OFFER DOCUMENT

MANDATORY TENDER OFFER

PURSUANT TO ARTICLES 102 AND 106, PARAGRAPH 1-*BIS*, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS SUBSEQUENTLY AMENDED AND SUPPLEMENTED

INVOLVING ORDINARY SHARES OF

ISSUER

"Ansaldo STS S.p.A."

OFFEROR

"Hitachi Rail Italy Investments S.r.l."

NUMBER OF SHARES BEING OFFERED

No. 119,868,919 ordinary shares of Ansaldo STS S.p.A.

CONSIDERATION PER SHARE OF ANSALDO STS S.P.A.

Euro 9.50 per share

OFFER PERIOD AGREED WITH BORSA ITALIANA S.P.A.

The Offer Period, as agreed with Borsa Italiana S.p.A., will start from 8:30 a.m. (Italian time) on 4 January 2016 inclusive, until 5:30 p.m. (Italian time) on 5 February 2016 inclusive, unless extended

PAYMENT DATE

12 February 2016, unless extended

FINANCIAL ADVISORS TO THE OFFEROR

INTERMEDIARY RESPONSIBLE FOR COORDINATING THE COLLECTION OF OFFER SUBSCRIPTIONS

GLOBAL INFORMATION AGENT

The approval of the Offer Document, occurred with resolution No. 19457 dated December 5, 2015 implies no opinion from CONSOB on the advisability of subscription and on the merits of the information and data contained in this document

December 2015

Note to the English version of the Offer Document: the Italian version of the Offer Document is the only document approved by CONSOB with resolution number 19457 of December 5, 2015

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LIST OF THE MAIN DEFINITIONS

Acquisition	The acquisition of 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital, by the Offeror
Amendment	The amendment to the STS Agreement signed on 28 July 2015 by Hitachi, Ltd. and Finmeccanica, as described in Section 1.5 of the Offer Document.
AnsaldoBreda	AnsaldoBreda S.p.A., a company incorporated under the laws of Italy, with registered office in via Argine 425, Naples, Italy, issued and paid-in share capital of € 55,839,138.68, divided into 107,382,959 ordinary shares with nominal value of € 0.52 each, registered with the register of enterprises of Naples, Italy, with No. 00109940478, VAT No. 07766520634, a company entirely controlled by Finmeccanica.
AnsaldoBreda Agreement	The contract pursuant to which Hitachi Rail Italy S.p.A. acquired, from AnsaldoBreda, the going concern of AnsaldoBreda consisting of its main rolling stock production and sale activities, with the exclusion of some revamping activities and certain residual contracts that were non-performing and under completion, signed on February 24, 2015, and executed on November 2, 2015.
Ansaldo STS Group	The Issuer and its direct and/or indirect subsidiaries.
Appointed Intermediaries	The intermediaries appointed to collect the Offer subscriptions referred to in Section B, Paragraph B.3, of this Offer Document.
Borsa Italiana	Borsa Italiana S.p.A. (the Italian Stock Exchange), with registered office in Milan, Piazza degli Affari 6.
Borsa Rules	The Regulation of the markets organized and managed by Borsa Italiana (*Regolamento dei Mercati Organizzati e Gestiti da Borsa Italiana*).
CFIUS	The Committee on Foreign Investment in the United States.
Civil Code	The Italian Civil Code, approved with Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.
Closing	November 2, 2015, when the Acquisition was completed and the Offeror notified the market of the obligation to launch the Offer.
Consideration	The cash consideration to be paid to each Shareholder tendering in the Offer for each Share tendered in the Offer, and equal to Euro 9.50.
Consideration *cum dividend*	The purchase price agreed for each share of the Issuer by Hitachi and Finmeccanica under the STS Agreement, equal to Euro 9.65, before the approval of the dividend distribution by the Issuer's shareholders' meeting on 23 April 2015, ex date on 18 May 2015 and payment date on 20 May 2015.
CONSOB	The Italian National Companies and Stock Exchange Commission (*Commissione Nazionale per le Società e la Borsa*), with registered office in Roma, Via G.B. Martini 3..

Consolidated Financial Act or **TUF**	Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented.
Delisting	The delisting of the Issuer's ordinary shares from the MTA.
Depositary 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 exchange agents) where the Shares are deposited from time to time, as specified in Section F, Paragraph F.1.2, of the Offer Document.
Designated Subsidiary	The Offeror, as the party designated by Hitachi, Ltd. on October 26, 2015 for the acquisition of the Shareholding pursuant to the STS Agreement.
Dividend	The dividend equal to Euro 0.15 per share, approved by the Issuer's shareholders' meeting on 23 April 2015, with ex date on 18 May 2015 and payment date on 20 May 2015.
Electronic Stock Market or **MTA**	The Electronic Stock Market (*Mercato Telematico Azionario*) organized and managed by Borsa Italiana.
Finmeccanica	Finmeccanica S.p.A., a company incorporated under the laws of Italy, with registered office in Rome, Piazza Monte Grappa No. 4, issued share capital of Euro 2,543,861,738.00, registered with the register of enterprises of Rome, Italy, with No. 00401990585.
French Subsidiary or **Ansaldo STS France**	Ansaldo STS France, a company incorporated under the laws of France, in the form of *société par actions simplifiée*, whose share capital is entirely held by the Issuer.
Global Information Agent	Sodali S.p.A., with registered office in Rome, 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 Offer to all the Shareholders of the Issuer.
Guarantors	Mizuho Bank, Ltd., Milan Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milan Branch, and Sumitomo Mitsui Banking Corporation Europe Limited, Milan Branch.
Hitachi Europe Ltd.	Hitachi Europe Ltd., a company incorporated under the laws of England and Wales, with registered office at Whitebrook Park, Lower Cookham Road, Maidenhead, Berkshire, SL68YA, issued share capital of GBP 257,348,621, registered with the register of enterprises of England and Wales, with No. 02210686, qualifying as a person acting in concert with the Offeror pursuant to Article 101-*bis*, paragraph 4-*bis*, letter b), of the TUF, in light of the fact that it indirectly controls the Offeror.
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 458,790,991,613.00, 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 the Offeror pursuant to Article 101-

	bis, paragraph 4-*bis*, letter b), of the TUF, in light of the fact that it indirectly controls the Offeror.
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 83,910,000, registered with the register of enterprises of England and Wales, with No. 05598549, qualifying as a person acting in concert with the Offeror pursuant to Article 101-*bis*, paragraph 4-*bis*, letter b), of the TUF, in light of the fact that it indirectly controls the Offeror.
Hitachi Rail Italy or **HRI**	Hitachi Rail Italy S.p.A., a company incorporated under the laws of Italy, with registered office in Via Francesco Caracciolo, 17, Naples (Italy) with share capital of Euro 50,000.00, registered with the register of enterprises of Naples with No. 13264171003, a company entirely and indirectly controlled by Hitachi, Ltd., through Hitachi Rail Europe Ltd..
Hitachi Rail Italy Holdings S.r.l.	Hitachi Rail Italy Holdings S.r.l., a company incorporated under the laws of Italy, with registered office in Milan, Via Tommaso Gulli 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 the Offeror pursuant to Article 101-*bis*, paragraph 4-*bis*, letter b), of the TUF, in light of the fact that it directly controls the Offeror.
Hitachi Slate	The slate for appointment of the Issuer's Board of Directors containing six (6) candidates designated by Hitachi, Ltd. delivered to Finmeccanica on September 2, 2015 and filed by Finmeccanica on September 7, 2015 in accordance with the terms and modalities provided under the applicable laws. All the six (6) candidates included in the Hitachi Slate have been appointed as directors of the Issuer at the shareholders' meeting held on November 2, 2015.
Intermediary Responsible for Coordinating the Collection of Offer Subscriptions or **IMI**	Banca IMI S.p.A., with registered office at Largo Mattioli 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 Italy, with registered office at via Paolo Mantovani 3-5, 16151, Genoa, issued and paid-in share capital of Euro 100,000,000.00 (one hundred million), divided into 200,000,000 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,.
Issuer's Statement	The Issuer's statement drafted pursuant to Article 103, paragraph 3, of the Consolidated Financial Act and Article 39 of the Issuers' Regulation.
Issuers' Regulation	The regulation implementing the Consolidated Financial Act, adopted by CONSOB with its Resolution No. 11971 of 14 May 1999, as subsequently amended and supplemented.
Joint Procedure	The joint procedure (*Procedura Congiunta*) 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-*quinquies*, paragraph 1, of the Issuers' Regulation.
Market Regulation	The regulation implementing the TUF, concerning governance of markets, adopted by CONSOB with its resolution No. 16191 of 29 October 2007, as subsequently amended and supplemented.
Maximum Amount	The maximum total value of the Offer, calculated on the basis of the total amount of the Shares under the Offer as of the Offer Document Date, assuming that all the Shares are tendered in the Offer, equal to Euro 1,138,754,731.
Merger	The merger of the Issuer with and into the Offeror or another unlisted entity of the Hitachi Group, causing the Delisting of the Issuer's shares.
Notice on the Offer Results	The announcement relating to the final results of the Offer which shall be disclosed by the Offeror pursuant to Article 41, paragraph 6, of the Issuers' Regulation (*Comunicato sui Risultati dell'Offerta*).
Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF	The Offeror's obligation to purchase the remaining Shares from anyone so requesting, pursuant to Article 108, paragraph 1, of the TUF if, following the Offer, including any Re-opening of the Offer Period, as a result of tenders in the Offer and any possible purchases made outside of the Offer, in compliance with the applicable laws, within the Offer Period (including any Re-opening of the Offer Period) and/or in compliance with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, the Offeror comes to hold a total shareholding greater than or equal to 95% of the Issuer's share capital.
Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF	The Offeror's obligation to purchase the remaining Shares, from anyone so requesting, pursuant to Article 108, paragraph 2, of the TUF if, following the Offer, including any Re-opening of the Offer Period, as a result of tenders in the Offer and any possible purchases made outside of the Offer, in compliance with the applicable laws, within the Offer Period (including any Re-opening of the Offer Period), the Offeror comes to hold a total shareholding greater than 90% but lower than 95% of the Issuer's share capital.
Offer	The mandatory tender offer concerning the Shares promoted by the Offeror pursuant to Articles 102 and 106, paragraph 1-*bis,* of the TUF as well as the applicable implementing provisions of the Issuers' Regulation, as described in the Offer Document.
Offer Document	This offer document.
Offer Document Date	The date of publication of the Offer Document pursuant to Article 38 of the Issuers' Regulation, *i.e.* December 9, 2015.
Offeror	Hitachi Rail Italy Investments S.r.l., a company incorporated under the laws of Italy, with registered office in Milan, Via Tommaso Gulli 39, 20147, issued corporate capital of Euro 10,000.00, registered with the register of enterprises of Milan, with No. 09194070968.

Offer Period

The period between 8:30 a.m. (italian time) on 4 January 2016 and 5:30 p.m. (Italian time) on 5 February 2016 inclusive, unless extended, during which it will be possible to subscribe to this Offer, as described in Section F, Paragraph F.1.1, of the Offer Document.

Offerors' Financial Advisors

Citigroup Global Markets Limited, with registered office at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom, company registration No. 1763297, acting as financial advisor to the Offeror.

Deutsche Bank AG, a corporation domiciled in Frankfurt am Main, Germany, operating in the United Kingdom through its London Branch at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom, under Branch registration No. BR000005, acting as financial advisor to the Offeror.

Opinion of the Independent Directors

The reasoned opinion containing the evaluations on the Offer and the adequacy of the Consideration by the independent directors of the Issuer who are not related parties of the Offeror, pursuant to Article 39-*bis* of the Issuers' Regulation.

Other Countries

Any country, other than Italy and the United States of America, where the publication of the Offer is not allowed without authorization from the competent authorities or is subject to other requirements to be fulfilled by the Offeror.

Payment Date

The date on which the Consideration will be paid to the Shareholders who tendered their Shares, at the same time as the transfer of ownership of the Shares themselves, and corresponding to the fifth Trading Day following the end of the Offer Period, *i.e.* 12 February 2016, as described in Section F, Paragraph F.5, of this Offer Document.

Payment Date Following the End of the Re-opening of the Offer Period

The date when the payment of the Consideration will be made for the Shares tendered during the Re-opening of the Offer Period (at the same time as the transfer of ownership of the Shares to the Offeror) corresponding to the fifth Trading Day following the end of the Re-opening of the Offer Period, *i.e*. 26 February 2016, as stated in Section F, Paragraph F.5, of the Offer Document

Performance Guarantees

The performance guarantees, pursuant to Article 37-*bis* of the Issuers' Regulation, through which Mizuho Bank, Ltd., Milan Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milan Branch, and Sumitomo Mitsui Banking Corporation Europe Limited, Milan Branch, undertake, irrevocably and unconditionally, to guarantee one third of the funds for the full performance of the Offeror's payment obligations under the Offer (*i.e.*, the payment by the Offeror of the Consideration for all Shares tendered in the Offer under the Offer Document and up to the Maximum Amount) respectively and not jointly and severally between them.

Related Parties Regulation

The Regulation adopted by CONSOB with resolution No. 17221 of 12 March 2010, as subsequently amended and integrated.

Re-opening of the Offer Period

Any re-opening of the Offer Period for five Trading Days (namely for the sessions of 15, 16, 17, 18 and 19 February 2016), as set forth in more

	detail in Section F, Paragraph F.1.1, of the Offer Document.
Right to Purchase	The Offeror's right to purchase the remaining Shares pursuant to Article 111 of the TUF, in the event that, following the Offer, including any Re-opening of the Offer Period, as a result of tenders in the Offer, any possible purchases made outside of the Offer, in compliance with the applicable laws, within the Offer Period (including any Re-opening of the Offer Period) and/or in compliance with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, the Offeror comes to hold a total shareholding greater than or equal to 95% of the Issuer's share capital.
SEC	The U.S. Securities and Exchange Commission.
Share or **Shares**	Depending on the context, all or some, or individually, each of the 119,868,919 ordinary shares of the Issuer the subject of the Offer, having a nominal value of Euro 0.50 per share, listed on the MTA and representing 59.93% of the Issuer's share capital as of the Offer Document Date. The 80,131,081 ordinary shares already held by the Offeror as of the Offer Document Date are not involved in the Offer.
Shareholder	Any shareholder of the Issuer, different from the Offeror, to which the Offer is directed.
Shareholding	The No. 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital, acquired by the Offeror through the STS Agreement.
STS Agreement	The binding agreement, between Finmeccanica and Hitachi, Ltd., for the sale and purchase by Hitachi, Ltd. - or an entity fully-owned by Hitachi, Ltd., and designated by Hitachi, Ltd. itself pursuant to Article 1401 of the Civil Code - of the entire shareholding owned by Finmeccanica in the Issuer, equal to 80,131,081 ordinary shares of the Issuer representing 40.07% of the Issuer's share capital, signed on February 24, 2015.
Subscription Forms	The subscription forms that the Shareholders tendering their Shares in the Offer must sign and deliver to an Appointed Intermediary, duly completed in all of their parts, with simultaneous deposit of the Shares at such Appointed Intermediary.
Trading Day	Each day the Italian regulated markets are open according to the trading calendar established annually by Borsa Italiana.
U.S. Securities Exchange Act	The U.S. Securities Exchange Act of 1934, as amended.

INTRODUCTION

This introduction briefly describes the structure and the legal basis of the transaction which is the subject of this offer document (the "**Offer Document**").

For full understanding of the terms and conditions of the transaction, it is recommended that investors read carefully the Offer Document in its entirety, in particular Section A "Warnings".

1. DESCRIPTION OF THE OFFER

1.1 Features of the Offer

The transaction described in the Offer Document is a mandatory tender offer (the "**Offer**") launched by Hitachi Rail Italy Investments S.r.l. (the "**Offeror**") pursuant to Articles 102 and 106, paragraph 1-*bis*, of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (the "**TUF**"), and the applicable implementing provisons of the Issuers' Regulation, as subsequently amended and supplemented. For further information on the nature and legal basis of the Offer, please refer to Section A "Warnings" of this Offer Document.

The Offer has been announced through the joint press releases by Finmeccanica and Hitachi, Ltd. of February 24, 2015 and November 2, 2015. In particular, such press releases have announced respectively *inter alia* (i) the signing, on 24 February 2015 of a binding agreement for the sale and purchase by Hitachi, Ltd. of the entire shareholding owned by Finmeccanica in the Issuer, equal to No. 80,131,081 ordinary shares of Ansaldo STS S.p.A. (the "**Issuer**) representing 40.07% of the Issuer's share capital (the "**STS Agreement**"); and (ii) the subsequent completion of the acquisition of No. 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital (the "**Acquisition**"), on November 2, 2015 by the Offeror, pursuant to the STS Agreement, together with the obligation to launch the Offer.

In the same joint press releases of February 24, 2015 and November 2, 2015, it was also announced, respectively (1) the signing, by Hitachi Rail Italy S.p.A. ("**HRI**", a newly constituted company entirely and indirectly controlled by Hitachi, Ltd., through Hitachi Rail Europe Ltd.) and Hitachi, Ltd., on one hand, and AnsaldoBreda S.p.A. ("**AnsaldoBreda**") and Finmeccanica, on the other hand, on February 24, 2015, of the binding agreement (the "**AnsaldoBreda Agreement**") for the acquisition of the going concern of AnsaldoBreda, consisting of its main rolling stock production and sale activities, with the exclusion of some revamping activities and certain residual contracts that were non-performing and under completion (the "**Going Concern**"); and (2) the subsequent completion of the acquisition of the Going Concern, by HRI, occurred on November 2, 2015.

The Offeror informed CONSOB and the market of the occurence of the conditions triggering the obligation to launch the Offer on November 2, 2015, through a notice published pursuant to Article 102, paragraph 1, of the TUF and Article 37, paragraph 1, of the Issuers' Regulation.

The Offer is launched in Italy and in the United States of America and concerns 119,868,919 ordinary shares of the Issuer, equal to 59.93% of the Issuer's share capital, corresponding to the total of the ordinary shares issued by the Issuer, excluding the shares already held by the Offeror as of the Offer Document Date.

In particular, as of the Offer Document Date, the Offeror holds No. 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital, acquired by the Offeror through the STS Agreement on November 2, 2015 (the "**Shareholding**"). Such shares are not subject to the Offer.

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

The Shares are admitted to trading on the MTA (*mercato telematico azionario*), a market organized and managed by the Italian Stock Exchange (*Borsa Italiana*), STAR segment, and have a nominal value of Euro 0.50 each.

The consideration offered by the Offeror for each Share that will be tendered in the Offer is of Euro 9.50, which has been determined on the basis described in Section E below and will be paid in cash according to the terms indicated in Section F, Paragraphs F.5 and F.6 of the Offer Document.

The Consideration is equal to the price paid by the Offeror for the Acquisition pursuant to the STS Agreement. Neither the Offeror nor any person acting in concert with the Offeror pursuant to Article 101-*bis*, paragraph 4-*bis*, of the TUF have performed any other purchase of shares of the Issuer in the twelve (12) months preceding the date of the notice pursuant to Article 102, paragraph 1, of the TUF.

The total maximum value of the Offer, assuming that all Shares are tendered by the Shareholders, is equal to Euro 1,138,754,731 (the "**Maximum Amount**").

Please note that on November 10, 2015 and on November 11, 2015, respectively, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A., and Bluebell Partners Ltd., submitted to CONSOB two petitions for the upwards adjustment of the Consideration, pursuant to Article 106, paragraph 3, letter d), of the TUF and Article 47-*sexies* of the Issuers' Regulation (together, the "**Petitions**").

As a consequence of the Petitions, CONSOB has initiated two administrative proceedings pursuant to Article 10 of the General Regulation on the administrative proceedings of CONSOB adopted with resolution No. 18388 of 28 November 2012, on, respectively, November 10 and November 11, 2015, which have not yet been closed. In compliance with the applicable law provisions, the Offeror, within five days from the reception of the notice on the commencement of such administrative proceedings, has submitted to CONSOB written observations and documents.

Pursuant to Article 47-*sexies*, paragraph 6, of the Issuers' Regulation, CONSOB shall resolve by means of a reasoned decision by the end of the Offer. If such decision is not issued before, CONSOB has the power to suspend the Offer during the course of the Offer Period where further investigation is deemed to be necessary.

The Offer Period has been agreed with Borsa Italiana as the period from 8:30 a.m. (Italian time) on 4 January 2016 to 5:30 p.m. (Italian time) on 5 February 2016 inclusive, unless extended.

1.2 Legal basis of the Offer

The obligation to launch the Offer follows the Acquisition on November 2, 2015 by the Offeror at a price equal to Euro 9.50 per share on the basis of the STS Agreement.

In particular, the obligation to launch the Offer pursuant to Article 106, paragraph 1-*bis*, of the TUF, has arisen from the following events:

- On February 24, 2015, Hitachi, Ltd. and Finmeccanica entered into the STS Agreement, pursuant to which Hitachi, Ltd. has undertaken to purchase from Finmeccanica, and Finmeccanica has undertaken to sell to Hitachi, Ltd., the Shareholding. Such acquisition was subject, *inter alia*, to certain conditions precedent, including the authorizations from the European Commission, the South Korean Antitrust Authority, the Chinese Antitrust Authority, the CFIUS in the United States and the French Ministry for the Economy, Industry and Digital Affairs.

- In accordance with the STS Agreement, Hitachi, Ltd. had the right pursuant to Article 1401 of the Civil Code to designate a company to become a party to the STS Agreement (the "**Designated Subsidiary**") and to purchase the Shareholding, provided that: (i) any designation had to be communicated to Finmeccanica together with the written unconditional acceptance by the Designated Subsidiary of such designation and of all the terms and conditions of the STS Agreement; (ii) the Designated Subsidiary had to be a company directly or indirectly fully-owned by Hitachi, Ltd.; and (iii) Hitachi, Ltd. had to remain jointly and severally obligated to Finmeccanica in respect of all the obligations under the STS Agreement.

- On September 8, 2015, the Offeror was incorporated by Hitachi Rail Italy Holdings S.r.l. (a company indirectly and entirely controlled by Hitachi, Ltd., as better specified in Section B, Paragraph B.1, of the Offer Document) with a notarial deed drawn up by the Notary Public Mr. Simone Chiantini and registered with the register of enterprises of Milan, on September 11, 2015. The corporate capital of the Offeror is entirely owned by Hitachi Rail Italy Holdings S.r.l..

– On October 26, 2015, the Offeror signed the written unconditional acceptance of becoming the Designated Subsidiary and of all the terms and conditions of the STS Agreement (the "**Acceptance**").

– On October 26, 2015, Hitachi, Ltd. communicated to Finmeccanica the appointment of the Offeror as Designated Subsisdiary and provided Finmeccanica with the Acceptance.

– On October 27, 2015, the last condition precedent relevant for completion of the Acquisition under the STS Agreement was met.

– On November 2, 2015, the Offeror acquired the Shareholding and published a notice pursuant to Article 102, paragraph 1, of the TUF and Article 37, paragraph 1, of the Issuers' Regulation.

– On November 4, 2015, the Offeror filed the Offer Document with CONSOB pursuant to Article 102, paragraph 3, of the TUF.

– On December 5, 2015, CONSOB approved the Offer Document.

1.3 Offer Consideration and Maximum Amount

The Offeror shall pay each Shareholder an amount for each Share tendered in the Offer equal to Euro 9.50. (the "**Consideration**").

For completeness of information, by means of a press release dated March 6, 2015, Hitachi, Ltd. and Finmeccanica informed that, following the approval by the Board of Directors of the Issuer of a proposed dividend distribution, pursuant to the interim period provisions of the STS Agreement, Finmeccanica asked Hitachi, Ltd.'s consent in order to vote in favor of the relevant proposal at the Issuer shareholders' meeting, and Hitachi, Ltd. has expressed its consent.

On 23 April 2015, the Issuer's shareholders' meeting approved the Board of Directors' proposal of a dividend distribution equal to Euro 0.15 per share (the "**Dividend**"), with ex date on 18 May 2015 and payment date on 20 May 2015 and therefore triggered a price adjustment mechanism, so that the price per share was adjusted downwards by the amount of the Dividend per share distributed, *i.e.* from 9.65 to 9.50 per share.

The total maximum disbursement of the Offeror, in the event that all the Shares are tendered by the Issuer's Shareholders and based on the number of Shares as of the Offer Document Date is equal to Euro 1,138,754,731 (*i.e.* the Maximum Amount).

Considering the mandatory nature of the Offer and the structure of the Acquisition triggering the obligation to launch the Offer, the Consideration has been set pursuant to Article 106, paragraph 2, of the TUF, according to which the Consideration must not be lower than the highest price paid by the Offeror or any person acting in concert with the Offeror for the purchase of the shares of the Issuer in the twelve (12) months preceding the date of the notice pursuant to Article 102, paragraph 1, of the TUF.

As a matter of fact, the Consideration is equal to the price paid by the Offeror for the Acquisition pursuant to the STS Agreement. Neither the Offeror nor any person acting in concert with the Offeror pursuant to Article 101-*bis*, paragraph 4-*bis*, of the TUF have performed any other purchase of shares of the Issuer in the twelve (12) months preceding the date of the notice pursuant to Article 102, paragraph 1, of the TUF.

For further information please refer to Section E of the Offer Document.

1.4 Rationale for the Offer and future plans of the Offeror

The obligation to launch the Offer follows the Acquisition by the Offeror.

The Offeror's objective is to acquire the entire share capital of the Issuer and to achieve the revocation of the Issuer's shares from listing on the MTA (the "**Delisting**") in order to allow the Hitachi Group to fully integrate the activities of the Issuer in an effective and efficient manner.

If the Delisting is not achieved at the end of the Offer, the Offeror will consider the possibility of a merger of the Issuer with and into the Offeror or another unlisted entity of the Hitachi Group, causing the Delisting of the Issuer's shares (the "**Merger**"). In relation to this possible Merger aimed at the Delisting, please refer to Section G, Paragraph G.3, of the Offer Document.

Where the Merger is carried out, the shares of the Issuer will be delisted from the MTA and therefore the Shareholders who have not tendered their Shares and have not voted in favor of the resolution approving the Merger will be solely entitled to exercise the withdrawal right pursuant to Article 2437-*quinquies* of the Civil Code, as in this case they will receive in exchange shares of a non-listed company, in the context of the Merger. The withdrawal price for the shares will be determined pursuant to Article 2437-*ter* of the Civil Code, *i.e.* on the basis of the arithmetic average of the closing prices within the six (6) months before the publication or the receipt of the notice of call of the shareholders' meeting convened in order to approve the Merger.

The Offeror will consider the possibility of a merger of the Issuer with and into a company of the Hitachi Group even if the shares of the Issuer have already been delisted from the MTA (please see Section G, Paragraph G.2.4, of the Offer Document). In this case, the Shareholders will not be entitled to exercise any withdrawal right, for the case indicated in the paragraph above, in relation to this merger.

In order to allow the combined group (*i.e.*, the group resulting from the integration of the Issuer into the Hitachi Group) to benefit from an efficient corporate and business structure, the Offeror will also consider other business combinations such as other intragroup mergers or transfers of assets or companies.

The Acquisition and the Offer represent a key milestone in Hitachi's strategy to become a global leader in total rail solutions. Whilst significantly expanding its global footprint, the Acquisition and the Offer will enable Hitachi to strengthen its position in signalling/traffic management systems, expand turnkey operations and enlarge its portfolio with world class products. The Shareholding acquired is strategically important for Italy and the combination with the Issuer will also provide a unique opportunity for Hitachi to pursue untapped growth potential in new markets.

The Issuer's business has features that fit with the strategic prospects of Hitachi as well as its business view and attention to quality. Hitachi's strategy for the rail sector is focused on capturing expansion opportunities, leveraging on *(i)* globalization, by implementing global organization, *(ii)* transformation, by reshaping and enhancing business portfolio such as total rail solutions, and *(iii)* innovation, by forefront technological development.

The Acquisition and the Offer are in line with the abovementioned strategy and aim to create a new business model benefitting from a much-sought-after global platform to support Hitachi's future ambitions in rail solutions.

For further information on future plans of the Offeror, please refer to Section A, Paragraph A.4, and Section G, Paragraphs from G.2.1 to G.2.4, of this Offer Document.

1.5 Shareholders' agreements

As of the Offer Document Date, there are no shareholders' agreements in force between (i) the shareholders of the Issuer, or (ii) the shareholders of any of the companies that directly or indirectly control the Issuer.

Notwithstanding the above, some provisions of the STS Agreement entered into between Hitachi, Ltd. and Finmeccanica, that have all been complied with and are no longer effective as of the Offer Document Date, might be deemed as having had the nature of a shareholders' agreement which, however, they do not have any impact on the Offer hereby launched by the Offeror and which are disclosed hereinbelow for mere completeness.

In particular, the STS Agreement provided, *inter alia*, that at the completion of the Acquisition (the "**Closing**") Finmeccanica had to deliver to Hitachi, Ltd. the resignation letters of at least five (5) of the members of the Board of Directors of the Issuer included in the last slate filed by Finmeccanica for the appointment of the Board of Directors. Moreover, Finmeccanica undertook to:

(i) procure that, within two (2) business days from the occurrence (or waiver) of the last condition precedent relevant for the completion of the Acquisition, the Issuer shall publish the notice of call of a shareholders' meeting to be held forty (40) days thereafter, having on agenda the appointment of the new Board of Directors, as a consequence of the expected resignation of the majority of the company's directors, in compliance with any applicable laws;

(ii) in accordance with the terms and modalities provided under the applicable laws, file a slate for the appointment of the Board of Directors containing six (6) candidates designated by Hitachi, Ltd. (the "**Hitachi Slate**");

(iii) in the shareholders' meeting to be held on the date of the Closing, after having complied with all the modalities provided under the applicable laws in order to validly exercise the voting rights relating to its shares, vote in favor of the Hitachi Slate with all its Issuer's shares.

On 28 July 2015, Hitachi, Ltd. and Finmeccanica signed an amendment to the STS Agreement (the "**Amendement**") aimed at clarifing in advance the timing of the Closing in order to give additional certainty to the determination mechanism for the date of the Closing and, therefore, organize and schedule any preparatory and preliminary activities in view of the Closing. The Amendment has been disclosed to the public, duly published and filed in compliance with Article 122 of the TUF.

In the Amendment, the parties, *inter alia*, specified the timing for the undertaking of Finmeccanica to (i) obtain and deliver to Hitachi, Ltd. the letters of resignation of at least five (5) of the members of the Board of Directors of Ansaldo STS and (ii) call the shareholders' meeting to be held at the date of the Closing for the appointment of the new members of the Board of Directors of Ansaldo STS.

In particular, Finmeccanica undertook (a) to obtain and deliver to Hitachi, Ltd. by 29 July 2015 the letters of resignation of at least five (5) of the members of the Board of Directors of Ansaldo STS to be subject to the occurrence (or waiver) of the last condition precedent relevant for the Acquisition; and (b) to call the shareholders' meeting in first call on 1 October 2015 (if the last condition precedent has occurred or has been waived not later than 18 September 2015); in second call on 2 November 2015 (if the last condition precedent has occurred or has been waived not later than 20 October 2015); and in third call on 1 December 2015 (if the last condition precedent has occurred or has been waived not later than 20 November 2015).

Furthermore, Hitachi, Ltd. undertook to deliver the Hitachi Slate to Finmeccanica by 2 September 2015.

For completeness, please note that on October 20, 2015 Hitachi and Finmeccanica signed a second amendment to the STS Agreement, exclusively aimed at extending until October 27, 2015 the term for the verification of the occurrence of the conditions precedent relevant for the Acquisition (previously expected to be on October 20, 2015, as indicated above). Also this second amendment has been disclosed to the public, duly published and filed in compliance with Article 122 of the TUF.

In light of the abovementioned provisions of the STS Agreement, following the resignations of the directors Mr. Sergio De Luca, Mr. Domenico Braccialarghe, Ms. Alessandra Genco, Mr. Stefano Siragusa, Ms. Barbara Poggiali and Mr. Bruno Pavesi (the latter three subsequently reappointed) of 28 July 2015, the shareholders' meeting was held on November 2, 2015 and Finmeccanica validly exercised its voting rights relating to its shares and voted in favor of the Hitachi Slate with all its shares.

Moreover, as common practice for this kind of transaction, the STS Agreement set out some provisions of interim management according to which, at all times during the period between the execution of the STS Agreement and the Closing, except with Hitachi, Ltd.'s prior written consent, Finmeccanica undertook to vote against (i) any extraordinary shareholders' meeting resolution of the Issuer, including those pertaining to extraordinary transactions (such as, *inter alia*, mergers, demergers, capital increases or decreases), (ii) any shareholders' meeting resolution relating to (x) the distribution of dividends or reserves or other distributions, (y) transactions on the Issuer's shares (including any acquisition or disposal of treasury shares).

As of the Offer Document Date, all the abovementioned provisions of the STS Agreement had been complied with and are no longer effective.

1.6 Markets where the Offer is being launched

The Offer is directed, on a non-discriminatory basis and on equal terms, to all holders of the Shares and is being launched in Italy pursuant to Articles 102 and 106, paragraph 1-*bis*, of the TUF.

The Offer is also 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 (the "**U.S. Securities Exchange Act**"), subject 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 holders of the Shares will be provided with an English-language offer document with the same content and on a comparable basis as the Italian Offer Document.

About the contents of the U.S. rules and exemptions applicable to the Offer, please see also Section F, Paragraph F.4.2, of the Offer Document.

For the notice to U.S. resident holders of the Shares, please see Section A, Paragraph A.12, of the Offer Document.

1.7 Table of the main events relating to the Offer

Below are, in summary form and in chronological order, the main events connected with the Offer.

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
February 24, 2015	Entering into the STS Agreement	Joint press release by Hitachi, Ltd. and Finmeccanica dated February 24, 2015
April 23, 2015	The Issuer's shareholders' meeting approved the Dividend	Press release by the Issuer dated April 23, 2015
May 18, 2015	Ex Dividend date	-
May 20, 2015	Dividend payment date	-
September 8, 2015	Incorporation of the Offeror with notarial deed drawn up by the Notary Public Mr. Simone Chiantini, registered with the register of enterprises of Milan on September 11, 2015	-
October 26, 2015	Notification by Hitachi, Ltd. to Finmeccanica of the appointment of the Offeror as the Designated Subsidiary to acquire the Shareholding pursuant to the STS Agreement	-
October 27, 2015	The last condition precedent relevant for completion of the Acquisition under the STS Agreement was met	-
November 2, 2015	Completion of the Acquisition of the Shareholding by the Offeror and consequent holding by the Offeror of a shareholding exceeding the 25% Issuer's share capital threshold and obligation to launch the Offer	Notice by the Offeror pursuant to Article 102, parahraph 1, of the TUF and Article 37 of the Issuers' Regulation
November 4, 2015	Filing of the Offer Document with CONSOB pursuant to Article 102, paragraph 3, of the TUF	Notice by the Offeror pursuant to Article 37-*ter* of the Issuers' Regulation
November 16, 2015	Suspension of the terms for the approval of the Offer Document by CONSOB, pursuant to Article 102, paragraph 4, of the TUF	Notice by the Offeror pursuant to Article 38, parahraph 1, of the Issuers' Regulation dated November 17, 2015
December 1, 2015	Re-opening of the terms for the approval of the Offer Document, pursuant to Article 102, paragraph 4, of the TUF by CONSOB	Notice by the Offeror pursuant to Article 38, parahraph 1, of the Issuers' Regulation dated December 2, 2015
December 5, 2015	Approval of the Offer Document by CONSOB	Press release of the Offeror pursuant to Article 114 of the TUF and Article 66 of the Issuers' Regulation
December 9, 2015	Publication of the Offer Document	Notice by the Offeror pursuant to Article 38, paragraph 2, of

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
		the Issuers' Regulation Publication of the Offer Document pursuant to Article 36, paragraph 3, and Article 38, paragraph 2, of the Issuers' Regulation
4 January 2016	Beginning of the Offer Period	-
At least five (5) Trading Days before the end of the Offer Period, *i.e.* by 29 January 2016	Possible notice regarding the exceeding of the threshold that may determine the Re-opening of the Offer Period. If such communication is carried out, the Re-opening of the Offer Period would be prevented	Notice pursuant to Article 114 of the TUF and Article 40-*bis*, paragraph 1, letter b), of the Issuers' Regulation
5 February 2016	End of the Offer Period	-
By the evening of the last day of the Offer Period and, in any case, by 7:59 a.m. (Italian time) of the first Trading Day following the end of the Offer Period	Notice on the provisional results of the Offer	Notice pursuant to Article 114 of the TUF and Article 66 the Issuers' Regulation (notice on the provisional results of the Offer)
By the Payment Date, *i.e.* by 12 February 2016	Notice on the Offer Results and communication on (i) (if applicable) the occurrence of the requirements for the Re-opening of the Offer Period; (ii) (if applicable) the occurrence of the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, or for the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and/or for the Right to Purchase; and (iii) the procedures and timing relating to the possible Delisting of the Issuer's shares	Notice pursuant to Article 41, paragraph 6, of the Issuers' Regulation
The fifth Trading Day following the end of the Offer Period, *i.e.* 12 February 2016	Payment of the Consideration for the Shares tendered in the Offer during the Offer Period	-
15 February 2016	Beginning of the Re-opening of the Offer Period	-
19 February 2016	End of the Re-opening of the Offer Period	-
By the evening of the last day of the Re-opening of the Offer Period and, in any case, by 7:59 a.m. (Italian time) of the first Trading Day following the end of the Re-opening of the Offer Period	Notice on the provisional results of the Offer following the Re-opening of the Offer Period	Notice pursuant to Article 114 of the TUF and Article 66 the Issuers' Regulation (notice on the provisional results of the Offer following the Re-opening of the Offer Period)
By the Payment Date Following the End of the Re-opening of the Offer Period, *i.e.* by 26 February 2016	Notice on the overall results of the Offer following the Re-opening of the Offer Period, and communication (i) that (if applicable) the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF were met or that the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and/or the Right to Purchase were met and (ii) the procedures	Notice pursuant to Article 41, paragraph 6, of the Issuers' Regulation

DATE	EVENT	FORM OF COMMUNICATION AND LEGAL BASIS
	and timing relating to the potential Delisting of the Issuer's shares	
The fifth Trading Day following the end of the Re-opening of the Offer Period, *i.e.* 26 February 2016	Payment of the Consideration for the Shares tendered during the Re-opening of the Offer Period	-
Starting once legal requirements have been satisfied, *i.e.* in case of reaching a shareholding greater than 90% but lower than 95% of the Issuer's share capital	If the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF are met, publication of a notice containing the information necessary to comply with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, and an indication on the timing of the Delisting of the Issuer's shares	Potential publication of a notice pursuant to Article 50-*quinquies* of the Issuers' Regulation
Starting once legal requirements have been satisfied, *i.e.* in case of reaching a shareholding at least equal to 95% of the Issuer's share capital	If the requirements for 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 are met, publication of a notice containing the information on the procedure relating to the Right to Purchase pursuant to Article 111 of the TUF and, concurrently, the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF triggering the Joint Procedure, and an indication of the timing of the Delisting of the Issuer's shares	Potential publication of a notice pursuant to Article 50-*quinquies* of the Issuers' Regulation

Note: all the notices under the preceding table, where not otherwise specified, will be disclosed in compliance with Article 36, paragraph 3, of the Issuers' Regulation; communications and notices relating to the Offer 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 OFFER

The Offer, being a mandatory tender offer pursuant to Article 106, paragraph 1-*bis*, of the TUF, is not subject to any conditions of effectiveness.

In particular, the Offer is not subject to the achievement of a minimum threshold of subscriptions and is directed on a non-discriminatory basis and on equal terms to all the Shareholders.

Furthermore, there are no conditions of effectiveness of the Offer provided by the law.

To this regard, please refer to Section F, Paragraph F.8 of the Offer Document.

A.2 INFORMATION RELATING TO THE FINANCING OF THE OFFER

A.2.1 Financing of the Acquisition

The obligation to launch the Offer follows the Acquisition by the Offeror of a total of 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital, at a price of Euro 9.50 per share, pursuant to the STS Agreement.

Fulfillment of the purchase obligation assumed under the STS Agreement involved a total disbursement by the Offeror of Euro 761,245,269.50, financed through a short term intragroup financial debt.

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

(i) a short term intragroup financial debt of approximately Euro 761 million 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 financial debt of approximately Euro 761 million granted by Hitachi Rail Italy Holdings S.r.l. to the Offeror.

In turn, Hitachi, Ltd. financed these funds through issuances of debt in the form of commercial paper in the Japanese market.

A.2.2 Financing of the Offer

The Offeror financed the Maximum Amount making use of a short term intragroup financial debt.

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

(i) a short term intragroup financial debt of approximately Euro 1.138 billion 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 financial debt of approximately Euro 1.138 billion granted by Hitachi Rail Italy Holdings S.r.l. to the Offeror.

In turn, Hitachi, Ltd. financed these funds through issuances of debt in the form of commercial paper in the Japanese market.

A.2.3 Main terms and conditions of the intragroup financing for the Acquisition and the Offer

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 the Offeror a short term credit line with an interest rate equal to 0.32857% and three-month maturity.

The Offeror did not provide any specific security for such credit line, so the Offeror'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 the Offeror's ordinary activities.

A.2.4 Performance Guarantees

The Offeror has obtained three cash confirmation letters by virtue of which (i) Mizuho Bank, Ltd., Milan Branch; (ii) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milan Branch; and (iii) Sumitomo Mitsui Banking Corporation Europe Limited, Milan Branch (the "**Guarantors**"), irrevocably and unconditionally undertake to guarantee one third of the funds for the full performance of the Offeror's payment obligations in relation to the Offer (*i.e.*, the payment by the Offeror of the Consideration for all Shares tendered in the Offer under the Offer Document and up to the Maximum Amount) respectively, and not jointly and severally between them, in accordance with Article 37-*bis* of the CONSOB Issuers' Regulation.

Such guarantees will expire on the latest of the following: (i) the Payment Date; (ii) the Payment Date Following the Re-opening of the Offer Period; and (iii) the payment date in relation to the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF or the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF and/or the Right to Purchase, if any.

For further information on the financing arrangements and the Performance Guarantees, see Section G, Paragraphs G.1.1 and G.1.2, of the Offer Document.

A.3 RELATED PARTIES

Pursuant to the Italian law, and in particular the Regulation adopted by CONSOB with resolution No. 17221 of 12 March 2010, as subsequently amended and integrated (the "**Related Parties Regulation**"), the Offeror, following the Acquisition, became a related party to the Issuer due to the holding of a shareholding greater than 20% of the share capital of the Issuer.

The members of the management and supervisory bodies of the Offeror, as of the Offer 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 the Offeror, as of the Offer Document Date, the following companies qualify as related parties to the Issuer, in accordance with the Related Parties Regulation, as indirectly holders, through the Offeror, of a shareholding greater than 20% of the share capital of the Issuer as of the Offer Document Date: Hitachi, Ltd., Hitachi Europe 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 Board of Directors of the Issuer appointed by the shareholders' meeting held on November 2, 2015, 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 November 2, 2015, is, *inter alia*, Chairman of the Board of Directors of Hitachi Rail Europe Ltd. and Vice President and Executive Officer of Hitachi, Ltd.; and (ii) Ms. Karen Boswell, who has been appointed as director of the Issuer at the shareholders' meeting held on November 2, 2015, is also a managing director and member of the board of director of Hitachi Rail Europe Ltd..

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

A.4 RATIONALE FOR THE OFFER AND FUTURE PLANS OF THE OFFEROR

The obligation to launch the Offer follows the Acquisition by the Offeror.

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

If the Delisting is not achieved at the end of the Offer, the Offeror will consider the possibility of the Merger, causing the Delisting of the Issuer's shares. In relation to this possible Merger aimed at the Delisting, please see Section G, Paragraph G.3 of the Offer Document.

Where the Merger is carried out, the shares of the Issuer will be delisted from the MTA and therefore the Shareholders who have not tendered their Shares and have not voted in favor of the resolution approving the Merger will be solely entitled to exercise the withdrawal right pursuant to Article 2437-*quinquies* of the Civil Code, as in this case they will receive in exchange shares of a non-listed company, in the context of the Merger. The withdrawal price for the shares will be determined pursuant to Article 2437-*ter* of the Civil Code, *i.e.* on the basis of the arithmetic average of the closing prices within the six (6) months before the publication or the receipt of the notice of call of the shareholders' meeting convened in order to approve the Merger.

The Offeror will consider the possibility of a merger of the Issuer with and into the Offeror or another unlisted entity of the Hitachi Group even if the shares of the Issuer have already been delisted from the MTA (please refer to Section G, Paragraph G.2.4 of the Offer Document). In this case, the Shareholders will not be entitled to exercise any withdrawal right, for the case indicated in the paragraph above, in relation to this merger.

In order to allow the combined group (*i.e.*, the group resulting from the integration of the Issuer into the Hitachi Group) to benefit from an efficient corporate and business structure, the Offeror will consider other business combinations such as other intragroup mergers, transfers of assets or companies, business reorganizations, and consolidation of functions.

Hitachi Group's strategy for the rail sector is focused on capturing expansion opportunities, leveraging on (i) globalization, by implementing global organization, (ii) transformation, by reshaping and enhancing business portfolio such as total rail solutions, and (iii) innovation, by forefront technological development.

The Acquisition and the Offer are in line with the abovementioned strategy and aim to create a new business model benefitting from a much-sought-after global platform to support Hitachi Group's future ambitions in rail solutions. The Acquisition and the Offer rationales are structured around three main pillars:

- Reaching scale: the new combined entity will overtake the closest competitors in term of size and will position the Hitachi Group amongst the top players globally with ambitions of challenging the largest market leaders.
- Responding to sector consolidation: the global rail sector is witnessing a clear trend towards consolidation, with global players overpassing business specialists. The Acquisition and the Offer are expected to create a fully integrated company, with global scale, broader scope and a stronger market position in rail signaling and total rail solutions.
- Strategic alignment: there is a strong fit between Hitachi Group's strategy for its rail business and the acquired assets. In particular:
    - Implementation of a global organization: extensive coverage of various markets is expected to lead to improving sales, greater profit margins, economies of scale and recognition on a worldwide basis. The geographical diversity is also expected to enable the mitigation of various risks associated with overdependence on a specific market;
    - Transformation of business model/portfolio: the combination is expected to create a global, fully integrated player, improving the ability to access new markets. The business model diversification is expected to lower the risk profile and enhance growth and profitability;
    - Innovation: the integration would allow for a more efficient and effective allocation of the Research & Development expenditure and would give access to a higher Research & Development budget in absolute terms, in line with the Hitachi Group's innovation policy.

The Shareholding acquired is envisaged to play a key role within the combined future business: it will lead Hitachi Group's international rail systems and turnkey offering. To support technical knowledge transfer (in both directions) and to pursue opportunities in an integrated manner, Hitachi would supplement the current Board of Directors and management team with senior Hitachi staff.

For further information, see Section G, Paragraph G.2, of the Offer Document.

A.5 COMMUNICATIONS AND AUTHORIZATIONS FOR THE OFFER

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

For completeness of information, please note that the Acquisition was subject to the required antitrust clearances as well as to certain customary conditions precedents for this kind of transaction.

In particular, the Acquisition constitutes a concentration pursuant to the applicable laws concerning market protection and competition. For this reason, Hitachi, Ltd. has previously notified the European Commission and the national competition authorities in South Korea and China.

Furthermore, Hitachi, Ltd. previously notified the CFIUS in the United States of America.

Finally, the Acquisition was subject to the prior authorization from the French Ministry for the Economy, Industry and Digital Affairs.

As of the Offer Document Date, the Offeror has obtained the authorizations/clearances to the Acquisition from the European Commission, the national competition authorities in South Korea and China, the CFIUS and the French Ministry for the Economy, Industry and Digital Affairs.

For further information, please refer to Section C, Paragraph C.2 of the Offer Document.

A.6 DECLARATION OF THE OFFEROR ON THE POSSIBLE RESTORATION OF THE FLOATING SHARES AND THE OBLIGATION TO PURCHASE PURSUANT TO ARTICLE 108, PARAGRAPH 2, OF THE TUF

The Delisting is one of the Offeror's objectives in consideration of the rationale for the transaction and the future plans of the Offeror.

Therefore, if, following the completion of the Offer, including the possible Re-opening of the Offer Period, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period, as possibly reopened due to the Re-opening of the Offer Period, the Offeror holds an overall shareholding greater than 90% but lower than 95% of the share capital of the Issuer, the Offeror hereby declares its intention not to restore an amount of floating shares that is sufficient to ensure a liquid trading.

Upon occurrence of the requirements, the Offeror will also comply with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, at a price for each Share that will be determined in accordance with Article 108, paragraph 3, of the TUF, *i.e.* at a price equal to the Consideration of the Offer.

The Offeror will communicate the possible occurence of the conditions triggering the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, in the notice on the Offer results that will be disclosed in accordance with Article 41, paragraph 6, of Issuers' Regulation (the "**Notice on the Offer Results**"). In this case the Offeror will disclose any indications in relation to: (i) the number of the remaining Shares (in absolute terms and percentage); (ii) the modalities and timing for the fulfillment of the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF; and (iii) the modalities and timing of the possible Delisting of the shares of the Issuer.

Pursuant to Article 2.5.1, paragraph 6, of the Regulation of the markets organized and managed by Borsa Italiana, in force as of the Offer Document Date (the "**Borsa Rules**"), upon the existence of the relevant requirements, the shares of the Issuer shall be revoked from the listing starting from the Trading Day following the last day of payment of the consideration for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, except for what is indicated in the following Section A.7. In this case, the Shareholders who decide not to subscribe to the Offer and who do not request the Offeror to purchase their

Shares under the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF will be the owners of financial instruments which are not traded in any regulated market, consequently facing a lack of liquidity of their investment.

For further information please refer to Section G, Paragraph G.3, of the Offer Document.

A.7 DECLARATIONS OF THE OFFEROR 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 completion of the Offer, including the possible Re-opening of the Offer Period, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period, as possibly reopened due to the Re-opening of the Offer Period, or in compliance with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, the Offeror holds an overall shareholding at least equal to 95% of the share capital of the Issuer, the Offeror hereby declares its intention to exercise the right to purchase the remaining Shares pursuant to Article 111 of the TUF (the "**Right to Purchase**").

The Offeror, 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, carrying out the Joint Procedure.

The Right to Purchase will be exercised as soon as the Offer or the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF are completed.

The relevant consideration will be determined in accordance with the provisions of Article 108, paragraph 3, of the TUF, as referred to in Article 111 of the TUF, *i.e.* at a price equal to the Offer Consideration.

The Offeror will communicate the occurence of the conditions triggering the Right to Purchase in the Notice on the Offer Results, or in the notice on the results of the procedure for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF. In this case, the Offeror will disclose indications in relation to: (i) the number of the remaining oustanding Shares (in absolute terms and percentage); (ii) the modalities and timing for the exercise of the Right to Purchase and at the same time for the fulfillment of the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF through the Joint Procedure; and (iii) the modalities and timing of the Delisting of the shares of the Issuer.

Under Article 2.5.1, paragraph 6, of Borsa Rules, where the Right to Purchase is exercised, Borsa Italiana will order the suspension from listing and/or the Delisting of the 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 Offer Document.

A.8 POSSIBLE CONFLICTS OF INTEREST BETWEEN THE PARTIES INVOLVED IN THE TRANSACTION

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

Citigroup Global Markets Limited ("**Citi**") status as a leading global investment bank requires that it maintains well-established internal conflicts clearance procedures in respect of any banking business. Citi confirms that it has carried out such a procedure with regards to the financial advisory role to Hitachi for the Acquisition and the Offer and no conflicts were found to exist in relation to the Acquisition that had prevented Citi from providing its services. In accordance with Citi's normal practice, these conflict clearance procedures will continue to be followed by Citi, its subsidiaries and/or affiliates, in relation to future new banking business.

Deutsche Bank AG, acting through its London Branch, and its other subsidiary undertakings from time to time, in its or their ordinary course of business, is/are engaged with each of the Issuer and Offeror in securities trading, brokerage and financing activities, as well as investment banking, financial advisory services and other relationships. In the ordinary course of its or their trading, brokerage and financing activities, Deutsche Bank AG and/or its other subsidiary undertakings from time to time may trade positions or otherwise effect transactions, for its or their own account or the account of its or their customers, in equity, debt, senior loans or other securities.

IMI, belonging to the Intesa Sanpaolo S.p.A. banking group (the "**ISP Group**"), acting as Intermediary Responsible for Coordinating the Collection of Offer Subscriptions in relation to the Offer, will receive commissions for the services rendered in the context of such Offer.

Furthermore, IMI is in conflict of interest inasmuch one or more of the companies of the ISP Group:

(i) have granted significant financing to Finmeccanica, Ansaldo STS and their group companies;

(ii) have granted significant financing to the Hitachi Group;

(iii) have provided investment banking services to and/or concerning Finmeccanica in the last twelve months;

(iv) have issued financial instruments linked to Finmeccanica.

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

Some of the members of the Issuer's Board of Directors have been appointed upon designation by Hitachi, Ltd. and, as of the Offer Document Date, some of them hold offices in companies of the Hitachi Group.

In particular, as a result of the Acquisition and the resignations of some directors of the Issuer occurred on July 28, 2015, the Issuer's shareholders' meeting, on November 2, 2015, appointed as directors of the Issuer, upon designation by Hitachi, Mr. Alistair Dormer, Mr. Stefano Siragusa, Mr. Ryoichi Hirayanagi and Ms. Karen Boswell. The Issuer's shareholders' meeting, on November 2, 2015, also appointed, upon designation by Hitachi, Ms. Barbara Poggiali and Mr. Bruno Pavesi as independent directors of the Issuer and they do not hold offices in any company of the Hitachi Group.

It is noted that Ms. Barbara Poggiali and Mr. Ryoichi Hirayanagi have subsequenlty resigned from the office of member of the Board of Directors of the Issuer and, therefore, as of the Offer Document Date, they do not hold any position within the Issuer. For further information on such resignations, please refer to Section B, Paragraph B.2.4, of the Offer Document.

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 November 2, 2015, is, *inter alia*, Chairman of the Board of Directors of Hitachi Rail Europe Ltd. and Vice President and Executive Officer of Hitachi, Ltd.; and (ii) Ms. Karen Boswell, who has been appointed as director of the Issuer at the shareholders' meeting held on November 2, 2015, is also managing director and member of the Board of Directors of Hitachi Rail Europe Ltd..

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 Offer Document.

A.9 POSSIBLE ALTERNATIVE SCENARIOS FOR THE SHAREHOLDERS

The Delisting constitutes one of the Offeror's objectives in light of the rationale for the transaction and the future plans of the Offeror.

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

A.9.1 Tendering in the Offer, also during the possible Re-opening of the Offer Period

The Shares can be tendered during the Offer Period.

In case of tendering in the Offer, the Shareholders will receive a Consideration equal to Euro 9.50 for each tendered Share.

As indicated in Section F, Paragraph F.1.1, of the Offer Document, in accordance with Article 40-*bis* of the Issuers' Regulation, within the Trading Day following the Payment Date, the Offer Period will be reopened for five (5) Trading Days where the Offeror, when the Notice on the Offer Results is published, communicates it has reached a shareholding greater than one half of the Issuer's share capital.

In this case, the Offeror will pay to each Shareholder tendering in the Offer during the Re-opening of the Offer Period a consideration in cash equal to the Consideration; the Consideration will be paid the fifth Trading Day following the end of the Re-opening of the Offer Period, *i.e.* on 26 February 2016.

However, the Re-opening of the Offer Period will not occur, pursuant to Article 40-bis, paragraph 3, letters a) and b) of the Issuers' Regulation:

- where the Offeror, by the fifth Trading Day prior to the end of the Offer Period, discloses to the market that it has reached a shareholding greater than one half of the Issuer's share capital; or

- where the Offeror, following the end of the Offer Period, holds a shareholding triggering the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF (*i.e.* greater than 90% of the share capital of the Issuer), or the Right to Purchase pursuant to Article 111 of the TUF and the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF (*i.e.*, equal to at least 95% of the share capital of the Issuer).

A.9.2 Failure to tender in the Offer, also during the possible Re-opening of the Offer Period

In case of failure to tender in the Offer during the Offer Period, as possibly extended or reopened following the Re-opening of the Offer Period, the Issuer's Shareholders could face one of the possible scenarios as described below:

(i) The Offeror holds a shareholding not greater than 90% of the share capital of the Issuer

The Delisting is one of the Offeror's objectives in consideration of the rationale for the transaction and the future plans of the Offeror.

Therefore, if following the completion of the Offer, including the possible Re-opening of the Offer Period, the Offeror holds, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period, as possibly reopened due to the Re-opening of the Offer Period, an overall shareholding not greater than 90% of the Issuer's share capital and therefore the Delisting is not carried out, the Offeror will consider the possibility of proceeding with the Merger with subsequent Delisting.

Where the Merger is carried out, the shares of the Issuer will be delisted from the MTA and therefore the Shareholders who have not tendered their Shares and have not voted in favor of the resolution approving the Merger will be solely entitled to exercise the withdrawal right pursuant to Article 2437-*quinquies* of the Civil Code, as in this case they will receive in exchange shares of a non-listed company, in the context of the Merger. The withdrawal price for the shares will be determined pursuant to Article 2437-*ter* of the Civil Code, *i.e.* on the basis of the arithmetic average of the closing prices within the six (6) months before the publication or the receipt of the notice of call of the shareholders' meeting convened in order to approve the Merger.

The Offeror will evaluate the possibility of completing a merger of the Issuer with and into the Offeror or another unlisted entity of the Hitachi Group even if the shares of the Issuer have already been delisted. In this case, the Shareholders will not be entitled to exercise any withdrawal right, for the case indicated in the paragraph above, in relation to this merger.

As of the Offer Document Date, the Offeror has not taken any decision with reference to possible mergers involving the Issuer, nor to the relevant modalities of execution.

Please note that, where following the completion of the Offer, including the possible Re-opening of the Offer Period, the amount of floating shares is greater than 10% but lower than 20% of the Issuer's share capital, it cannot be excluded, as of the Offer Document Date, that such amount of floating shares will not satisfly the requirements of sufficient amount of floating shares necessary for remaining in the STAR segment, pursuant to Borsa Rules.

(ii) The Offeror holds a shareholding greater than 90% but lower than 95% of the share capital of the Issuer

If, following the completion of the Offer, including the possible Re-opening of the Offer Period, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, the Offeror holds a shareholding greater than 90% but lower than 95% of the share capital of the Issuer as of that date, the Offeror, since it does not intend to restore a sufficient amount of floating shares to ensure a regular trading within 90 days, will be subject to the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF.

In this case, the Shareholders who have not tendered their Shares will be entitled to request the Offeror to purchase their Shares pursuant to Article 108, paragraph 2, of the TUF at the consideration determined pursuant to Article 108, paragraph 3, of the TUF, *i.e*. a price equal to the Consideration.

Where the Shareholders who have not tendered their Shares do not request the Offeror to purchase their Shares, following the Delisting ordered by Borsa Italiana pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules, and except for what is provided in the previous Section A.9.2(i), they will hold financial instruments which are not traded in any regulated market, consequently facing a lack of liquidity of their investment.

(iii) The Offeror holds a shareholding at least equal to 95% of the share capital of the Issuer

If, following the completion of the Offer, including the possible Re-opening of the Offer Period, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period, as possibly reopened due to the Re-opening of the Offer Period, and in compliance with the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, the Offeror holds an overall shareholding at least equal to 95% of the share capital of the Issuer as of that date, the Offeror will initiate the Joint Procedure. In this case, the Shareholders who have not tendered their Shares will be obliged to transfer ownership of their Shares to the Offeror and they will receive for each Share a consideration that will be determined in accordance with Article 108, paragraph 3, of the TUF, *i.e.* a price equal to the Consideration.

Following the occurrence of the requirements for the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and the Right to Purchase, Borsa Italiana will order the delisting of the shares of the Issuer from the MTA in accordance with Article 2.5.1, paragraph 6, of the Borsa Rules.

In accordance with Article 2.5.1, paragraph 6, of the Borsa Rules, in case of exercise of the Right to Purchase, Borsa Italiana will suspend from listing and/or delist the shares of the Issuer, taking into account the time required to exercise of the Right to Purchase.

A.10 OPINION OF THE INDEPENDENT DIRECTORS

In accordance with Article 39-*bis* of the Issuers' Regulation, the circumstance that the Offeror holds a shareholding greater than 30% of the share capital of the Issuer requires the independent directors of the Issuer who are not related parties to the Offeror to draft a reasoned opinion containing the evaluations on the Offer and the adequacy of the Consideration (the "**Opinion of the Independent Directors**"), before the approval of the Issuer's Statement.

For this purpose, the independent directors may consult, at the expenses of the Issuer, an independent expert.

A.11 ISSUER'S STATEMENT

The Board of Directors of the Issuer will provide, pursuant to Article 103, paragraph 3, of the TUF and Article 39 of the Issuers' Regulation, a statement (the "**Issuer's Statement**"), containing any useful information to evaluate the Offer and its own evaluation of the Offer, within the day before the first day of the Offer Period. The representatives of the Issuer's employees have the right to publish an independent opinion pursuant to Article 103, paragraph 3-*bis* of the TUF.

A.12 NOTICE TO U.S. RESIDENT HOLDERS

The Offer regards 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. The Offer 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 Offer 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, the Offeror, the Issuer, their affiliates, financial advisors and brokers (acting as agents for the Offeror, the Issuer or any of their respective affiliates, as applicable) have purchased since February 24, 2015 and may purchase from time to time after the Offer Document Date, the shares or any securities that are convertible into, exchangeable for or exercisable for the shares outside of the Offer.

No such purchases have been made prior to the Offer Document Date other than the purchase of the Shareholding by the Offeror.

Any such purchase outside of the Offer will not be made at a price greater than the Consideration unless the Consideration is increased accordingly, to match the price paid outside of the Offer.

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.

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

For further information about the contents of the U.S. rules and exemptions applicable to the Offer, please see Section F, Paragraph F.4.2, of the Offer Document.

B. PARTIES INVOLVED IN THE TRANSACTION

B.1 Offeror

B.1.1 Name, legal status and registered office

The Offeror's company name is "Hitachi Rail Italy Investments S.r.l.".

The Offeror 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.

The Offeror has been incorporated for the purposes of the Acquisition, as a result of its appointment as Designated Subsidiary pursuant to the STS Agreement, and launching the subsequent Offer on the Shares.

B.1.2 Incorporation and term

The Offeror 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 the Offeror's by-laws, the company's duration is until March 31, 2100.

B.1.3 Governing law and jurisdiction

The Offeror is an Italian limited liability company and operates on the basis of Italian law.

In regard to any disputes to which the Offeror is a party, the Offeror'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 the Offeror, as well as for any other matter not expressly set forth in the by-laws.

B.1.4 Share capital

As of the Offer Document Date, the Offeror's share capital, subscribed and fully paid in, is equal to Euro 10,000.00.

B.1.5 Offeror's shareholders and shareholders' agreements

The Offeror's shareholders and the group it belongs to

As of the Offer Document Date:

(i) the Offeror's share capital is wholly-owned by Hitachi Rail Italy Holdings S.r.l., a company incorporated under the Italian law, in the form of a limited liability company (*società a responsabilità limitata*), with registered office at Via Tommaso Gulli, 39, 20147, Milan, which was also incorporated for the purposes of the transaction under the STS Agreement;

(ii) the share capital of Hitachi Rail Italy Holdings S.r.l. is wholly-owned by Hitachi Rail Europe Ltd., a company incorporated on 20 October 2005, in the form of a private limited company, under the laws of England and Wales, with registered office at 40 Holborn Viaduct, London, EC1N 2PB, United Kingdom;

(iii) the share capital of Hitachi Rail Europe Ltd. is wholly-owned by Hitachi Europe Ltd., a company incorporated on 13 January 1988, in the form of a private limited company, under the laws of England and Wales, with registered office at Whitebrook Park, Lower Cookham Road, Maidenhead, Berkshire, SL68YA, United Kingdom; and

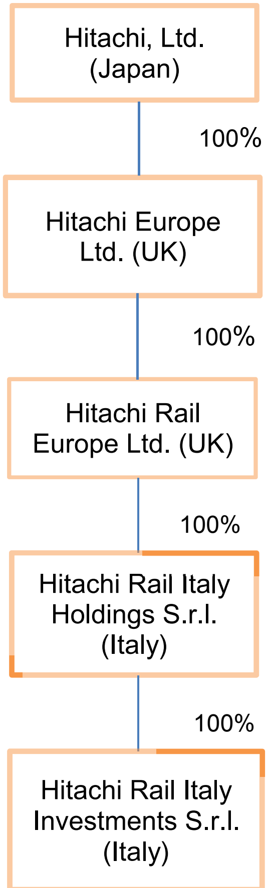
(iv) the share capital of Hitachi Europe Ltd. is wholly-owned by Hitachi, Ltd., a Japanese company incorporated on February 1, 1920 in the form of a limited company, whose shares are listed on the Tokyo Stock Exchange, Inc., with registered office located at 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-8280, Japan.

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

As of the Offer 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 Europe Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., exercises control over the Offeror.

The following diagram describes the Offeror's chain of control:



A brief description of each company which forms a part of the Offeror's chain of control is also provided.

Hitachi, Ltd. is the parent company of the Hitachi Group and its shares are listed on the Tokyo Stock Exchange, Inc. (for more information, please refer to the following paragraph).

Hitachi Europe Ltd. is the Hitachi Group's regional supervising company for Europe and sells Hitachi Group's products, services and solutions to every sector of the European market.

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 which has been incorporated for the purporses of the transaction under the STS Agreement.

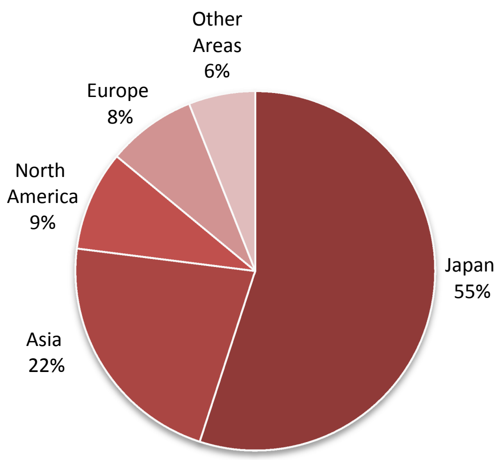
Hitachi Group

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, Hitachi Group has broadened the horizon of its research as well as its business activities to develop a highly diversified product mix. 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.

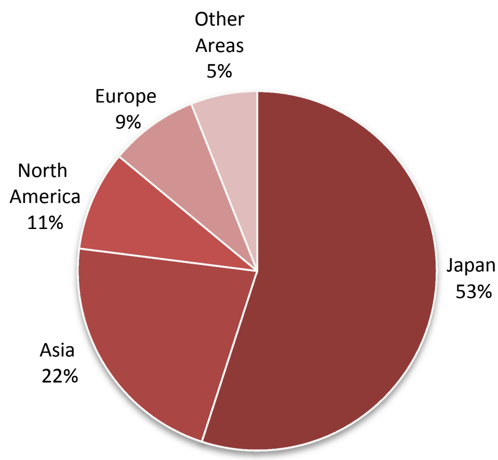
Hitachi Group's operating activities are organized in five markets, defined on a geographic basis and represented by Japan, Asia, North America, Europe and other areas.

The following charts show the revenue of the Hitachi Group per geographic area for the fiscal years 2013 and 2014.

FY 2013
(Ended 31 March 2014)



FY 2014
(Ended 31 March 2015)



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.

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.

Hitachi Group's mid-term management strategy focuses on achieving growth and corporate transformation driven by the further promotion of Hitachi's Social Innovation Business. Management focus is on three points: (i) strengthening service businesses that maximize the utilization of IT and bringing about innovation (ii) delivering innovation to customers and society globally and (iii) transforming Hitachi to delivering innovation by standardized and speedy operation.

For 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.

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 competiton.

Shareholders' agreements

As of the Offer Document Date, there are no shareholders' agreements in effect between (i) the shareholders of Hitachi, Ltd. or (ii) the shareholders of any of the companies that directly or indirectly control the Offeror.

B.1.6 Management and supervisory bodies

Board of Directors

Pursuant to Article 18 of its by-laws, the Offeror is governed by a sole director or by a Board of Directors consisting of a minimum of two (2) up to 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, shall remain in office for three fiscal years; the mandate will expire at 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.

The Offeror's Board of Directors in office as of the Offer Document Date is composed by the following two members, who were appointed when the company was incorporated on September 8, 2015 and will remain in office until revocation:

(i) Chairman of the Board of Directors and CEO: Andrew Thomas Barr, born in Amersham (UK) on 9 January 1973, with tax ID No. BRRNRW73A09Z114P, UK citizen;

(ii) Director: Ryoichi Hirayanagi, born in Ageo-Shi (Japan) on 13 November 1959, with tax ID No. HRYRCH59S13Z219Z, Japanese citizen.

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

Office	Full name	Date of appointment	Termination
Director	Nobuo Katsumata	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Cynthia Carroll	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Sadayuki Sakakibara	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	George Buckley	June 25, 2015	At the close of the annual general

			shareholders' meeting for the fiscal year ending March 31, 2016
Director	Louise Pentland	June 25, 2015	At the close of the annual general shareholders' meeting of for the fiscal year ending March 31, 2016
Director	Harufumi Mochizuki	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Philip Yeo	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Hiroaki Yoshihara	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Hiroaki Nakanishi	June 25, 2015	At the close of the annual general shareholders' eeting for the fiscal year ending March 31, 2016
Director	Toshiaki Higashihara	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Takashi Miyoshi	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016
Director	Nobuo Mochida	June 25, 2015	At the close of the annual general shareholders' meeting for the fiscal year ending March 31, 2016

As of the Offer Document Date, to the Offeror's knowledge, none of the members of the Board of Directors of the Offeror and Hitachi, Ltd. serves in offices of or holds economic interests in the Issuer or in any companies of the Issuer's group, except for Mr. Alistair Dormer, who has been appointed as Chairman of the Board of Directors of the Issuer at the shareholders' meeting held on November 2, 2015, is, *inter alia*, Vice President and Executive Officer of Hitachi, Ltd.. It is also specified that Mr. Ryoichi Hirayanagi, director of the Offeror and of Hitachi Rail Italy Holdings S.r.l., had been appointed as director of the Issuer at the shareholders' meeting of the Issuer held on November 2, 2015, but has subsequenlty resigned from the office of member of the Board of Directors of the Issuer and, therefore, as of the Offer Document Date, he does not hold any position within the Issuer.

B.1.7 Brief description of the group led by the Offeror

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

B.1.8 Business of the Offeror

The Offeror has not engaged in any significant business since it was incorporated on September 8, 2015 to the Offer Document Date, apart from the purchase of the Shareholding

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

"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 1 September 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, entrusment 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 Offer Document Date, the Offeror has no employees.

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

B.1.9 Accounting standards

As stated in Paragraph B.1.2 of this Offer Document, the Offeror was incorporated on September 8, 2015 and therefore, as of the Offer Document Date, has not completed a fiscal year. The Offeror's financial statements will be 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

Due to its recent incorporation on 8 September 2015 and in lack of operating activities, the Offeror has not prepared any financial statements. The Offeror's first fiscal year will close on 31 March 2016. Therefore, as of the Offer Document Date, there is no information relating to the financial statements of the Offeror.

Please find below a summary of the statement of assets and liabilities of the Offeror as of 4 November 2015, prepared on the basis of IFRS, which has not been subject to any audit and was prepared only for the purposes of this Offer Document.

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

(In millions of EUR)

Assets		Liabilities	
Cash and cash equivalents	2	Intragroup financial liabilities	764
The shares of Ansaldo STS	761	**Total liabilities**	**764**
		Common Stock	0.01
		Total Equity	**0.01**
Total assets	**764**	**Total Equity and liabilities**	**764**

The profit and loss account of the Offeror has not been inserted since, from the date of its incorporation, the Offeror has not carried out any material operating activity, except for the Acquisition of the Shareholding.

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

Stake of the Offeror	Pre-Offer	66.67%	80.00%	90.00%	95.00%	100.00%
Consideration (in EUR)	–	9.50	9.50	9.50	9.50	9.50
Shares under Offer	119,868,919	119,868,919	119,868,919	119,868,919	119,868,919	119,868,919
Shares already owned	80,131,081	80,131,081	80,131,081	80,131,081	80,131,081	80,131,081
Total number of shares	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Shares post-Offer	80,131,081	133,340,000	160,000,000	180,000,000	190,000,000	200,000,000
Shares received from the Offer	-	53,208,919	79,868,919	99,868,919	109,868,919	119,868,919
Percentage of acceptance	-	44.39%	66.63%	83.32%	91.66%	100.00%
Net financial position pre-Offer (in EUR)	(762,757,760)	(762,757,760)	(762,757,760)	(762,757,760)	(762,757,760)	(762,757,760)
Payment related to the Offer (in EUR)	-	(505,484,731)	(758,754,731)	(948,754,731)	(1,043,754,731)	(1,138,754,731)
Net financial position post-Offer (in EUR)	**(762,757,760)**	**(1,268,242,491)**	**(1,521,512,491)**	**(1,711,512,491)**	**(1,806,512,491)**	**(1,901,512,491)**

Consolidated financial information of Hitachi Group as of and for the years ended 31 March 2015 and 2014

The following tables show the Hitachi Group consolidated financial statements as of and for the years ended 31 March 2015 and 2014, 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 31 March 2015 and 31 March 2014 included in Hitachi, Ltd.'s Annual Securities Report on 25 June 2015. 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 25 June 2015.
All Euro figures were converted at the rate of 135 from Yen, the approximate 1 month average exchange rate on the Tokyo Exchange Market as of 2 November 2015, and are unaudited.

Hitachi Group consolidated statements of financial positions as of 31 March 2015 and 2014

	(In millions of JPY)		*(In millions of EUR)*	
	As of 31 March		As of 31 March	
	2015	2014	2015	2014
Assets				
Current assets				
Cash and cash equivalents	701,703	560,657	5,198	4,153
Trade receivables	2,870,042	2,573,386	21,260	19,062
Lease receivables	337,353	321,438	2,499	2,381
Inventories	1,458,119	1,339,001	10,801	9,919
Other current assets	515,195	467,601	3,816	3,464
Total current assets	5,882,412	5,262,083	43,573	38,978
Non-current assets				
Investments accounted for using the equity method	681,623	599,490	5,049	4,441
Investments in securities and other financial assets	1,449,734	1,291,000	10,739	9,563
Lease receivables	680,620	610,830	5,042	4,525
Property, plant and equipment	2,472,497	2,258,933	18,315	16,733
Intangible assets	933,582	732,238	6,915	5,424
Other non-current assets	333,259	343,617	2,469	2,545
Total non-current assets	6,551,315	5,836,108	48,528	43,230
Total assets	12,433,727	11,098,191	92,102	82,209
Liabilities				
Current liabilities				
Short-term debt	977,701	775,516	7,242	5,745
Current portion of long-term debt	483,521	541,449	3,582	4,011
Other financial liabilities	296,425	269,501	2,196	1,996
Trade payables	1,426,523	1,347,184	10,567	9,979
Accrued expenses	759,191	709,671	5,624	5,257
Advances received	374,241	296,265	2,772	2,195
Other current liabilities	461,876	360,858	3,421	2,673
Total current liabilities	4,779,478	4,300,444	35,404	31,855
Non-current liabilities				
Long-term debt	2,096,134	1,717,020	15,527	12,719
Other financial liabilities	117,535	99,742	871	739
Retirement and severance benefits	724,223	779,876	5,365	5,777
Other non-current liabilities	420,015	332,278	3,111	2,461
Total non-current liabilities	3,357,907	2,928,916	24,873	21,696
Total liabilities	8,137,385	7,229,360	60,277	53,551
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	458,790	3,398	3,398
Capital surplus	608,416	617,496	4,507	4,574
Retained earnings	1,477,517	1,277,970	10,945	9,466
Accumulated other comprehensive income	401,100	317,547	2,971	2,352
Treasury stock, at cost	(3,542)	(3,146)	(26)	(23)
Total Hitachi, Ltd. stockholders' equity	2,942,281	2,668,657	21,795	19,768
Non-controlling interests	1,354,061	1,200,174	10,030	8,890
Total equity	4,296,342	3,868,831	31,825	28,658
Total liabilities and equity	12,433,727	11,098,191	92,102	82,209

Commentary on consolidated statements of financial position

As of 31 March 2015, total assets amounted to ¥12,433.7 billion (€92,102 million), an increase of ¥1,335.5 billion (€9,893 million) from 31 March 2014. This increase was due primarily to increases in the value of assets denominated in foreign currency owing to the depreciation of yen, the acquisition of Waupaca Foundry Holdings, Inc. and increases in trade receivables resulting from increased revenues. Cash and cash equivalents as of 31 March 2015 amounted to ¥701.7 billion (€5,198 million), an increase of ¥141.0 billion (€1,045 million) from the amount as of 31 March 2014.

As of 31 March 2015, total interest-bearing debt, the sum of short-term debt and long-term debt, amounted to ¥3,557.3 billion (€26,351 million), an increase of ¥523.3 billion (€3,877 million) from 31 March 2014. As of 31 March 2015, short-term debt, consisting mainly of borrowings from banks and commercial paper, amounted to ¥977.7 billion (€7,242 million), an increase of ¥202.1 billion (€1,498 million) from 31 March 2014, due mainly to the issuance of commercial paper by the Company. As of 31 March 2015, long-term debt (excluding current portion), consisting mainly of debentures, debentures with stock acquisition rights, medium-term notes and loans principally from banks and insurance companies, amounted to ¥2,096.1 billion (€15,527 million), an increase of ¥379.1 billion (€2,808 million) from 31 March 2014, due mainly to increased demand for investment funds to achieve growth in the Social Innovation Business, funding for the acquisition of Waupaca Foundry Holdings Inc., and higher demand for funds in line with business expansion in the Financial Services segment.

As of 31 March 2015, total Hitachi, Ltd. stockholders' equity amounted to ¥2,942.2 billion (€21,795 million), an increase of ¥273.6 billion (€2,027 million) from 31 March 2014, due primarily to posting of net income attributable to Hitachi, Ltd. stockholders and an increase in the accumulated other comprehensive income owing primarily to the depreciation of yen. As a result, the ratio of total Hitachi, Ltd. stockholders' equity to total assets as of 31 March 2015 was 23.7%, compared with 24.0% as of 31 March 2014.

Non-controlling interests as of 31 March 2015 was ¥1,354.0 billion (€10,030 million), an increase of ¥153.8 billion (€1,140 million) from 31 March 2014.

Total equity (the sum of total Hitachi, Ltd. stockholders' equity and non-controlling interests) as of 31 March 2015 was ¥4,296.3 billion (€31,825 million), an increase of ¥427.5 billion (€3,167 million) from 31 March 2014. The ratio of interest-bearing debt to total equity increased to 0.83, compared with 0.78 as of 31 March 2014.

Hitachi Group consolidated statements of profit or loss for the years ended 31 March 2015 and 2014

	(In millions of JPY)		*(In millions of EUR)*	
	Years ended 31 March		Years ended 31 March	
	2015	2014	2015	2014
Revenues	9,774,930	9,666,446	72,407	71,603
Cost of sales	(7,198,232)	(7,173,747)	(53,320)	(53,139)
Gross profit	2,576,698	2,492,699	19,087	18,464
Selling, general and administrative expenses	(1,935,373)	(1,887,901)	(14,336)	(13,984)
Other income	9,415	208,531	70	1,545
Other expenses	(167,781)	(164,537)	(1,243)	(1,219)
Financial income	7,727	33,446	57	248
Financial expenses	(3,284)	(1,931)	(24)	(14)
Share of profits of investments accounted for using the equity method	46,657	10,923	346	81
EBIT (Earnings before interest and taxes)	534,059	691,230	3,956	5,120
Interest income	12,529	14,181	93	105
Interest charges	(27,594)	(26,913)	(204)	(199)
Income from continuing operations, before income tax	518,994	678,498	3,844	5,026
Income taxes	(122,075)	(146,540)	(904)	(1,085)
Income from continuing operations	396,919	531,958	2,940	3,940
Loss from discontinued operation	(53,501)	(6,955)	(396)	(52)
Net income	343,418	525,003	2,544	3,889
Net income attributable to:				
Hitachi, Ltd. stockholders	217,482	413,877	1,611	3,066
Non-controlling interests	125,936	111,126	933	823
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (in JPY/EUR)				
Basic	56.12	87.13	0.42	0.65
Diluted	56.08	87.10	0.42	0.65
Earnings per share attributable to Hitachi, Ltd. stockholders (in JPY/EUR)				
Basic	45.04	85.69	0.33	0.63
Diluted	45.00	85.66	0.33	0.63
Weighted-average shares outstanding (in millions of number of shares)				
Basic	4,828	4,829	4,828	4,829
Diluted	4,828	4,829	4,828	4,829

Commentary on consolidated statements of profit or loss

Revenues increased 1% to ¥9,774.9 billion (€72,407 million), as compared with the year ended 31 March 2014. This increase was attributable to increased revenues in every segment, particularly the Information & Telecommunications Systems, Social Infrastructure & Industrial Systems and High Functional Materials & Component segments, except for the Power Systems and Others (Logistics and Other services) segments.

Cost of sales was ¥7,198.2 billion (€53,320 million), which was almost the same as the year ended 31 March 2014, and the ratio of cost of sales to revenues was 74%, which was the same level as the year ended 31 March 2014. Gross profit increased 3% to ¥2,576.6 billion (€19,087 million), as compared with the year ended 31 March 2014.

Selling, general and administrative expenses increased 3% to ¥1,935.3 billion (€14,336 million), as compared with the year ended 31 March 2014, and the ratio of selling, general and administrative expenses to revenues was 20%, which was the same level as the year ended 31 March 2014.

Other income decreased ¥199.1 billion (€1,475 million) to ¥9.4 billion (€70 million) and other expenses increased ¥3.2 billion (€24 million) to ¥167.7 billion (€1,243 million), as compared with the year ended 31 March 2014. The details are as follows.

Net loss on sales and disposal of fixed assets increased ¥9.7 billion (€72 million) to ¥16.8 billion (€124 million), as compared with the year ended 31 March 2014. This increase was due mainly to loss on disposal of fixed assets related to software in the Information & Telecommunications Systems segment.

Impairment losses decreased ¥1.0 billion (€7 million) to ¥42.1 billion (€312 million), as compared with the year ended 31 March 2014. The Power Systems segment recognized impairment losses for the transmission & distribution equipment business.

Net loss on business reorganization and others in the year ended 31 March 2015 was ¥55.0 billion (€407 million), as compared with net gain of ¥198.0 billion (€1,467 million) in the year ended 31 March 2014 owing to the effects of the integration of the thermal power generation systems business into MITSUBISHI HITACHI POWER SYSTEMS, LTD.

Restructuring charges was ¥26.6 billion (€197 million), which was almost the same as the year ended 31 March 2014. This mainly consisted of special termination benefits expensed for the voluntary early retirement program to rationalize the domestic workforce at Hitachi Chemical Company, Ltd. in the High Functional Materials & Components segment.

Expenses related to competition law and others decreased ¥50.9 billion (€377 million) to ¥25.8 billion (€191 million), as compared with the year ended 31 March 2014, despite posting expenses in relation to settlements of certain losses involving dispute with customers. This decrease was due mainly to the absence of expenses related to a plea agreement with the United States Department of Justice regarding alleged violations of U.S. antitrust laws in the Automotive Systems segment in the year ended 31 March 2014.

Financial income (excluding interest income) decreased ¥25.7 billion (€191 million) to ¥7.7 billion (€57 million) and financial expenses (excluding interest charges) increased ¥1.3 billion (€10 million) to ¥3.2 billion (€24 million), as compared with the year ended 31 March 2014, respectively. This was due mainly to the loss on financial instruments measured at fair value through profit or loss ("FVTPL financial instruments") and exchange loss in the year ended 31 March 2015, while net gain on FVTPL financial instruments and currency exchange gain were recorded in the year ended 31 March 2014, respectively.

Share of profits of investments accounted for using the equity method increased ¥35.7 billion (€265 million) to ¥46.6 billion (€346 million) due mainly to profits of investments in MITSUBISHI HITACHI POWER SYSTEMS, LTD., as compared with the year ended 31 March 2014.

EBIT decreased ¥157.1 billion (€1,164 million) to ¥534.0 billion (€3,956 million), as compared with the year ended 31 March 2014.

Interest income decreased ¥1.6 billion (€12 million) to ¥12.5 billion (€93 million) and interest charges increased ¥0.6 billion (€5 million) to ¥27.5 billion (€204 million), as compared with the year ended 31 March 2014, respectively.

Income from continuing operations, before income taxes decreased ¥159.5 billion (€1,182 million) to ¥518.9 billion (€3,844 million), as compared with the year ended 31 March 2014.

Income taxes decreased ¥24.4 billion (€181 million) to ¥122.0 billion (€904 million), as compared with the year ended 31 March 2014, due mainly to deferred tax assets newly recognized in the year ended 31 March 2015.

Loss from discontinued operations increased ¥46.5 billion (€345 million) to ¥53.5 billion (€396 million), as compared with the year ended 31 March 2014.

Net income decreased ¥181.5 billion (€1,345 million) to ¥343.4 billion (€2,544 million), as compared with the year ended 31 March 2014.

Net income attributable to non-controlling interests increased ¥14.8 billion (€110 million) to ¥125.9 billion (€933 million), as compared with the year ended 31 March 2014.

As a result of the foregoing, net income attributable to Hitachi, Ltd. stockholders decreased ¥196.3 billion (€1,455 million) to ¥217.4 billion (€1,611 million), as compared with the year ended 31 March 2014.

Hitachi Group consolidated statements of comprehensive income for the years ended 31 March 2015 and 2014

	(In millions of JPY)		*(In millions of EUR)*	
	Years ended 31 March		Years ended 31 March	
	2015	2014	2015	2014
Net income	343,418	525,003	2,544	3,889
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	57,957	102,732	429	761
Remeasurements of defined benefit plans	27,039	64,206	200	476
Share of OCI of investments accounted for using the equity method	5,633	280	42	2
Total items not to be reclassified into net income	90,629	167,218	671	1,239
Items that can be reclassified into net income				
Foreign currency translation adjustments	188,619	122,114	1,397	905
Net changes in cash flow hedges	(16,850)	(20,014)	(125)	(148)
Share of OCI of investments accounted for using the equity method	(74,604)	26,093	(553)	193
Total items that can be reclassified into net income	97,165	128,193	720	950
Other comprehensive income (OCI)	187,794	295,411	1,391	2,188
Comprehensive income	531,212	820,414	3,935	6,077
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	337,578	665,372	2,501	4,929
Non-controlling interests	193,634	155,042	1,434	1,148

Hitachi Group consolidated statements of changes in equity for the years ended 31 March 2015 and 2014

(In millions of JPY)

Year ended 31 March 2015

	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	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831
Changes in equity								
Reclassified into retained earnings	-	-	37,597	(37,597)	-	-	-	-
Net income	-	-	217,482	-	-	217,482	125,936	343,418
Other comprehensive income	-	-	-	120,096	-	120,096	67,698	187,794
Dividends to Hitachi, Ltd. stockholders	-	-	(55,532)	-	-	(55,532)	-	(55,532)
Dividends to non-controlling interests	-	-	-	-	-	-	(32,578)	(32,578)
Acquisition of treasury stock	-	-	-	-	(421)	(421)	-	(421)
Sales of treasury stock	-	3	-	-	25	28	-	28
Changes in non-controlling interests	-	(9,083)	-	1,054	-	(8,029)	(7,169)	(15,198)
Total changes in equity	-	(9,080)	199,547	83,553	(396)	273,624	153,887	427,511
Balance at end of year	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342

(In millions of JPY)

Year ended 31 March 2014

	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	622,946	907,970	70,567	(1,565)	2,058,708	1,098,859	3,157,567
Changes in equity								
Reclassified into retained earnings	-	-	4,427	(4,427)	-	-	-	-
Net income	-	-	413,877	-	-	413,877	111,126	525,003
Other comprehensive income	-	-	-	251,495	-	251,495	43,916	295,411
Dividends to Hitachi, Ltd. stockholders	-	-	(48,304)	-	-	(48,304)	-	(48,304)
Dividends to non-controlling interests	-	-	-	-	-	-	(26,345)	(26,345)
Acquisition of treasury stock	-	-	-	-	(4,431)	(4,431)	-	(4,431)
Sales of treasury stock	-	429	-	-	2,850	3,279	-	3,279
Changes in non-controlling interests	-	(5,879)	-	(88)	-	(5,967)	(27,382)	(33,349)
Total changes in equity	-	(5,450)	370,000	246,980	(1,581)	609,949	101,315	711,264
Balance at end of year	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831

(In millions of EUR)								
Year ended 31 March 2015								
	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	3,398	4,574	9,466	2,352	(23)	19,768	8,890	28,658
Changes in equity								
Reclassified into retained earnings	-	-	278	(278)	-	-	-	-
Net income	-	-	1,611	-	-	1,611	933	2,544
Other comprehensive income	-	-	-	890	-	890	501	1,391
Dividends to Hitachi, Ltd. stockholders	-	-	(411)	-	-	(411)	-	(411)
Dividends to non-controlling interests	-	-	-	-	-	-	(241)	(241)
Acquisition of treasury stock	-	-	-	-	(3)	(3)	-	(3)
Sales of treasury stock	-	0	-	-	0	0	-	0
Changes in non-controlling interests	-	(67)	-	8	-	(59)	(53)	(113)
Total changes in equity	-	(67)	1,478	619	(3)	2,027	1,140	3,167
Balance at end of year	3,398	4,507	10,945	2,971	(26)	21,795	10,030	31,825

(In millions of EUR)								
Year ended 31 March 2014								
	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	3,398	4,614	6,726	523	(12)	15,250	8,140	23,389
Changes in equity								
Reclassified into retained earnings	-	-	33	(33)	-	-	-	-
Net income	-	-	3,066	-	-	3,066	823	3,889
Other comprehensive income	-	-	-	1,863	-	1,863	325	2,188
Dividends to Hitachi, Ltd. stockholders	-	-	(358)	-	-	(358)	-	(358)
Dividends to non-controlling interests	-	-	-	-	-	-	(195)	(195)
Acquisition of treasury stock	-	-	-	-	(33)	(33)	-	(33)
Sales of treasury stock	-	3	-	-	21	24	-	24
Changes in non-controlling interests	-	(44)	-	(1)	-	(44)	(203)	(247)
Total changes in equity	-	(40)	2,741	1,829	(12)	4,518	750	5,269
Balance at end of year	3,398	4,574	9,466	2,352	(23)	19,768	8,890	28,658

Hitachi Group consolidated statements of cash flows for the years ended 31 March 2015 and 2014

	(In millions of JPY)		(In millions of EUR)	
	Years ended 31 March		Years ended 31 March	
	2015	2014	2015	2014
Cash flows from operating activities				
Net income	343,418	525,003	2,544	3,889
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	481,021	455,343	3,563	3,373
Impairment losses	42,109	43,116	312	319
Income taxes	121,467	146,543	900	1,086
Share of profits of investments accounted for using the equity method	(46,589)	(10,892)	(345)	(81)
Financial income and expenses	7,897	(11,939)	58	(88)
Net (gain) loss on business reorganization and others	55,016	(198,032)	408	(1,467)
Losses on sale of property, plant and equipment	16,355	4,597	121	34
Increase in trade receivables	(201,423)	(400,550)	(1,492)	(2,967)
Increase in inventories	(116,328)	(42,265)	(862)	(313)
Increase in other assets	(19,724)	(80,315)	(146)	(595)
Increase (decrease) in trade payables	(18,041)	33,739	(134)	250
Decrease in retirement and severance benefits	(65,602)	(66,086)	(486)	(490)
Increase in other liabilities	7,608	84,150	56	623
Other	4,278	(56,702)	32	(420)
Subtotal	611,462	425,710	4,529	3,153
Interest received	13,423	14,580	99	108
Dividends received	14,525	13,972	108	103
Interest paid	(28,225)	(27,517)	(209)	(204)
Income taxes paid	(159,360)	(119,968)	(1,180)	(889)
Net cash provided by operating activities	451,825	306,777	3,347	2,272
Cash flows from investing activities				
Purchase of property, plant and equipment	(358,141)	(391,598)	(2,653)	(2,901)
Purchase of intangible assets	(128,808)	(119,386)	(954)	(884)
Purchase of leased assets	(444,223)	(432,871)	(3,291)	(3,206)
Proceeds from sale of property, plant, equipment, and intangible assets	32,528	40,840	241	303
Proceeds from sale of leased assets	27,122	35,634	201	264
Collection of lease receivables	302,899	259,697	2,244	1,924
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(152,842)	(95,509)	(1,132)	(707)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	121,616	129,677	901	961
Other	(12,696)	23,337	(94)	173
Net cash used in investing activities	(612,545)	(550,179)	(4,537)	(4,075)
Cash flows from financing activities				
Increase (decrease) in short-term debt, net	136,973	(66,270)	1,015	(491)
Proceeds from long-term debt	835,140	777,069	6,186	5,756
Payments on long-term debt	(629,063)	(378,741)	(4,660)	(2,805)
Proceeds from payments from non-controlling interests	3,171	5,602	23	41
Dividends paid to Hitachi, Ltd. stockholders	(55,443)	(48,194)	(411)	(357)
Dividends paid to non-controlling interests	(32,143)	(25,882)	(238)	(192)
Acquisition of common stock for treasury	(421)	(4,431)	(3)	(33)
Proceeds from sales of treasury stock	28	16	0	0
Purchase of shares of consolidated subsidiaries from non-controlling interests	(25,232)	(29,450)	(187)	(218)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	427	-	3	-
Other	(231)	(879)	(2)	(7)
Net cash provided by financing activities	233,206	228,840	1,727	1,695
Effect of exchange rate changes on cash and cash equivalents	68,560	51,862	508	384
Net increase in cash and cash equivalents	141,046	37,300	1,045	276

Cash and cash equivalents at beginning of year	560,657	523,357	4,153	3,877
Cash and cash equivalents at end of year	701,703	560,657	5,198	4,153

Commentary on consolidated statements of cash flows

Cash flows from operating activities

Net income in the year ended 31 March 2015 decreased ¥181.5 billion (€1,345 million) to ¥343.4 billion (€2,544 million), as compared with the year ended 31 March 2014. Increase in trade receivables in the year ended 31 March 2015 decreased ¥199.1 billion (€1,475 million) to ¥201.4 billion (€1,492 million), as compared with the year ended 31 March 2014, due mainly to promoting collection. Increase in inventories in the year ended 31 March 2015 increased ¥74.0 billion (€549 million) to ¥116.3 billion (€862 million), as compared with the year ended 31 March 2014. Decrease in trade payables was ¥18.0 billion (€134 million) in the year ended 31 March 2015, compared with the increase in trade payables of ¥33.7 billion (€250 million) in the year ended 31 March 2014. As a result of the foregoing, the net cash provided by operating activities was ¥451.8 billion (€3,347 million) in the year ended 31 March 2015, an increase of ¥145.0 billion (€1,074 million) compared with the year ended 31 March 2014.

Cash flows from investing activities

A net sum of ¥568.6 billion (€4,212 million) in the year ended 31 March 2015 was recorded as investments related to property, plant and equipment, where the proceeds from sale of property, plant, equipment and intangible assets, the proceeds from sale of leased assets and the collection of lease receivables were subtracted from the amount of the purchase of property, plant and equipment, the purchase of intangible assets and the purchase of leased assets, a decrease of ¥39.0 billion (€289 million) from the year ended 31 March 2014. Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) increased by ¥57.3 billion (€425 million) and amounted to ¥152.8 billion (€1,132 million), due mainly to the acquisition related to Waupaca Foundry Holdings, Inc. in the year ended 31 March 2015. Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method) decreased by ¥8.0 billion (€60 million) and amounted to ¥121.6 billion (€901 million) in the year ended 31 March 2015. As a result of the foregoing, the net cash used in investing activities was ¥612.5 billion (€4,537 million) in the year ended 31 March 2015, an increase of ¥62.3 billion (€462 million) compared with the year ended 31 March 2014.

Cash flows from financing activities

Net increase in short-term debt in the year ended 31 March 2015 was ¥136.9 billion (€1,015 million), whereas net decrease of ¥66.2 billion (€491 million) was recorded in the year ended 31 March 2014. A net sum of ¥206.0 billion (€1,526 million) was recorded as proceeds related to long-term debt, where the payments on long-term debt were subtracted from the proceeds from long-term debt, a decrease of ¥192.2 billion (€1,424 million) from the year ended 31 March 2014. As a result of the foregoing, the net cash provided by financing activities was ¥233.2 billion (€1,727 million) in the year ended 31 March 2015, an increase of ¥4.3 billion (€32 million) from the year ended 31 March 2014.

As a result of the above items, as of 31 March 2015, cash and cash equivalents amounted to ¥701.7 billion (€5,198 million), net increase of ¥141.0 billion (€1,045 million) from 31 March 2014. Free cash flows, the sum of cash flows from operating and investing activities, represented an outflow of ¥160.7 billion (€1,191 million) in the year ended 31 March 2015, a decrease of ¥82.6 billion (€612 million) from the year ended 31 March 2014.

Hitachi Group consolidated net financial indebtedness as of 31 March 2015 and 2014

		(In millions of JPY)		*(In millions of EUR)*	
		As of 31 March		As of 31 March	
		2015	2014	2015	2014
A	Cash & Cash equivalents	701,703	560,657	5,198	4,153
B	Trading securities	-	-	-	-
C	**Liquidity (A + B)**	**701,703**	**560,657**	**5,198**	**4,153**
D	**Current Financial Receivable**	**-**	**-**	**-**	**-**
E	Current debt	(977,701)	(775,516)	(7,242)	(5,745)
F	Current portion of non-current debt	(483,521)	(541,449)	(3,582)	(4,011)
G	**Current Financial Debt (E + F)**	**(1,461,222)**	**(1,316,965)**	**(10,824)**	**(9,755)**
H	**Net Current Financial Indebtedness (C + D + G)**	**(759,519)**	**(756,308)**	**(5,626)**	**(5,602)**
I	Non-current debt	(2,096,134)	(1,717,020)	(15,527)	(12,719)
J	**Non-current Financial Indebtedness**	**(2,096,134)**	**(1,717,020)**	**(15,527)**	**(12,719)**
K	**Net financial indebtedness (H + J)**	**(2,855,653)**	**(2,473,328)**	**(21,153)**	**(18,321)**

Cash and cash equivalents as of 31 March 2015 include bank and postal deposits, checks and other amounts on hand.
Current financial debt of JPY 1,461,222 million (€10,824 million) as of 31 March 2015 represents current financial liabilities due within one year and includes (i) JPY 483,521 million (€3,582 million) mainly relating to the current portion of the bank loans and borrowings and the Japanese Yen Bond with maturity within one year (JPY 541,449 million (€4,011 million) as of 31 March 2014), (ii) JPY 977,701 million (€7,242 million) mainly relating to short-term bank loans and borrowings (JPY 775,516 million (€5,745 million) as of 31 March 2014).

Non-current financial indebtedness of JPY 2,096,134 million (€15,527 million) as of 31 March 2015 comprises long-term bank loans and borrowings, Japanese Yen bond and Lease payables.

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. Hitachi Group also has another commitment line agreement with a contract term of three years and two months ending in July 2016. As of 31 March 2015, the unused commitment lines totalled JPY 524,705 million (€3,887 million).

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:

	(In millions of JPY)		(In millions of EUR)	
	As of 31 March		As of 31 March	
	2015	2014	2015	2014
Trade receivables	10,168	8,324	75	62
Inventories	14,849	10,300	110	76
Other current assets	1,628	-	12	-
Investments in securities and other financial assets	877	555	6	4
Land	2,167	2,521	16	19
Buildings and structures	6,124	8,465	45	63
Machinery and other property, plant and equipment	30,600	27,294	227	202
Total	**66,413**	**57,459**	**492**	**426**

Hitachi Group related party transactions as of and for the years ended 31 March 2015 and 2014

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
Mitsubishi-Hitachi Metals Machinery, INC.	Social Infrastructure & Industrial Systems	Associate

The following tables show Hitachi, Ltd.'s and its subsidiaries' receivable and payable balances with associates and joint ventures as of 31 March 2015 and 31 March 2014.

	(In millions of JPY)		(In millions of EUR)	
	As of 31 March		As of 31 March	
With associates	2015	2014	2015	2014
Trade receivables	80,244	59,789	594	443
Short-term loans receivable	14,541	21,235	108	157
Long-term loans receivable	12,195	12,055	90	89
Deposits	6,713	10,903	50	81
Trade payables	38,194	21,278	283	158
Advances received	15,964	3,615	118	27
Other payables	7,994	16,363	59	121

	(In millions of JPY)		(In millions of EUR)	
	As of 31 March		As of 31 March	
With joint ventures	2015	2014	2015	2014
Trade receivables	69,612	51,195	516	379
Other receivables	17,424	22,875	129	169
Trade payables	10,226	12,763	76	95

The following tables show Hitachi, Ltd.'s and its subsidiaries' revenues and purchases with associates and joint ventures for the years ended 31 March 2015 and 31 March 2014

	(In millions of JPY)		*(In millions of EUR)*	
	Year ended 31 March		Year ended 31 March	
With associates	2015	2014	2015	2014
Revenues	242,637	169,108	1,797	1,253
Purchases	94,372	52,237	699	387

	(In millions of JPY)		*(In millions of EUR)*	
	Year ended 31 March		Year ended 31 March	
With joint ventures	2015	2014	2015	2014
Revenues	87,842	85,605	651	634
Purchases	33,791	43,111	250	319

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

	(In millions of JPY)		*(In millions of EUR)*	
	Year ended 31 March		Year ended 31 March	
	2015	2014	2015	2014
Monthly salary, year-end allowance and performance-linked compensation	2,468	2,250	18	17

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 31 March 2015). For this reason, any effect of the purchase by the Offeror of 40.07% of the Issuer's share capital from Finmeccanica, completed on 2 November 2015, is not reflected in the above mentioned information on related party transactions.

Consolidated financial information of Hitachi Group as of and for the six months ended 30 September 2015 and 2014

The following tables show the Hitachi Group consolidated financial statements as of and for the six months ended 30 September 2015 and 2014, 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 2015 and 2014 included in Hitachi, Ltd.'s Quarterly Report on 12 November 2015 prepared in accordance with IFRS and subject to review by Ernst & Young ShinNihon LLC, which issued its audit report without qualification on 12 November 2015.
All Euro figures were converted at the rate of 135 from Yen, the approximate 1 month average exchange rate on the Tokyo Exchange Market as of 2 November 2015, and are unaudited.

Hitachi Group condensed quarterly consolidated statements of financial positions as of 30 September 2015 and 31 March 2015

	(In millions of JPY)		(In millions of EUR)	
	As of 30 September 2015	As of 31 March 2015	As of 30 September 2015	As of 31 March 2015
Assets				
Current assets				
Cash and cash equivalents	695,141	701,703	5,149	5,198
Trade receivables	2,648,448	2,870,042	19,618	21,260
Lease receivables	328,722	337,353	2,435	2,499
Inventories	1,503,544	1,458,119	11,137	10,801
Other current assets	523,566	515,195	3,878	3,816
Total current assets	5,699,421	5,882,412	42,218	43,573
Non-current assets				
Investments accounted for using the equity method	701,395	681,623	5,196	5,049
Investments in securities and other financial assets	1,394,251	1,449,734	10,328	10,739
Lease receivables	712,350	680,620	5,277	5,042
Property, plant and equipment	2,510,809	2,472,497	18,599	18,315
Intangible assets	1,004,854	933,582	7,443	6,915
Other non-current assets	331,247	333,259	2,454	2,469
Total non-current assets	6,654,906	6,551,315	49,296	48,528
Total assets	12,354,327	12,433,727	91,514	92,102
Liabilities				
Current liabilities				
Short-term debt	914,509	977,701	6,774	7,242
Current portion of long-term debt	558,991	483,521	4,141	3,582
Other financial liabilities	258,885	296,425	1,918	2,196
Trade payables	1,313,161	1,426,523	9,727	10,567
Accrued expenses	748,772	759,191	5,546	5,624
Advances received	438,136	374,241	3,245	2,772
Other current liabilities	425,578	461,876	3,152	3,421
Total current liabilities	4,658,032	4,779,478	34,504	35,404
Non-current liabilities				
Long-term debt	2,170,338	2,096,134	16,077	15,527
Other financial liabilities	120,848	117,535	895	871
Retirement and severance benefits	684,541	724,223	5,071	5,365
Other non-current liabilities	403,108	420,015	2,986	3,111
Total non-current liabilities	3,378,835	3,357,907	25,028	24,873
Total liabilities	8,036,867	8,137,385	59,532	60,277
Equity				
Hitachi, Ltd. stockholders' equity				
Common stock	458,790	458,790	3,398	3,398
Capital surplus	607,571	608,416	4,501	4,507
Retained earnings	1,551,008	1,477,517	11,489	10,945
Accumulated other comprehensive income	329,293	401,100	2,439	2,971
Treasury stock, at cost	(3,697)	(3,542)	(27)	(26)
Total Hitachi, Ltd. stockholders' equity	2,942,965	2,942,281	21,800	21,795
Non-controlling interests	1,374,495	1,354,061	10,181	10,030
Total equity	4,317,460	4,296,342	31,981	31,825
Total liabilities and equity	12,354,327	12,433,727	91,514	92,102

Hitachi Group condensed quarterly consolidated statements of profit or loss for the six months ended 30 September 2015 and 2014

	Six months ended 30 September			
	(In millions of JPY)		*(In millions of EUR)*	
	2015	2014	2015	2014
Revenues	4,806,888	4,552,076	35,607	33,719
Cost of sales	(3,556,463)	(3,358,129)	(26,344)	(24,875)
Gross profit	1,250,425	1,193,947	9,262	8,844
Selling, general and administrative expenses	(976,418)	(930,196)	(7,233)	(6,890)
Other income	31,374	6,818	232	51
Other expenses	(43,460)	(23,394)	(322)	(173)
Financial income	7,692	8,224	57	61
Financial expenses	(18,979)	(2,570)	(141)	(19)
Share of profits of investments accounted for using the equity method	11,997	12,537	89	93
EBIT (Earnings before interest and taxes)	262,631	265,366	1,945	1,966
Interest income	5,490	5,758	41	43
Interest charges	(13,428)	(12,905)	(99)	(96)
Income from continuing operations, before income taxes	254,693	258,219	1,887	1,913
Income taxes	(77,085)	(65,016)	(571)	(482)
Income from continuing operations	177,608	193,203	1,316	1,431
Loss from discontinued operations	(11,758)	(16,350)	(87)	(121)
Net income	165,850	176,853	1,229	1,310
Net income attributable to:				
Hitachi, Ltd. stockholders	97,591	117,631	723	871
Non-controlling interests	68,259	59,222	506	439
Earnings per share from continuing operations, attributable to Hitachi, Ltd. stockholders (JPY/EUR)				
Basic	22.65	27.75	0.17	0.21
Diluted	22.62	27.73	0.17	0.21
Earnings per share attributable to Hitachi, Ltd. Stockholders (JPY/EUR)				
Basic	20.21	24.36	0.15	0.18
Diluted	20.19	24.34	0.15	0.18

Hitachi Group condensed quarterly consolidated statement of comprehensive income for the six months ended 30 September 2015 and 2014

	Six months ended 30 September			
	(In millions of JPY)		*(In millions of EUR)*	
	2015	2014	2015	2014
Net income	165,850	176,853	1,229	1,310
Other comprehensive income (OCI)				
Items not to be reclassified into net income				
Net changes in financial assets measured at fair value through OCI	(40,840)	32,451	(303)	240
Remeasurements of defined benefit plans	1,131	342	8	3
Share of OCI of investments accounted for using the equity method	1	175	0	1
Total items not to be reclassified into net income	(39,708)	32,968	(294)	244
Items that can be reclassified into net income				
Foreign currency translation adjustments	(53,208)	79,343	(394)	588
Net changes in cash flow hedges	(387)	(8,798)	(3)	(65)
Share of OCI of investments accounted for using the equity method	4,884	(40,283)	36	(298)
Total items that can be reclassified into net income	(48,711)	30,262	(361)	224
Other comprehensive income (OCI)	(88,419)	63,230	(655)	468
Comprehensive income	77,431	240,083	574	1,778
Comprehensive income attributable to:				
Hitachi, Ltd. stockholders	30,621	152,320	227	1,128
Non-controlling interests	46,810	87,763	347	650

Hitachi Group condensed quarterly consolidated statements of changes in equity for the six months ended 30 September 2015 and 2014

(In millions of JPY)

Six months ended 30 September 2015

	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 period	458,790	608,416	1,477,517	401,100	(3,542)	2,942,281	1,354,061	4,296,342
Changes in equity								
Reclassified into retained earnings	-	-	4,871	(4,871)	-	-	-	-
Net income	-	-	97,591	-	-	97,591	68,259	165,850
Other comprehensive income	-	-	-	(66,970)	-	(66,970)	(21,449)	(88,419)
Dividends to Hitachi, Ltd. stockholders	-	-	(28,971)	-	-	(28,971)	-	(28,971)
Dividends to non-controlling interests	-	-	-	-	-	-	(24,861)	(24,861)
Acquisition of treasury stock	-	-	-	-	(169)	(169)	-	(169)
Sales of treasury stock	-	1	-	-	14	15	-	15
Changes in non-controlling interests	-	(846)	-	34	-	(812)	(1,515)	(2,327)
Total changes in equity	-	(845)	73,491	(71,807)	(155)	684	20,434	21,118
Balance at end of period	458,790	607,571	1,551,008	329,293	(3,697)	2,942,965	1,374,495	4,317,460

(In millions of JPY)

Six months ended 30 September 2014

	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 period	458,790	617,496	1,277,970	317,547	(3,146)	2,668,657	1,200,174	3,868,831
Changes in equity								
Reclassified into retained earnings	-	-	1,312	(1,312)	-	-	-	-
Net income	-	-	117,631	-	-	117,631	59,222	176,853
Other comprehensive loss	-	-	-	34,689	-	34,689	28,541	63,230
Dividends to Hitachi, Ltd. stockholders	-	-	(26,559)	-	-	(26,559)	-	(26,559)
Dividends to non-controlling interests	-	-	-	-	-	-	(18,615)	(18,615)
Acquisition of treasury stock	-	-	-	-	(181)	(181)	-	(181)
Sales of treasury stock	-	1	-	-	18	19	-	19
Changes in non-controlling interests	-	(2,973)	-	14	-	(2,959)	7,614	4,655
Total changes in equity	-	(2,972)	92,384	33,391	(163)	122,640	76,762	199,402
Balance at end of period	458,790	614,524	1,370,354	350,938	(3,309)	2,791,297	1,276,936	4,068,233

(In millions of EUR)								
Six months ended 30 September 2015								
	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 period	3,398	4,507	10,945	2,971	(26)	21,795	10,030	31,825
Changes in equity								
Reclassified into retained earnings	-	-	36	(36)	-	-	-	-
Net income	-	-	723	-	-	723	506	1,229
Other comprehensive income	-	-	-	(496)	-	(496)	(159)	(655)
Dividends to Hitachi, Ltd. stockholders	-	-	(215)	-	-	(215)	-	(215)
Dividends to non-controlling interests	-	-	-	-	-	-	(184)	(184)
Acquisition of treasury stock	-	-	-	-	(1)	(1)	-	(1)
Sales of treasury stock	-	0	-	-	0	0	-	0
Changes in non-controlling interests	-	(6)	-	0	-	(6)	(11)	(17)
Total changes in equity	-	(6)	544	(532)	(1)	5	151	156
Balance at end of period	3,398	4,501	11,489	2,439	(27)	21,800	10,181	31,981

(In millions of EUR)								
Six months ended 30 September 2014								
	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 period	3,398	4,574	9,466	2,352	(23)	19,768	8,890	28,658
Changes in equity								
Reclassified into retained earnings	-	-	10	(10)	-	-	-	-
Net income	-	-	871	-	-	871	439	1,310
Other comprehensive loss	-	-	-	257	-	257	211	468
Dividends to Hitachi, Ltd. stockholders	-	-	(197)	-	-	(197)	-	(197)
Dividends to non-controlling interests	-	-	-	-	-	-	(138)	(138)
Acquisition of treasury stock	-	-	-	-	(1)	(1)	-	(1)
Sales of treasury stock	-	0	-	-	0	0	-	0
Changes in non-controlling interests	-	(22)	-	0	-	(22)	56	34
Total changes in equity	-	(22)	684	247	(1)	908	569	1,477
Balance at end of period	3,398	4,552	10,151	2,600	(25)	20,676	9,459	30,135

Hitachi Group condensed quarterly consolidated statements of cash flows for the six months ended 30 September 2015 and 2014

	Six months ended 30 September		Six months ended 30 September	
	(In millions of JPY)		*(In millions of EUR)*	
	2015	2014	2015	2014
Cash flows from operating activities				
Net income	165,850	176,853	1,229	1,310
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	248,162	227,450	1,838	1,685
Impairment losses	1,585	2,142	12	16
Income taxes	77,085	65,054	571	482
Share of profits of investments accounted for using the equity method	(11,553)	(12,409)	(86)	(92)
Financial income and expenses	1,280	5,057	9	37
Net gain on business reorganization and others	(30,085)	(4,035)	(223)	(30)
Loss on sale of property, plant and equipment	3,299	10,698	24	79
Decrease in trade receivables	230,868	108,350	1,710	803
Increase in inventories	(98,477)	(144,483)	(729)	(1,070)
(Increase) decrease in other assets	(8,535)	2,053	(63)	15
Decrease in trade payables	(104,954)	(77,450)	(777)	(574)
Decrease in retirement and severance benefits	(39,164)	(32,823)	(290)	(243)
Decrease in other liabilities	(53,894)	(69,769)	(399)	(517)
Other	6,175	3,936	46	29
Subtotal	387,642	260,624	2,871	1,931
Interest received	5,845	6,508	43	48
Dividends received	15,840	7,228	117	54
Interest paid	(13,457)	(13,408)	(100)	(99)
Income taxes paid	(86,282)	(82,397)	(639)	(610)
Net cash provided by operating activities	309,588	178,555	2,293	1,323
Cash flows from investing activities				
Purchase of property, plant and equipment	(189,557)	(168,208)	(1,404)	(1,246)
Purchase of intangible assets	(52,087)	(60,796)	(386)	(450)
Purchase of leased assets	(264,081)	(202,482)	(1,956)	(1,500)
Proceeds from sale of property, plant and equipment, and intangible assets	2,262	14,478	17	107
Proceeds from sale of leased assets	12,001	18,204	89	135
Collection of lease receivables	184,707	141,935	1,368	1,051
Purchase of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	(78,366)	(24,965)	(580)	(185)
Proceeds from sale of investments in securities and other financial assets (including investments in subsidiaries and investments accounted for using the equity method)	43,162	19,293	320	143
Other	9,479	(6,050)	70	(45)
Net cash used in investing activities	(332,480)	(268,591)	(2,463)	(1,990)
Cash flows from financing activities				
Increase (decrease) in short-term debt, net	(50,525)	59,746	(374)	443
Proceeds from long-term debt	372,170	467,593	2,757	3,464
Payments on long-term debt	(225,870)	(326,041)	(1,673)	(2,415)
Proceeds from payments from non-controlling interests	277	1,128	2	8
Dividends paid to Hitachi, Ltd. stockholders	(28,911)	(26,508)	(214)	(196)
Dividends paid to non-controlling interests	(26,828)	(20,038)	(199)	(148)
Acquisition of common stock for treasury	(169)	(181)	(1)	(1)
Proceeds from sales of treasury stock	15	19	0	0
Purchase of shares of consolidated subsidiaries from non-controlling interests	(2,665)	(4,682)	(20)	(35)
Proceeds from partial sales of shares of consolidated subsidiaries to non-controlling interests	-	339	-	3
Other	(80)	(74)	(1)	(1)
Net cash provided by financing activities	37,414	151,301	277	1,121
Effect of exchange rate changes on cash and cash equivalents	(21,084)	28,302	(156)	210
Net increase (decrease) in cash and cash equivalents	(6,562)	89,567	(49)	663

Cash and cash equivalents at beginning of period	701,703	560,657	5,198	4,153
Cash and cash equivalents at end of period	695,141	650,224	5,149	4,816

Hitachi Group consolidated net financial indebtedness as of 30 September 2015

		(In millions of JPY)		*(In millions of EUR)*	
		As of 30 September 2015	As of 31 March 2015	As of 30 September 2015	As of 31 March 2015
A	Cash & Cash equivalents	695,141	701,703	5,149	5,198
B	Trading securities	-	-	-	-
C	**Liquidity (A + B)**	**695,141**	**701,703**	**5,149**	**5,198**
D	**Current Financial Receivable**	-	-	-	-
E	Current debt	(914,509)	(977,701)	(6,774)	(7,242)
F	Current portion of non-current debt	(558,991)	(483,521)	(4,141)	(3,582)
G	**Current Financial Debt (E + F)**	**(1,473,500)**	**(1,461,222)**	**(10,915)**	**(10,824)**
H	**Net Current Financial Indebtedness (C + D + G)**	**(778,359)**	**(759,519)**	**(5,766)**	**(5,626)**
I	Non-current debt	(2,170,338)	(2,096,134)	(16,077)	(15,527)
J	**Non-current Financial Indebtedness**	**(2,170,338)**	**(2,096,134)**	**(16,077)**	**(15,527)**
K	**Net financial indebtedness (H+ J)**	**(2,948,697)**	**(2,855,653)**	**(21,842)**	**(21,153)**

The net financial indebtedness as of 30 September 2015 increased JPY93,044 million (€689 million) from 31 March 2015, due mainly to the acquisition of Pentaho Corporation by Hitachi Data Systems Corporation.

For further financial information on the Hitachi, Ltd. for the six months period ended 30 September 2015, please see the Quarterly Report of Hitachi, Ltd. for the period ended 30 September 2015, available to the public on Hitachi, Ltd.'s website (http://www.hitachi.com/).

Pledged assets

With respect to pledged assets, as of and for the six months ended 30 September 2015 and 30 September 2014, 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 2015 and 2014

With respect to related party transactions, as of and for the six months ended 30 September 2015 and 30 September 2014, 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 30 September 2015). For this reason, any effect of the purchase by the Offeror of 40.07% of the Issuer's share capital from Finmeccanica, completed on 2 November 2015, is not reflected in the above mentioned information on related party transactions.

B.1.11 Recent performance

During the period between the Offeror’s incorporation and the Offer Document Date, no events occurred which are significant for the purposes of the Offeror’s economic, asset and liability and financial situation, except for the activities related to the Acquisition and those connected to the submission of this Offer.

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 Offer Document Date.

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

The Offeror has no responsibility as to the authenticity, correctness, accuracy and completeness of such information. The Offeror 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 Offer 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 Italian law, with registered office at Via Mantovani No. 3-5, 16151, Genoa, registered with the register of enterprises of Genoa, Italy, with No. 01371160662.

The Issuer's shares are listed exclusively on the MTA, STAR segment.

Pursuant to Article 1 of the by-laws, the Issuer's duration is set until December 31, 2100, unless extended by resolution of the shareholders' meeting.

B.2.2 Share capital

As of the Offer 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 Offer Document Date no shares of a category other than ordinary have been issued. 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.

On April 28, 2015, as communicated to the market through a press release available on the website www.ansaldo-sts.com, the Issuer acquired 138,244 ordinary shares of the Issuer at a price of Euro 9.503 per share, as part of the share buyback programme authorized by the Issuer's shareholders' meeting held on 23 April 2015. Such shares have been then assigned to the employees according to the stock option plan. The remaining 1,405 treasury shares have been sold during the month of September 2015, at a gross price per share equal to Euro 9.495. Therefore, as of today, the Issuer does not own any treasury shares.

B.2.3 Shareholders and shareholders' agreements

According to CONSOB's website, based on the notices given pursuant to Article 120, paragraph 2, of the TUF, as of the Offer Document Date, the Shareholders holding shares of the Issuer representing more than 2% of the Issuer's share capital, other than the Offeror, are those listed below:

Declarant or parent	Direct Shareholder		Quota % of the voting rights		Quota % of the share capital	
	Name	Ownership	Quota	of which without	Quota	of which without

entity		title	%	voting rights			%	voting rights		
				Quota %	Voting rights are entitled to			Quota %	Voting rights are entitled to	
					Entity	Quota %			Entity	Quota %
AMBER CAPITAL UK LLP	AMBER CAPITAL UK LLP	Discretionary asset management	2.381	0.000			2.381	0.000		
		Total	**2.381**	**0.000**			**2.381**	**0.000**		
UBS GROUP AG (*)	UBS SWITZERLAND AG	Borrower	0.125	0.000			0.125	0.000		
		Lender	0.343	0.343			0.343	0.343		
		Total	0.468	0.343			0.468	0.343		
	UBS ASSET MANAGEMENT (AUSTRALIA) LIMITED	Non-discretionary asset management	0.002	0.000			0.002	0.000		
		Total	0.002	0.000			0.002	0.000		
	UBS ASSET MANAGEMENT TRUST COMPANY	Non-discretionary asset management	0.002	0.000			0.002	0.000		
		Total	0.002	0.000			0.002	0.000		
	UBS ASSET MANAGEMENT (UK) LIMITED	Non-discretionary asset management	0.005	0.000			0.005	0.000		
		Total	0.005	0.000			0.005	0.000		
	UBS AG	Borrower	0.311	0.000			0.311	0.000		
		Lender	1.934	1.933			1.934	1.933		
		Total	2.245	1.933			2.245	1.933		
	Total		**2.722**	**2.276**			**2.722**	**2.276**		
NORGES BANK	NORGES BANK	Beneficial ownership	2.296	0.000			2.296	0.000		
		Total	**2.296**	**0.000**			**2.296**	**0.000**		

(*) Please note that of the total shareholding held by UBS Group AG, through its directly or indirectly subsidiaries, equal to 2.722% of the Issuer's share capital, UBS Group AG, or its directly or indirectly subsidiaries, exercise the relevant voting rights only in relation to 0.446% of such shareholding.

It is noted that, following the Acquisition, the Offeror directly exercise 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 Offeror, indirectly through Hitachi Europe Ltd., Hitachi Rail Europe Ltd. and Hitachi Rail Italy Holdings S.r.l., since Hitachi Rail Italy Holdings S.r.l. directly holds the entire stock capital of the Offeror. For a complete illustration of the corporate chain between Hitachi, Ltd. and the Offeror, please see Section B, Paragraph B.1.5 of the Offer

Document. In particular, the Offeror'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.; the share capital of Hitachi Rail Europe Ltd. is wholly-owned by Hitachi Europe Ltd.; and the share capital of Hitachi Europe Ltd. is wholly-owned by Hitachi, Ltd..

In regard to the Issuer's Shares, it is noted that, as of the Offer Document Date, there is no shareholders' agreement in effect pursuant to Article 122 of the TUF.

B.2.4 Management and supervisory bodies

Board of Directors

Pursuant to Article 16 of the 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 Offer Document Date was appointed by the shareholders' meeting held on November 2, 2015. As of the Offer 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	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
CEO	Stefano Siragusa	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Director and Vice Chairman	Karen Boswell	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Independent Director	Giulio Gallazzi	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Independent Director	Paola Giannotti	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Independent Director	Giovanni Cavallini	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Independent Director	Bruno Pavesi	November 2, 2015	Until the date of the shareholders' meeting called to approve the financial statements as of December 31, 2017
Independent Director	Alessandra Piccinino	November 9, 2015	Pursuant to Article 2386, paragraph 1, of the Civil Code,

			until the next shareholders' meeting
Independent Director	Mario Garraffo	November 25, 2015	Pursuant to Article 2386, paragraph 1, of the Civil Code, until the next shareholders' meeting

To the Offeror's knowledge, as of the Offer 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 Issuer's group, except for No. 18,298 ordinary shares of the Issuer that have been assigned to the director Mr. Stefano Siragusa, but that have not be delivered yet as of the Offer Document Date.

The Issuer's Board of Directors, as described in the table above, is in compliance with Article 37 of the Market Regulation.

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

The shareholders' meeting on November 2, 2015 further resolved in favor of the proposal presented by Finmeccanica related to the waiver of the corporate liability action against all the ceased directors for the activities performed by each director during his/her term of office, from the first appointment, pursuant to Article 2393, paragraph 6 of the Italian Civil Code.

It is noted that (i) Ms. Barbara Poggiali, appointed as independent director on November 2, 2015 and part of the Hitachi Slate, has subsequenlty resigned from the office of member of the Board of Directors of the Issuer for personal reasons, as communicated by the Issuer on November 3, 2015, and, therefore, as of the Offer Document Date, she does not hold any position within the Issuer; and (ii) Mr. Ryoichi Hirayanagi, appointed as non independent director on November 2, 2015 and part of the Hitachi Slate, has subsequenlty resigned from the office of member of the Board of Directors of the Issuer and, therefore, as of the Offer Document Date, he does not hold any position within the Issuer. As communicated by the Issuer on November 20, 2015, Mr. Ryoichi Hirayanagi has resigned from such office, considering it to be necessary, in light of the sensitive and important phase that the Issuer is facing following the launch of the Offer, to ensure as much as possible the physical presence of the directors at the meetings of the Board of Directors and, considering that Mr. Hirayanagi's current place of residence and work is in Tokyo (Japan), he does not have the possibility to meet the above necessity.

It is specified that, on November 9, 2015, the Board of Directors of the Issuer has appointed, pursuant to Article 2386 of the Civil Code, Ms. Alessandra Piccinino as new non-executive independent director of the Issuer, in substitution of Ms. Barbara Poggiali.

On November 25, 2015, the Board of Directors of the Issuer has appointed, pursuant to Article 2386 of the Civil Code, Mr. Mario Garraffo as new non-executive independent director of the Issuer, in substitution of Mr. Ryoichi Hirayanagi.

For completeness, it is noted 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 November 2, 2015, is, *inter alia*, Chairman of the Board of Directors of Hitachi Rail Europe Ltd. and Vice President and Executive Officer of Hitachi, Ltd.; and (ii) Ms. Karen Boswell, who has been appointed as director of the Issuer at the shareholders' meeting held on November 2, 2015, is also managing director and member of the Board of Directors of Hitachi Rail Europe Ltd..

Pursuant to Article 24.1 of the 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 Offer Document Date, the following committees have been appointed:

(i) *Audit 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 Audit and Risk Committee Regulation adopted by the Issuer. The Audit and Risk Committee also operates as Committe for Related Parties Transactions (*Comitato per le Operazioni con Parti Correlate*). As of the Offer Document Date, the Audit and Risk Committee is composed by the following members: Mr. Giovanni Cavallini, as Chairman of the Audit and Risk Committee, Mr. Bruno Pavesi and Ms. Paola Giannotti.

(ii) *Nomination and Remuneration Committee (Comitato per le Nomine e la Remunerazione)*: the Board of Directors of the Issuer has appointed an internal committe 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 Offer Document Date, the Nomination and Remuneration Committee is composed by the following members: Mr. Giulio Gallazzi, as Chairman of the Nomination and Remuneration Committee , Ms. Alessandra Piccinino and Mr. Bruno Pavesi.

The Board of Directors of the Issuer, on November 10, 2015, has: (a) appointed as Director responsible for the system of internal control and risk management the CEO, Mr. Stefano Siragusa; (b) confirmed Mr. Mauro Giganti in the office of person responsible for the Internal Audit function; and (c) confirmed Mr. Roberto Carassai, Chief Financial Officer of the Issuer, as manager responsible for drafting corporate accounting documents pursuant to Article 154-*bis* of the TUF.

Board of Statutory Auditors

Pursuant to Article 27 of the 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.

They may be re-elected.

The Issuer's Board of Statutory Auditors in office as of the Offer Document Date – appointed by the shareholders at a meeting held on 15 April 2014 and in office until approval of the Issuer's financial statements as of 31 December 2016 – consists of the following persons:

Office	**Full name**	**Date of appointment**	**Termination**
Chairman of the Board of Statutory Auditors	Giacinto Sarubbi	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal year ending December 31, 2016
Standing statutory	Renato Righetti	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal

auditor			year ending December 31, 2016
Standing statutory auditor	Maria Enrica Spinardi	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal year ending December 31, 2016
Alternate statutory auditor	Daniela Rosina	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal year ending December 31, 2016
Alternate statutory auditor	Fabrizio Riccardo Di Giusto	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal year ending December 31, 2016
Alternate statutory auditor	Giorgio Mosci	April 15, 2014	At the close of the annual general shareholders' meeting for the fiscal year ending December 31, 2016

To the Offeror's knowledge, as of the Offer 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 Issuer's group.

Auditor

Pursuant to Articles 13 and 17, paragraph 1, of Legislative Decree No. 39/2010, the Issuer's shareholders' meeting held on 7 May 2012 engaged the company KPMG S.p.A. to perform the legal audit of the accounts for the fiscal years 2012-2020, with the term of such engagement to end at the shareholders' meeting called to approve the financial statements for the year ended on December 31, 2020.

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 - that operates 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 headquarter is 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.

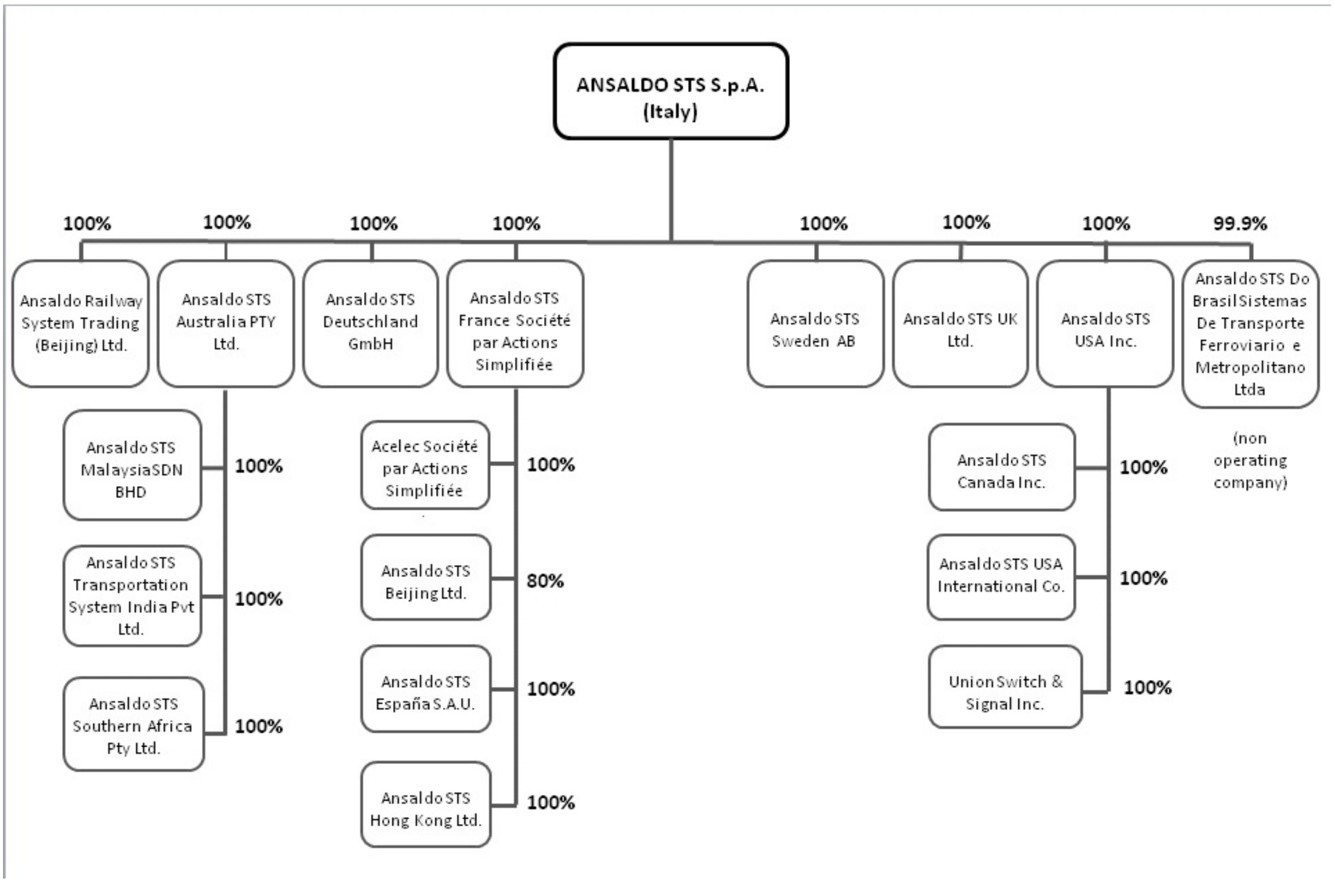
The Ansaldo STS Group has a global presence and operates in Italy, in Europe, in the Americas, in Asia, in Australia and in Africa.

Ansaldo STS is publicly listed on the MTA segment of Borsa Italiana since March 29, 2006, the only company listed both on the STAR segment and the FTSE MIB index.

In the year ended on 31 December 2014, the Ansaldo STS Group registered turnover of Euro 1.3 billion.

As of 31 December 2014 Ansaldo STS had 3,799 employees (130 less than as of 31 December 2013).

The following diagram shows the Issuer's subsidiaries as of the Offer Document Date:



Ansaldo STS Group consolidated financial information for the years ended 31 December 2014 and 2013

The consolidated financial statements of the Issuer for the year ended 31 December 2014 (the "**Ansaldo STS Consolidated Financial Statements 2014**"), prepared in compliance with IFRS standards, were approved by the Board of Directors of the Issuer on 6 March 2015 and were audited by KPMG S.p.A. which - on 16 March 2015 - issued its report in compliance with the articles 14 and 16 of the Legislative Decree n. 39 of 27 January 2010. The Ansaldo STS Consolidated Financial Statements 2014 were presented to the shareholders' meeting on 23 April 2015.

The financial statements of the Issuer for the year ended 31 December 2014 (the "**Ansaldo STS Separated Financial Statements 2014**"), prepared in compliance with IFRS standards, were approved by the shareholders' meeting on 23 April 2015 and subject audited by KPMG S.p.A. which - on 16 March 2015 - issued its report in compliance with the articles 14 and 16 of the Legislative Decree n. 39 of 27 January 2010.

The consolidated financial statements of the Issuer for the year ended 31 December 2013 (the "**Ansaldo STS Consolidated Financial Statements 2013**"), prepared in compliance with IFRS standards, were approved by the Board of Directors of the Issuer on 7 March 2014 and were audited by KPMG S.p.A. which - on 18 March 2014 - issued its report in compliance with the articles 14 and 16 of the Legislative Decree n. 39 of 27 January 2010. The Ansaldo STS Consolidated Financial Statements 2013 were presented to the shareholders' meeting on 15 April, 2014.

The Ansaldo STS Consolidated Financial Statements 2014, the Ansaldo STS Separated Financial Statements 2014 and the Ansaldo STS Consolidated Financial Statements 2013 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 2014 and 2013. The data reported in the following tables were extracted from the Ansaldo STS Consolidated Financial Statements 2014.

The data reported in the following tables as of and for the year ended 31 December 2013 were extracted from the Ansaldo STS Consolidated Financial Statements 2014, since it was re-stated due to the implementation of IAS 11, which regulates the joint arrangements qualified as joint ventures which, starting from 1 January 2014 (date of implementation by the Ansaldo STS Group) were consolidated with the equity method.

Ansaldo STS Group consolidated balance sheet as of 31 December 2014 and 2013

(in millions of Euro)	As of 31 December	
	2014	**2013** [(1)]
Assets		
Intangible assets	52.7	50.0
Property, plant and equipment	87.5	88.4
Equity investments	55.9	44.9
Loans and receivables	39.9	31.1
Deferred tax assets	40.0	37.1
Other non-current assets	20.5	21.7
Total Non-current assets	**296.7**	**273.2**
Inventories	106.1	111.3
Contract work in progress	304.2	288.6
Trade receivables	710.6	625.5
Tax assets	23.1	28.8
Loan assets	41.0	64.1
Other current assets	83.8	78.6
Cash and cash equivalents	270.1	191.5
Total Current assets	**1,538.9**	**1,388.3**
Non-current assets held for sale	0.1	0.1
Total Assets	**1,835.8**	**1,661.6**
Equity		
Share capital	100.0	90.0
Reserves	473.6	408.7
Equity attributable to the owners of the parent	573.6	498.7
Equity attributable to non-controlling interests	1.3	0.3
Total Equity	**574.9**	**499.1**
Liabilities		
Employee benefits	34.7	30.0
Deferred tax liabilities	10.6	11.2
Other non-current liabilities	11.9	9.2
Total Non-current liabilities	**57.1**	**50.4**
Progress payments and advances from customers	686.2	635.2
Trade payables	368.9	355.2
Loans and borrowings	17.7	10.1
Tax liabilities	10.3	5.7
Provisions for risks and charges	10.4	14.8
Other current liabilities	110.2	91.1
Total Current liabilities	**1,203.7**	**1,112.2**
Total Liabilities	**1,260.8**	**1,162.5**
Total Liabilities and Equity	**1,835.8**	**1,661.6**

(1) The consolidated financial statement as of 31 December 2013 has been derived from Ansaldo STS Consolidated Financial Statements 2014, restated due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

Commentary on consolidated balance sheet

Cash and cash equivalents amount to €270.1 million as of 31 December 2014, an increase of € 78.6 million with respect to the € 191.5 million as of 31 December 2013. 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 € 270.0 million and by cash-in-hand for €0.1 million. Furthermore, cash and cash equivalents mainly relate to Ansaldo STS (€ 179.4 million), the Ansaldo STS France group (€ 26.3 million), the Asia/Pacific subsidiaries (€ 24.0 million), the Ansaldo STS USA group (€ 18.5 million), Ansaldo Railway System Trading (Beijing) Company Ltd. (€ 17.5 million) and Ansaldo STS Sweden (€ 3.3 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 € 35.4 million, mainly due to revenue in excess of production.

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, € 15.6 million reflects the decrease in "work in progress (net)" and € 5.6 million to the increase in "progress payments and advances from customers (net)".Total advances from customers amount to €441.7 million (€ 432.3 million as of 31 December 2013) of which €58.7 million registered among "Work-in-progress (net)" and €383.0 million registered among "Progress payments and advances from customers (net)". Please find below a table summarazing key components of Work-in-progress and net of progress payments and advances from customers.

(in millions of Euro)	Year ended 31 December	
	2014	**2013** (1)
Advances from customers	(58.7)	(64.5)
Progress payments	(1,549.9)	(1,750.3)
Work-in-progress	1,960.5	2,127.6
Provision for expected losses to complete contracts	(15.6)	(10.2)
Allowance for write-down	(32.2)	(14.1)
Work-in-progress (net)	**304.2**	**288.6**
Advances from customers	(383.0)	(367.8)
Progress payments	(3,860.2)	(3,546.3)
Work-in-progress	3,567.8	3,297.3
Provision for expected losses to complete contracts	(5.6)	(12.2)
Allowance for write-down	(5.2)	(6.3)
Progress payments and advances from customers (net)	**(686.2)**	**(635.2)**
Work-in-progress, net of progress payments and advances from customers	**(382.1)**	**(346.6)**

(1) The consolidated financial statement as of 31 December 2013 has been derived from Ansaldo STS Consolidated Financial Statements 2014, restated due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

Trade receivables amount to € 710.6 million as of 31 December 2014, an increase of € 85.2 million compared to 31 December 2013. This increase was mainly driven by the receivables' position of the controlled companies Ansaldo STS Australia Pty Ltd. and Ansaldo STS Sweden AB, concerning receivables towards third parties, and by the receivables' position towards the clients Ferrovie dello Stato, Metro 5 Lilla and Consorzio Saturno - concerning receivables towards related parties. Specifically, they are constituted for

€ 540.7 million (€ 485.1 million as of 31 December 2013) by trade recevables towards third parties and for € 169.9 million (€ 140.4 million as of 31 December 2013) by receivables towards related parties (mainly Ferrovie dello Stato, Metro 5 Lilla and the Saturno consortium). Furthermore, its is noted that, during 2014, the Issuer factored without recourse receivables not yet due for € 49.6 million (€ 74.2 million as of 31 December 2013), of which € 41.4 million was paid during the year.

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. On 14 July 2014, as resolved by the shareholders in their extraordinary meeting of 23 April 2010, the company carried out the fifth and last instalment of the bonus issue (€ 10.0 million), issuing No. 20,000,000 ordinary shares with a nominal value of € 0.50 each.

Reserves increased by € 64.9 million from € 408.7 million as of 31 December 2013 to € 473.6 million as of 31 December 2014. Such increase is mainly related to the € 80.6 million of net income (attributable to the owners of the parent) during the period, dividends distributed of € 28.8 million and currency translation effects generated by foreign subsidiaries (mainly Ansaldo STS USA and Ansaldo STS Australia) for € 21.3 million.

Trade payables amount to € 368.9 million as of 31 December 2014, an increase of €13.7 million compared to the € 355.2 million as of 31 December 2013. The increase was mainly driven by the payables' position of the subsidiary Ansaldo STS Australia Pty. Specifically, trade payables were constituted for € 314.9 million by trade paybles towards third parties (€ 297.0 million as of 31 December 2013) and for € 54.0 million by trade payables towards related parties (€ 57.2 million as of 31 December 2013), the latter mainly related to positions towards Selex ES S.p.A..

Financial debt increased by € 7.6 million, from € 10.1 million as of 31 December 2013 to € 17.7 million as of 31 December 2014. Such increase is mainly due to the incurrence of new debt for €12.3 million (of which € 10.4 million towards Finmeccanica) and reimbursements for € 5.4 million. Financial debt are constituted by:

- bank loans and borrowings for € 5.4 million (€ 7.6 million as of 31 December 2013) and are mainly related to to Ansaldo STS Transportation Systems India Private Limited;
- other loans and borrowings for € 2.0 million (€ 2.5 million as of 31 December 2013) and are mainly related to the parent Ansaldo STS for subsidised research project funding which pertain to the partner and which was transferred in early 2015;
- related party loans and borrowings for € 10.4 million (none as of 31 December 2013).

Other current liabilities amount to € 110.2 million as of 31 December 2014, compared to € 91.1 million as of 31 December 2013. The increase of € 19.1 million is mainly due to liabilities towards employees for accruals of short-term deferred remuneration and to the outstanding capital subscribed but not paid yet in Metro C S.c.p.A. and SPV Linea M4 S.p.A..

Ansaldo STS Group consolidated statements of income for the years ended 31 December 2014 and 2013

(in millions of Euro, unless otherwise stated)	Year ended 31 December	
	2014	**2013** (1)
Revenue	**1,303.5**	**1,229.8**
Other operating income	27.5	27.5
Purchases	(336.3)	(277.5)
Services	(519.9)	(510.7)
Personnel expense	(316.5)	(303.4)
Amortisation, depreciation and impairment losses	(18.3)	(17.0)
Other operating expense	(15.8)	(32.0)
Changes in finished goods, work-in-progress and semi-finished products	(4.5)	(2.3)
(-) Internal work capitalised	4.9	2.6
Operating profit	**124.5**	**117.0**
Financial income	32.0	21.2
Financial expense	(34.3)	(25.4)
Share of profits/(losses) of equity-accounted investees	1.8	1.0
Pre-tax profit	**124.0**	**113.8**
Income taxes	(43.3)	(39.1)
Profit/(loss) from non-current assets held for sale	0.0	0.1
Profit for the year	**80.7**	**74.8**
Attributable to the owners of the parent	80.6	75.0
Attributable to non-controlling interests	0.1	(0.1)
Earnings per share		
Basic and diluted (in Euro)	0.4	0.4 (2)

(1) The consolidated financial statement as of 31 December 2013 has been derived from Ansaldo STS Consolidated Financial Statements 2014, restated due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

(2) Recalculated following the bonus issue of 14 July 2014.

Commentary on consolidated statements of income

Revenues amounted to € 1,303.5 million in 2014, an increase of € 73.7 million (+6.0%) compared to the € 1.229.8 million reported in 2013. The increase in revenues is due to the progress of the existing order book and in particular to the advancement of the activities of projects in Saudi Arabia, Denmark and some projects acquired from the French Subsidiary. Specifically revenues from third parties were € 1,081.7 million as of 31 December 2014 (€ 992.5 million as of 31 December 2013) while revenues from related parties were € 221.8 million as of 31 December 2013, the latter decreasing by € 15.5 million compared to 2013 due to lower amounts with the associate Metro 5 S.p.A..

Total purchases and services of €856.2 million increased by €67.9 million on those for the previous year (€ 788.3 million) due to larger production volumes in the year. Positions versus third parties amounted to € 734.4 million, in particular:

- purchases of materials and the change in inventories amount to € 295.4 million (€ 254.7 million in 2013), up € 40.7 million;
- services amount to € 414.5 million (€ 413.2 million in 2013), up €1.3 million;
- rentals and operating leases amount to € 24.5 million (€ 28.4 million in 2013), down € 3.9 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 € 29.9 million (€ 121.8 million and € 91.9 million in 2014 and 2013, respectively). The increase is mainly due to the related companies AnsaldoBreda and Selex ES S.p.A. and the associate Metro Service AS.

Personnel expense came to €316.5 million, up € 13.2 million on the previous year (€ 303.4 million). This is due to the higher restructuring costs for the redundancy plan implemented in 2014 and the voluntary redundancies.

The headcount at 31 December 2014 numbered 3,799, down 130 employees on the previous year (3,929). This decrease is partly related to the parent due to the redundancy plan implemented during the year and partly to the Australian subsidiary. The average headcount on the payroll in 2014 numbered 3,854, down 45 employees compared to 3,899 in 2013.

The operating profit for 2014 amounts to € 124.5 million, an increase of 6.4% compared to the € 117.0 million registered in 2013. The increase is mainly driven by the increase in volumes coupled with a slight increase in margin from 9.5% in 2013 to 9.6% in 2014.

As of 31 December 2014, financial expenses and income were respectively € 34.3 million and € 32.0 million (€ 25.4 million and €21.2 million as of 31 December 2013, respectively) and were constituted by €29.2 million of expenses and € 29.2 million income related to exchange rate gains and losses (compared to exchange rate expenses of € 19.2 million and exchange rate income of € 19.1 million as of 31 December 2013).

Income taxes increased by an overall € 4.2 million compared to the previous year. Specifically, the increase is due to the following:

- an increase (€ 8.5 million) in income taxes of foreign companies given the greater pre-tax profit compared to the previous year;
- the € 5.6 million decrease from net deferred tax income of €3.9 million to net deferred tax expense of €1.7 million, mainly due to the use of deferred tax assets on the provisions for risks and charges by Ansaldo STS USA Inc. (€ 4.5 million);
- IRES (€ 12.4 million) and IRAP (€4.9 million), related to the parent, are substantially in line with those of the previous year.

Ansaldo STS Group consolidated statements of comprehensive income for the years ended 31 December 2014 and 2013

(in millions of Euro)	Year ended 31 December	
	2014	**2013 (1)**
Profit for the year	**80.7**	**74.8**
- Net actuarial gains/(losses) on defined benefit plans	(5.3)	1.4
- Tax	1.6	(0.4)
Items that will never be reclassified to profit or loss:	**(3.7)**	**1.0**
- Net change in fair value of cash flow hedges	4.5	4.7
- Net exchange rate gains/(losses)	21.4	(21.7)
- Tax	(1.5)	(0.8)
Items that will or may be reclassified to profit or loss:	**24.4**	**(17.8)**
Other comprehensive income/(expense), net of taxes	20.7	(16.8)
Total comprehensive income for the year	**101.4**	**58.0**
Attributable to:		
- the owners of the parent	101.2	57.9
- non-controlling interests	0.2	0.0

(1) The consolidated financial statement as of 31 December 2013 has been derived from Ansaldo STS Consolidated Financial Statements 2014, restated due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

Ansaldo STS Group consolidated statements of changes in stockholders' equity for the years ended 31 December 2014 and 2013

(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 2013	**80.0**	**347.0**	**(5.1)**	**1.5**	**4.3**	**41.1**	**468.7**	**0.4**	**469.2**
IFRS 11 FTA	-	(0.1)	0.1	-	0.0	-	-	-	-
Equity restated at 1 January 2013	**80.0**	**346.9**	**(5.0)**	**1.5**	**4.3**	**41.1**	**468.7**	**0.4**	**469.2**
Change in consolidation scope	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Net change in stock grant reserve	-	-	-	1.0	-	-	1.0	-	1.0
Other comprehensive income/(expense) net of taxes	-	-	4.6	-	(21.9)	0.2	(17.0)	0.2	(16.9)
Bonus issue of 20,000,000 shares	10.0	-	-	-	-	(10.0)	-	-	-
Other changes	-	2.1	-	-	0.0	(2.1)	-	-	-
Dividends	-	(28.8)	-	-	-	-	(28.8)	(0.1)	(28.9)
Net change in treasury shares	-	-	-	-	-	-	-	-	-
Changes in consolidation reserves	-	-	-	-	-	-	-	(0.0)	(0.0)
Profit for the year ended 31 December 2013	-	75.0	-	-	-	-	75.0	(0.1)	74.8
Equity at 31 December 2013	**90.0**	**395.2**	**(0.5)**	**2.5**	**(17.6)**	**29.1**	**498.7**	**0.3**	**499.1**
Equity at 1 January 2014	**90.0**	**395.2**	**(0.5)**	**2.5**	**(17.6)**	**29.1**	**498.7**	**0.3**	**499.1**
IFRS 11 FTA	**-**	**(0.0)**	**0.0**	**-**	**0.0**	**(0.0)**	**-**	**-**	**-**
Equity restated at 1 January 2014	**90.0**	**395.2**	**(0.4)**	**2.5**	**(17.6)**	**29.1**	**498.7**	**0.3**	**499.1**
Reclassification from/to reserves	10.0	(2.3)	-	-	-	(7.7)	-	-	-
Change in consolidation scope	-	0.9	-	-	(0.2)	-	0.7	0.8	1.5
Net change in stock grant reserve	-	-	-	1.8	-	-	1.8	-	1.8
Other comprehensive income/(expense) net of taxes	-	(0.0)	4.5	-	21.3	(5.1)	20.6	0.1	20.7
Allocation of profit for the year to the legal reserve	-	-	-	-	-	-	-	-	-
Dividends	-	(28.8)	-	-	-	-	(28.8)	-	(28.8)
Net change in treasury shares	0.0	-	-	-	-	-	0.0	-	0.0
Other changes	-	-	-	-	-	-	-	-	-
Profit for the year ended 31 December 2014	-	80.6	-	-	-	-	80.6	0.1	80.7
Equity at 31 December 2014	**100.0**	**445.6**	**4.0**	**4.3**	**3.5**	**16.3**	**573.6**	**1.3**	**574.9**

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. On 14 July 2014, as resolved by the shareholders in their extraordinary meeting of 23 April 2010, the company carried out the fifth and last instalment of the bonus issue (€ 10.0 million), issuing No. 20,000,000 ordinary shares with a nominal value of € 0.50 each.

The retained earnings and consolidation reserves as of 31 December 2014 ammounted to € 445.6 million increasing mainly due to the profit generated in the period by the Ansaldo STS Group of € 80.6 million, the distribution of dividends for € 28.8 million and the utilisation of negative goodwill of € 2.3 million as resolved by the shareholders at their meeting of 23 April 2010 to follow up the last instalment of the bonus issue.

Ansaldo STS Group consolidated statements of cash flows for the years ended 31 December 2014 and 2013

(in millions of Euro)	Year ended 31 December	
	2014	**2013** [(1)]
Profit for the year	80.7	74.8
Income taxes	43.3	39.1
Write-downs/reversals of write-downs of inventories and work in progress	6.3	3.0
Amortisation, depreciation and impairment losses	18.3	17.0
Other income / (losses), net	0.6	5.6
Change in working capital	(33.9)	(61.6)
Changes in other operating assets and liabilities	3.9	(25.0)
Net interest paid	(5.3)	0.1
Income taxes paid	(29.0)	(34.3)
Cash flows from operating activities	**84.9**	**18.7**
Sales of property, plant and equipment and intangible assets	(9.2)	(9.8)
Acquisition of equity investments, net of cash acquired	0.0	0.4
Cash flows used in ordinary investing activities	(9.1)	(9.4)
Free operating cash flow	75.7	9.3
Investments in property, plant and equipment and intangible assets	(0.0)	(0.6)
Sales of equity investments	0.0	0.0
Change in other non-current financial assets	0.0	0.0
Cash flows used for strategic transactions	(7.4)	(3.5)
Cash flows used in investing activities	**(16.5)**	**(13.4)**
Net change in other financing activities	34.4	78.4
Other financing activities	0.0	0.7
Dividends paid	(28.8)	(28.9)
Cash flows generated by financing activities	**5.6**	**50.1**
Net increase in cash and cash equivalents	74.0	55.5
Net exchange rate gains (losses)	4.6	(5.8)
Other changes	(0.0)	(0.1)
Opening cash and cash equivalents	191.5	141.9
Closing cash and cash equivalents	**270.1**	**191.5**

(1) The consolidated financial statement as of 31 December 2013 has been derived from Ansaldo STS Consolidated Financial Statements 2014, restated due to the adoption of IFRS 11 governing joint arrangements, whereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

Commentary on consolidated statements of cash flows

Cash flows from operating activities in 2014 amounts to € 84.9 million, an increase of € 66.1 million compared to the € 18.7 million registered in 2013, mainly due to working capital dynamics. Specifically the cash generated/(absorbed) by the change in working capital as of 31 December 2014 was (-€ 33.9 million) while the changes in other operating assets and liabilities generated € 3.9 million, resulting in total cash absorption of (-€ 30.0 million). During the period ended on 31 December 2013 the change in working capital absorbed (-€ 61.6 million) while the changes in other operating assets and liabilities absorbed (-€ 25.0 million), resulting in a total of (-€ 86.6 million) cash absorption.

Ordinary investment activities in 2014 absorbed € 9.1 million, in line with 2013 (€ 9.4 million) while the increase of the overall cash flow absorbed by investment activities was mainly due to strategic investments which increased from € 3.5 million in 2013 to € 7.4 million in 2014.

The Free Operating Cash Flow ("**FOCF**") before strategic investments of the period amounts to € 75.7 million, compared to € 9.3 million in 2013 which included the partial return of the down payment regarding a contract in Libya for € 41.3 million. The increase of € 66.4 million is mainly due to changes in FFO (Funds From Operations) and in working capital.

Cash flows from financing activities decreased to € 5.6 million in 2014 from € 50.1 million in 2013, due to the decrease in the amount in the joint current account with Finmeccanica, net of the dividends paid by Ansaldo STS for € 28.8 million in 2014.

Ansaldo STS Group consolidated net financial indebtedness as of 31 December 2014 and 2013

(in millions of Euro)		As of 31 December	
		2014	**2013 (1)**
A	Cash-in-hand	0.1	0.1
B	Other cash and cash equivalents (bank current accounts)	270.0	191.4
C	Securities held for trading	-	-
D	**CASH AND CASH EQUIVALENTS (A+B+C)**	**270.1**	**191.5**
E	**CURRENT LOAN ASSETS**	**41.0**	**64.1**
F	Current bank loans and borrow ings	5.4	7.6
G	Current portion of non-current loans and borrow ings	-	-
H	Other current loans and borrow ings	12.3	2.5
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**17.7**	**10.1**
J	**NET CURRENT FINANCIAL INDEBTEDNESS (I-E-D)**	**(293.4)**	**(245.5)**
K	Non-current bank loans and borrow ings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**-**	**-**
O	**NET FINANCIAL INDEBTEDNESS (J+N)**	**(293.4)**	**(245.5)**

(1) The consolidated financial statement as of 31 December 2013 has been derived from [Ansaldo STS] 2014, restated due to the adoption of IFRS 11 governing joint arrangements, w hereby the group's interests in joint ventures are measured using the equity method as from 1 January 2014.

Other current loans and borrowings (Item H)

(in millions of Euro)		As of 31 December	
		2014	**2013 (1)**
H	**Other current loans and borrowings**		
	Related party loans and borrowings	10.4	-
	Other current loans and borrowings	2.0	2.5
	Total	**12.3**	**2.5**

The net financial indebtedness as of 31 December 2014 amounts to € 293.4 million and is determined by the predominance of receivables and cash and cash equivalents over borrowings. Compared to the restated value as of 31 December 2013 of € 245.5 million, it increased by € 47.9 million.

Loan assets include the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya obtained by the parent and deposited in a local bank and tied up pending the resumption of the activities (€ 28.4 million).

The net financial indebtedness at 31 December 2014 includes the €29.3 million remainder of the advance received from the Russian customer, Zarubezhstroytechnology (ZST), for the project signed in August 2010 and suspended on 21 February 2011, regarding the development of signalling, automation, telecommunication, power supply, security and ticketing systems on the Sirth to Benghazi section in Libya. Proceedings commenced in the second half of 2013 with ZST for the enforcement of the Advance payment bond. At the end of November 2013, the Milan court authorized Crédit Agricole to release part of the advance (€41.3 million), confirming that ZST only has the right to partial repayment thereof. Subsequently, on 25 March 2014, ZST issued the statement of claim which formally launched the arbitration procedure at the Vienna International Arbitral Centre in order to obtain payment of the portion of the Advance payment bond not recognized by the Milan court in the provisional measure.

In May 2014, the procedure to form the arbitration panel was completed and the discussion hearing is scheduled for the second half of 2015.

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 2014

(in millions of Euro)	Ultimate Parent	Unconsolidated subsidiaries	Associates	Joint Ventures	Consortia	Other group companies	MEF	Total
Non-current assets								
Other	-	-	16.2	-	0.2	-	-	**16.4**
Current assets								
Financial	-	-	10.7	-	-	-	-	**10.7**
Trading	0.1	0.5	40.5	7.6	36.6	9.0	75.6	**169.9**
Other	0.2	-	-	-	0.0	0.1	-	**0.3**
Current liabilities								
Financial	10.4	-	-	-	-	-	-	**10.4**
Trading	0.9	0.5	1.5	0.0	1.1	49.0	0.9	**54.0**
Other	-	0.0	-	-	0.0	0.6	-	**0.6**

(in millions of Euro)	Ultimate Parent	Unconsolidated subsidiaries	Associates	Joint Ventures	Consortia	Other group companies	MEF	Total
Revenue	-	0.7	22.9	10.3	39.1	9.9	138.8	**221.8**
Other operating income	-	-	0.6	-	-	0.0	0.4	**1.0**
Costs	4.7	0.8	48.8	0.0	3.4	62.4	1.8	**121.8**
Financial income	0.1	-	0.4	-	-	-	-	**0.5**
Financial expense	0.0	-	-	-	-	-	-	**0.0**
Other operating expense	0.0	-	-	-	0.0	0.0	-	**0.1**

Operations of Ansaldo STS Group with related parties at and for the year ended 31 December 2013

(in millions of Euro)	Ultimate Parent	Unconsolidated subsidiaries	Associates	Joint Ventures	Consortia	Other group companies	MEF	Total
Non-current assets								
Other	-	-	11.6	-	0.2	-	-	**11.8**
Current assets								
Financial	31.1	-	2.9	-	-	-	-	**34.0**
Trading	0.0	0.6	31.5	5.4	31.2	8.2	63.6	**140.4**
Other	0.2	-	-	-	1.4	-	-	**1.5**
Current liabilities								
Trading	0.3	0.4	5.6	0.0	1.0	49.4	0.6	**57.2**
Other	-	0.0	-	-	0.0	0.6	-	**0.6**

(in millions of Euro)	Ultimate Parent	Unconsolidated subsidiaries	Associates	Joint Ventures	Consortia	Other group companies	MEF	Total
Revenue	-	0.3	43.0	16.4	16.0	11.3	150.3	**237.3**
Other operating income	-	-	0.3	-	-	0.0	-	**0.3**
Costs	3.2	0.5	47.1	0.2	3.2	34.1	3.6	**91.9**
Financial income	0.2	-	0.0	-	-	-	-	**0.3**
Financial expense	0.3	-	-	-	-	-	-	**0.3**
Other operating expense	0.0	-	-	-	0.0	0.1	-	**0.1**

Commentary on transactions with related parties

As of 31 December 2014, the non-current assets towards related parties amounted to € 16.4 million and were a constituted as follows:

- € 15.8 million towards Metro 5 S.p.A.;
- € 0.4 million towards Metro Brescia S.r.l.;
- €0.2 million towards MM4 Consortium.

Current trading assets constitute the main item towards related parties and registered an increase during 2014 (€ 169.9 million as of 31 December 2014 compared to € 140.4 million as of 31 December 2013), mainly due to the positions versus the clients Ferrovie dello Stato (€ 64.2 million), Metro 5 Lilla (€ 33.4 million) and Saturno consortium (€ 21.0 million).

Current financial assets toward related parties as of 31 December 2014 amount to € 10.7 million (€ 34.0 million as of 31 December 2013) and mainly related to an interest-bearing loan granted to S.P. M4 S.C.p.a..

Current trading liabilities toward related parties as of 31 December 2014 amount to € 54.0 million and were mianly related to liabilities versus Selex ES S.p.A. (€ 46.0 million).

Financial liabilities toward related parties as of 31 December 2014 amount to € 10.4 million (none as of 31 December 2013) and are mainly related to liabilities with Finmeccanica.

With regards to the income statement for the period ended on 31 December 2014, the key items toward related parties were:

- reveneus toward related parties for € 221.8 million, mainly related to operations with the Ferrovie dello Stato Group (€116.3 million), Eni Group (€ 22.5 million), MM4 Consortium (€ 19.9 million), Metro Lilla S.r.l. (€ 19.7 million) and Saturno Consortium (€ 18.4 million);
- costs for purchases and services of € 121.8 million, mainly constituted by operations with Metro Service S.p.A. (€ 48.1 million), Selex ES S.p.A. (€ 30.9 million) and AnsaldoBreda (€ 28.6 million).

Please note that the above presented figures and comments related to related party transactions refer to the latest full year financial report of the Issuer (as of 31 December 2014). For this reason, any effect of the purchase by the Offeror of 40.07% of the Issuer's share capital from Finmeccanica, completed on 2

November 2015, is not reflected in the above mentioned information on related party transactions.

Guarantees related to outstanding financial indebtness

As of 31 December 2014 the Issuer had limited financial liabilities towards banks, equal to € 5.4 million, versus a net financial position (cash) of (-€ 293.4 million). As such considering the marginal value of such financial liabilities details around related terms, conditions and guarantees are not available.

Outlook for 2015

On 11 February 2015 Ansaldo STS announced the 2015 Guidance, which was approved by Ansaldo STS Board of Directors:

- New orders: €1,600 – 2,000 million
- Order backlog: €6,300 – 6,800 million
- Revenues: €1,300 – 1,400 million
- ROS: about 9.6%
- Net financial indebtedness: €280 – 320 million (positive net cash)

Ansaldo STS separate financial information for the years ended 31 December 2014 and 2013

The Ansaldo STS Separated Financial Statements 2014, prepared in compliance with IFRS standards, were approved by the shareholders' meeting on 23 April 2015 and subject audited by KPMG S.p.A. which - on 16 March 2015 - issued its report in compliance with the articles 14 and 16 of the Legislative Decree n. 39 of 27 January 2010.

The Ansaldo STS Separated Financial Statements 2014 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 2014 and 2013. The data reported in the following tables were extracted from the Ansaldo STS Separate Financial Statements 2014.

Ansaldo STS separate balance sheet as of 31 December 2014 and 2013

(in millions of Euro)	As of 31 December	
	2014	2013
Assets		
Intangible assets	13.0	12.5
Property, plant and equipment	65.1	66.6
Equity investments	157.5	145.5
Loans and receivables	21.0	15.2
Deferred tax assets	20.3	20.5
Other non-current assets	20.5	21.7
Non-current assets	**297.4**	**282.0**
Inventories	80.0	83.6
Contract work in progress	170.3	160.6
Trade receivables	556.7	543.6
Tax assets	10.8	12.0
Loan assets	70.6	113.5
Derivatives	9.3	10.6
Other current assets	54.7	48.9
Cash and cash equivalents	179.4	94.3
Current assets	**1,131.8**	**1,067.0**
Total assets	**1,429.2**	**1,349.0**
Equity		
Share capital	100.0	90.0
Other reserves	93.4	95.8
Retained earnings, including the profit for the year	161.6	157.7
Total equity	**355.0**	**343.5**
Liabilities		
Employee benefits	20.1	18.3
Deferred tax liabilities	9.2	9.8
Other non-current liabilities	3.4	3.1
Non-current liabilities	**32.8**	**31.2**
Progress payments and advances from customers	497.6	471.7
Trade payables	302.5	313.8
Loans and borrowings	168.9	124.8
Tax liabilities	0.7	0.0
Provisions for risks and charges	1.9	6.0
Derivatives	8.8	8.9
Other current liabilities	61.2	49.0
Current liabilities	**1,041.5**	**974.3**
Total liabilities	**1,074.3**	**1,005.5**
Total liabilities and equity	**1,429.2**	**1,349.0**

Commentary on the separate balance sheet

Cash and cash equivalents amount to € 179.4 million as of 31 December 2014 increasing by € 85.1 million compared to the value of € 94.3 million as of 31 December 2013. Such increase was mainly related to the cash generated by operating activities during the period. Cash and cash equivalents are constituted almost exclusively by bank accounts.

Work in progress, net of progress payments and advances from customers, are negative €327.2 million, worsening by €16.1 million on the € 311.1 million of the previous year. This is mainly due to advances received from customers during the year. Specifically, an advance was received for the new Riyadh project.

(in millions of Euro)	As of 31 December	
	2014	**2013**
Work in progress (gross)	1,770.5	1,955.1
Progress payments	(1,550.0)	(1,750.3)
Advances from customers	(27.8)	(26.9)
Provision for expected losses to complete contracts	(4.7)	(6.2)
Allowance for write-down	(17.7)	(11.1)
Work-in-progress (net)	**170.3**	**160.6**
Progress payments	(3,854.7)	(3,547.6)
Work-in-progress	3,719.8	3,412.9
Advances from customers	(353.7)	(328.8)
Provision for expected losses to complete contracts	(3.8)	(1.9)
Allowance for write-down	(5.2)	(6.3)
Progress payments and advances from customers (net)	**(497.6)**	**(471.7)**
Work-in-progress, net of progress payments and advances from customers	**(327.2)**	**(311.1)**

The net balance of work in progress includes net advances of € 141.5 million (€ 141.5 million) related to the contracts in Libya, which are currently halted given the events which have affected this country over the past few years. The advances amply cover the work carried out to date and not yet invoiced.

Net contract work in progress increased from € 160.6 million at 31 December 2013 to € 170.3 million at 31 December 2014, while progress payments and advances from customers increased from € 471.7 million at 31 December 2013 to €497.6 million at 31 December 2014. The latter caption includes advances from customers of €381.5 million (€ 355.6 million as of 31 December 2013).

The allowance for write-down refers to the relevant contracts. Specifically, € 17.7 million reflects the decrease in “contract work in progress, net” and € 5.2 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 € 556.7 million and are higher than the € 543.6 million at 31 December 2013. Specifically, related party trade receivables increased € 33.5 million, due mainly to the amounts due from Rete Ferroviaria Italiana, the Saturno consortium and Metro 5 Lilla.

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, 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. On 14 July 2014, as resolved by the shareholders in their extraordinary meeting of 23 April 2010, the company carried out the fifth and last instalment of the bonus issue (€ 10.0 million), issuing No. 20,000,000 ordinary shares with a nominal value of €0.50 each.

Total trade payables decreased from € 313.8 million at 31 December 2013 to € 302.5 million at 31 December 2014. The decrease is attributable to third party trade payables (€ 5.5 million) and related party trade payables (€ 5.9 million).

The decrease in third party trade payables is mainly due to suppliers with whom back-to-back contracts were entered into in respect of the credit position with the end customer of the Naples metro Line 6 projects.

The decrease in related party trade payables is attributable to the subsidiary Ansaldo STS USA Inc. and the Danish company Metro Service A/S.

Loan and borrowings as of 31 December 2014 amounts to € 168.9 million of which € 167.0 million related to financial liabilities towards related parties (mainly the controlled companies Ansaldo STS France S.A., Ansaldo STS Australia PTY Ltd. and Ansaldo STS Sweden AB). As of 31 December 2014 there are no collateral on the company’s assets.

Ansaldo STS separate statements of income for the years ended 31 December 2014 and 2013

(in millions of Euro)	As of 31 December	
	2014	**2013**
Revenue	691.9	634.5
Other operating income	23.7	23.4
Purchases	(202.1)	(162.7)
Services	(324.0)	(305.5)
Personnel expense	(128.8)	(114.8)
Amortisation, depreciation and impairment losses	(12.0)	(9.4)
Other operating expense	(4.8)	(14.1)
Changes in finished goods, work-in-progress and semi-finished products	(0.4)	(1.0)
(-) Internal work capitalised	4.4	2.2
Operating profit	**48.0**	**52.4**
Financial income	25.5	13.9
Financial expense	(23.7)	(15.7)
Profit before taxes and discontinued operations	**49.9**	**50.6**
Income taxes	(17.1)	(18.4)
Profit for the year	**32.7**	**32.2**

Commentary on separate statements of income

In 2014 revenue totaled € 691.9 million, up €57.4 million on 2013 (+9%) due to the development of the important order backlog and, specifically, the progress made in work on projects in Saudi Arabia and Denmark. Revenue earned on the Italian market totaled € 325.5 million (€ 354.2 million in 2013) and € 366.4 million on the foreign market (€ 280.3 million in 2013).

The increase in revenue over 2013 is mainly due to the progress in work on the new Riyadh project. Total average profitability was down on the previous year due to the different mix and profitability of contracts compared to the previous year.

Operating costs (e.g. purchases, services, personnel) increased by € 71.8 million as a consequence of higher volumes and increase costs of the commercial and administrative structure.

Net operating income amounts to € 2.7 million (€ 7.3 million in 2013); the decrease is mainly due to higher restructuring costs, only partially offset by the use of the provision for risks following the favorable outcome of specific litigation with Consorziale Trasporti Trieste “AMT” following which the reserve was released by € 4.0 million.

EBIT came to € 48.0 million (6.9% as a percentage of revenue), compared to € 52.4 million (8.3% as a percentage of revenue) in 2013.

Net financial income (€ 1.9 million) increased on net financial expense of € 1.8 million in 2013, mainly due to the dividends collected by the associate International Metro Services S.r.l. (€ 2.5 million) and a lower impairment loss on the investment in Ansaldo STS UK (€ 0.8 million in 2014 compared to € 1.4 million in 2013).

Income taxes equaled € 17.1 million (2.5% as a percentage of revenue), compared to €18.4 million (2.9% as a percentage of revenue) in 2013; as a percentage of pre-tax profit, they came to 34.4% (2013: 36.4%). This 2% decrease is mainly due to the dividends collected by International Metro Service S.r.l. and the lower IRAP due following its deductibility on personnel expense.

Profit for the year totaled €32.7 million (4.7% as a percentage of revenue), compared to €32.2 million (5.1% as a percentage of revenue) in 2013.

Ansaldo STS separate statements of comprehensive income for the years ended 31 December 2014 and 2013

(in millions of Euro)	As of 31 December	
	2014	**2013**
Profit for the year	**32.7**	**32.2**
Actuarial gain (loss) on defined benefit plans	(2.3)	0.9
Income tax	0.6	(0.3)
Items that will never be reclassified to profit or loss:	**(1.7)**	**0.7**
- Change in fair value of cash flow hedges	2.6	0.7
- Foreign operations – Foreign currency translation differences	5.1	(6.2)
- Income tax	(0.4)	(0.2)
Items that will or may be reclassified to profit or loss:	**7.3**	**(5.7)**
Other comprehensive income/(expense), net of taxes	5.6	(5.0)
Comprehensive income for the year	**38.4**	**27.2**

Ansaldo STS separate statements of changes in stockholders' equity for the years ended 31 December 2014 and 2013

(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 2013	**80.0**	**152.9**	**1.2**	**0.0**	**110.3**	**344.4**
Use of treasury shares for SGP	0.0	-	-	-	-	0.0
Bonus issue of 20,000,000 shares	10.0	-	-	-	(10.0)	-
Other comprehensive income, net of taxes	-	1.4	-	0.7	(7.1)	(5.0)
Change in SGP reserves - Ansaldo STS S.p.A.	-	-	0.6	-	-	0.6
Change in SGP reserves - other companies	-	-	-	-	0.1	0.1
Dividends (159,999,248 x 0.18)	-	(28.8)	-	-	-	(28.8)
Profit for the year ended 31 December 2013	-	32.2	-	-	-	32.2
Equity at 31 December 2013	**90.0**	**157.7**	**1.8**	**0.8**	**93.3**	**343.5**
Use of treasury shares for SGP	0.0	-	-	-	-	0.0
Bonus issue of 20,000,000 shares	10.0	-	-	-	(10.0)	-
Other comprehensive income, net of taxes	-	-	-	2.6	3.0	5.6
Change in SGP reserves - Ansaldo STS S.p.A.	-	-	1.4	-	-	1.4
Change in SGP reserves - other companies	-	-	-	-	0.5	0.5
Dividends (179,998,735 x 0.16)	-	(28.8)	-	-	-	(28.8)
Profit for the year ended 31 December 2014	-	32.7	-	-	-	32.7
Equity at 31 December 2014	**100.0**	**161.6**	**3.2**	**3.4**	**86.8**	**355.0**

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. On 14 July 2014, as resolved by the shareholders in their extraordinary meeting of 23 April 2010, the company carried out the fifth and last instalment of the bonus issue (€ 10.0 million), issuing No. 20,000,000 ordinary shares with a nominal value of €0.50 each.

Retained earnings, including the profit for the year, amount to € 161.6 million increasing mainly due to the profit generated in the period of € 32.7 milioni net of the distribution of dividends for € 28.8 million.

Ansaldo STS separate statements of cash flows for the years ended 31 December 2014 and 2013

(in millions of Euro)	As of 31 December	
	2014	**2013**
Profit for the year	32.7	32.2
Amortisation, depreciation and impairment losses	12.0	9.4
Income taxes	17.1	18.5
Accruals to provisions	0.3	0.8
Italian post-employment benefits	0.3	0.2
Defined benefit plans and stock grant plans	1.8	0.6
Financial income/(expense), net of impairment losses on equity investments measured at cost	(1.9)	1.8
Change in working capital	(4.8)	(82.6)
Changes in other operating assets and liabilities	(6.3)	(30.8)
Net interest paid	5.8	5.1
Income taxes paid	(13.9)	(18.1)
Cash flows from/(used in) operating activities	**43.0**	**(62.9)**
Acquisitions of companies, net of cash acquired	(7.4)	(3.5)
Investments in property, plant and equipment and intangible assets	(4.0)	(4.7)
Other investing activities	(4.6)	(1.0)
Cash flows used in investing activities	**(16.0)**	**(9.2)**
Net change in loan assets and loans and borrowings	87.0	121.5
Dividends paid	(28.8)	(28.8)
Cash flows from financing activities	**58.2**	**92.7**
Net increase in cash and cash equivalents	85.1	20.5
Net exchange rate gains (losses)	0.0	0.0
Opening cash and cash equivalents	94.3	73.8
Closing cash and cash equivalents	**179.4**	**94.3**

Commentary on the separate statements of cash flows

Cash flows from operating activities in 2014 amounts to € 43.0 million, increasing by € 105.9 million compared to (-€ 62.9 million) registered in 2013, mainly due to working capital dynamics. Specifically, the cash generated/(absorbed) by the change in working capital as of 31 December 2014 was (-€ 4.8 million) while the changes in other operating assets and liabilities absorbed (-€ 6.3 million), resulting in total cash absorption of (-€ 11.2 million). During the period ended on 31 December 2013 the change in working capital absorbed (-€ 82.6 million) while the changes in other operating assets and liabilities absorbed (-€ 30.8 million), resulting in a total of (-€ 113.4 million) cash absorption.

Furthermore, the 2013 change in working capital includes the partial repayment of the advance related to a contract in Libya.

Investment activities in 2014 absorbed € 16.0 million increasing compared to 2013 (€ 9.2 million).

Free Operating Cash Flow increased as a result of the positive cash flow generated by the change in working capital and deriving from the progress made in certain contracts and the lower usage of other operating assets and liabilities.

Ansaldo STS Group consolidated financial information for the first half of 2015 and 2014

The consolidated interim financial report of the Issuer for the first half-year as of the 30 June 2015 (the "**Ansaldo STS Consolidated Half-Year 2015 Financial Report**"), prepared in compliance with IFRS standards, was approved by the Board of Directors of the Issuer on 28 July 2015 and was audited by KPMG S.p.A. which - on 30 July 2015 - issued its report in accordance with the criteria for a limited review recommended by CONSOB with resolution No. 10867 of 31 July 1997.

The consolidated interim financial report of the Issuer for the first half-year as of the 30 June 2014 (the "**Ansaldo STS Consolidated Half-Year 2014 Financial Report**"), prepared in compliance with IFRS standards, was approved by the Board of Directors of the Issuer on 28 July 2014 and was audited by KPMG S.p.A. which - on 30 July 2014 - issued its report in accordance with the criteria for a limited review recommended by CONSOB with resolution No. 10867 of 31 July 1997.

The Ansaldo STS Consolidated Financial Report as of 30 June 2015 and the Ansaldo STS Consolidated Financial Report as of 30 June 2014 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 six months ended on the 30 June 2015 and 2014. The data reported in the following tables were extracted from the Ansaldo STS Consolidated Half-Year 2015 Financial Report.

Ansaldo STS Group consolidated balance sheet as of 30 June 2015 and 31 December 2014

(in millions of Euro)	As of	
	30-Jun-15	**31-Dec-14**
Assets		
Intangible assets	53.4	52.7
Property, plant and equipment	86.8	87.5
Equity investments	67.9	55.9
Loans and receivables	43.4	39.9
Deferred tax assets	43.2	40.0
Other non-current assets	19.4	20.5
Total Non-current assets	**314.0**	**296.7**
Inventories	126.1	106.1
Contract w ork in progress	350.6	304.2
Trade receivables	640.2	710.6
Tax assets	29.0	23.1
Loan assets	56.4	41.0
Other current assets	92.3	83.8
Cash and cash equivalents	230.5	270.1
Total Current assets	**1,525.2**	**1,538.9**
Non-current assets held for sale	-	0.1
Total Assets	**1,839.2**	**1,835.8**
Equity		
Share capital	100.0	100.0
Reserves	502.6	473.6
Equity attributable to the ow ners of the parent	602.6	573.6
Equity attributable to non-controlling interests	0.5	1.3
Total Equity	**603.1**	**574.9**
Liabilities		
Employee benefits	33.0	34.7
Deferred tax liabilities	13.7	10.6
Other non-current liabilities	10.6	11.9
Total Non-current liabilities	**57.3**	**57.1**
Progress payments and advances from customers	719.2	686.2
Trade payables	318.7	368.9
Loans and borrow ings	10.4	17.7
Tax liabilities	10.3	10.3
Provisions for risks and charges	10.1	10.4
Other current liabilities	110.1	110.2
Total Current liabilities	**1,178.8**	**1,203.7**
Total Liabilities	**1,236.1**	**1,260.8**
Total Liabilities and Equity	**1,839.2**	**1,835.8**

Commentary on consolidated balance sheet

Cash and cash equivalents amount to €230.5 million as of 30 of June 2015, a decrease of € 39.6 million with respect to the € 270.1 million as of 31 December 2014. Such decrease was mainly driven by the change in cash position of Ansaldo STS and controlled company Ansaldo STS France and as a consequence of the €30.8 million dividends distributed (of which € 0.8 millions related to change in non-controlling interests) Cash and cash equivalents are constituted by bank accounts for € 230.3 million and by cash-in-hand for €0.1 million.

At 30 June 2015, contract work-in-progress, net of progress payments and advances from customers, amounted to € 368.6 million. It can be analysed as follows:

(in millions of Euro)	As of	
	30-Jun-15	**31-Dec-14**
Advances from customers	(54.9)	(58.7)
Progress payments	(1,725.2)	(1,549.9)
Work-in-progress	2,180.8	1,960.5
Provision for expected losses to complete contracts	(19.2)	(15.6)
Allowance for write-down	(30.8)	(32.2)
Work-in-progress (net)	**350.6**	**304.2**
Advances from customers	(425.7)	(383.0)
Progress payments	(3,445.8)	(3,860.2)
Work-in-progress	3,164.8	3,567.8
Provision for expected losses to complete contracts	(4.6)	(5.6)
Allowance for write-down	(8.0)	(5.2)
Progress payments and advances from customers (net)	**(719.2)**	**(686.2)**
Work-in-progress, net of progress payments and advances from customers	**(368.6)**	**(382.1)**

The overall net amount increased by €13.5 million, mainly due to the higher amount of production compared to progress billing. Work in progress is recognised net of the relevant allowance for write-down.

The net balance of work-in-progress and progress payments and advances from customers includes net advances of € 141.5 million related to the contracts in Libya, which are currently halted. These advances largely cover the works performed to date which are yet to be invoiced.

Trade receivables amount to € 640.2 million as of 30 June 2015, a decrease of € 70.5 million compared to 31 December 2014. Specifically, as of 30 June 2015 trade receivables are constituted for € 524.1 million by trade receivables from third parties and for € 116.0 million by trade receivables from related parties. Furthermore, it is noted that, during the period, the Issuer factored without recourse receivables not yet due for €21.1 million.The fully paid-up share capital as of 30 June 2015 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 31 December 2014.

Reserves increased by € 29 million - from € 473.6 million as of 31 December 2014 to € 502.6 million as of 30 June 2015. Such increase is mainly related to the € 39.4 million of net income of the group during the period and dividends of € 30.0 million.

Trade payables amount to € 318.7 million as of 30 June 2015, a decrease of € 50.2 million compared to the € 368.9 million as of 31 December 2014 mainly due to the standard evolution of payments schedule Specifically trade payables are consitituted for € 270.9 million by trade payables versus third parties (€ 314.9 million as of 31 December 2014) and for € 47.8 million by trade payables versus related parties (€ 54.0 million as of 31 December 2014), the latter mainly related to positions towards Selex ES S.p.A..

Current financial debt decreased by € 7.3 million from € 17.7 million as of 31 December 2014 to € 10.4 million as of 30 June 2015. Such decrease is mainly due to the reimbursement of the debt towards Finmeccanica. In particular financial debts are constituted by:

- bank loans and borrowings for € 8.2 million (€ 5.4 million as of 31 December 2014);
- related parties loans and borrowings for € 2.2 million (€ 10.4 million as of 31 December 2014).

Other current liabilities amount to € 110.1 million as of 30 June 2015, almost flat compared to € 110.2 million as of 31 December 2014 while the non-current portion ammounts to € 10.6 million (€ 11.9 million as of 31 December 2014). Overall the other current and non-current liabilities towards third parties decreased of € 8.2 million mainly due to a reduction of the indirect and other tax liabilities and the payment of the capital subscribed in SPV Linea M4 S.p.A. (€ 4 million).

Ansaldo STS Group consolidated statements of income for the first half of 2015 and 2014

(in millions of Euro, unless otherwise stated)	First half of	
	2015	**2014**
Revenue	**632.4**	**581.1**
Other operating income	14.3	10.3
Purchases	(129.9)	(126.5)
Services	(280.7)	(245.8)
Personnel expense	(164.5)	(159.2)
Amortisation, depreciation and impairment losses	(8.6)	(7.8)
Other operating expense	(11.5)	(4.1)
Changes in finished goods, work-in-progress and semi-finished products	3.6	2.2
(-) Internal work capitalised	2.9	1.8
Operating profit	**57.9**	**52.0**
Financial income	18.4	15.1
Financial expense	(22.7)	(16.4)
Share of profits/(losses) of equity-accounted investees	5.2	1.8
Pre-tax profit	**58.9**	**52.5**
Income taxes	(19.6)	(16.2)
Profit/(loss) from non-current assets held for sale	-	0.0
Profit for the year	**39.3**	**36.3**
Attributable to the owners of the parent	39.4	36.3
Attributable to non-controlling interests	(0.0)	0.0
Earnings per share		
Basic and diluted (in Euro)	0.2	0.2 (1)

(1) Recalculated following the bonus issue of 14 July 2014.

Commentary on consolidated statements of income

Revenues amounted to € 632.4 million for the first half of 2015, an increase of € 51.3 million (+8.8%) compared to the € 581.1 million reported for the first half of 2014. The increase in revenues is mainly due a different mix related to the start of the activities for the recently acquired projects. In particular revenues from third parties amount to € 535.9 million as of 30 June 2015 (€ 488.4 million as of 30 June 2014) while revenues from related parties amount to € 95.5 million (€ 92.7 million as of 30 June 2014).

Total purchases and services for the six months ended 30 June 2015 were € 410.6 million, increasing by € 38.4 million over the corresponding period of the previous year, mainly due to the higher amount of production.

Personnel expense came to € 164.5 million, up € 5.3 million on the same period of the previous year (€159.2 million). The workforce at 30 June 2015 numbered 3,796, down a net 88 employees on the 3,884 employees at 30 June 2014 and 3 employees on the 3,799 employees at 31 December 2014. The average headcount on the payroll in the first half of 2015 numbered 3,763, compared to 3,873 employees in the first half of 2014.

The operating profit for the first half of 2015 amounts to € 57.9 million, an increase of c. €6 milion compared to the € 52.0 million registered in the first half of 2014. The increase is mainly driven by the increase in volumes coupled with a slight increase in margin from 8.9% in the first half of 2014 to 9.2% in the first half of 2015.

As of 30 June 2015 net financial expense for the first half of 2015 amounts to € 4.2 million (first half of 2014: € 1.3 million). The € 2.9 million decrease on the corresponding period of the previous year is mainly due to greater fair value charges on derivatives still in place at the reporting date and exchange rate losses related to the group companies’ current accounts. In particular exchange rate gains and losses generated in the first half of 2015 income for € 17.2 million and expenses from €18.2 million while interests and fees generated income for € 0.5 million and expenses for €1.0 million.

Income taxes increased by an overall € 3.4 million compared to the corresponding period of the previous year. Specifically, the increase is mainly due to the greater income taxes on foreign operations which increased from € 9.7 million as of 30 June 2014 to € 17.0 million as of 30 June 2015, only partially compensated by lower net deferred tax (income) expense which decreased from € 1.9 million as of 30 June 2014 to (-€ 2.2 million) as of 30 June 2015.

Astaldo STS Group consolidated statements of comprehensive income for the first half of 2015 and 2014

(in millions of Euro)	First half of	
	2015	**2014**
Profit for the year	**39.3**	**36.3**
- Net actuarial gains/(losses) on defined benefit plans	0.5	(1.3)
- Tax	(0.1)	0.3
Items that will never be reclassified to profit or loss:	**0.4**	**(0.9)**
- Net change in fair value of cash flow hedges	2.8	(1.2)
- Net exchange rate gains/(losses)	21.3	2.6
- Tax	(0.8)	0.4
- Other changes	(3.4)	(0.0)
Items that will or may be reclassified to profit or loss:	**19.9**	**1.8**
Other comprehensive income/(expense), net of taxes	20.3	0.9
Total comprehensive income for the year	**59.6**	**37.2**
Attributable to:		
- the owners of the parent	59.7	37.4
- non-controlling interests	(0.1)	(0.2)

Ansaldo STS Group consolidated statements of changes in stockholders' equity for the first half of 2015 and 2014

(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 2014	**90.0**	**395.2**	**(0.4)**	**2.5**	**(17.6)**	**29.1**	**498.7**	**0.3**	**499.1**
Change in consolidation scope	-	0.9	-	-	(0.2)	-	0.7	0.8	1.5
Net change in stock grant reserve	-	-	-	0.9	-	-	0.9	-	0.9
Other comprehensive income/(expense) net of taxes	-	(0.0)	(1.2)	-	2.6	(0.5)	0.9	(0.0)	0.9
Other changes	-	-	-	-	-	-	-	-	-
Dividends	-	(28.8)	-	-	-	-	(28.8)	-	(28.8)
Net change in treasury shares	0.0	-	-	-	-	-	0.0	-	0.0
Profit for the year ended 30 June 2014	-	36.3	-	-	-	-	36.3	0.0	36.3
Equity at 30 June 2014	**90.0**	**403.5**	**(1.6)**	**3.4**	**(15.2)**	**28.6**	**508.7**	**1.1**	**509.8**
Equity at 1 January 2015	**100.0**	**445.6**	**4.0**	**4.3**	**3.5**	**16.3**	**573.6**	**1.3**	**574.9**
Change in consolidation scope	-	-	-	-	-	-	-	-	-
Net change in stock grant reserve	-	-	-	(0.7)	-	-	(0.7)	-	(0.7)
Other comprehensive income/(expense) net of taxes	-	(3.4)	2.8	-	21.3	(0.4)	20.3	(0.0)	20.3
Other changes	-	-	-	-	-	-	-	-	-
Dividends	-	(30.0)	-	-	-	-	(30.0)	(0.8)	(30.8)
Net change in treasury shares	-	-	-	-	-	-	-	-	-
Profit for the year ended 30 June 2014	-	39.4	-	-	-	-	39.4	(0.0)	39.3
Equity at 30 June 2015	**100.0**	**451.6**	**6.8**	**3.5**	**24.8**	**15.9**	**602.6**	**0.5**	**603.1**

The fully paid-up share capital as of 30 June 2015 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 31 December 2014.

Retained earnings and consolidation reserces ad of 30 June 2015 reached € 451.6 million increasing by € 6.0 million compared to 31 December 2014 mainly as a consequence of the profit of the period of € 39.4 million and the € 30.0 million dividends distributed.

Ansaldo STS Group consolidated statements of cash flows for the first half of 2015 and 2014

(in millions of Euro)	First half of 2015	2014
Profit for the period	39.3	36.3
Income taxes	19.6	16.2
Write-downs/reversals of write-downs of inventories and work in progress	4.8	(3.0)
Amortisation, depreciation and impairment losses	8.6	7.8
Other income / (losses), net	0.8	1.5
Change in working capital	1.3	(50.0)
Changes in other operating assets and liabilities	(30.2)	(9.8)
Net interest paid	(1.0)	(0.1)
Income taxes paid	(18.5)	(12.6)
Cash flows from operating activities	**24.6**	**(13.9)**
Investments in property, plant and equipment and intangible assets	(7.3)	(2.4)
Sales of property, plant and equipment and intangible assets	0.1	0.0
Cash flows used in ordinary investing activities	(7.2)	(2.4)
Free operating cash flow	17.4	(16.3)
Acquisition of equity investments, net of cash acquired	(6.7)	(0.0)
Sales of equity investments	-	0.0
Cash flows used for strategic transactions	-	(1.9)
Cash flows used in investing activities	**(13.9)**	**(4.4)**
Net change in other financing activities	(23.3)	(1.1)
Other financing activities	(0.0)	-
Dividends paid	(30.8)	(28.8)
Cash flows generated by financing activities	**(54.1)**	**(29.9)**
Net increase in cash and cash equivalents	(43.4)	(48.1)
Net exchange rate gains (losses)	3.8	0.9
Opening cash and cash equivalents	270.1	191.5
Closing cash and cash equivalents	**230.5**	**144.4**

Commentary on consolidated statements of cash flows

Cash flows from operating activities in the first half of 2015 amounts to € 24.6 million, an increase of € 38.5 million compared to the negative € 13.9 million registered in the first half of 2014, mainly due to working capital dynamics and changes in other operating assets and liabilities which overall absorbed € 28.9 million as of 30 June 2015 compared to € 59.9 million assorbed as of 30 June 2014.

Ordinary investment activities absorbed € 7.2 million as of 30 June 2015 compared to € 2.4 million as of 30 June 2014. In particular, ordinary investment activity is mainly related to:

- investment in intangible assets for € 1.5 million related to the purchase of software, licences and trademarks and intangible assets under development;
- assets under development for € 2.8 million related to a project to develop satellite technologies for new railway signalling systems;
- investment in tanbible assets for € 2.9 million related to the purchase assets for the maintenance of production facilities.

The Free Operating Cash Flow ("**FOCF**") before strategic investments of the period amounts to € 17.4 million, an improvement if compared to negative € 16.3 million in the first half of 2014.

Cash flows from financing activities decreased to negative € 54.1 million in the first half of 2015 from negative € 29.9 million in the first half of 2014.

Ansaldo STS Group consolidated net financial indebtedness as of 30 June 2015 and 31 December 2014

(in millions of Euro)		As of 30-Jun-15	As of 31-Dec-14
A	Cash-in-hand	0.1	0.1
B	Other cash and cash equivalents (bank current accounts)	230.3	270.0
C	Securities held for trading	-	-
D	**CASH AND CASH EQUIVALENTS (A+B+C)**	**230.5**	**270.1**
E	**CURRENT LOAN ASSETS**	**56.4**	**41.0**
F	Current bank loans and borrow ings	8.2	5.4
G	Current portion of non-current loans and borrow ings	-	-
H	Other current loans and borrow ings	2.2	12.3
I	**CURRENT FINANCIAL DEBT (F+G+H)**	**10.4**	**17.7**
J	**NET CURRENT FINANCIAL INDEBTEDNESS (I-E-D)**	**(276.5)**	**(293.4)**
K	Non-current bank loans and borrow ings	-	-
L	Bonds issued	-	-
M	Other non-current financial liabilities	-	-
N	**NON-CURRENT FINANCIAL DEBT (K+L+M)**	**-**	**-**
O	**NET FINANCIAL INDEBTEDNESS (J+N)**	**(276.5)**	**(293.4)**

Other current loans and borrowings (Item H)

(in millions of Euro)		As of 30-Jun-15	As of 31-Dec-14
H	**Other current loans and borrow ings**		
	Related party loans and borrow ings	2.2	10.4
	Other current loans and borrow ings	-	2.0
	Total	**2.2**	**12.3**

The net financial position, greater loan assets and cash and cash equivalents than loans and borrowings, as of 30 June 2015, was € 276.5 million, compared to the value as of 31 December 2014 of € 293.4 million.

Loan assets include the euro equivalent amount of the Libyan dinar advance on the first of the two contracts in Libya obtained by the parent and deposited in a local bank and tied up pending the resumption of the 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.

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 half of 2015

as of 30 Jun 2015 (in millions of Euro)	**Ultimate Parent**	**Unconsolidated subsidiaries**	**Associates**	**Joint Ventures**	**Consortia**	**Other group companies**	**MEF**	**Total**
Non-current assets								
Other	-	-	20.5	-	0.2	0.3	-	**21.0**
Current assets								
Financial	25.0	-	-	-	-	2.8	-	**27.8**
Trading	0.2	0.5	9.6	5.7	36.7	9.9	53.5	**116.0**
Other	0.2	-	-	-	0.0	-	-	**0.2**
Current liabilities								
Financial	0.1	-	-	-	-	2.0	-	**2.2**
Trading	0.4	0.3	0.6	0.0	2.2	43.7	0.7	**47.8**
Other	-	0.0	-	-	0.0	7.4	-	**7.4**

as of 30 Jun 2015 (in millions of Euro)	**Ultimate Parent**	**Unconsolidated subsidiaries**	**Associates**	**Joint Ventures**	**Consortia**	**Other group companies**	**MEF**	**Total**
Revenue	-	0.1	11.8	(1.1)	29.2	10.4	46.2	**96.5**
Other operating income	-	-	3.5	-	-	-	-	**3.5**
Costs	2.7	0.1	11.8	-	1.5	15.6	1.0	**32.8**
Financial income	0.0	-	0.0	-	-	0.2	-	**0.2**
Financial expense	0.0	-	-	-	-	-	-	**0.0**
Other operating expense	-	-	-	-	-	1.0	-	**1.0**

Commentary on related party transactions

As of 30 June 2015 the non-current assets with related parties were € 21.0 million and were constituted mainly by receivables from Metro 5 S.p.A. (€ 20.1 million).

Current trading assets constitute the main item towards related parties and amounts to € 116.0 million as of 30 June 2015 mainly due to the positions versus the clients Ferrovie dello Stato (€ 37.9 million), Saturno consortium (€ 18.8 million) and Eni Group (€ 15.6 million).

Current financial assets toward related parties amount to € 27.8 million and mainly relate to a deposit with the Finmeccanica (€ 25.0 million) and the residual loan granted to S.P. M4 S.c.p.a. (€ 2.2 million).

Current trading liabilities toward related parties as of 30 June 2015 amount to € 47.8 million and were mianly related to liabilities versus Selex ES S.p.A. (€ 37.0 million).

Financial liabilities toward related parties as of 30 June 2015 amount to € 2.2 million and are mainly related to liabilities with AnsaldoBreda (€ 2.0 million).

With regards to the income statement for the six months ended on 30 June 2015, the key items toward related parties were:

- reveneus toward related parties for € 96.5 million, mainly related to operations with the Ferrovie dello Stato Group (€41.5 million), Saturno Consortium (€ 22.8 million), Metro 5 S.p.A. (€ 11.6 million) and AnsaldoBreda (€ 10.8 million);
- costs for purchases and services of € 32.8 million, mainly constituted by operations with Metro Brescia (€ 11.6 million), AnsaldoBreda (€ 9.1 million) and Selex ES S.p.A. (€ 5.3 million).

Please note that the above presented figures and comments related to the related party transactions refer to the latest available financial report of the Issuer (as of 30 September 2015). For this reason, any effect of the purchase by the Offeror of 40.07% of the Issuer's share capital from Finmeccanica, completed on 2 November 2015, is not reflected in the above mentioned information on related party transactions.

Guarantees related to outstanding financial indebtness

As of 30 June 2015 the Issuer had limited financial liabilities towards banks, equal to € 8.2 million, versus a net financial position (cash) of (-€ 276.5 million). As such considering the marginal value of such financial liabilities details around related terms, conditions and guarantees are not available.

Revised orders outlook for 2015

On 29 July 2015 Ansaldo STS announced the revised 2015 guidance for new orders at €1,300 – 1,700 million, from the previous guidance of €1,600 – 2,000 million. On the same day, Ansaldo STS confirmed the previous guidance for order backlog, revenues, ROS and net financial indebtedness.

Ansaldo STS Group consolidated financial information for the nine month ended on the 30 September 2015 and 2014

The consolidated interim financial report of the Issuer for the nine months ended on the 30 September 2015 (the "**Ansaldo STS interim financial report at 30 September 2015**"), was approved by the Board of Directors of the Issuer on 30 October 2015.

The consolidated interim financial report of the Issuer for the nine months ended on the 30 September 2014 (the "**Ansaldo STS interim financial report at 30 September 2014**"), was approved by the Board of Directors of the Issuer on 30 October 2014.

The Ansaldo STS interim financial report at 30 September 2015 and the Ansaldo STS interim financial report at 30 September 2014 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 2015 and 2014. The data reported in the following tables were extracted from the Ansaldo STS interim financial report at 30 September 2015 published on the Issuer website on the 30 October 2015.

Key consolidated figures for Ansaldo STS Group as of 30 September 2015 and 30 September 2014

(in millions of Euro)	As of	
	30-Sep-15	**30-Sep-14**
New orders	589.3	1,239.2
Order Backlog	6,029.2	5,964.8
Revenue	952.6	870.5
EBIT	90.9	80.7
R.O.S	9.5%	9.3%
Tax Rate	34.3%	36.0%
Net Result	59.5	51.1
Net Working Capital	81.4	94.0
Net Financial Position (positive net cash)	(276.8)	(210.6)
R&D	27.3	21.4
Headcount (no.)	3,759	3,860
Economic Value Added (EVA)	39.4	32.8
EPS(1)	0.30	0.26

Note: (1) EPS for the nine months ended on 30 September 2014 has been recalculated following the free share capital increase of 14 July 2014.

Commentary on key consolidated figures

The Ansaldo STS Group has achieved in the first nine months of 2015 a net result of € 59.5 million compared to € 51.1 milion registered in the same period of 2014; revenues were equal to € 952.6 million, increasing compared to Septmber 2014 (€ 870.5 million) while the return on sales was 9.5% compared to 9.3% as of September 2014. In particular:

The order intake for the first nine months of 2015 was € 589.3 million compared to € 1,239.2 million as of 30 September 2014, the backlog stood at € 6,029.2 million (€ 5,964.8 million as of 30 September 2014). The reduction compared to the value reached in September 2014 is due to the dealy of certain mass transit projects beyond 2015, mainly in the middle-eastern region.

The volume of revenues was € 952.6 million as of 30 September 2015, increasing by € 82.1 million compared to € 870.5 million of the first nine months of 2014; the increase in mainly linked to the increased contribution from the Americas, Italy, Asia-Pacific regions only partially offset by lower volumes of activity in the rest of Europe and middle east.

Operating Income ("**EBIT**") as of 30 September 2015 was € 90.9 million, an increase of € 10.2 million compared with 30 September 2014; Return on Sales ("**ROS**") is 9.5% compared with 9.3% in the previous year. The increase of marginality is mainly attributable to a volume effect and to the efficiency and cost saving actions implemented which were able to more than compensate for higher R&D costs and an unfavourable project mix.

Net Financial Position, positive cash, is € (276.8) million, resulting in a decrease compared to the value as of 31 December 2014 (€ 293.4 million) and in an increase compared with € (210.6) million at 30 September 2014.

Ansaldo STS Group consolidated balance sheet as of 30 September 2015 and as of 30 September 2014

(in millions of Euro)	As of	
	30-Sep-15	**30-Sep-14**
Non-current assets	311.5	284.2
Non-current liabilities	(56.1)	(52.6)
Non-current assets, net	**255.4**	**231.6**
Inventories	125.7	126.1
Contract work in progress	371.4	343.2
Trade receivables	581.3	602.0
Trade payables	(324.5)	(337.4)
Progress payments and advances from Customers	(658.7)	(631.0)
Provisions for risks and charges	(10.1)	(14.3)
Other net assets (liabilities)	(3.7)	5.4
Net Working Capital	**81.4**	**94.0**
Net Invested Capital	**336.8**	**325.6**
Group equity	613.1	535.1
Third parties equity	0.5	1.2
Equity	**613.6**	**536.3**
Assets held for sale	0.0	0.1
Net Financial Position (liquidity)	**(276.8)**	**(210.6)**

Ansaldo STS Group consolidated income statement as of 30 September 2015 and as of 30 September 2014

(in millions of Euro)	As of	
	30-Sep-15	**30-Sep-14**
Revenue	**952.6**	**870.5**
Purchases and personnel expenses	(855.4)	(779.3)
Changes in work in progress, semi-finished products and finished goods	3.8	1.7
Amortization, depreciation and impairment losses	(13.7)	(11.9)
Restructuring costs	0.0	(4.6)
Other net operating income	3.4	4.3
Operating Income (EBIT)	**90.9**	**80.7**
Net financial income (expense)	(0.3)	(0.9)
Income taxes	(31.0)	(28.7)
Non-current assets held for sale	0.0	0.0
Net Profit	**59.5**	**51.1**
Profit per share(1)	0.30	0.26

Note: (1) EPS for the nine months ended on 30 September 2014 has been recalculated following the free share capital increase of 14 July 2014.

Ansaldo STS Group consolidated statements of cash flows as of 30 September 2015 and as of 30 September 2014

(in millions of Euro)	As of	
	30-Sep-15	**30-Sep-14**
Opening Cash and cash equivalents	**270.1**	**191.5**
Gross cash flow from operating activities	112.5	107.1
Change in working capital	(25.7)	(80.3)
Changes in other operating assets and liabilities	(53.1)	(32.0)
Cash flow generated by (used in) operating activities	**33.7**	**(5.2)**
Cash flow from ordinary investing activities	(10.4)	(3.6)
Free operating cash-flow	**23.3**	**(8.8)**
Strategic investments	(8.3)	(1.9)
Other changes in investing activities	0.0	0.0
Cash flow generated by (used in) investing activities	**(18.7)**	**(5.5)**
Dividends paid	(30.8)	(28.8)
Cash flow from financing activities	(19.1)	(8.5)
Cash flow from generated by (used in) financing activities	**(49.9)**	**(37.3)**
Exchange rate gain and losses, net	2.0	2.9
Closing cash and cash equivalents	**237.2**	**146.4**

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 Offer subscriptions (the "**Intermediary Responsible for Coordinating the Collection of Offer Subscriptions**").

The intermediaries responsible for the collection of subscriptions and authorized to sign and deliver Subscription Forms (the "**Appointed Intermediaries**") are:

- Banca IMI S.p.A. - Intesa Sanpaolo Group;
- Banca Akros S.p.A. - Bipiemme Banca Popolare di Milano Group;
- Banca Aletti & C. S.p.A. - Banco Popolare Group;
- Banca Monte dei Paschi di Siena S.p.A.;
- BNP Paribas Securities Services – Milan Branch;
- Citibank NA - Milan Branch;
- Equita S.I.M. S.p.A.;
- Intermonte SIM S.p.A.;
- Istituto Centrale delle Banche Popolari Italiane S.p.A..

The Offer subscription forms (the "**Subscription Forms**") may also be sent to Appointed Intermediaries via any depositary intermediaries, such as banks, stock brokerage firms, investment companies and exchange agents 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 and hold the tendered Shares in custody. Subscriptions shall be received by Appointed Intermediaries: (i) directly by collecting Subscription Forms from the Shareholders tendering in the Offer, or (ii) indirectly through the Depositary Intermediaries, who shall collect Subscription Forms from Shareholders tendering in the Offer.

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

On the Payment Date, the Intermediary Responsible for Coordinating the Collection of Offer Subscriptions shall transfer the Shares tendered in the Offer into a deposit in the Offeror's name.

The Offer Document along with the relevant annexes, the Subscription Form and the documents listed in Section M of the Offer Document are available at the registered office of the Intermediary Responsible for Coordinating the Collection of Offer Subscriptions, the Appointed Intermediaries, the Offeror and the Issuer.

B.4 Global Information Agent

Sodali S.p.A., with registered office in Rome, via XXIV Maggio, 43, has been appointed by the Offeror as Global Information Agent in order to provide information about the Offer to all Shareholders. To that end, the Global Information Agent has set up a dedicated e-mail account, opa.ansaldo@sodali.com, and telephone number 800.124.835. This telephone number will be active for the entire duration of the Offer Period on weekdays from 9.00 a.m. to 6.00 p.m. (Central European Time).

C. CATEGORIES AND AMOUNT OF THE FINANCIAL INSTRUMENTS INVOLVED IN THE OFFER

C.1 Financial instruments and corresponding quantities

The Offer concerns a maximum of No. 119,868,919 ordinary shares, corresponding to 59.93% of the Issuer's share capital with a nominal value of Euro 0.50 each, excluding the amount of ordinary shares of the Issuer that the Offeror already directly or indirectly holds as of the Offer Document Date.

In particular, as of the Offer Document Date, the Offeror holds directly No. 80,131,081 ordinary shares, corresponding to 40.07% of Issuer's share capital. Such shares will not be involved in the Offer.

As of the Offer Document Date, the Issuer does not hold in its portfolio treasury shares.

The tendered Shares shall be freely transferable to the Offeror and clear of any real, contractual or personal lien or encumbrance.

During the Offer Period, as possibly extended or reopened due to the Re-opening of the Offer Period, the Offeror can exercise its right to acquire some ordinary shares of the Issuer outside of the Offer in accordance with applicable law provisions. Such possible purchases outside of the Offer shall be disclosed to the market as prescribed by Article 41, paragraph 2, letter c) of the Issuers' Regulation.

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

C.2 Authorizations

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

For completeness of information, please note that the Acquisition was subject to the necessary antitrust clearances as well as to certain customary conditions precedents for this kind of transaction.

In particular, the Acquisition of the Shareholding by the Offeror constitutes a concentration pursuant to the applicable laws concerning market protection and competition. For this reason, Hitachi, Ltd. has previously notified the European Commission and the national competition authorities in South Korea and China.

Pursuant to Section 721 of the U.S. Defense Production Act of 1950, the CFIUS (*Committee on Foreign Investment in the United States*) shall review certain mergers, acquisitions, and takeovers which could result in foreign control of any person engaged in interstate commerce in the United States of America to determine the effects of the transaction on the national security of the United States of America. For this reason, Hitachi, Ltd. informed the CFIUS of the Acquisition on June 2, 2015.

In addition, the Issuer currently holds 100 percent of the share capital and the voting rights of Ansaldo STS France, a company incorporated under the laws of France, in the form of *société par actions simplifiée* (the "**French Subsidiary**"). The French Subsidiary carries out "sensitive activities" for the purpose of the applicable French law provisions, such as the provision, *inter alia*, of signaling equipment of railway tracks, metro and tramways required for the safety of high-speed and regular traffic, for the benefit of SNCF Group, RATP Group, the Eurotunnel Group (and their chain of suppliers). In light of the above, the Acquisition was subject to the prior authorization from the French Ministry for the Economy, Industry and Digital Affairs, pursuant to Articles L-151-3 and R. 153-1 *et seq.* of the French Monetary and Financial Code.

As of the Offer Document Date, the Offeror obtained the abovementioned clearances/authorizations, as follows:

(i) on April 19, 2015, the European Commission decided not to oppose to the proposed Acquisition and to declare it compatible with the internal market and with the Agreement on the European Economic Area (*i.e*. Decision of the Council and the Commission No. 94/1/EC), in application of Article 6(1)(b) of the Merger Regulation (*i.e.* Council Regulation EC No. 139/2004) and Article 57 of the Agreement on the European Economic Area;

(ii) on June 8, 2015, the Korean Fair Trade Commission notified that the Acquisition does not violate the provision of Article 7, Paragraph (1) of the Monopoly Regulation and Fair Trade Law;

(iii) on July 28, 2015, the CFIUS notified that there are no unresolved national security concerns with respect to the Acquisition;

(iv) on August 19, 2015, the Ministry of Commerce of the People's Republic of China, Anti-monopoly Bureau, issued its decision, according to Article 25 of the PRC Anti-monopoly Law, not to conduct further review on the proposed Acquisition; and

(v) on September 10, 2015, the French Ministry for the Economy, Industry and Digital Affairs issued its authorization.

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

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

As of the Offer Document Date, the Offeror directly holds No. 80,131,081 ordinary shares of the Issuer, equivalent to 40.07% of the share capital of the Issuer.

The Offeror exercises the voting rights in relation to those shares.

As of the Offer Document Date, the Issuer does not hold any treasury shares.

As of the Offer Document Date, Hitachi, Ltd., Hitachi Europe 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 the Offeror nor the persons acting in concert with the Offeror, 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

The Offeror will pay to each Shareholder tendering in the Offer a Consideration equal to Euro 9.50, for each tendered Share, corresponding to the purchase price agreed by Hitachi and Finmeccanica under the STS Agreement, equal to Euro 9.65 (the "**Consideration *cum dividend***"), reduced by the value of the dividend approved by the Issuer's shareholders' meeting held on 23 April 2015, equal to Euro 0.15 per share, as communicated in a joint press release by Finmeccanica and Hitachi, published on their respective websites www.hitachi.com and www.finmeccanica.com.

As previously indicated in Paragraph 1.3 of the Introduction of this Offer Document, the Maximum Amount payable, if all the Shares are tendered in the Offer, is equal to Euro 1,138,754,731.

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

Taking into account the mandatory nature of the Offer and the structure of the transaction triggering the obligation to launch the Offer, the Consideration has been determined in compliance with Article 106, paragraph 2, of the TUF, according to which the Offer will be launched at a price not lower than the highest amount paid by the Offeror and/or by persons acting in concert with the Offeror for the purchase of the shares of the Issuer in the twelve months preceding the notice pursuant to Article 102, paragraph 1, of the TUF.

As a matter of fact, the Consideration is equal to the price paid by the Offeror for the Acquisition according to the STS Agreement. Neither the Offeror nor any person acting in concert with the Offeror have completed any other purchase of shares of the Issuer in the twelve months preceding the notice pursuant to Article 102, paragraph 1, of the TUF.

The Offeror did not obtain any appraisal (fairness opinion) from independent experts for the purpose of the determination of the abovementioned valuation, nor for the purpose of verifying the adequacy of the same. Such valuation is exclusively based on the value attributed by the Offeror to the shares of the Issuer for the abovementioned acquisition.

Such value has been determined by the Offeror on the basis of an analysis autonomously carried out, also on the basis of supporting documentation prepared by various third parties, both external and internal, and then autonomously elaborated by the Offeror. Please note that such documentation has been a mere support to the Offeror's determination and has not been released by independent parties.

The analyses made by the Offeror for the valuation include both fundamental and market based methodologies, such as: the analysis of the economic perspectives and the cash flows of the Issuer expected in the future years (i.e. Discounted Cash Flows methodology), the implied premia paid in previous Italian public tender offers, the target prices of the Issuer published by research analysts, the multiples paid in comparable transactions and the trading multiples of listed comparable companies. For additional details on the trading multiples of listed comparable companies, refer to Section E, Paragraph E.3 of the Offer Document.

Ultimately, the Offeror considered that the most relevant analyses for the identification of the value of the Issuer's shares were:

(i) Discounted Cash Flows: total of the estimated cash flows and terminal value of the Issuer, based on the perpetuity growth method (assumed between 1.5% and 2.0%), elaborated starting from publicly available information, including the consensus of the research analysts, at a Weighted Average Cost of Capital (assumed between 7.5% and 8.0%) and taking into account potential expected synergies. This approach has been considered relevant as it enables to incorporate estimates on medium-long term cash flow generation for the Issuer (estimates based on research analysts' consensus);

(ii) Target price: observation of the target prices published by research analysts (Mediobanca, Banca IMI, Banca Akros (ESN), Kepler Cheuvreux, Natixis, Exane BNP Paribas, Intermonte, Hammer Partners, Equita, Banca Aletti). This approach has been considered relevant as the analysts closely follow the Issuer and their target prices are generally the results of funamental analyses on the analyzed company, as well as an important reference parameter for investors;

(iii) Implied premia paid in previous Italian public tender offers: application of the implied premia paid in previous Italian majority public tender offers to the Issuer's unaffected market price. This approach has been considered relevant as it constitutes a reference point connected to market values, represented by trading prices of the analyzed companies.

The Offeror has considered that the valuation methodologies based on multiples of comparable transactions and 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, profitability and, in the case of comparable transactions, expected synergies.

The value range resulting from the three analyses described above ranges from a minimum of Euro 8.1 to a maximum of Euro 10.7 per share of the Issuer. Therefore, the Consideration cum dividend of Euro 9.65 is located in the upper part of the range, whose mid-point is Euro 9.4.

The Consideration *cum dividend* grants to the market a premium approximately equal to 22% in respect of the weighted average price of the ordinary shares of the Issuer in relation to the last year before the first announcement of the Acquisition, made on 24 February 2015 (please refer to the following Paragraph E.4 for further information).

Finally, it is specified that, except for what is stated in the Offer 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.

As indicated in the Introduction, Paragraph 1.1, of the Offer Document, please note that on November 10, 2015 and on November 11, 2015, respectively, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A., and Bluebell Partners Ltd., submitted to CONSOB two petitions for the upwards adjustment of the Consideration, pursuant to Article 106, paragraph 3, letter d), of the TUF and Article 47-*sexies* of the Issuers' Regulation (together, the "**Petitions**").

As a consequence of the Petitions, CONSOB has initiated two administrative proceedings pursuant to Article 10 of the General Regulation on the administrative proceedings of CONSOB adopted with resolution No. 18388 of 28 November 2012, on, respectively, November 10 and November 11, 2015, which have not yet been closed. In compliance with the applicable law provisions, the Offeror, within five days from the reception of the notice on the commencement of such administrative proceedings, has submitted to CONSOB written observations and documents.

Pursuant to Article 47-sexies, paragraph 6, of the Issuers' Regulation, CONSOB shall resolve by means of a reasoned decision by the end of the Offer. If such decision is not issued before, CONSOB has the power to suspend the Offer during the course of the Offer Period where further investigation is deemed to be necessary.

In light of the above, it is hereby communicated that the Consideration may be increased by means of a reasoned decision by CONSOB, pursuant to Article 47-*sexies* of the Issuers' Regulation, which shall be provided by the end of the Offer Period.

E.2 Maximum Amount

The Maximum Amount to be paid for the Offer in case that all the Shares are tendered in the Offer by all Sharholders is equal to Euro 1,138,754,731.

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 31 December 2013 and 2014.

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

Source: Issuer filings and public information
(1) Shares representing the share capital of the Issuer at the end of the financial year
(2) Computed on the basis of the trading shares at the end of the financial year
(3) Sum of Net Profit (net loss) per share pertaining the shareholders of the Issuer, depreciation, amortization and impairment losses, as reported in the Issuer filings

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 Offer Document, the Offeror 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 31 December 2013 and 2014, computed on the basis of the implied equity value of the Issuer (€1,900 million, Consideration multiplied by the number of outstanding shares net of treasury shares, as per latest available published financial reports before the Offer Document Date), net financial position (-€277 million), unfunded pension obligation (€33 million), non-controlling interests (€0 million) and investments in associates (-€69 million), as per latest available published financial reports before the Offer 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 also 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)	**2013**	**2014**
EV/Sales	1.29x	1.22x

EV/EBITDA	12.0x	10.9x
EV/EBIT	13.5x	12.2x
P/E	25.2x	22.4x

Source: Issuer filings and public information
(1) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date

The Issuer's multiples have been compared to similar multiples for the fiscal years 2013 and 2014 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) Faiveley Transport S.A. (France): founded in 1919, it is engaged in the supply of rolling stock equipment and operates through four divisions: services division (2014 revenue: 42%); brakes & safety division (2014 revenue: 24%); access & mobility division (2014 revenue: 14%); energy & comfort division (2014 revenue: 20%). Faiveley operates in 24 countries worldwide, has strong exposure to Europe (2014 revenue: 61%), significant presence in Asia Pacific (2014 revenue: 22%) and the Americas (2014 revenue: 16%) and a small presence in other countries (2014 revenue: 1%). Faiveley Transport has about 5,700 employees as of 31 March 2015([1])([2]);

(ii) 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 (2014 revenue: 43%); stationary transportation technology division (2014 revenue: 32%), which is sub-divided into the two business fields of rail infrastructure and brake systems; components division (2014 revenue: 24%). The group generates the majority of its revenue in Germany (2014 revenue: 39%) and the rest of Europe (2014 revenue: 40%) but is also present in China/Hong Kong (2014 revenue: 15%), North America (2014 revenue: 4%) and other countries (2014 revenue: 3%). End markets include: railway industry (2014 revenue: 63%); capital goods (2014 revenue: 22%); automotive industry (2014: 15%). Schaltbau has 2,651 employees as of 31 December 2014;

(iii) 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 (2014 revenue: 41%) and traffic systems (2014 revenue: 13%); ICT solutions division (2014 revenue: 46%), which offers automatic fare collection, control and parking systems. Nippon Signal has 2,848 employees as of 31 March 2015[3];

(iv) Vossloh AG (Germany): founded in 1872, it is engaged in the manufacturing of locomotives and the provision of rail infrastructure services. The company operates through four divisions: switch systems division (2014 revenue: 36%); fastening systems division (2014 revenue: 25%); rail services division (2014 revenue: 5%); transportation division, which is considered a non-core business, (2014 revenue: 34%). It has strong exposure to Europe (2014 revenue: 63%), a

[1] 2014 revenue split for Faiveley refers to the financial year closed on 31 March 2015.

[2] It is worth mentioning that, on 6 October 2015, Wabtec Corporation has announced the signing of an agreement with the Faiveley family for the purchase of the stake of this latest (about 51%) in Faiveley Transport S.A.. The transaction has not been closed yet, due to the need, among others, for some antitrust authorizations. In case the transaction will be closed, the price agreed would imply an EV/EBIT LTM multiple for the target company of 17.4x. However, it is also worth mentioning that the Offeror does not consider the implied multiple of such transaction a relevant reference point for the price paid for the Acquisition, due to the limited comparability of the Issuer with Faiveley Transport S.A., caused by, among others, differences of business model, product portfolio, end markets, profitability and expected synergies from the combination. In addition, the transaction has been announced only subsequently to the finalization of the STS Agreement.

[3] 2014 revenue split for The Nippon Signal refers to the financial year closed on 31 March 2015.

significant presence in Asia (2014 revenue: 17%) and the Americas (2014 revenue: 13%) and a small presence in other countries (2014 revenue: 7%). Vossloh has 5,925 employees as of 31 December 2014;

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

Source: Issuer and other company filings and public information
(1) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date,on the basis of market capitalisations as of 23 February 2015
(2) Financials calendarised as of 31 December. Financial year end for Faiveley Transport and Nippon Signal is 31 March
(3) Multiples computed on the basis of a number of shares outstanding net of treasury shares as per latest available published financial reports before the Offer Document Date, on the basis of the Consideration

E.4 Monthly arithmetic weighted average of the official prices of the ordinary shares of the Issuer within the twelve months before the date of announcement of the Acquisition

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 months that ended on 23 February 2015 (last Trading Day before 24 February 2015, date on which the press release on the Acquisition on the basis of the STS Agreement has been disclosed to the market), *i.e.* the time period between 24 February 2014 and 23 February 2015, compared to the Consideration *cum dividend*. For the purpose of this comparison, the Consideration *cum dividend* is used, as the reference period is before 18 May 2015 (*ex dividend* date for the Divided approved by the Issuer's shareholders' meeting held on 23 April 2015, as communicated by the Issuer in the press release dated 23 April 2015 and available on the website www.ansaldo-sts.com).

Month	Average price per share (in EUR)	Difference between the Consideration *cum dividend* and the average price per share (in EUR)	Difference between the Consideration cum dividend and the average price per share (in % in respect of the average price)
24 February - 28 February 2014	7.36	2.29	31.2%
March 2014	7.39	2.26	30.6%
April 2014	7.14	2.51	35.1%
May 2014	6.95	2.70	38.9%
June 2014	6.83	2.82	41.3%
July 2014	7.20	2.45	34.0%
August 2014	7.58	2.07	27.4%
September 2014	8.58	1.07	12.5%
October 2014	8.82	0.83	9.4%

November 2014	8.50	1.15	13.6%
December 2014	8.32	1.33	16.0%
January 2015	8.58	1.07	12.4%
1 February – 23 February 2015	8.80	0.85	9.7%

Source: Bloomberg

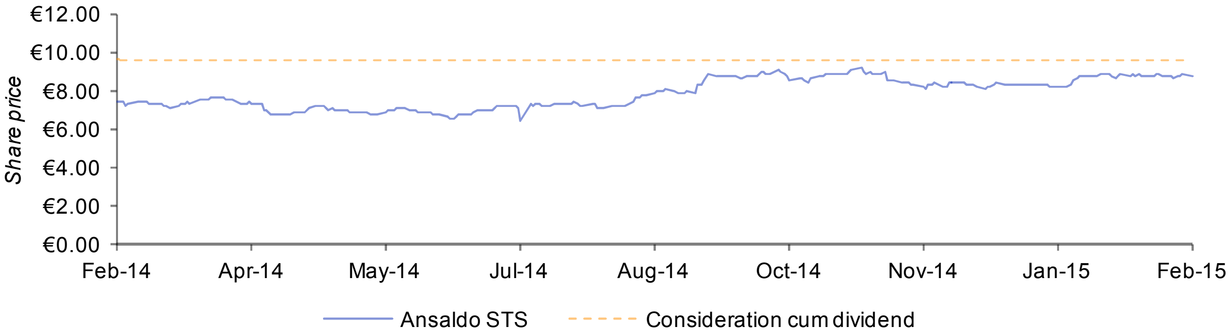
The official price of the ordinary shares of the Issuer at market close on 23 February 2015 was equal to Euro 8.81.

The following table shows a comparison between the Consideration *cum dividend* and (i) the official price of the ordinary shares of the Issuer on 23 February 2015 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:

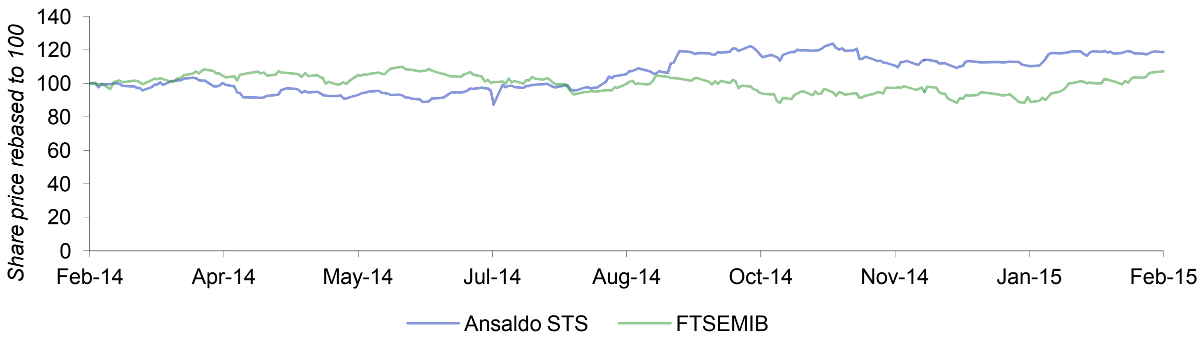
Date	Price per share (in EUR)	Difference between the Consideration *cum dividend* and the average price per share (in EUR)	Difference between the Consideration *cum dividend* and the average price per share (in % in respect of the average price)
Official price on 23 February 2015	8.81	0.84	9.5%
1 month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

Source: Bloomberg

The following charts 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 24 February 2014 to 23 February 2015 (the last Trading Day before the first announcement of the STS Agreement):



Source: Bloomberg



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

On 28 April 2015, as communicated to the market through a press release available on the website www.ansaldo-sts.com, the Issuer acquired 138,244 ordinary shares of the Issuer at a price of Euro 9.503 per share, as part of the share buyback programme authorized by the Issuer's shareholders' meeting held on 23 April 2015. Such shares have been then assigned to the employees according to the stock option plan. The remaining 1,405 treasury shares have been sold during the month of September 2015, at a gross price per share equal to Euro 9.495. Therefore, as of today, the Issuer does not own any treasury shares.

For completeness of information, it is worth mentioning that, on 14 July 2014, the Issuer executed the fifth and last tranche of the free share capital increase, as resolved by the extraordinary shareholders' meeting of the Issuer on 23 April 2010. Following the execution of such fifth tranche of the free share capital increase, the share capital of the Issuer amounts to Euro 100,000,000.00, divided into 200,000,000 ordinary shares with a nominal value of Euro 0.50 each.

Except for the above, to the best of the Offeror's knowledge, the Issuer, in the last or in the current financial year, has not carried out any financial transaction involving an evaluation of the shares.

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

Except for the Acquisition of the Shareholding by the Offeror, within the last twelve months the Offeror and the persons acting in concert with the Offeror have not carried out any sale and purchase transactions of the shares of the Issuer.

F. TERMS AND CONDITIONS OF THE OFFER SUBSCRIPTION, DATE AND METHOD OF PAYMENT OF THE CONSIDERATION AND RETURN OF THE SECURITIES INVOLVED IN THE OFFER

F.1 Terms and conditions for the Offer subscription

F.1.1 Offer Period

The Offer Period, agreed with Borsa Italiana pursuant to Article 40, paragraph 2, of the Issuers' Regulation, will commence at 8:30 a.m. (Italian time) on 4 January 2016, and end at 5:30 p.m. (Italian time) on 5 February 2016, inclusive, unless such period is extended.

In the absence of any extension, February 5, 2015 will be, therefore, the end of the Offer Period.

The Offeror shall communicate any possible amendments to the Offer pursuant to the applicable laws and regulations.

Furthermore, pursuant to Article 40-*bis* of the Issuers' Regulation, within the Trading Day following the Payment Date, the Offer Period will be re-opened for subsequent five (5) Trading Days, and namely for the sessions of 15, 16, 17, 18 and 19 February 2016, if the Offeror, when the Notice on the Offer Result is published (please refer to Paragraph F.3 of the Offer Document), communicates it has reached a shareholding greater than one half of the Issuer's share capital.

The Offeror shall pay to each Shareholder tendering in the Offer during the Re-opening of the Offer Period a Consideration in cash equal to Euro 9.50 for each Share tendered in the Offer, which will be paid on the fifth Trading Day following to end of the Re-opening of the Offer Period, namely on 26 February 2016.

However, pursuant to Article 40-bis, paragraph 3, letters a) and b) of the Issuers' Regulation, the Re-opening of the Offer Period will not take place when:

(i) the Offeror, at least five (5) Trading Days before the end of the Offer Perod, discloses to the market that it has reached a shareholding greater than one half of the Issuer's share capital; or

(ii) the Offeror, at the end of the Offer Period, holds a shareholding triggering the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF (namely, greater than 90% of the share capital of the Issuer), or triggering the Right to Purchase pursuant to Article 111 of the TUF and the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF (namely, at least equal to 95% of the share capital of the Issuer).

As indicated in the Introduction, Paragraph 1.1, and in Section E, Paragraph E.1, of the Offer Document, please note that on November 10, 2015 and on November 11, 2015, respectively, Amber Capital UK LLP and Amber Capital Italia SGR S.p.A., and Bluebell Partners Ltd., submitted to CONSOB two petitions for the upwards adjustment of the Consideration, pursuant to Article 106, paragraph 3, letter d), of the TUF and Article 47-*sexies* of the Issuers' Regulation (together, the "**Petitions**").

As a consequence of the Petitions, CONSOB has initiated two administrative proceedings pursuant to Article 10 of the General Regulation on the administrative proceedings of CONSOB adopted with resolution No. 18388 of 28 November 2012, on, respectively, November 10 and November 11, 2015, which have not yet been closed. In compliance with the applicable law provisions, the Offeror, within five days from the reception of the notice on the commencement of such administrative proceedings, has submitted to CONSOB written observations and documents.

Pursuant to Article 47-*sexies*, paragraph 6, of the Issuers' Regulation, CONSOB shall resolve by means of a reasoned decision by the end of the Offer. If such decision is not issued before, CONSOB has the power to suspend the Offer during the course of the Offer Period where further investigation is deemed to be necessary.

F.1.2 Terms and conditions

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

The subscription to the Offer shall occur by virtue of the subscription and the delivery to an Appointed Intermediary of a Subscription Form 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 Offer can also deliver the Subscription Form 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 Offer Period.

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

The Shareholders who are willing to tender their Shares in the Offer 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 Offer.

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

The Depositary Intermediaries, acting as agents, shall countersign the Subscription Forms. The risk that the Depositary Intermediaries do not deliver the Subscription Forms, and/or do not file the Shares with the Intermediary Resposible for Coordinating the Collection of Offer Subscriptions by the end of the Offer Period, will be borne by the Shareholders.

On the subscription to the Offer and the deposit of the Shares by virtue of the subscription of the Subscription Form, the Appointed Intermediary and the Depositary Intermediary will execute all the necessary formalities in order to transfer the Shares to the Offeror, at the expenses of the Offeror.

The Shares tendered in the Offer shall be freely transferable to the Offeror and clear of any real, contractual or personal liens or encumbrances.

During the Offer Period, the Shareholders tendering in the Offer can exercise ownership rights (for instance, the option right) and administrative rights (for istance, the voting right) in relation to the Shares.

Subscriptions to the Offer, during the Offer Period, 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 Offer, if they are not accompanied by the authorization of the guardianship o receivership court, and they will be paid only after such authorization is received.

Shares can be tendered only if, at the time of the subscription, they are duly registered and available in a securities account at the centralized management system of Monte Titoli S.p.A..

In particular, Shares coming from purchase transactions made on the market can be tendered in the Offer 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 Offer is pending

The Shares will be transferred to the Offeror on the Payment Date (or, in case of Re-opening of the Offer Period, on the Payment Date Following the End of the Re-opening of the Offer Period).

Until the Payment Date (or, in case of the Re-opening of the Offer Period, until the Payment Date Following the End of the Re-opening of the Offer Period), 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 Offer 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 Offer results

Until the last payment date of the Consideration, the Intermediary Responsible for Coordinating the Collection of Offer Subscriptions 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 Offer, as well as the percentage that such quantities represent with respect to the aggregate amount of Shares under the Offer.

Borsa Italiana shall, by the following day of such communication, publish this information through an appropriate notice.

Furthermore, where, within the Payment Date, the Offeror acquires, directly and/or indirectly, further Shares out of the Offer, the Offeror will inform CONSOB and the market within the same day in accordance with Article 41, paragraph 2, letter c) of the Issuers' Regulation.

The final results of the Offer will be disclosed by the Offeror, pursuant to Article 41, paragraph 6, of the Issuers' Regulation, before the Payment Date.

By the publication of the Notice on the Offer Results, the Offeror will disclose the occurence of the conditions triggering the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, and the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF and/or the Right to Purchase pursuant to Article 111 of the TUF, as well as the information relating to the Delisting.

F.4 Markets on which the Offer is promoted

The Offer is directed on a non-discriminatory basis and on equal terms to all the Issuer's Shareholders.

The Offer is promoted in Italy and in the United States of America.

F.4.1 Italy

The Offer is promoted in Italy in accordance with Articles 102 and 106, paragraph 1-*bis*, of the TUF; the Issuer's shares are exclusively listed on the MTA.

F.4.2 United States of America

The Offer 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.

The U.S. resident holders of the Shares are allowed to participate in the Offer 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 offer document with the same content and on a comparable basis as the Italian Offer Document.

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

For the notice to U.S. resident holders of the Shares, please see Section A, Paragraph A.12, of the Offer Document.

F.4.3 Other Countries

The Offer 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 fulfillments by the Offeror (collectively, the "**Other Countries**"), nor 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 Offer Document, or part of it, as well as copy of any subsequent document that the Offeror will draft in relation to the Offer, are not and 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 (nor through the postal service nor by virtue of any other means or communication means or business).

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

The Offer Document 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 Offer 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 Offer to comply with those legal provisions and, therefore, before tendering in the Offer, 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 Offer, 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 Offer Period and, thus, on 12 February 2016 (the "**Payment Date**"), unless the Offer Period is extended.

In case of the Re-opening of the Offer Period, the payment of the Consideration in relation to the Shares tendered during the Re-opening of the Offer Period, shall take place on the fifth Trading Day following the end of the Re-opening of the Offer Period, thus, on 26 February 2016 (the "**Payment Date Following the End of the Re-opening of the Offer Period**"), unless the Offer Period is extended.

It is not foreseen any payment of interest on the Consideration from the date of tender in the Offer to the Payment Date (or, if the case may be, the Payment Date Following the End of the Re-opening of the Offer Period).

F.6 Payment method

The Consideration will be paid in cash. The Consideration will be paid by the Offeror on the bank account indicated by the Intermediary Responsible for Coordinating the Collection of Offer Subscriptions 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 Offer.

The obligation of the Offeror to pay the Consideration in compliance with the Offer 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 Offer.

F.7 Contracts between the Offeror 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 Shares return if the Offer is ineffective and/or in the event of allotment

The Offer is a mandatory public tender offer pursuant to Article 106, paragraph 1-*bis*, of the TUF; therefore it is not subject to any condition precedent and no allotment is provided.

G. FINANCING ARRANGEMENTS, PERFORMANCE GUARANTEES AND FUTURE PLANS OF THE OFFEROR

G.1 FINANCING ARRANGEMENTS AND PERFORMANCE GUARANTEES

G.1.1 Financing of the Acquisition and the Offer

Financing of the Acquisition

The obligation to launch the Offer follows the Acquisition by the Offeror of a total of 80,131,081 ordinary shares of the Issuer, equal to 40.07% of the Issuer's share capital, at a price of Euro 9.50 per share, pursuant to the STS Agreement.

Fulfillment of the purchase obligation assumed under the STS Agreement involved a total disbursement by the Offeror of Euro 761,245,269.50, financed through a short term intragroup financial debt.

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

(i) a short term intragroup financial debt of approximately Euro 761 million 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 financial debt of approximately Euro 761 million granted by Hitachi Rail Italy Holdings S.r.l. to the Offeror.

In turn, Hitachi, Ltd. financed these funds through issuances of debt in the form of commercial paper in the Japanese market.

Financing of the Offer

The Offeror financed the Maximum Amount making use of a short term intragroup financial debt.

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

(i) a short term intragroup financial debt of approximately Euro 1.138 billion 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 financial debt of approximately Euro 1.138 billion granted by Hitachi Rail Italy Holdings S.r.l. to the Offeror.

In turn, Hitachi, Ltd. financed these funds through issuances of debt in the form of commercial paper in the Japanese market.

Main terms and conditions of the intragroup financing for the Acquisition and the Offer

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 the Offeror a short term intragroup credit line with an interest rate equal to 0.32857% and three-month maturity.

The Offeror did not provide any specific security for such credit line, so the Offeror'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 the Offeror's ordinary activities.

G.1.2 Performance Guarantees

The Offeror has obtained three cash confirmation letters by virtue of which (i) Mizuho Bank, Ltd., Milan Branch; (ii) The Bank of Tokyo-Mitsubishi UFJ, Ltd., Milan Branch; and (iii) Sumitomo Mitsui Banking Corporation Europe Limited, Milan Branch (the "**Guarantors**"), irrevocably and unconditionally undertake to guarantee one third of the funds for the full performance of the Offeror's payment obligations in relation to the Offer (*i.e.*, the payment by the Offeror of the Consideration for all Shares tendered in the Offer under the Offer Document and up to the Maximum Amount) respectively and not jointly and severally between them, in accordance with Article 37-*bis* of the Issuers' Regulation.

Such guarantees will expire on the latest of the following:

(i) the Payment Date;

(ii) the Payment Date Following the Re-opening of the Offer Period; and

(iii) the payment date in relation to the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF or the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF and/or the Right to Purchase, if any.

G.2 RATIONALE FOR THE OFFER AND FUTURE PLANS OF THE OFFEROR

G.2.1 Rationale for the Offer

The obligation to launch the Offer follows the Acquisition of the Shareholding by the Offeror.

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

If the Delisting is not achieved at the end of the Offer, the Offeror will consider the possibility of the Merger (*i.e.* a merger of the Issuer with and into the Offeror or another non-listed company of the Hitachi Group causing the Delisting of the Issuer's shares). In relation to this possible Merger aimed at the Delisting, please see Section G, Paragraph G.3, of the Offer Document.

The Hitachi Group's strategy for the rail sector is focused on capturing expansion opportunities, leveraging on *(i)* globalization, by implementing global organization, *(ii)* transformation, by reshaping and enhancing business portfolio such as total rail solutions, and *(iii)* innovation, by forefront technological development.

The Acquisition and the Offer are in line with the abovementioned strategy and aim to create a new business model benefitting from a much-sought-after global platform to support the Hitachi Group's future ambitions in rail solutions. The Acquisition and the Offer rationales are structured around three main pillars:

- Reaching scale: the new combined entity will overtake the closest competitors in terms of size and will position Hitachi amongst the top five players globally, with ambitions of challenging the largest market leaders.
- Responding to sector consolidation: the global rail sector is witnessing a clear trend towards consolidation, with global players overpassing business specialists. The Acquisition and the Offer will create a fully integrated company, with global scale, broad scope and a strong market position in rail signaling and total rail solutions.
- Strategic alignment: there is a strong fit between Hitachi Group's strategy for its rail business and the acquired assets. In particular:
    - Implementation of a global organization: extensive coverage of various markets leads to improved sales, greater profit margins, economies of scale and recognition on a worldwide basis. The geographical diversity also enables the mitigation of various risks associated with overdependence on a specific market;

- Transformation of business model/portfolio: the combination will create a global, fully integrated player and will improve the ability to access new markets. The business model diversification is expected to lower the risk profile and enhance growth and profitability;
- Innovation: integration would allow for a more efficient and effective allocation of the Research & Development expenditure and would give access to a higher Research & Development budget in absolute terms, in line with Hitachi's innovation policy.

The Shareholding acquired will play a key role within the combined future business: it will lead Hitachi's international rail systems and turnkey offering. To support technical knowledge transfer (in both directions) and to pursue opportunities in an integrated manner, Hitachi would supplement the current Board of Directors and management team with senior Hitachi staff.

Following to the incorporation of the Issuer's activities within the Hitachi Group, the latter will increase its market dimensions not only in Europe but also worldwide and the value chain will be enhanced, first of all with regard to the Research and Development, supply, and logistic and product sectors.

This enhancement will imply, in turn, great benefits for European and worldwide customers, thanks to the new strength of the combined group which will imply new and higher levels of innovation, technical development, leadership, product quality and customer service.

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 Offer Document Date, the Board of Directors of Hitachi and the Offeror 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.

Such intragroup mergers may also include a merger of the Issuer with and into the Offeror or into another company of the Hitachi Group, other than the Merger.

In such case, if the Issuer's shares have already ceased to be listed on the MTA, the Issuer's Shareholders will not be entitled to exercise any withdrawal right, for the case indicated in the paragraph above, in connection with such merger.

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

As of the Offer Document Date, Hitachi and the Offeror have not made any decision with reference to the matters described in Paragraphs G.2.2 to G.2.4 above.

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

As already mentioned, please note that, pursuant to the STS Agreement, Mr. Alistair Dormer, Mr. Stefano Siragusa, Mr. Ryoichi Hirayanagi, Ms. Karen Boswell, Ms. Barbara Poggiali and Mr. Bruno Pavesi were appointed as directors of the Issuer, on 2 November 2015, upon designation by Hitachi, following the resignations of the directors Mr. Sergio De Luca, Mr. Domenico Braccialarghe, Ms. Alessandra Genco, Mr Stefano Siragusa, Mr Bruno Pavesi and Ms. Barbara Poggiali (the latter three subsequently reappointed). It is noted that Ms. Barbara Poggiali and Mr. Ryoichi Hirayanagi have subsequenlty resigned from their office of member of the Board of Directors of the Issuer and, therefore, as of the Offer Document Date, they do not hold any position within the Issuer. For further information on such resignations, please refer to Section B, Paragraph B.2.4, of the Offer Document.

With the exception of the changes above, as of the Offer 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 Offer Document Date, the Offeror has not identified any specific amendments or changes to be implemented to the current by-laws of the Issuer. However, amendments could 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 of the Offeror to restore an amount of floating shares

The Delisting of the shares of the Issuer is one of the Offeror's objectives in consideration of the rationale for the transaction and the future plans of the Offeror.

Therefore, if, following the completion of the Offer (including any extension and the possible Re-opening of the Offer Period), as a result of tenders in the Offer and the possible purchases outside of the Offer, within the Offer Period and/or during the possible Re-opening of the Offer Period, the Offeror holds a shareholding greater than 90% but lower than 95% of the share capital of the Issuer, the Offeror hereby declares its intention not to restore an amount of floating shares that is sufficient to ensure a liquid trading and that it will fulfill the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF with regards to any Shareholder who will request such purchase. The consideration of the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF will be equal to the Consideration of the Offer (*i.e.* Euro 9.50 per Share).

In accordance with Article 2.5.1, paragraph 6, of the Borsa Rules, upon the occurence of the requirements triggering the Obligation to Purchase pursuant to Art. 108, paragraph 2, of the TUF, except for what is provided below with regards to the Joint Procedure, the shares of the Issuer shall be revoked from the listing starting from the Trading Day following the last day of payment of the consideration for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF.

Furthermore, if, following the completion of the Offer, including any extension and the possible Re-opening of the Offer Period, the Offeror holds, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period and/or following the performance of the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF, an overall shareholding at least equal to 95% of the share capital of the Issuer, the Offeror hereby declares its intention to exercise the Right to Purchase the remaining Shares pursuant to Article 111 of the TUF.

The Offeror, 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 in respect of the Shareholders of the Issuer who have requested such purchase, conducting the Joint Procedure.

The Right to Purchase will be exercised as soon as the Offer or the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF is completed.

The consideration of the Right to Purchase will be determined in accordance with provisions of Article 108, paragraph 3, of the TUF, as referred to in Article 111 of the TUF, namely at a price equal to the Consideration of the Offer (*i.e.* Euro 9.50 per Share).

The Offeror will communicate the occurrence of the conditions triggering the Right to Purchase in the Notice on the Offer Results, or in the notice on the results of the procedure for the Obligation to Purchase pursuant to Article 108, paragraph 2, of the TUF. In this case, the Offeror will disclose indications in relation to: (i) the number of the remaining outstanding Shares (in absolute terms and percentage); (ii) the modalities and timing for the exercise of the Right to Purchase pursuant to Article 111 of the TUF and at the same time for the fulfillment of the Obligation to Purchase pursuant to Article 108, paragraph 1, of the TUF through the Joint Procedure, and (iii) the modalities and timing of the Delisting of the Issuer's shares.

Following the occurrence of the requirements for 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, Borsa Italiana will order the suspension from listing and/or the Delisting of the shares from the MTA, taking into account the time required to exercise the Right to Purchase pursuant to Article 2.5.1, paragraph 6, of the Borsa Rules.

As the Delisting is one of the Offeror's objectives, in the event that following the completion of the Offer, including the possible Re-opening of the Offer Period, as a result of tenders in the Offer and the possible purchases outside of the Offer, in compliance with the applicable laws, within the Offer Period and/or during the possible Re-opening of the Offer Period, the Offeror holds an overall shareholding less than 90% and, therefore, the shares of the Issuer will not be delisted, the Offeror will take into account the possibility of completing the Merger, also taking into account any further action necessary for this purpose, with consequent Delisting.

Furthermore, it is specified that if the Merger is completed, the shares of the Issuer will be delisted and therefore the Shareholders of the Issuer who have not exercised their voting rights in favor of the resolution approving the Merger will be solely entitled to exercise the withdrawal right pursuant to Article 2437-*quinquies* of the Civil Code, because in this circumstance they will receive in exchange, in the context of the Merger, shares of a non-listed company. For this purpose, it is furthermore specified that the withdrawal price of the shares will be determined in accordance with Article 2437-*ter* of the Civil Code, namely having exclusive reference to the arithmetic average of the closing prices within the six months before the publication or the receipt of the notice of call of the shareholders' meeting convened for the approval of the Merger.

The Offeror will evaluate the possibility of completing a merger with and into the Offeror or another unlisted entity of the Hitachi Group, even if the shares of the Issuer have already been delisted. In this case, the Shareholders of the Issuer will not be entitled to exercise any withdrawal right, for the case indicated in the paragraph above, in relation to such merger.

It is specified that, as of the Offer Document Date, the Offeror has not taken any decision with respect to possible mergers involving the Issuer, nor to the relevant modalities of execution.

H. POSSIBLE AGREEMENTS AND TRANSACTIONS BETWEEN THE OFFEROR OR THE PERSONS ACTING IN CONCERT WITH THE OFFEROR 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 months preceding the Offer Document Date that could have or did have a material impact on the activities of the Offeror and/or Issuer

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

For completeness of information, please note that on February 24, 2015, HRI and Hitachi, Ltd., on one hand, and AnsaldoBreda and Finmeccanica, on the other hand, (the latter former controlling shareholder of the Issuer) have signed a binding agreement (the "**AnsaldoBreda Agreement**") for the acquisition of the going concern of AnsaldoBreda, consisting of its main rolling stock production and sale activities, with the exclusion of some revamping activities and certain residual contracts that were non-performing and under completion; this acquisition, by HRI, a newly constituted company entirely and indirectly controlled by Hitachi, Ltd., through Hitachi Rail Europe Ltd., occurred on November 2, 2015.

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

Except for the STS Agreement, as subsequentlty amended on July 28, 2015 and October 20, 2015, there are no agreements between the Offeror or the persons acting in concert with the Offeror, and the Issuer or the Issuer's shareholders, directors or statutory auditors concerning the exercise of voting rights or the transfer of the Issuer's ordinary shares or other financial instruments of the Issuer. Please note that the provisions of the STS Agreement that might be deemed as having had the nature of a shareholders' agreement had all been complied with and are no longer effective as of the Offer Document Date, as indicated in Paragraph 1.5 of the Offer Document.

I. INTERMEDIARIES’ FEES

As consideration for the services performed in relation to the Offer, the Offeror 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 Offer Subscriptions, a maximum remuneration of a total of Euro 200,000;

(ii) to each of the Appointed Intermediaries:

a) a fee equal to 0.1% of the value of the Shares acquired by the Offeror directly through the Appointed Intermediaries or indirectly via the Depositary Intermediaries;

b) a fixed fee equal to Euro 5 for each Subscription Form submitted for the Offer.

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 Subscription Forms received by the same.

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

L. ALLOTMENT CONDITIONS

As the Offer is a mandatory public tender offer pursuant to Article 106, paragraph 1-*bis*, of the TUF, no share allotment is expected.

M. DOCUMENTS THAT THE OFFEROR IS REQUIRED TO MAKE AVAILABLE TO THE PUBLIC, AND LOCATIONS WHERE SUCH DOCUMENTS ARE AVAILABLE FOR CONSULTATION

The Offer Document and the documents referred to in Section M.1 below are available to the public for consultation at:

a. the registered office of the Offeror, Via Tommaso Gulli, 39, 20147, Milan;

b. the registered office of the Issuer, Via Paolo Mantovani 3-5, 16151, Genoa;

c. the registered office of the Intermediary Responsible for Coordinating the Collection of Offer Subscriptions, Largo Mattioli 3, 20121, Milan;

d. the registered offices of the Appointed Intermediaries;

e. Borsa Italiana.

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

M.1 DOCUMENTS RELATING TO THE ISSUER

(i) financial report for the financial year ended on 31 December 2014, including the Issuer's financial statements and the consolidated financial statements as of 31 December 2014, accompanied by the exhibits required by law;

(ii) interim financial report as of 30 June 2015, accompanied by the exhibits required by law;

(iii) interim financial report as of 30 September 2015, accompanied by the exhibits required by law.

STATEMENT OF RESPONSIBILITY

The Offeror and Hitachi, Ltd. are responsible for the completeness and accuracy of the data and information contained in the Offer Document.

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

Hitachi Rail Italy Investments S.r.l.

Ryo H.

Name: Ryoichi Hirayanagi

Title: Director

Hitachi, Ltd.

Name: Alistair Dormer

Title: Vice President and Executive Officer