Stock Grant Plan (“SGP”) were all delivered.

Total trade payables decreased from € 398.7 million at December 31, 2016 to € 352.5 million at December 31, 2017. The decrease is attributable to the decrease in third party trade payables (€ 58.0 million) and the increase in related party trade liabilities (€ 11.9 million).

Loan and borrowings as of December 31, 2017 amounts to € 44.6 million of which € 44.2 million related to financial liabilities towards related parties. As of December 31, 2017 there are no collateral on the company’s assets.

Ansaldo STS separate statements of income for the years ended 31 December 2017 and 2016

(in millions of Euro)	As of 31 December	
	2017	2016
Revenue	824.8	830.0
Other operating income	19.9	18.3
Purchases	(298.2)	(275.7)
Services	(336.5)	(356.7)
Personnel expense	(143.9)	(144.1)
Amortisation, depreciation and impairment losses	(12.6)	(12.2)
Other operating expense	(2.2)	(4.2)
Changes in finished goods, work-in-progress and semi-finished products	(1.4)	0.6
(-) Internal work capitalised	2.9	4.7
Operating profit	52.9	60.7
Financial income	51.8	121.1
Financial expense	(17.1)	(19.8)
Profit before taxes and discontinued operations	87.5	162.0
Income taxes	(15.5)	(16.1)
Profit for the year	72.0	145.9

Commentary on separate statements of income

As of December 31, 2017 revenue totaled € 824.8 million (compared to € 830.0 million as of December 31, 2016), down €5.2 million on 2016 (-0.6%). The reduction was due to the reduction recorded on the Italian market for the completion of certain contracts, partially offset by the increase in foreign revenue. Revenue earned on the Italian market totaled € 274.8 million (€ 307.7 million in 2016) and € 550.0 million on the foreign market (€ 522.3 million in 2016).

Total purchases, services and personnel expense increased by €2.1 million compared to the previous year. Overheads increased by €6.2 million in absolute terms due to increased sales activities (€3.7 million) and research and development (€1.9 million).

Total average profitability in 2017 was down slightly on the previous year due to the different mix and profitability of contracts in the two years compared.

EBIT came to €52.9 million (6.4% as a percentage of revenue), compared to €60.7 million (7.3% as a percentage of revenue) in 2016.

Net operating income amounts to € 6.2 million (€ 2.8 million in 2016); the increase can be attributed substantially at the recognition of income correlated with transactions during the year with customers and with costs recorded in 2016 following the resignation of strategic figures within the company.

Net financial income (€ 34.6 million) decreased compared to 2016 (€ 66.7 million in 2016), substantially due to the collection of dividends from subsidiaries and associates of €36.5 million in 2017 (€ 112.7 million in 2016).

Income taxes equaled € 15.5 million (1.9% as a percentage of revenue), compared to €16.1 million (1.9% as a percentage of revenue) in 2016; as a percentage of pre-tax profit, they came to 17.7% (2016: 9.9%). The change in the percentage is due essentially to the arithmetic effect of the weight of dividends.

Profit for the year totaled €72.0 million (8.7% as a percentage of revenue), compared to €145.9 million (17.6% as a percentage of revenue) in 2016.

Ansaldo STS separate statements of comprehensive income for the years ended 31 December 2017 and 2016

(in millions of Euro)	As of 31 December	
	2017	2016
Profit for the year	72.0	145.9
Actuarial gain (loss) on defined benefit plans	(0.9)	(0.0)
Income tax	0.3	0.0
Items that will never be reclassified to profit or loss:	(0.7)	(0.0)
- Change in fair value of cash flow hedges	(1.7)	(1.1)
- Foreign operations – Foreign currency translation differences	(16.5)	0.1
- Income tax	4.4	0.4
Items that will or may be reclassified to profit or loss:	(13.8)	(0.6)
Other comprehensive income/(expense), net of taxes	(14.5)	(0.6)
Comprehensive income for the year	57.5	145.2

Ansaldo STS separate statements of changes in stockholders' equity for the years ended 31 December 2017 and 2016

(in millions of Euro)	Share capital	Retained earnings, including the profit for the year	Stock grant reserve	Hedging reserve	Other reserves	Total equity
Equity at 1 January 2016	100.0	167.2	3.4	0.2	91.8	362.6
Other comprehensive income (expense), net of taxes	-	-	-	(1.1)	0.5	(0.6)
Change in SGP reserves - Ansaldo STS S.p.A.	-	-	2.9	-	-	2.9
Change in SGP reserves - other companies	-	-	-	-	0.6	0.6
Dividends (199,998,595 x 0.18)	-	(36.0)	-	-	-	(36.0)
Profit for the year ended 31 December 2016	-	145.9	-	-	-	145.9
Equity at 31 December 2016	100.0	277.0	6.3	(0.9)	92.9	475.3
Other comprehensive income (expense), net of taxes	-	-	-	(1.7)	(12.8)	(14.5)
Change in SGP reserves - Ansaldo STS S.p.A.	-	(0.1)	(0.4)	-	-	(0.5)
Change in SGP reserves – other companies	-	-	-	-	(0.1)	(0.1)
Profit for the year ended 31 December 2017	-	72.0	-	-	-	72.0
Equity at 31 December 2017	100.0	349.0	5.9	(2.6)	80.0	532.2

The fully paid-up share capital amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each. The company does not have treasury shares at December 31, 2017 as the shares acquired during the year to grant shares to the company managers as part of the 2014 Stock Grant Plan (“SGP”) were all delivered.

Retained earnings, including the profit for 2017, may be analysed as follows:

- “Retained earnings” rose from €277.0 million as of December 31, 2016 to €349.0 million as of December 31, 2017, as a result of the decision of the shareholders’ meeting that approved the 2016 financial statements and the use of €0.1 million of the retained earnings to close some positions of the previous 2012-2013 stock grant plan.
- the profit for the year of €72.0 million (€145.9 million as of December 31, 2016).

Ansaldo STS separate statements of cash flows for the years ended 31 December 2017 and 2016

(in millions of Euro)	As of 31 December	
	2017	2016
Profit for the year	72.0	145.9
Amortisation, depreciation and impairment losses	12.6	12.2
Income taxes	15.5	16.1
Accruals to provisions	2.0	0.6
Italian post-employment benefits	0.7	0.5
Defined benefit plans and stock grant plans	1.2	3.9
Financial income/(expense), net of impairment losses on equity investments measured at cost	(34.6)	(101.2)
Gross Cash flows from operating activities	69.3	78.0
Inventories	15.5	0.4
Work in progress and progress payments and advances from customers	95.6	(26.6)
Trade receivables and payables	(75.2)	(4.4)
Change in operating working capital	35.9	(30.6)
Changes in other operating assets and liabilities	(53.5)	(2.4)
Net financial income/(expense)	7.7	(9.6)
Taxes paid	(13.0)	(3.1)
Cash flows from/(used in) operating activities	46.5	32.4
Acquisitions of companies, net of cash acquired	(3.1)	(2.1)
Investments in property, plant and equipment and intangible assets	(4.7)	(2.6)
Sales of property, plant and equipment and intangible assets	-	-
Dividends received from ASTS group companies	33.6	111.1
Use (Acquisitions) of treasury shares	-	-
Other investing activities	(1.0)	(0.2)
Cash flows used in investing activities	24.8	106.2
Net change in loan assets and loans and borrowings	(89.8)	(78.3)
Share capital increases	-	-
Coverage of losses	-	-
Dividends paid	-	(36.0)
Change in reserves	-	-
Net change in other financing activities	-	-
Cash flows used in financing activities	(89.8)	(114.3)
Net increase in cash and cash equivalents	(18.5)	24.4
Net exchange rate gains (losses)	-	-
Opening cash and cash equivalents	203.0	178.6
Closing cash and cash equivalents	184.5	203.0

Commentary on the separate statements of cash flows

Gross cash flows from operating activities in 2017 fell compared to 2016 to €69.3 million (€ 78.0 million in 2016). With reference to the change in working capital, the cash arising from the progress of new contracts was only partially offset by changes in trade receivables and payables. Specifically, the cash generated/(absorbed) by the change in working capital as of December 31, 2017 was €35.9 million while the changes in other operating assets and liabilities absorbed €53.5 million, resulting in total cash generation from operating activities of €46.5 million. During the period ended on December 31, 2016 the gross cash flows from operating activities generated €78 million, the change in working capital absorbed €30.6 million while the changes in other operating assets and liabilities absorbed €2.4 million, resulting in a total of €32.4 million cash generation.

Investment activities in 2017 absorbed €24.8 million decreasing compared to 2016 (€106.2 million), mainly due to lower dividends amount from group subsidiaries.

Ansaldo STS Group consolidated financial information for the first half of 2018 and 2017

The consolidated interim financial report of the Issuer for the first six months as of the 30 June 2018 (the “**Ansaldo STS Interim Consolidated Financial Statements at 30 June 2018**”), prepared in compliance with IFRS standards, was approved by the Board of Directors of the Issuer on July 31, 2018 and was audited by EY S.p.A. which - on August 2, 2018 - issued its report in accordance with the criteria for a limited review recommended by CONSOB with resolution No. 10867 of July 31, 1997.

The consolidated interim financial report of the Issuer for the first six months as of the 30 June 2017 (the “**Ansaldo STS Interim Consolidated Financial Statements at 30 June 2017**”), prepared in compliance with IFRS standards, was approved by the Board of Directors of the Issuer on July 28, 2017 and was audited by EY S.p.A. which - on August 1, 2017 - issued its report in accordance with the criteria for a limited review recommended by CONSOB with resolution No. 10867 of July 31, 1997.

The Ansaldo STS Interim Consolidated Financial Statements at 30 June 2018 and the Ansaldo STS Interim Consolidated Financial Statements at 30 June 2017 are available on the website of the Issuer www.ansaldo-sts.com.

The following figures show the consolidated balance sheet, the consolidated income statement, the statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity as of and for the nine months ended on the 30 June 2018 and 2017. The data reported in the following tables were extracted from the Ansaldo STS Interim Consolidated Financial Statements as of 30 June 2018 and from the Ansaldo STS Interim Consolidated Financial Statements as of 30 June 2017.

Ansaldo STS Group consolidated balance sheet as of 30 June 2018 and 31 December 2017

(in millions of Euro)	As of	
	30-Jun-18	31-Dec-17
Assets		
Intangible assets	46.3	47.5
Property, plant and equipment	84.7	85.3
Equity investments	75.1	78.7
Receivables	45.7	43.5
Deferred tax assets	53.0	36.2
Other non-current assets	11.8	13.8
Total Non-current assets	316.7	305.1
Inventories	124.3	111.0
Contract assets	465.6	379.6
Trade receivables	654.5	736.7
Tax assets	22.2	35.8
Loan assets	38.4	30.6
Other current assets	108.1	84.4
Cash and cash equivalents	312.8	327.3
Total Current assets	1,728.8	1,705.4
Non-current assets held for sale	-	-
Total Assets	2,045.5	2,010.4
Equity		
Share capital	100.0	100.0
Reserves	646.5	628.9
Equity attributable to the owners of the parent	746.5	728.9
Equity attributable to non-controlling interests	0.0	0.1
Total Equity	746.6	729.0
Liabilities		
Financial payables	-	-
Employee benefits	37.8	37.6
Deferred tax liabilities	8.2	8.8
Other non-current liabilities	14.3	14.4
Total Non-current liabilities	60.3	60.8
Contract liabilities	675.4	683.0
Trade payables	390.9	413.6
Financial payables	1.6	0.4
Tax payables	14.7	6.0
Provisions for risks and charges	39.3	16.0
Other current liabilities	116.7	101.6
Total Current Liabilities	1,238.6	1,220.7
Total Liabilities	1,298.9	1,281.5
Total Liabilities and Equity	2,045.5	2,010.4

Commentary on consolidated balance sheet

Cash and cash equivalents amount to €312.8 million as of June 30, 2018, a decrease of €14.5 million with respect to the €327.3 million as of December 31, 2017. Cash and cash equivalents are constituted by bank accounts for € 312.6 million and by cash-in-hand for €0.2 million.

At June 30, 2018, the total value of assets and liabilities from contracts increased by €93.6 million due to the higher production in excess of revenue, to the decrease in advances from customers, essentially due to the repayment in January 2018 of the outstanding advance to the Swedish customer AB Storstockholms Lokaltrafik (SL) for approximately €24 million, in addition to € 5.9 million of VAT and interest expenses for € 1.7 million.

It should be noted that as a result of the adoption of the new accounting standard IFRS 15, work in progress for several projects at January 1, 2018 has been recalculated with a total impact of -€32 million on the net value of approximately -€303 million recorded at the end of 2017 with a matching entry in the equity reserve for the change in standard. In addition, following the introduction of the new IFRS 15 standard, the provision for loss contracts was reclassified, for a total amount of -€21 million, to the provisions for risks and charges item.

(in millions of Euro)	<u>As of</u>	
	30-Jun-18	31-Dec-17
Advances from customers	(29.8)	(63.1)
Progress payments	(1,280.7)	(1,238.5)
Work-in-progress	1,776.1	1,691.8
Provision for loss contracts	-	(10.6)
Contract Assets	465.6	379.6
Advances from customers	(261.0)	(266.9)
Progress payments	(2,604.2)	(2,610.5)
Work-in-progress	2,189.8	2,204.4
Provision for loss contracts	-	(10.1)
Contract Liabilities	(675.4)	(683.0)
Assets and Liabilities from contracts	(209.8)	(303.4)

Work in progress net of assets and liabilities from contracts includes €112.1 million collected in relation to the contract in Libya, which is still suspended given the well-known events affecting that country in recent years, as described in the directors' report on operations. This advance amply covers the work carried out to date but not yet invoiced. As a consequence, no probable risks are known at the reporting date that would require provisions to be recorded.

Trade receivables amount to € 654.5 million as of June 30, 2018, a decrease of € 82.2 million compared to December 31, 2017. Specifically, as of June 30, 2018 trade receivables are constituted for €626.0 million by trade receivables from third parties and for € 28.5 million by trade receivables from related parties. The fully paid-up share capital as of June 30, 2018 amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each, unchanged compared to December 31, 2017.

Reserves increased by € 17.6 million to € 646.5 million as of June 30, 2018, mainly due to the net income of € 41.3 million for the period and to the effect of IFRS 15 and IFRS 9 adoption (€22.6 million).

Trade payables amount to € 390.9 million as of June 30, 2018, a decrease of € 22.7 million compared to the € 413.6 million as of December 31, 2017 mainly due to the standard evolution of payments schedule. Specifically trade payables are constituted for € 369.8 million by trade payables versus third parties (€ 383.7 million as of December 31, 2017) and for € 21.1 million by trade payables versus related parties (€ 29.9 million as of December 31, 2017), the latter mainly related to positions towards Metro Service S.A. and Hitachi Rail Italy S.p.A..

Current financial debt at June 30, 2018 is € 1.6 million compared to €0.4 million at December 31, 2017. Net current financial position has decreased from € 357,5 million at December 31, 2017 to € 349.5 million at June 30, 2018.

Other current liabilities amount to € 116.6 million as of June 30, 2018, compared to € 101.6 million as of December 31, 2017, while the non-current portion amounts to € 14.3 million (€ 14.4 million as of December 31, 2017).

Ansaldo STS Group consolidated statements of income for the first six months ending on 30 June 2018 and 2017

(in millions of Euro, unless otherwise stated)	First six months ending on 30 June	
	2018	2017
Revenue from contracts with customers	660.1	635.8
Other operating income	15.4	10.8
Cost for purchases	(158.7)	(154.5)
Services	(268.8)	(243.8)
Personnel costs	(175.3)	(175.1)
Amortisation, depreciation and write-downs	(10.9)	(8.6)
Other operating expense	(12.4)	(11.3)
Changes in work-in-progress, semi-finished and finished products	4.7	0.9
(-) Internal work capitalised	0.2	2.2
Operating profit	54.4	56.5
Financial income	11.2	12.1
Financial expense	(12.3)	(14.1)
Share of profits/(losses) of equity-accounted investees	3.3	5.9
Pre-tax profit	56.6	60.3
Income taxes	(15.3)	(17.5)
Profit/(loss) from non-current assets held for sale	-	-
Profit for the year	41.3	42.8
Attributable to the owners of the parent	41.3	42.8
Attributable to non-controlling interests	(0.0)	(0.0)
Earnings per share		
Basic and diluted (in Euro)	0.21	0.21

Commentary on consolidated statements of income

Revenues amounted to € 660.1 million for the first six months of 2018, an increase of € 24.3 million (+3.8%) compared to the € 635.8 million reported for the first six months of 2017. In particular revenues from third parties amount to € 626.3 million as of June 30, 2018 (€ 597.7 million as of June 30, 2017) while revenues from related parties amount to € 33.9 million (€ 38.1 million as of June 30, 2017).

Total purchases and services for the six months ended June 30, 2018 were € 427.5 million, € 29.3 million higher than the corresponding period of the previous year, mainly due to the higher amount of production. Personnel expense came to € 175.3 million, in line with the corresponding period of the previous year. The Group's workforce as at June 30, 2018 numbered 4,207, an increase of 80 compared to 4,127 as at June 30, 2017 (4,228 employees as at December 31, 2017).

The operating profit (EBIT) for the first six months of 2018 amounts to € 54.4 million, a decrease of €2.1 million compared to the € 56.5 million registered in the first six months of 2017.

As of June 30, 2018 net financial charges for the first six months of 2018 amount to € 1.1 million (first six months of 2017: € 2.0 million).

Income taxes as of June 30, 2018 decreased by an overall € 2.2 million compared to the corresponding period of the previous year. The effective tax as at June 30, 2018 is 27.1%, compared with 29.0% in the same period of the prior year. The decrease is mainly due to a different mix of the pre-tax results of the individual companies.

Ansaldo STS Group consolidated statements of comprehensive income for the first six months of 2018 and 2017

(in millions of Euro)	First six months of	
	2018	2017
Profit for the year	41.3	42.8
- Net actuarial gains/(losses) on defined benefit plans	0.4	(0.3)
- Tax effect on net actuarial gains (losses) on defined plans	(0.1)	0.1
Items that will never be reclassified to profit or loss:	0.3	(0.2)
- Net change in fair value of cash flow hedges	7.9	11.1
- Translation adjustment	2.5	(23.6)
- Tax effect	2.6	(2.7)
Items that will or may be reclassified to profit or loss:	(2.9)	(15.2)
Other comprehensive income/(expense), net of taxes	(2.5)	(15.4)
Total comprehensive income for the year	38.7	27.4
Attributable to:		
- the owners of the parent	38.7	27.4
- non-controlling interests	(0.0)	(0.0)

Ansaldo STS Group consolidated statements of changes in stockholders' equity for the first six months of 2018 and 2017

(in millions of Euro)	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 Shareholders' Equity
Equity at 1 January 2017	100.0	544.5	3.0	8.1	36.8	15.3	707.6	0.2	707.8
Change in scope of consolidation and equity-accounted investees	-	(4.1)	-	-	0.7	-	(3.4)	-	(3.4)
Net change in stock grant reserve	-	-	-	(1)	-	-	(1)	-	(1)
Other comprehensive income/(expense) net of taxes	-	-	11.1	-	(23.6)	(2.9)	(15.4)	(0.0)	(15.4)
Dividends	-	-	-	-	-	-	-	-	-
Net change in treasury shares	-	-	-	-	-	-	-	-	-
Profit (loss) for the period ended 30 June 2017	-	42.8	-	-	-	-	42.8	(0.0)	42.8
Shareholders' equity as at 30 June 2017	100.0	583.2	14.1	7.2	13.8	12.4	730.7	0.2	730.9
Equity at 1 January 2018	100.0	605.3	1.4	7.7	(0.1)	14.5	728.9	0.1	728.9
Effect of applying new IFRS 15 and IFRS 9 standards	-	(32.0)	-	-	-	9.4	(22.6)	-	(22.6)
Shareholders' equity as at 01 January 2018 restated	100.0	573.3	1.4	7.7	(0.1)	23.9	706.3	0.1	706.4
Change in scope of consolidation and equity accounted investees	-	4.9	-	-	(2.1)	-	2.8	-	2.8
Net change in stock grant reserve	-	-	-	(1.2)	-	-	(1.2)	-	(1.2)
Other comprehensive income (expense), net of taxes	-	-	(7.9)	-	2.5	2.9	(2.5)	0.0	(2.5)
Dividends	-	-	-	-	-	-	-	-	-
Net change in treasury shares	-	-	-	-	-	-	-	-	-
Profit (loss) for the period ended 30 June 2018	-	41.3	-	-	-	-	41.3	(0.0)	41.3
Shareholders' equity as at 30 June 2018	100.0	619.5	(6.5)	6.5	(0.3)	26.7	746.5	0.1	746.6

The fully paid-up share capital as of June 30, 2018 amounts to € 100.0 million and is comprised of No. 200,000,000 ordinary shares with a nominal value of € 0.50 each, unchanged compared to December 31, 2017.

Retained earnings and consolidation reserves as of June 30, 2018 reached € 619.5 million increasing by € 14.1 million compared to December 30, 2017. The increase reflects the profit for the period of € 41.3 million and the impact of the adoption of the new IFRS 15 and IFRS 9 (€ 31.9 million).

Ansaldo STS Group consolidated statements of cash flows for the first six months of 2018 and 2017

(in millions of Euro)	First six months of	
	2018	2017
Profit for the period	41.3	42.5
Share of profits (losses) of equity-accounted investees	(3.3)	(5.9)
Income taxes	15.3	17.5
Italian post-employment and other employee benefits	0.5	0.4
Stock grant plans	1.1	1.0
Gains (losses) on the sale of assets	0.0	0.0
Net financial income	1.1	2.0
Amortisation, depreciation and write-downs	10.9	8.6
Other operating income/expense	(4.0)	1.4
Changes in provisions for risks and charges	0.2	2.4
Write-downs/write-backs of inventories and work in progress	11.8	6.4
Gross cash flows from operating activities	74.8	76.9
Inventories	(12.5)	(0.2)
Contract Assets and Contract Liabilities	(115.9)	(23.6)
Trade receivables and payables	48.3	(54.1)
Changes from (used in) working capital	(80.1)	(77.9)
Net change in other operating assets and liabilities	2.4	(23.4)
Net interest paid	6.0	(5.6)
Income taxes paid	(6.5)	(17.0)
Total other operating assets and liabilities	1.9	(46.1)
Cash flows from (used in) operating activities	(3.4)	(47.1)
Investments in property, plant and equipment and intangible assets	(5.6)	(7.5)
Disposal of property, plant and equipment and intangible assets and others	0.2	0.4
Other investing activities	0.0	(0.0)
Cash flows from (used in) investing activities	(5.4)	(7.1)
Net change in other financing activities	(6.7)	(8.1)
Dividends paid	-	-
Cash flow from (used in) financing activities	(6.7)	(8.1)
Net increase in cash and cash equivalents	(15.5)	(62.3)
Net exchange rate gains (losses)	(1.0)	(3.2)
Opening cash and cash equivalents	327.3	305.6
Closing cash and cash equivalents	312.8	240.0

Commentary on consolidated statements of cash flows

Cash flows used in operating activities in the first six months of 2018 amounts to € 3.4 million, an increase of € 43.7 million compared to € 47.1 million used in the first six months of 2017, mainly due to working capital dynamics and specifically to contract assets and contract liabilities balance. Changes in other operating assets and liabilities generated € 2.4 million as of June 30, 2018 compared to € 23.4 million absorbed as of June 30, 2017.

Investment activities absorbed € 5.4 million as of June 30, 2018 compared to € 7.1 million as of June 30, 2017. In particular, investment activity is related to investments in property, plant and equipment and intangible assets for € 5.6 million.

Cash flows from financing activities increased to negative € 6.7 million in the first six months of 2018 from a negative € 8.1 million in the first six months of 2017.

Ansaldo STS Group consolidated net financial indebtedness as of 30 June 2018 and 31 December 2017

(in millions of Euro)	As of	
	30-Jun-18	31-Dec-17
A Cash	0.1	0.1
B Other cash and cash equivalents (bank current accounts)	312.7	327.2
C Securities held for trading	-	-
D LIQUIDITY (A+B+C)	312.8	327.3
E CURRENT FINANCIAL RECEIVABLES	38.4	30.6
F Current bank loans and borrowings	0.0	0.0
G Current portion of non-current loans and borrowings	-	-
H Other current loans and borrowings	1.6	0.4
I CURRENT FINANCIAL DEBT (F+G+H)	1.6	0.4
J NET CURRENT FINANCIAL POSITION (I-E-D)	(349.5)	(357.5)
K Non-current bank loans and borrowings	-	-
L Bonds issued	-	-
M Other non-current financial liabilities	-	-
N NON-CURRENT FINANCIAL DEBT (K+L+M)	-	-
O NET FINANCIAL POSITION (J+N)	(349.5)	(357.5)

The net financial position, with greater loan assets and cash and cash equivalents than loans and borrowings, as of June 30, 2018, was € 349.5 million, compared to the value as of December 31, 2017 of € 357.5 million.

Related party transactions of Ansaldo STS Group

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.

From 2011, the amended disclosure requirements of IAS 24 (revised) with reference to related parties exclusively entail the restatement of comparative figures shown in the financial statements to consider as related parties those entities under the control or significant influence of the Ministry of Economy and Finance ("MEF").

Operations of Ansaldo STS Group with related parties at and for the first six months of 2018

as of 30 Jun 2018 (in millions of Euro)	Parent company	Subsidiaries	Associates	Joint Ventures	Consortia	Fellow subsidiaries	Total	% of Total
Non-current financial receivables	-	-	-	-	-	-	-	-
Other non-current receivables	-	-	25.7	-	1.8	-	27.5	60%
Current financial receivables	-	-	-	-	-	-	-	-
Trade receivables	0.2	2.2	3.2	-	19.6	3.4	28.5	4%
Other current receivables	-	-	0.0	-	0.0	-	0.0	0.02%
Total Financial Assets	0.2	2.2	28.9	-	21.4	3.4	56.0	
Non-current financial payables	-	-	-	-	-	-	-	-
Other non-current Payables	-	-	-	-	-	-	-	-
Current financial Payables	-	-	-	-	-	-	-	-
Trade payables	0.0	2.3	6.1	-	2.3	10.3	21.0	5%
Other current payables	-	0.0	0.3	-	0.0	0	0.4	0.4%
Total Financial Liabilities	-	2.3	6.4	-	2.3	10.3	21.4	

as of 30 Jun 2018 (in millions of Euro)	Parent company	Subsidiaries	Associates	Joint Ventures	Consortia	Fellow subsidiaries	Total	% of Total
Revenue	0.5	1.3	4.1	(0.1)	19.8	8.1	33.9	5%
Other operating income	-	0.0	0.6	-	0.2	-	0.8	6%
Costs	0.5	2.0	24.6	-	1.7	10.0	38.8	9%
Financial income	-	-	-	-	-	-	-	-
Financial charges	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	0.0	0.0	0.1%

Commentary on related party transactions

As of June 30, 2018 the non-current assets with related parties were € 27.5 million and were constituted mainly by receivables from Metro 5 S.p.A. (€ 19.3 million) and from SPV M4 S.p.A. (€ 6.3 million).

Current trading assets towards related parties amounts to € 28.5 million as of June 30, 2018 mainly due to the positions versus the clients Saturno consortium (€10.0 million), MM4 consortium (€ 5.0 million) and Hitachi Rail Italy S.p.A. (€2.4 million).

Current trading liabilities toward related parties as of June 30, 2018 amount to €21.0 million and were mainly related to liabilities versus Hitachi Rail Italy S.p.A. (€ 9.0 million) and Metro Service S.A. (€5.8 million).

With regards to the income statement for the six months ended on June 30, 2018, the key items toward related parties were:

- revenues toward related parties for € 33.9 million, mainly related to operations with MM4 Consortium (€ 8.4 million), Hitachi Rail Italy S.p.A. (€ 7.2 million), Saturno Consortium (€ 3.6 million) and Metro Service S.A. (€ 3.5 million);
- costs for purchases and services of € 38.8 million, mainly constituted by operations with Metro Service S.A. (€ 24.5 million) and Hitachi Rail Italy S.p.A. (€ 8.9 million).

Guarantees related to outstanding financial indebtedness

As of June 30, 2018 the Issuer had no material financial liabilities towards banks and a net financial position of € 349.5 million cash. As such considering the marginal value of such financial liabilities details around related terms, conditions and guarantees are not available.

Ansaldo STS Group consolidated financial information for the nine months ended on the 30 September 2018 and 2017

The consolidated interim financial report of the Issuer for the nine months ended on the 30 September 2018 (the “**Ansaldo STS Interim Consolidated Financial Statements at 30 September 2018**”), was approved by the Board of Directors of the Issuer on October 30, 2018.

The consolidated interim financial report of the Issuer for the nine months ended on the 30 September 2017 (the “**Ansaldo STS Interim Consolidated Financial Statements at 30 September 2017**”), was approved by the Board of Directors of the Issuer on October 31, 2017.

The Ansaldo STS interim financial report at 30 September 2018 and the Ansaldo STS interim financial report at 30 September 2017 are available on the website of the Issuer www.ansaldo-sts.com.

The following figures show the consolidated balance sheet, the consolidated income statement and the consolidated statement of cash flows as of and for the nine months ended on the 30 September 2018 and 2017. The data reported in the following tables were extracted from the Ansaldo STS interim financial report at 30 September 2018 published on the Issuer website on the November 6, 2018.

Key consolidated figures for Ansaldo STS Group as of 30 September 2018 and 30 September 2017

(in millions of Euro)	<u>As of</u>	
	30-Sep-18	30-Sep-17
New orders	630.3	915.5
Order Backlog	6,064.1	6,384.5
Revenues from contract with customers	983.9	945.0
Operating profit (EBIT)	80.8	84.5
Net profit/loss	61.1	61.6
Net working capital	177.5	182.9
Net invested capital	440.1	438.5
Net Financial Position (receivables)	(315.8)	(295.7)
Free Operating Cash Flow	(39.7)	(35.2)
R.O.S.	8.2%	8.9%
R.O.E.	8.6%	13.4%
V.A.E.	32.5	32.9
Research and development	31.2	28.6
Headcount (no.)	4,275	4,161

Commentary on key consolidated figures

The Ansaldo STS Group has achieved in the first nine months of 2018 a net result of € 61.1 million compared to € 61.6 million registered in the same period of 2017; revenues were equal to € 983.9 million, increasing compared to September 2017 (€ 945.0 million) while the return on sales was 8.2% compared to 8.9% as of September 2017.

The order intake for the first nine months of 2018 was € 630.3 million compared to € 915.5 million as of September 30, 2017, the backlog stood at € 6,064.1 million (€ 6,384.5 million as of September 30, 2017).

The volume of revenues was € 983.9 million as of September 30, 2018, increasing by € 38.9 million compared to € 945.0 million of the first nine months of 2017 (+4.1%).

Operating Income (“**EBIT**”) as of September 30, 2018 was € 80.8 million, a decrease of € 3.7 million compared with September 30, 2017; Return on Sales (“**ROS**”) was 8.2% compared with 8.9% in the previous year.

Net Financial Position, positive cash, is € 315.8 million, resulting in a decrease compared to the value as of December 31, 2017 € 357.5 million and in an increase compared with € 295.7 million at September 30, 2017.

Ansaldo STS Group consolidated balance sheet as of 30 September 2018 and as of 30 September 2017

(in millions of Euro)	<u>As of</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>
Non-current assets	323.6	313.6
Non-current liabilities	(61.1)	(58.0)
Non-current assets, net	262.5	255.6
Inventories	128.8	119.5
Contract Assets	461.5	396.4
Trade receivables	652.6	714.9
Trade payables	(365.2)	(406.4)
Contract Liabilities	(674.1)	(628.7)
Working Capital	203.5	195.7
Provisions for risks and charges	(37.2)	(16.7)
Other net assets (liabilities) ⁽¹⁾	11.2	3.9
Net Working Capital	177.5	182.9
Net Invested Capital	440.1	438.5
Group equity	755.9	734.0
Minority interests	0.0	0.2
Shareholders' equity	755.9	734.2
Non-current assets held for sale	-	-
Net financial position	(315.8)	(295.7)

(1) Includes "Tax receivables", "Other current assets" and "Derivative assets", net of "Tax payables", "Other current liabilities" and "Derivative liabilities".

Ansaldo STS Group consolidated income statement as of 30 September 2018 and as of 30 September 2017

(in millions of Euro)	<u>As of</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>
Revenue	983.9	945.0
Purchases and personnel expenses ⁽¹⁾	(900.3)	(852.7)
Amortisation, depreciation and write-downs	(17.2)	(12.6)
Other net operating income (costs) ⁽²⁾	4.9	1.8
Change in work in progress, semi-finished, and finished work	9.4	3.0
Operating profit (EBIT)	80.8	84.5
Net financial income (expense)	1.7	2.0
Income taxes	(21.5)	(25.0)
Profit for the period	61.1	61.6
attributable to the owners of the parent	61.1	61.6
attributable to non-controlling interests	(0.0)	(0.0)
Earnings per share		
Basic and Diluted	0.31	0.31

Note: (1) Includes the items "Costs for purchases", "Services", "Personnel costs" (net of restructuring costs, net of "Internal work capitalised") (2) Includes the net amount of "Other operating income" and "Other operating expenses" (net of restructuring costs and writedowns).

Ansaldo STS Group consolidated statements of cash flows as of 30 September 2018 and as of 30 September 2017

(in millions of Euro)	<u>As of</u>	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>
Opening Cash and cash equivalents	327.3	305.6
Gross cash flow from operating activities	111.8	98.0
Change in working capital	(102.4)	(71.9)
Changes in other operating assets and liabilities	(40.9)	(47.4)
Cash flow generated by (used in) operating activities	(31.5)	(21.3)
Cash flow from ordinary investing activities	(8.3)	(13.9)
Free operating cash-flow	(39.7)	(35.2)
Strategic investments	-	-
Other changes in investing activities	0.2	0.5
Cash flow generated by (used in) investing activities	(8.1)	(13.4)
Dividends paid	-	-
Cash flow from financing activities	(2.9)	(1.6)
Cash flow from generated by (used in) financing activities	(2.9)	(1.6)
Exchange rate gain and losses, net	(1.9)	(4.0)
Closing cash and cash equivalents	283.0	265.3

15 months guidance for the period from January 2018 to March 2019

On October 30, 2018 the Board of Directors of Ansaldo STS, considering the change of the closing of the fiscal year from December to March, approved in the Shareholders Meeting of the last May 10, communicates the *guidance* for the fifteen (15) months period from January 2018 to March 2019:

(in millions Euro)	2018 (12 months Guidance)	January 2018 – March 2019 (15 months Guidance)
New Orders	1,500 – 2,000	1,700 – 2,200
Order Backlog	6,450 – 7,050	6,450 – 7,050
Revenue	1,350 – 1,450	1,680 – 1,780
ROS	8.0% - 8.5%	8.0% - 8.5%
Net Financial Position	(300) – (380)	(300) – (380)

B.3 Intermediaries

Banca IMI S.p.A., with registered office at Largo Mattioli 3, 20121 Milan, enrolled in the register of banks with No. 5570, listed in the register of enterprises of Milan, tax reference and VAT No. 04377700150, has been appointed as the intermediary responsible for coordinating the collection of subscriptions to the Procedure (the “**Intermediary Responsible for Coordinating the Collection of Sale Requests**” or “**Banca IMI**”).

The intermediaries responsible for the collection of subscriptions and authorized to sign and deliver Sale Requests (the “**Appointed Intermediaries**”) are:

- Banca IMI S.p.A. - Intesa Sanpaolo Group;
- Banca Monte Dei Paschi Di Siena S.p.A.;
- BNP Paribas Securities Services – Milan Branch;
- Citibank N.A. – Milan Branch; and
- Equita SIM S.p.A..

The sale requests for the Shares submitted in relation to the Procedure (the “**Sale Requests**”) may also be sent to Appointed Intermediaries via any depositary intermediaries, such as banks, stock brokerage firms, investment companies and other stockbrokers authorized to provide financial services and members of the centralized management system (*sistema di gestione accentrata*) of Monte Titoli S.p.A. (the “**Depositary Intermediaries**”).

Appointed Intermediaries shall collect subscriptions to the Procedure and hold the tendered Shares in custody. Subscriptions shall be received by Appointed Intermediaries: (i) directly by collecting the Sale Requests from the Shareholders tendering in the Procedure, or (ii) indirectly through the Depositary Intermediaries, who shall collect the Sale Requests from Shareholders tendering in the Procedure.

The Appointed Intermediaries or, in the situation referred to in subparagraph (ii) above, the Depositary Intermediaries, shall check that the Sale Requests and the Shares are correct and consistent with the conditions of the Procedure and shall pay the Consideration in accordance with the modalities and timing indicated in Section F, Paragraphs F.5 and F.6, of this Information Document.

On the Payment Date, the Intermediary Responsible for Coordinating the Collection of the Sale Requests shall transfer the Shares tendered in the Procedure into a deposit in HRII’s name.

The Information Document along with the relevant annexes, the Sale Requests and the documents listed in Section N of the Information Document are available at the registered office of the Intermediary Responsible for Coordinating the Collection of Sale Requests, the Appointed Intermediaries, HRII and the Issuer.

B.4 Global Information Agent

Morrow Sodali S.p.A., with registered office in Rome, via XXIV Maggio, No. 43, has been appointed by HRII as Global Information Agent in order to provide information about the Procedure to all Shareholders of the Issuer. To that end, the Global Information Agent has set up a dedicated e-mail account, **opa.ansaldo@morrowsodali.com**, and telephone numbers **800 124 835** (from Italy) and **+39 06 45212832** (from abroad). These telephone numbers will be active for the entire duration of the Period for the Submission of Sale Requests on weekdays from 10.00 a.m. to 7.00 p.m. (Central European Time).

C. CATEGORIES AND AMOUNT OF THE FINANCIAL INSTRUMENTS SUBJECT TO THE PROCEDURE

C.1 Financial instruments and corresponding quantities

The Procedure concerns a maximum of No. 17,584,681 Shares, corresponding to 8.792% of the Issuer's share capital, with a nominal value of Euro 0.50 each, excluding the amount of ordinary shares of the Issuer already directly or indirectly held by HRII (and the persons acting in concert with HRII) as of the Information Document Date.

In particular, as of the Information Document Date, HRII directly holds a Total Shareholding of No. 182,415,319 ordinary shares of the Issuer, corresponding to 91.208% of Issuer's share capital. Such shares will not be subject to the Procedure.

As of the Information Document Date, the Issuer does not hold in its portfolio treasury shares (*azioni proprie*).

The Shares tendered in the Procedure shall be freely transferable to HRII and clear of any real, contractual or personal lien or encumbrance, of any kind and nature.

Following the Information Document Date, during the Period for the Submission of Sale Requests, HRII reserves the right to acquire Shares of the Issuer outside of the Procedure in accordance with applicable law provisions. Such possible purchases made outside of the Procedure shall be disclosed to the market pursuant to Article 41, paragraph 2, letter c), of the Issuers' Regulation.

In particular, the number of Shares subject to the Procedure may decrease if, by the end of the Period for the Submission of Sale Requests, HRII or the persons acting in concert with HRII were to purchase Shares of the Issuer outside of the Procedure, in accordance with the applicable law and it being understood that such purchases made outside of the Procedure will be disclosed to the market pursuant to Article 41, paragraph 2, letter c), of the Issuers' Regulation.

The Procedure is directed on a non-discriminatory basis and on equal conditions to all Shareholders.

C.2 Authorizations

The launch of the Procedure is not subject to any authorization.

D. ISSUER'S FINANCIAL INSTRUMENTS OR OTHER FINANCIAL INSTRUMENTS HAVING ISSUER'S FINANCIAL INSTRUMENTS AS UNDERLYING ASSETS, HELD BY HRIL, ALSO THROUGH TRUST COMPANIES OR INTERMEDIARIES

D.1 Number and categories of Issuer's financial instruments held by HRIL and any person acting in concert with HRIL and specification of the legal title of ownership and the voting rights

As of the Information Document Date, HRIL directly holds No. 182,415,319 ordinary shares of the Issuer, equivalent to 91.208% of the share capital of the Issuer.

HRIL exercises the voting rights in relation to such shares.

As of the Information Document Date, the Issuer does not hold any treasury shares (*azioni proprie*).

As of the Information Document Date, Hitachi, Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l. do not directly own any ordinary shares of the Issuer.

D.2 Repurchase contracts, securities lending, usufruct or pledge agreements or other contracts on the Issuer's financial instruments

Neither HRIL nor the persons acting in concert with HRIL, directly or through trust companies or intermediaries or subsidiaries, have entered into repurchase or lending or pledge or usufruct contracts or other commitments in relation to the financial instruments of the Issuer.

E. PRICE PER SHARE FOR THE FINANCIAL INSTRUMENTS AND ITS DETERMINATION

E.1 Consideration for each Share and its determination

HRII will pay a consideration in cash equal to Euro 12.70 for each Share tendered in the Procedure (the “**Consideration**”).

The Consideration is net of stamp duty, costs, commissions and fees that will be borne by HRII, while the capital gains tax, where due, will be payable by the tendering Shareholders.

Since the Obligation to Purchase arose as a consequence of the Purchase, and not following a tender offer, the Consideration was determined pursuant to the provisions of Article 108, paragraph 4, of the TUF and Article 50, paragraph 7, of the Issuers’ Regulation, according to which the consideration is determined by CONSOB and is equal to the highest price between: (i) the highest price paid by HRII and/or the persons acting in concert with HRII for the purchase of ordinary shares of Ansaldo STS in the twelve (12) months preceding the date of the Purchase (*i.e.* Euro 12.70); and (ii) the weighted average market price of the ordinary shares of Ansaldo STS in the six (6) months preceding, and excluding, the date of the Purchase (*i.e.* Euro 12.522).

On November 26, 2018, HRII submitted to CONSOB a request for the determination of the Consideration for the Obligation to Purchase, pursuant to Article 50, paragraph 10, of the Issuers’ Regulation.

With resolution No. 20738 of December 12, 2018, CONSOB determined the Consideration for the Obligation to Purchase in the amount of Euro 12.70 for each Share tendered in the Procedure. The Consideration is equal to the price paid for the Purchase, which was traded on November 22, 2018 and settled on November 26, 2018.

Except for the purchase pursuant to the Agreement with Elliott and the Market Purchases Following the Announcement of the Voluntary Tender Offer (including the Purchase), neither HRII nor the persons acting in concert with HRII have made any other purchases of shares of the Issuer during the twelve (12) months prior to the Date of Announcement of the Obligation to Purchase.

In turn, the consideration for the purchase pursuant to the Agreement with Elliott was determined by HRII based on a number of considerations, including the following:

- (i) the official trading price of the Issuer on the last Trading Day prior to the date of Announcement of the Voluntary Tender Offer;
- (ii) the limited liquidity of the Issuer’s shares on the stock exchange;
- (iii) the weighted average official price of the shares of the Issuer for the twelve (12) months prior to the date of Announcement of the Voluntary Tender Offer;
- (iv) the implied premia of the Consideration vs the minimum and maximum official price of the Issuer during the last five (5) years prior to the date of Announcement of the Voluntary Tender Offer; and
- (v) the evolution of the historical share price of the Issuer compared to the FTSE Italia All Share and FTSE Italia STAR market indexes.

HRII has considered that the valuation methodologies based on trading multiples of listed comparable companies were less relevant. This consideration is related to the general limited comparability of the Issuer with other companies operating broadly in the same sector, due to, among others, the differences of business model, product portfolio, end markets and profitability.

Finally, it is specified that, except for what is stated in the Information Document, further agreements have not been entered into, nor further consideration also as a payment in kind, has been agreed, that could be relevant for the purpose of the Consideration’s determination.

E.1.1 Official trading price of the Issuer the last Trading Day prior to the date of Announcement of the Voluntary Tender Offer

On October 26, 2018, the last Trading Day prior to the date of Announcement of the Voluntary Tender Offer, the official closing price of the Issuer's ordinary shares was of Euro 11.669. Therefore, the consideration price of Euro 12.70 implies a premium of 8.835%.

E.1.2 Limited liquidity of the Issuer's shares on the stock exchange

In order to provide a better understanding of the limited liquidity of the Issuer's shares, the table below reports the turnover velocity of the Issuer's share (calculated as the ratio of the value of the volumes traded in and the average total market capitalization of the Issuer in a given period), calculated for the years 2013 to 2017, and the average turnover velocity registered by all listed companies on Borsa Italiana over the same time periods (Source: Borsa Italiana, Bloomberg). The latest available metric shows a level of turnover velocity for the Issuer equal to 14% (from January 1, 2017 to December 31, 2017) which compares to a level for Borsa Italiana of 97% for the same period.

Time Interval	Turnover Velocity – Total Public Companies	Turnover Velocity - Issuer
2013	131.3%	156.2%
2014	138.3%	131.4%
2015	131.0%	166.5%
2016	124.6%	25.1%
2017	96.8%	14.3%

Note: Velocity Weighted by Market Cap
Source: Borsa Italiana, Bloomberg

E.1.3 The weighted average official price of the shares for the twelve (12) months prior to the date of Announcement of the Voluntary Tender Offer

The data in the table below refer to the average volume weighted official prices of the shares of the Issuer over different historical periods ending on October 26, 2018, last Trading Day prior to the date of Announcement of the Voluntary Tender Offer:

Reference Period	Average Weighted Price (*) (Euro)	Consideration vs Average Weighted Price
October 26, 2018	11.669	8.835%
1 month	12.090	5.041%
3 months	12.431	2.162%
6 months	12.378	2.601%
12 months	12.296	3.285%

(*) Average of daily official prices weighted by daily volumes. Source: Bloomberg

E.1.4 The implied premia of the Consideration vs the minimum and maximum official price of the Issuer during the last five (5) years prior to the date of Announcement of the Voluntary Tender Offer

In the five (5) year period prior to the date of Announcement of the Voluntary Tender Offer, the Issuer's share price has registered a maximum of Euro 12.931 and a minimum of Euro 7.111. As highlighted in the table below, the Consideration entails a premium of 78.586% with respect to the minimum price and a discount of 1.788% with respect to the maximum price achieved during the period.

	Date	Official Price	Implied
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			premium/(discount) in the Consideration
Minimum last 5 years	August 8, 2014	7.111	78.586%
Maximum last 5 year	August 27, 2018	12.931	(1.788)%

E.1.5 Evolution of the historical share price of the Issuer compared to the FTSE Italia All Share and FTSE Italia STAR market indexes

Regarding the evolution of the historical share price of the Issuer compared to the FTSE Italia All Share and FTSE Italia STAR market indexes, please refer to Paragraph E.4 of this Information Document.

E.2 Maximum Amount of the Procedure

The Maximum Amount of the Procedure to be paid for the Procedure in case that all the Shares are tendered in the Offer by all Shareholders is equal to Euro 223,325,448.70.

E.3 Comparison between the Consideration and some indicators relating to the Issuer

The following table shows the principal indicators concerning the Issuer, in respect of the financial years ended December 31, 2016 and 2017.

<i>(In millions of EUR, except the values per share indicated in € and the number of shares)</i>	2016	2017
Number of issued shares ⁽¹⁾ (a)	200,000,000	200,000,000
Number of treasury shares ⁽¹⁾ (b)	0	0
Number of trading shares (c = a - b)	200,000,000	200,000,000
Dividends per share (€)	0.15	0.00
Net Profit (net loss) per share pertaining the shareholders of the Issuer ⁽²⁾	0.39	0.32
Cash flow per share ⁽³⁾ (€)	0.48	0.42
Shareholders' equity per share	3.54	3.64

Source: Issuer filings and public information

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

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

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

The multiples for the Issuer were also compared with the trading market multiples for international listed companies having similar characteristics to the Issuer, such as the relevant sector, operating characteristics and size. However, as already described in Section E, Paragraph E.1 of the Information Document, HRII has considered that the valuation methodology based on trading multiples of listed comparable companies is not relevant, due to the general limited comparability of the Issuer with the other companies operating broadly in the same sector.

For the purpose of this comparison, considering the nature of the Issuer's business and the trading multiples generally used by financial analysts, the following multiples were analyzed:

- (i) EV/Sales, represents the ratio of the Enterprise Value, computed as the sum of the market capitalisation, net financial position, unfunded pension obligation, non-controlling interests and minus investments in associates, and the Sales;
- (ii) EV/EBITDA, represents the ratio of the Enterprise Value and the EBITDA;
- (iii) EV/EBIT, represents the ratio of the Enterprise Value and the EBIT;
- (iv) P/E, represents the ratio of the market capitalisation and the net income attributable to the shareholders of the Issuer.

The following table outlines the EV/Sales, EV/EBITDA, EV/EBIT and P/E multiples related to the Issuer with reference to the financial years ended on December 31, 2016 and 2017, computed on the basis of the implied equity value of the Issuer (€2,540 million, Consideration multiplied by the number of outstanding shares, as per latest available published financial reports before the Information Document Date), net financial position (-€315.8 million), unfunded pension obligation (€38.1 million), non-controlling interests (€0.1 million) and investments in associates (-€68.5 million), as per latest available published financial reports before the Information Document Date. The application of the P/Cash Flow and P/Book Value multiples would not provide any significant indications to evaluate companies belonging to the reference sector, as also confirmed by the fact that research analysts generally do not use them to value the shares of the Issuer. In addition, P/Book Value multiples are also impacted by the different accounting treatment of certain items and might hence be misleading. For the above reasons, P/Cash Flow and P/Book Value multiples have not been included.

Multiples⁽¹⁾	2016	2017
EV/Sales	1.7x	1.6x
EV/EBITDA	15.1x	18.3x
EV/EBIT	17.3x	21.8x
P/E	28.1x	33.8x

Source: Issuer filings and public information

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

The Issuer's multiples have been compared to similar multiples for the fiscal years 2016 and 2017 of a sample of international listed companies operating in the same sector of the Issuer and considered to be potentially comparable, and in some cases only partially comparable:

- (i) *Alstom (France)*: formed in 1928 and headquartered in France. It develops and markets systems, equipment and services for the transport sector in Europe, the Americas, Asia Pacific, the Middle East and Africa. The company offers a range of solutions such as Rolling Rtock (2017 Revenues: 43%), Systems (2017 Revenues: 21%), Services (2017 Revenues: 19%) and Signalling (2017 Revenues: 17%). The company has a strong presence in Europe (2017 Revenues: 50%) and operates also in the Americas (2017 Revenues: 19%), in Africa and Middle East (2017 Revenues: 19%) and in Asia and Pacific (2017 Revenues: 12%). As of September 2018 the company has 34,500 employees.
- (ii) *Bombardier (Canada)*: founded in 1942 and headquartered in Montreal, Canada. It manufactures and sells transportation equipment. It operates through four segments: Transportation (2017 Revenues: 49%), Business Aircraft (2017 Revenues: 29%), Commercial Aircraft (2017 Revenues: 14%) and Aerostructures and Engineering Services (2017 Revenues: 8%). Bombardier has 69,500 employees as of December 31, 2017.
- (iii) *Thales (France)*: founded in 1893 and headquartered in Paris. It offers solutions in the aerospace, space, defence, security and ground transportation markets in France and internationally. The company operates through three segments: Defence and Security (2017 Revenues: 51%), Aerospace (2017 Revenues: 38%) and Transport (2017 Revenues: 11%). The company also designs, operates and delivers satellite-based systems for telecommunications, and space exploration as well as signalling systems, supervision and communications systems, and related services for ground transportation.
- (iv) *Schaltbau Holdings AG (Germany)*: founded in 1929, it is engaged in the development and distribution of components and systems for the transportation technology and industrial applications. The company operates through three divisions: mobile transportation technology division (2017 Revenues: 55%), components division and components (2017 Revenues: 30%) and stationary transportation technology division (2017 Revenues: 15%), which is sub-divided into the two business fields of rail infrastructure and brake systems. The group operates in the

following sectors: Rolling Stock Automotive Industrial Solutions and Rail Infrastructure. The group generates the majority of its revenue in Germany (2017 Revenues: 35%) and the rest of Europe (2017 Revenues: 42%), it also has a significant presence in Asia and Africa (2017 Revenues: 23%). Schaltbau has 3,125 employees as of June 30, 2018.

- (v) *The Nippon Signal Co., Ltd. – Nippon Signal – (Japan)*: founded in 1928, it is engaged in the manufacturing and sale of railway signalling, traffic information, automatic fare collection (AFC), information and microelectromechanical systems (MEMS) in Japan. The company operates through two divisions: traffic and transportation infrastructure division, which offers products related to railway signals and traffic systems (2017 Revenues: 54%) and the ICT solutions division (2017 Revenues: 46%), which offers automatic fare collection, control and parking systems.
- (vi) *Vossloh AG (Germany)*: founded in 1872, it is engaged in the manufacturing and the provision of rail infrastructure services. The company operates through three divisions: Customized Modules Division which provides turnout systems, signalling products and signalling systems (2017 Revenues: 52%); Core Components division which includes Fastening System Unit and Tie Technologies Business Unit (2017 Revenues: 38%); Life Cycle Solution which specializes in rail and turnout maintenance (2017 Revenues: 10%). It has strong exposure to Europe (2017 Revenues: 52%), a significant presence in Asia (2017 Revenues: 24%) and the Americas (2017 Revenues: 17%) and a small presence in other countries (2017 Revenues: 7%). Vossloh has over 3,900 employees as of December 31, 2017.

Comparable companies ⁽¹⁾	EV/Sales		EV/EBITDA		EV/EBIT		P/E	
	2016	2017	2016	2017	2016	2017	2016	2017
Alstom	1.2x	1.1x	18.1x	16.1x	24.0x	23.0x	36.8x	19.1x
Bombardier	0.9x	0.9x	19.2x	16.4x	35.8x	22.8x	NM	NM
Thales	1.6x	1.6x	14.1x	12.7x	18.1x	15.9x	24.1x	27.6x
Schaltbau	0.8x	0.8x	25.6x	20.8x	NM	NM	NM	NM
The Nippon Signal	0.7x	0.7x	9.8x	11.6x	13.9x	17.2	16.6x	28.5x
Vossloh	1.0x	0.9x	9.3x	7.9x	14.3x	11.7x	NM	NM
Mean	1.0x	1.1x	16.0x	14.3x	21.2x	18.1x	25.9x	25.1x
Median	1.0x	0.9x	16.1x	14.4x	18.1x	17.2x	24.1x	27.6x
Ansaldo STS ⁽²⁾	1.7x	1.6x	15.1x	18.3x	17.3x	21.8x	28.2x	33.8x

Source: Issuer and other company filings and public information

Note: Financials calendarised as of 31 December.

(1) Multiples computed on the basis of a number of shares outstanding as per latest available published financial reports before the Information Document Date, and on a share price as of October 26, 2018

(2) Multiples computed on the basis of a number of shares outstanding as per latest available published financial reports before the Information Document Date, and on a share price equal to the Consideration

E.4 Monthly arithmetic weighted average of the official prices of the ordinary shares of the Issuer within the twelve (12) months before the date of Announcement of the Voluntary Tender Offer

The following table shows the monthly arithmetic weighted average of the official prices of the ordinary shares of the Issuer in each of the twelve (12) months that ended on October 26, 2018 (last Trading Day before October 29, 2018, date of Announcement of the Voluntary Tender Offer), i.e. the time period between October 27, 2017 and October 26, 2018, compared to the Consideration.

Month	Average price per share (in EUR)	Difference between the Consideration and the average price per share	Difference between the Consideration and the average price per share (in % in respect of the
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		(in EUR)	average price)
27 October - 31 October 2017	11.864	0.836	7.043%
November 2017	11.743	0.957	8.148%
December 2017	11.919	0.781	6.556%
January 2018	12.186	0.514	4.220%
February 2018	12.198	0.502	4.115%
March 2018	12.511	0.189	1.513%
April 2018	12.489	0.211	1.688%
May 2018	12.273	0.427	3.475%
June 2018	12.215	0.485	3.969%
July 2018	12.439	0.261	2.098%
August 2018	12.804	(0.104)	(0.809)%
September 2018	12.628	0.072	0.573%
1 October – 26 October 2018	11.957	0.743	6.210%

Source: Bloomberg

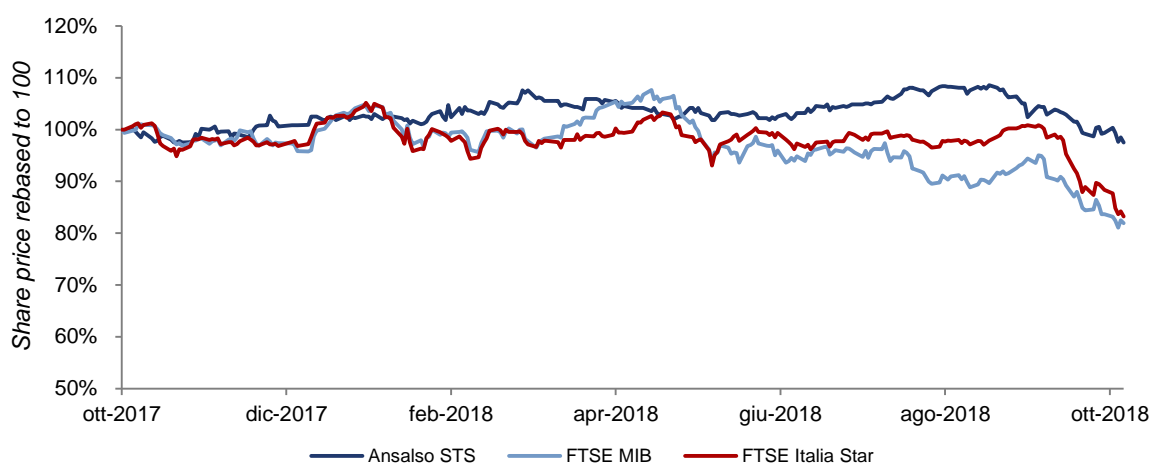
The official price of the ordinary shares of the Issuer at market close on October 26, 2018 was equal to Euro 11.669.

The following table shows a comparison between the Consideration and (i) the official price of the ordinary shares of the Issuer on October 26, 2018 and (ii) the arithmetic weighted average of official prices of the ordinary shares of Issuer in relation to 1, 3, 6 months and 1 year before:

Date	Price per share (in EUR)	Difference between the Consideration and the average price per share (in EUR)	Difference between the Consideration and the average price per share (in % in respect of the average price)
Official price on 26 October 2018	11.669	1.031	8.835%
1 month before	12.090	0.610	5.041%
3 months before	12.431	0.269	2.601%
6 months before	12.378	0.322	2.601%
1 year before	12.296	0.404	3.285%

Source: Bloomberg

The following charts show the performance of the official price of the ordinary shares of the Issuer in relation to the time period of twelve (12) months commencing from October 27, 2017 to October 26, 2018 (the last Trading Day before the date of the announcement of the acquisition under the Agreement with Elliott, *i.e.* the date of Announcement of the Voluntary Tender Offer):



Source: Bloomberg

E.5 Indication of the values attributed to the shares of the Issuer for financial transactions carried out within the last financial year and during the current financial year

To the best of HRIL's knowledge, in the last financial year or in the current financial year, there haven't been any financial transactions involving an evaluation of the shares of the Issuer.

E.6 Indication of the values in respect to which the sale and purchase transactions of the shares have been carried out by HRIL, in the last twelve (12) months, with indication of the number of the financial instruments sold and purchased

On October 29, 2018 HRIL acquired No. 63,588,837 ordinary shares of the Issuer at a price of Euro 12.700 per share under the Agreement with Elliott.

Following the Agreement with Elliott and the date of Announcement of the Voluntary Tender Offer, HRIL carried out the Market Purchases for a total of No. 17,281,780 ordinary shares of the Issuer, all at a price per share in any case not exceeding Euro 12.700.

The table below provides a summary of the purchase transactions executed by HRIL on the shares of the Issuer, other than the purchase pursuant to the Agreement with Elliott, over the twelve (12) month period prior to the Information Document Date.

Date of transaction	Number of shares of the Issuer acquired	Weighted average price (Euro)
October 30, 2018	7,487,023	12.700
October 31, 2018	2,512,977	12.700
November 1, 2018	1,520,037	12.700
November 2, 2018	387,106	12.700
November 5, 2018	7,758	12.700
November 6, 2018	170,611	12.700
November 12, 2018	79,051	12.700
November 13, 2018	259,006	12.700
November 14, 2018	355,306	12.700
November 15, 2018	28,441	12.700
November 16, 2018	30,768	12.700
November 19, 2018	670,855	12.700
November 20, 2018	85,087	12.700
November 21, 2018	42,708	12.700
November 22, 2018	1,278,843	12.700
November 23, 2018	1,183,896	12.700
November 26, 2018	105,629	12.700

November 27, 2018	3,841	12.700
November 28, 2018	76,882	12.700
November 29, 2018	206,404	12.700
November 30, 2018	11,172	12.700
December 3, 2018	351,254	12.700
December 4, 2018	42,430	12.700
December 5, 2018	63,943	12.700
December 6, 2018	84,262	12.700
December 7, 2018	236,490	12.700

F. TERMS AND CONDITIONS OF THE SUBSCRIPTIONS TO THE PROCEDURE, DATE AND METHOD OF PAYMENT OF THE CONSIDERATION AND RETURN OF THE SHARES

F.1 Terms and conditions for the subscriptions to the Procedure

F.1.1 Period for the Submission of Sale Requests

The Period for the Submission of Sale Requests, agreed with Borsa Italiana pursuant to Article 40, paragraph 2, of the Issuers' Regulation, will commence at 8:30 a.m. (Italian time) on December 17, 2018, inclusive, and end at 5:30 p.m. (Italian time) on January 18, 2019, inclusive, unless such period is extended.

In the absence of any extension, January 18, 2019 will be, therefore, the closing date of the Procedure.

HRII shall communicate any possible amendments to the Procedure pursuant to the applicable laws and regulations.

F.1.2 Terms and conditions of subscription

Subscriptions within the Period for the Submission of Sale Requests by owners of the Shares (or by a representative having the power to do so) are irrevocable (other than in the cases of revocation provided by applicable law for the subscription to competing offers, pursuant to Article 44 of the Issuers' Regulation).

The subscription to the Procedure shall occur by virtue of the subscription and the delivery to an Appointed Intermediary of a Sale Request duly completed in all of its parts, with simultaneous delivery of the Shares to such Appointed Intermediary.

The Shareholders of the Issuer who intend to subscribe to the Procedure can also deliver the Sale Request and the Shares specified therein to the Depositary Intermediaries, provided that the delivery is performed in time to allow the Depositary Intermediaries to file the Shares with the Appointed Intermediary within and not later than the last day of the Period for the Submission of Sale Requests.

The Shares are book-entry securities in accordance with Articles 83-*bis et seq.* of the TUF, as well as the Regulation adopted by CONSOB and Bank of Italy with resolution of February 22, 2008 and and the Regulation adopted by CONSOB and Bank of Italy with resolution of August 13, 2018, as subsequently amended and supplemented.

The Shareholders who are willing to tender their Shares in the Procedure must be owners of book-entry Shares registered in a securities account at one of the Depositary Intermediaries and must request the respective intermediary for proper instructions in order to subscribe to the Procedure.

Accordingly, being the Shares book-entry securities, the subscription of the Sale Request represents an irrevocable order to the Appointed Intermediary, or to the Depositary Intermediary, to transfer the mentioned Shares into a deposit in HRII's name.

The Depositary Intermediaries, acting as agents, shall countersign the Sale Requests. The risk that the Depositary Intermediaries do not deliver the Sale Requests, and/or do not file the relevant Shares with the Appointed Intermediary by the end of the Period for the Submission of Sale Requests, will be borne by the Shareholders.

Upon subscription to the Procedure and the deposit of the Shares by virtue of the execution of the Sale Request, a mandate will be given to the Appointed Intermediary and the Depositary Intermediary to execute all the necessary and preparatory formalities in order to transfer the Shares to HRII, at the expenses of HRII.

The Shares tendered in the Procedure shall be freely transferable to HRII and clear of any real, contractual or personal liens or encumbrances, of any kind and nature.

For the entire period for which Shares are subject to the Procedure and, therefore, until the Payment Date, the Shareholders tendering in the Procedure can exercise ownership rights (for instance, the option right) and administrative rights (for instance, the voting right) in relation to the Shares which shall remain the property of such tendering Shareholders; however, the Shareholders who have subscribed to the Procedure will not be able to transfer their Shares, except for the subscription to possible competing offers or increased offers in accordance with Article 44 of the Issuers' Regulation.

Subscriptions to the Procedure, during the Period for the Submission of Sale Requests, by minors or persons under guardianship or receivership, pursuant to the applicable laws, which are executed by the person in charge of the parental authority, or by the guardian or receiver, will be accepted under condition and not taken into account for the purpose of determining the percentage of the subscriptions to the Procedure, if they are not accompanied by the authorization of the guardianship or receivership court, and they will be paid only after such authorization is received.

Shares can be tendered in the Procedure only if, at the time of the subscription, they are duly registered and available in a securities account at a Depository Intermediary.

In particular, Shares coming from purchase transactions made on the market can be tendered in the Procedure only after the relevant transactions have been settled in the clearing system.

F.2 Ownership and exercise of administrative and ownership rights relating to the Shares tendered while the Procedure is pending

The Shares tendered in the Procedure will be transferred to HRII on the Payment Date.

Until the Payment Date, the Shareholders will preserve and will be entitled to exercise the administrative and ownership rights in relation to the Shares; however, the Shareholders who have tendered in the Procedure will not be able to transfer their Shares, except for the subscription to possible competing offers or increased offers in accordance with Article 44 of the Issuers' Regulation.

F.3 Periodic communications and Procedure results

For the entire duration of the Period for the Submission of Sale Requests, the Intermediary Responsible for Coordinating the Collection of Sale Requests will communicate on a daily basis to Borsa Italiana, in accordance with Article 41, paragraph 2, letter d), of the Issuers' Regulation, the data relating to the subscriptions received during the day and the overall number of the Shares that have been tendered in the Procedure, as well as the percentage that such quantities represent with respect to the aggregate amount of Shares subject to the Procedure.

Borsa Italiana shall, by the day following such communication, publish this information by means of a notice.

Furthermore, where, by the Payment Date, HRII (and the persons acting in concert with HRII) directly and/or indirectly purchases further Shares of the Issuer outside of the Procedure, HRII will inform CONSOB and the market within the same day in accordance with Article 41, paragraph 2, letter c), of the Issuers' Regulation, indicating the relevant prices.

The final results of the Procedure will be disclosed by HRII, pursuant to Article 50-*quinquies*, paragraph 5, of the Issuers' Regulation, before the Payment Date.

Furthermore, with the publication of the Notice on the Results of the Procedure, HRII will disclose (i) its overall shareholding in the Issuer, (ii) the potential satisfaction of the requirements triggering the Joint Procedure (*i.e.* the exercise of the Right to Purchase pursuant to Article 111 of the TUF and the simultaneous fulfilment of the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF), and (iii) the modalities and timing for the Delisting of the Issuer's shares.

F.4 Markets on which the Procedure is promoted

The Procedure is directed on a non-discriminatory basis and on equal terms to all the Issuer's Shareholders and is exclusively promoted in Italy and in the United States of America.

F.4.1 Italy

The Procedure is promoted in Italy in accordance with Article 108, paragraph 2, of the TUF, since the Issuer's shares are exclusively listed on the MTA.

F.4.2 United States of America

The Procedure is being promoted in the United States of America pursuant to Section 14(e) of, and Regulation 14E under, the U.S. Securities Exchange Act, subject to the exemptions provided by Rule 14d-1(d) under the U.S. Securities Exchange Act.

U.S. resident Shareholders are allowed to participate in the Procedure on terms equal to those offered to holders of the Shares outside the United States of America and will be provided with an English-language information document with the same content and on a comparable basis as the Italian Information Document.

Neither the SEC nor any securities commission of any state of the United States of America has: (a) approved or disapproved of the Procedure; (b) passed upon the merits or fairness of the Procedure; or (c) passed upon the adequacy or accuracy of the disclosure in the Information Document. Any representation to the contrary is a criminal offence in the United States of America.

For the notice to U.S. resident Shareholders, please see Section A, Paragraph A.9, of the Information Document.

F.4.3 Other Countries

The Procedure has not and shall not be promoted or distributed in Canada, Japan and Australia, and in any other country where such distribution is not permitted without authorization from the competent authorities or other requirements to be complied with by HR II (collectively, together with Canada, Japan and Australia, the “**Other Countries**”), nor by using communication means or national or international business of Other Countries (including, for instance, the postal network, fax, telex, electronic mail, telephone and internet), nor any structure of any intermediaries of Other Countries, nor in any other manner.

Copy of the Information Document, or part of it, as well as copy of any subsequent document that HR II will issue in relation to the Procedure, are not and shall not be sent, nor in any other way communicated to, or however distributed, directly or indirectly, into the Other Countries. Whoever in the Other Countries will receive such documents shall not distribute, send or mail them (neither through the postal service nor by virtue of any other means or communication means or business) to the Other Countries.

Possible subscriptions to the Procedure deriving from solicitation activities in breach of the limitations described above will not be accepted.

This Information Document, and any document that HR II may issue in relation to the Procedure, does not constitute and shall not be interpreted as an offer of financial instruments directed at parties that reside in the Other Countries. None of the financial instruments shall be offered or purchased in the Other Countries without a specific authorization in compliance with the domestic applicable laws of those countries or providing for derogation to such legal provisions.

The subscription to the Procedure by entities or persons that are resident in the Other Countries may be subject to specific obligations or restrictions provided by law provisions or regulations. It is the exclusive responsibility of the beneficiaries of the Procedure to comply with those legal provisions and, therefore, before tendering in the Procedure, to verify their existence and applicability, consulting with their own consultants.

F.5 Payment Date of the Consideration

The payment of the Consideration to the Shareholders who have tendered their Shares in the Procedure, at the same time as the transfer of ownership of those Shares, shall take place on the fifth Trading Day following the end of the Period for the Submission of Sale Requests and, therefore, on January 25, 2019 (the “**Payment Date**”), unless the Period for the Submission of Sale Requests is extended.

No payment of interest on the Consideration from the date of tender in the Procedure to the Payment Date is foreseen.

F.6 Payment method of the Consideration

The Consideration will be paid in cash.

The Consideration will be paid by HRII on the bank account indicated by the Intermediary Responsible for Coordinating the Collection of Sale Requests and then it will be transferred to the Appointed Intermediaries. The Appointed Intermediaries will transfer the funds to the Depositary Intermediaries to be credited to the bank accounts of their respective clients, in accordance with the instructions issued by the Shareholders tendering in the Procedure.

The obligation of HRII to pay the Consideration in compliance with the Procedure shall be deemed to have been fulfilled when the relevant sums are transferred to the Appointed Intermediaries.

The risk that the Appointed Intermediaries and the Depositary Intermediaries do not transfer the abovementioned sums to the person entitled to receive them, or delay the aforementioned transfer, shall be borne by the Shareholders tendering in the Procedure.

F.7 Contracts between HRII and the holders of the Issuer's financial instruments: governing law and jurisdiction

Subscription contracts shall be governed by Italian law and disputes shall be brought before Italian courts.

F.8 Terms and conditions of the restitution of the Shares if the Procedure is ineffective and/or in the event of allotment

The Procedure is not subject to any condition precedent and no share allotment is expected, as the Procedure is implemented in fulfilment of the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF.

G. FINANCING ARRANGEMENTS, PERFORMANCE GUARANTEE AND FUTURE PLANS OF HRII

G.1 Financing arrangements and Performance Guarantee

G.1.1 Financing of the Procedure

Financing of the Procedure

HRII intends to finance the Maximum Amount by making use of a short-term intragroup financing.

In particular, the funds necessary to finance the abovementioned amount were obtained as follows:

- (i) a short-term intragroup financing of approximately Euro 223,325,448.70 granted by Hitachi, Ltd. to Hitachi Rail Europe Ltd. and, subsequently, by Hitachi Rail Europe Ltd. to Hitachi Rail Italy Holdings S.r.l.; and
- (ii) a short-term intragroup financing of approximately Euro 223,325,448.70 granted by Hitachi Rail Italy Holdings S.r.l. to HRII.

In turn, Hitachi, Ltd. financed these funds with their cash reserves.

Main terms and conditions of the intragroup financing for the Procedure

Consistently with the Hitachi Group standard practice regarding intragroup financing, Hitachi, Ltd. granted to Hitachi Rail Europe Ltd. and, subsequently, Hitachi Rail Europe Ltd. granted to Hitachi Rail Italy Holdings S.r.l. and, subsequently Hitachi Rail Italy Holdings S.r.l. granted to HRII a short-term intragroup credit line with an interest rate equal to 0.400% with three-month maturity.

HRII did not provide any specific security for such credit line, so HRII's assets represent, in any case, the generic security of the financing itself. Interests maturing on the financing will be repaid through the proceeds deriving from HRII's ordinary activities.

Interests maturing on the financing will be repaid through the proceeds deriving from HRII's ordinary activities.

G.1.2 Performance Guarantee

HRII has obtained a cash confirmation letter by virtue of which Mizuho Bank, Ltd., Milan Branch, irrevocably and unconditionally undertakes to guarantee all of the funds for the full performance of all the payment obligations of HRII in relation to the Procedure, for a maximum amount at least equal to the Maximum Amount, in accordance with Article 37-*bis* of the Issuers' Regulation.

Such guarantee will expire on the latest of the following:

- (i) the Payment Date; and
- (ii) the payment date in relation to the potential Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and/or to the Right to Purchase.

G.2 Rationale for the Procedure and future plans of HRII

G.2.1 Rationale for the Procedure

The Procedure represents the fulfilment of the Obligation to Purchase, *i.e.* of a legal obligation following the Purchase.

The objective of the Procedure is to achieve the Delisting of the Issuer's shares as well as acquire the entire share capital of the Issuer in order to allow the Hitachi Group to fully integrate the activities of the Issuer in an effective and efficient manner.

The Delisting will therefore occur following and as a result of the fulfilment of the Procedure or by means of the Joint Procedure.

Hitachi and HRII will consider the possibility of a merger by incorporation of the Issuer with and into a company of the Hitachi Group following the Delisting. In this case, since the Delisting will already have taken place, the Shareholders will not be entitled to exercise any withdrawal right in relation to such merger.

Hitachi is considering various options to integrate the Issuer's business with and into the Hitachi Group, in order to allow the combined group to benefit from a more efficient corporate and business structure. Such options may include business combinations such as other intragroup mergers, transfers of assets or companies, business reorganizations, and consolidation of functions across the combined group. However, no decision has been taken or any specific plan has been approved in connection with any such transaction.

Hitachi has publicly stated that rail remains a core business for its group, and that it expects Ansaldo STS to play a leading role in delivering continued growth within the sector, particularly in relation to the signaling and turnkey segments. In that context, Hitachi has encouraged Ansaldo STS to invest in order to accelerate its growth, whether organic or inorganic. At both the 2017 and 2018 shareholders' meetings of the Issuer, Hitachi confirmed its desire for Ansaldo STS to invest significantly in pursuing R&D and M&A opportunities in the context of the ongoing rail industry consolidation and intensifying competition.

Hitachi is of the opinion that various investment opportunities are likely to be feasible in order for Ansaldo STS to grow further in the short-to-medium term, and believes that the Delisting will enhance the Issuer's ability to invest and participate in industry consolidation by improving its access to capital as part of a larger corporate group.

For further information, please see Section G, Paragraphs G.2.4 and G.3, of the Information Document.

G.2.2 Management programs and business plans

Hitachi's technical know-how is expected to complement the Issuer's team: the approach to support a successful integration between the Issuer and Hitachi will be to deploy experienced Hitachi leaders within the Issuer's existing structure.

Hitachi also plans to contribute human capital across the organization to enhance results and guarantee quality assurance, supply chain support and financial control.

G.2.3 Future investments and relevant sources of financing

Hitachi intends to fund any necessary investment to support the combined group's capability to offer rail system to worldwide customers with cash flow generated from its operating activities.

As of the Information Document Date, the Board of Directors of Hitachi and HRII have not decided on investment expenditure commitments beyond those normally required for the operational management of the business areas in which the Issuer itself will be involved.

G.2.4 Potential restructuring and/or reorganization plans

Hitachi is considering various options to integrate the Issuer's business into and with the Hitachi Group in order to benefit from a more efficient corporate and business structure. Such options may include business combinations such as intragroup mergers and transfers of assets, reorganization of the manufacturing and distribution activities, and consolidation of certain functions across the combined group. However, no decision has been taken or any specific plan has been approved in connection with any such transaction.

Such intragroup mergers may also include a merger of the Issuer with and into HRII or into another company of the Hitachi Group. In such case, since the Delisting will already have taken place, the Issuer's Shareholders will not be entitled to exercise any withdrawal right in connection with such merger.

Hitachi will consider any necessary and appropriate measure to improve the operational efficiency of the combined group, generating significant efficiencies that will benefit customers.

G.2.5 Modifications concerning the composition of administrative and supervisory bodies and relevant emoluments

As previously mentioned, the Agreement with Elliott, *inter alia*, required Elliott to provide Hitachi with the letters of resignation, with effect as of November 2, 2018, of three (3) members of the Board of Directors of the Issuer selected from the last slate submitted by Elliott for the appointment of the Board of Directors and appointed by the shareholders' meeting of Ansaldo STS held on May 13, 2016, as well as the waiver by the other candidates included in the abovementioned slate submitted by Elliott of the right to be appointed in the place of the resigning directors.

Pursuant to the abovementioned agreements included in the Agreement with Elliott, on October 29, 2018 the directors of the Issuer Ms. Rosa Cipriotti, Mr. Michele Alberto Fabiano Crisostomo and Mr. Fabio Labruna have tendered their letters of resignation from office, with effect as of November 2, 2018, and the remaining candidates included in the abovementioned slate submitted by Elliott have tendered their letters of waiver of the right to be appointed as directors, in the place of the resigning directors.

Subject to the above, as of the Information Document Date, no decision has been made with regard to changes in the current composition of the management and control bodies of the Issuer.

G.2.6 Modifications to the Issuer's by-laws

As of the Information Document Date, HRII has not identified any specific amendments or changes to be implemented to the current by-laws of the Issuer. However, amendments will be made, as appropriate, following to the Delisting of the Issuer's shares to adapt the by-laws of the Issuer to those of an unlisted company.

G.3 Intention not to restore an amount of floating shares sufficient to ensure regular trading and fulfilment of the obligations pursuant to Articles 108 and 111 of the TUF

As described above and according to the notice disclosed to the market on November 22, 2018 pursuant to Article 50, paragraph 1, of the Issuers' Regulation, HRII does not intend to restore an amount of floating shares sufficient to ensure regular trading and, therefore, it implements the Procedure which is the object of this Information Document.

If, at the end of the Procedure, as a result of Sale Requests submitted in the context of the Procedure and the possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or by the persons acting in concert with HRII, during the Period for the Submission of Sale Requests, HRII (and the persons acting in concert with HRII) comes to hold an overall shareholding lower than 95% of the Issuer's share capital as of such date, Borsa Italiana, pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules, will order the revocation from listing and trading of the ordinary shares of the Issuer starting from the Trading Day following the Payment Date. Therefore, in this case, the Shareholders who have decided not to subscribe to the Procedure will be the owners of financial instruments which are not traded in any regulated market, consequently facing a lack of liquidity of their investment.

Furthermore, if, at the end of the Procedure, as a result of the Sale Requests submitted in the context of the Procedure and the possible purchases made outside of the Procedure, in compliance with the applicable laws, by HRII and/or the persons acting in concert with HRII, during the Period for the Submission of Sale Requests, HRII (and the persons acting in concert with HRII) comes to hold an overall shareholding at least equal to 95% of the Issuer's share capital as of such date, HRII will implement the Joint Procedure. In this case, the Shareholders who have not tendered their Shares in the Procedure will be obliged to transfer ownership of their Shares to HRII and, as a result, will receive for each Share held a consideration of Euro 12.70, equal to the Consideration for the Procedure, pursuant to Article 108, paragraph 3, of the TUF, as referred to by Article 111 of the TUF.

Upon the occurrence of the requirements triggering the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF and the Right to Purchase, Borsa Italiana will order the suspension and/or

revocation of the Issuer's shares from listing and trading pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules, taking into account the timing required for the exercise of the Right to Purchase.

HRII will communicate the satisfaction the legal requirements triggering the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the Right to Purchase in the Notice on the Results of the Procedure.

Furthermore, with the publication of the Notice on the Results of the Procedure, HRII will disclose (i) its overall shareholding in the Issuer, (ii) the potential satisfaction of the requirements triggering the Joint Procedure (or the exercise of the Right to Purchase pursuant to Article 111 of the TUF and the simultaneous fulfilment of the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF), and (iii) the modalities and timing for the Delisting of the Issuer's shares.

H. POSSIBLE AGREEMENTS AND TRANSACTIONS BETWEEN HRII OR THE PERSONS ACTING IN CONCERT WITH HRII AND THE ISSUER OR THE RELEVANT SHAREHOLDERS OR THE MEMBERS OF MANAGEMENT AND CONTROL BODIES OF THE ISSUER

H.1 Description of the agreements and financial and/or commercial transactions authorized or executed in the twelve (12) months preceding the Information Document Date that could have or did have a material impact on the activities of HRII and/or the Issuer

As described in the Introduction, on October 29, 2018, it has also been disclosed to the market, pursuant to Article 41, paragraph 2, letter c) of the Issuer's Regulation, that HRII and Hitachi, on the one hand, and Elliott, on the other, have signed on the same date the Agreement with Elliott having as its object the acquisition by HRII of the entire shareholding owned by Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership in the Issuer's share capital (including the shares underlying derivative instruments), equal to No. 63,588,837 ordinary shares of Ansaldo STS, representing 31.794% of the Issuer's share capital, at a purchase price equal to Euro 12.70 per share, for a total value of Euro 807,578,229.90 for the entire shareholding sold.

The Agreement with Elliott is not subject to conditions. Pursuant to the Agreement with Elliott, the transfer of the Issuer's ordinary shares and the simultaneous payment of the relevant price occurred on November 2, 2018.

Following the transfer of the shares subject to the Agreement with Elliott, taking into account the shareholding already directly owned by HRII in the Issuer since March 23, 2016, equal to 50.772% of the Issuer's share capital, HRII came to hold, on November 2, 2018, an overall shareholding in the Issuer equal to No. 165,133,539 ordinary shares of Ansaldo STS, representing 82.567% of the Issuer's share capital.

The Agreement with Elliott provides that if HRII, or any company belonging to the Hitachi Group, purchases ordinary shares of the Issuer at a price per share higher than the price paid pursuant to the Agreement with Elliott (*i.e.* Euro 12.70 per share) during a period starting on the signing date of the Agreement with Elliott and ending on the later of (i) ten (10) months therefrom, or, if subsequent, (ii) six (6) months from the payment date of the consideration in relation to a voluntary tender offer or of the consideration in relation to an obligation to purchase pursuant to Article 108, paragraph 2, of the TUF on the Issuer (provided that such offer or procedure for the fulfilment of the obligation to purchase pursuant to Article 108, paragraph 2, of the TUF are promoted by HRII within four (4) months from the signing date of the Agreement with Elliott, as is the case in this Procedure), an amount equal to the difference between any such higher price and the consideration paid under the Agreement with Elliott shall be paid by HRII to Elliott.

In addition, the Agreement with Elliott provides for a reciprocal settlement of all claims and disputes pending between the parties, as well as the resignation of the three directors of Ansaldo STS appointed by the shareholders' meeting of the Issuer held on May 13, 2016 and selected from the slate submitted by Elliott, who have therefore tendered their resignation letters with effect from November 2, 2018, and the waiver by the other candidates included in the abovementioned slate submitted by Elliott of the right to be appointed in the place of the resigning directors.

Pursuant to the Agreement with Elliott, Elliott is under an obligation not to acquire (i) shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS, for a period of twenty-four (24) months from the settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement with Elliott (*i.e.* November 2, 2018); and (ii) shares or other securities linked to the shares of other listed companies belonging to the Hitachi Group, for a period of eighteen (18) months from the settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement with Elliott (*i.e.* November 2, 2018).

Finally, the Agreement with Elliott contains some representations and warranties (and relevant indemnification obligations) which are standard for this kind of transactions.

Following the Agreement with Elliott and the date of Announcement of the Voluntary Tender Offer, HRII carried out the Market Purchases Following the Announcement of the Voluntary Tender Offer for a maximum amount of No. 14,915,577 ordinary shares of the Issuer, therefore coming to hold, lastly as a result of the Purchase, a shareholding in Ansaldo STS greater than the 90% threshold of the Issuer's share capital, *i.e.* a total shareholding in Ansaldo STS equal to No. 180,049,116 ordinary shares of the Issuer, representing 90.025% of the Issuer's share capital.

Following the Date of Announcement of the Obligation to Purchase, HRII carried out the Market Purchases Following the Date of Announcement of the Obligation to Purchase for a maximum amount of No. 2,366,203 ordinary shares of the Issuer, therefore coming to hold a Total Shareholding in Ansaldo STS equal to No. 182,415,319 ordinary shares of the Issuer, representing 91.208% of the Issuer's share capital.

Except for the Agreement with Elliott and the Market Purchases, there are no financial and/or commercial agreements or transactions that have been entered into, implemented or authorized between HRII or the persons acting in concert with HRII, and the Issuer or the Issuer's significant shareholders or members of its management and control bodies in the twelve (12) months preceding the Information Document Date which may have or have had significant impact on HRII's and/or the Issuer's business.

H.2 Agreements relating to the exercise of voting rights or the transfer of the shares and/or other financial instruments of the Issuer

As previously described, pursuant to the Agreement with Elliott, Elliott is under an obligation (also on behalf of affiliate companies as well as their directors, managers, partners, members, controlling persons and financial advisors who have acted in the interest of Elliott in relation to the investment made by Elliott in Ansaldo STS as well as in relation to the actions carried out by Elliott in this regard, excluding investment banks) not to acquire shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS (or carry out transactions of any kind in relation to the shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS) for a period of twenty-four (24) months from the settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement with Elliott (*i.e.* November 2, 1018).

The abovementioned clauses included in the Agreement with Elliott - which are exclusively functional to the acquisition and to the settlement envisaged under the Agreement with Elliott - could be considered as a shareholders' agreements (in particular, they could in theory constitute an agreement aimed at supporting a public tender offer over shares of a listed company, within the meaning under Article 122, paragraph 5, letter d)-*bis*, of the TUF) and have therefore been prudentially subject to the relevant disclosure formalities pursuant to the TUF.

For the excerpt published in compliance with Article 122 of the TUF, please see Section M, Paragraph M.1, of this Information Document.

I. INTERMEDIARIES' FEES

As consideration for the services performed in relation to the Procedure, HRII will pay the following fees inclusive of any and all remuneration for the intermediation activity:

- (i) to the Intermediary Responsible for Coordinating the Collection of Sale Requests, a remuneration of Euro 130,000.00;
- (ii) to each of the Appointed Intermediaries:
 - a) a fee equal to 0.10% of the value of the Shares acquired by HRII directly through the Appointed Intermediaries or indirectly via the Depositary Intermediaries;
 - b) a fixed fee equal to Euro 5.00 for each Sale Request submitted in relation to the Procedure.

In turn, the Appointed Intermediaries will pay to the Depositary Intermediaries 50% of the fee received in relation to the value of the Shares acquired through the Depositary Intermediaries in accordance with point (ii), letter a) above, as well as the entire fixed fee in accordance with point (ii), letter b) above in relation to the Sale Requests received by the same.

VAT will have to be added to the abovementioned remunerations, where due.

L. ALLOTMENT CONDITIONS

As the Procedure is implemented in fulfilment of the Obligation to Purchase, *i.e.* of the obligation to purchase pursuant to Article 108, paragraph 2, of the TUF, no share allotment is expected.

M. ANNEXES

M.1 Excerpt of shareholders' agreement

Excerpt of the clauses disclosed to Consob, pursuant to Article 122 of Legislative Decree No. 58 of February 24, 1998, as subsequently amended and supplemented (the Italian Financial Act, "IFA") and the applicable provisions of the Consob Regulation No. 11971 of May 14, 1999, as subsequently amended and supplemented (the "Issuers' Regulation").

Ansaldo STS S.p.A.

Pursuant to Article 122, paragraphs 1 and 2, of the IFA and the applicable provision of the Issuers' Regulation, it is hereby announced as follows.

Introduction

On October 29, 2018, Hitachi Ltd., a company incorporated under the laws of Japan, with registered office at Marunouchi Building, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo 101-8280, Japan, share capital equal to JPY 458,790,000,000.00 ("**Hitachi**") and Hitachi Rail Italy Investments S.r.l., a company incorporated under the laws of Italy, with registered office in Milan, Via Tommaso Gulli 39, VAT number and tax code 09194070968 ("**HRII**") – on one hand – and Elliott Management Corporation, a company incorporated under the laws of Delaware, with registered office at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA, Elliott International, L.P., a Cayman Islands limited partnership, with registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands, Elliott Associates, L.P., a Delaware limited partnership, with registered office at The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, USA, and The Liverpool Limited Partnership, a Bermuda limited partnership, with registered office at Appleby Services (Bermuda) Ltd., Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda (collectively, "**Elliott**" and, together with Hitachi and HRII, the "**Parties**") – on the other hand – have entered into a share purchase and settlement agreement (the "**Agreement**") for the purchase by HRII of the entire shareholding in Ansaldo STS S.p.A. ("**Ansaldo STS**" or the "**Company**") held by Elliott and for the settlement of certain proceedings between the Parties.

In particular, the Agreement relates to No. 63,588,837 ordinary shares of Ansaldo STS, held by Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership, *i.e.* 31.794% of the Company's share capital, having a nominal value equal to Euro 0.50 (the "**Transaction**").

The Agreement is not subject to conditions. It is envisaged that the transfer and the payment of the shares of Ansaldo STS will take place within four trading days following the signing of the Agreement, and therefore on November 2, 2018.

The Agreement contains, amongst others, certain clauses (which are exclusively functional to the Transaction and to the settlement envisaged under the Agreement) which could be considered as a shareholders' agreement and which could in theory constitute an agreement aimed at supporting a public tender offer, within the meaning under Article 122, paragraph 5, letter d)-*bis*, of the IFA and have therefore been prudentially subject to the relevant disclosure formalities. The essential information regarding such clauses contained in the Agreement is provided below.

1. Company whose securities are subject to the Agreement

Ansaldo STS S.p.A., a company incorporated under the laws of Italy with registered office in Genoa, 16151 Via Paolo Mantovani 3/5, share capital equal to Euro 100,000,000.00, divided into No. 200,000,000 ordinary shares having a nominal value equal to Euro 0.50 each, tax code and registration number with the companies' register of Genoa 01371160662. Company subject to direction and coordination activity of Hitachi, Ltd..

2. Type of clauses pertaining to Ansaldo STS

The clauses included in the Agreement could in theory be considered as an agreement aimed at supporting

a public tender offer over shares of a listed company, pursuant to Article 122, paragraph 5, letter d)-bis, of the IFA.

3. Securities subject to the clauses of the Agreement

The clauses contained in the Agreement and described herein concern all of the ordinary shares of Ansaldo STS held by HRII, Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership, for an amount equal to No. 165,133,539 ordinary shares of Ansaldo STS, *i.e.* 82.567% of Ansaldo STS' share capital.

4. Persons subscribing to the clauses of the Agreement pertaining to Ansaldo STS

- (i) Hitachi Rail Italy Investments S.r.l., holding No. 101,544,702 ordinary shares of Ansaldo STS, *i.e.* 50.772% of Ansaldo STS' share capital; and
- (ii) Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership, holding a total of No. 61,624,408 ordinary shares of Ansaldo STS, *i.e.* 30.812% of Ansaldo STS' share capital as well as derivative instruments exercisable for No. 1,964,429 ordinary shares of Ansaldo STS equal to 0.982% of Ansaldo STS' share capital (the abovementioned derivative instruments were exercised on November 2, 2018).

Therefore, the total amount of ordinary shares of Ansaldo STS held by the persons subscribing to the abovementioned clauses is equal to No. 165,133,539, *i.e.* 82.567% of Ansaldo STS' share capital.

As a result of the completion and settlement of the Transaction (occurred on November 2, 2018), Hitachi Rail Italy Investments S.r.l. has come to hold the entire shareholding held by Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership and will retain and strengthen its control on Ansaldo STS pursuant to Article 93 of the IFA.

5. Content of the clauses

In the context of the Transaction and of the settlement provisions contained in the Agreement, under the Agreement itself Elliott is under an obligation (also on behalf of its affiliate companies as well as their directors, managers, partners, members, controlling persons and financial advisors who have acted in the interest of Elliott in relation to the investment made by Elliott in Ansaldo STS as well as in relation to the actions carried out by Elliott in this regard, excluding of investment banks) not to acquire or carry out transactions of any kind in relation to shares of Ansaldo STS or other securities linked to the shares of Ansaldo STS for a period of twenty-four (24) months from the settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement.

6. Duration and renewal of the clauses pertaining to Ansaldo STS

The Agreement is not a shareholders' agreement, rather it is a share purchase agreement, containing settlement provisions, which contains, *inter alia*, a number of clauses which are exclusively functional to the sale and purchase and to the settlement envisaged under the Agreement, which could in theory be considered as shareholders' agreement.

The clauses in question, listed under point 5 above, shall be valid for a period of twenty-four (24) months from the date of settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement.

In light of the above, should the clauses listed under point 5 above be considered as shareholders' agreements pursuant to Article 122, paragraph 5, letter d)-bis of the IFA, the undertakings provided for therein shall be deemed as having a duration of twenty-four (24) months from the date of settlement of the sale and purchase of the shares of Ansaldo STS under the Agreement (*i.e.* November 2, 2018).

7. Submission of the Agreement

The clauses pertaining to Ansaldo STS included in the Agreement have been submitted to the Companies' Register of Genoa on the date hereof.

8. Further information

The Agreement does not provide for the appointment of any body of the shareholders' agreement.

The Agreement does not provide for any obligation of shares deposit.

This announcement is made jointly by HRII, Elliott International, L.P., Elliott Associates, L.P. and The Liverpool Limited Partnership.

This excerpt is available on the website www.ansaldo-sts.com.

November 2, 2018

N. DOCUMENTS THAT HR II IS REQUIRED TO MAKE AVAILABLE TO THE PUBLIC, AND LOCATIONS WHERE SUCH DOCUMENTS ARE AVAILABLE FOR CONSULTATION

This Information Document and the documents referred to in Section N.1 below are available to the public for consultation at:

- (i) the registered office of HR II, at Via Tommaso Gulli, 39, 20147, Milan;
- (ii) the registered office of the Appointed Intermediaries;
- (iii) the registered office of the Issuer, at Via Mantovani No. 3-5, 16151, Genoa; and
- (iv) the registered office of the Intermediary Responsible for Coordinating the Collection of Sale Requests, at Largo Mattioli No. 3, Milan.

These documents are also available on the website of the Issuer, www.ansaldo-sts.com and the website of the Global Information Agent, www.morrowsodali-transactions.com.

N.1 Documents relating to the Issuer

- (i) Financial report for the financial year ended on 31 December 2017, including the Issuer's financial statements and the consolidated financial statements as of 31 December 2017, accompanied by the exhibits required by law;
- (ii) Interim financial report as of 30 June 2018, accompanied by the exhibits required by law;
- (iii) Interim financial report as of 30 September 2018, accompanied by the exhibits required by law.

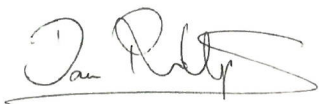
STATEMENT OF RESPONSIBILITY

HRII and Hitachi, Ltd. are responsible for the completeness and accuracy of the data and information contained in the Information Document.

HRII and Hitachi, Ltd. declare that to the best of their knowledge the information contained in the Information Document is accurate and that there are no material omissions that could affect its scope.

Name and position of the signatory

Hitachi Rail Italy Investments S.r.l.



Name: Daniel Mark Phillips

Title: Director

Hitachi, Ltd.



Name: Alistair Dormer

Title: Senior Vice President and Executive Officer

CEO, Railway Systems Business Unit