

ORDINARY SHAREHOLDERS' MEETING

19 JANUARY 2017

Q&A

Genoa, Monday, 16 January 2017

1. GENERAL PART

1. *Why was the call notice for the Shareholders' Meeting only partially published in the newspaper?*

In accordance with Article 125-*bis*(1), of the Consolidated Finance Act [hereinafter the "TUF"], the Shareholders' Meeting may be called by posting a full notice on the Company's website or by publishing a partial text of the notice in daily newspapers.

Furthermore, the publishing of a partial text of the call notice in newspapers contributes to cutting down on costs which the Company incurs in organising and conducting the Shareholders' Meeting.

The full text of the call notice - as provided for by Article 125-*bis* of the TUF - was posted on the Company's website.

1.2. *Why was the Shareholders' Meeting called in a single call? What quorum shall apply to a Shareholders' Meeting called in a single call?*

Article 11.4 of the Bylaws, pursuant to the provisions of Article 2369(1) of the Italian Civil Code, states that the ordinary and extraordinary Shareholders' Meeting are to normally be held in a single call.

However, if it considers it appropriate and giving explicit indication in the call notice of the meeting, the Board of Directors may establish that the Shareholders' Meeting is to be held in multiple calls.

For this Shareholders' Meeting, the Board of Directors has decided not to make use of this option.

Regarding the *quorums* for the Shareholders' Meeting in a single call, the cited Article 2369(1) of the Italian Civil Code states that, in the event of a single call, those majorities indicated by Article 2369(3) and (4) as well as by Article 2368(1), second sentence of the Italian Civil Code (i.e., no *quorum* to convene and *quorum* to pass resolutions represented by an absolute majority of those voting) apply for the ordinary Shareholders' Meeting.

1.3. *Why, in the call notice of the Shareholders' Meeting published on the website, was there a deadline for submitting questions before the Shareholders' Meeting?*

Article 127-*ter*(1)-*bis* of the TUF provides that the call notice must indicate the period within which the Company must receive the questions asked before the Shareholders' Meeting. This time limit may not be earlier than three days before the date of the Shareholders' Meeting in a single call. With respect to the provisions just referred to, the Company has therefore indicated under the call notice the deadline for submitting questions before the Shareholders' Meeting, that date being 16 January 2017.

1.4. *Will any questions submitted after the deadline indicated in the call notice be answered at the Shareholders' Meeting?*

In accordance with Article 127-*ter*(1) of the TUF, those entitled to vote may submit questions on the agenda even before the Shareholders' Meeting. Questions submitted before the Shareholders' Meeting are answered at the latest during that meeting. The call notice indicates the period within which the

Company must receive the questions asked before the Shareholders' Meeting. This means that only those questions received by the Company within the deadline indicated in the call notice may be considered as having been submitted before the Shareholders' Meeting (which, with specific reference to this Shareholders' Meeting, are those questions submitted before 16 January 2017). In accordance with Article 127-ter of the TUF, the Company must answer those questions, at the latest, during the Shareholders' Meeting. As for questions received after this deadline of 16 January 2017, the Company has no obligation to provide any response whatsoever, unless they are submitted again during the Shareholder's Meeting.

1.5. *Regarding those questions submitted before the Shareholders' Meeting by the deadline indicated in the call notice, how are they answered?*

Written responses to the questions submitted before the Shareholders' Meeting are provided by delivering a document included in the dossier containing documents relating to the Shareholders' Meeting, made available to all attendees at the beginning thereof.

This mechanism is provided for by Article 127-ter(3) of the TUF, according to which responses in printed format are made available to each of those entitled to vote at the Shareholders' Meeting at the beginning of the meeting.

No further answers to those questions will be provided during the Shareholders' Meeting.

1.6. *Will the printed answers be attached to the minutes of the Shareholders' Meeting?*

Yes, pursuant to the Company's practices, the printed answers made available at the beginning of the meeting will be attached to the minutes of the Shareholders' Meeting.

1.7. *Why has the Company decided to hire a Notary to draw up the minutes, considering that this was not a requirement having the Shareholders' Meeting not been convened in extraordinary session? How much did the Company spend for the Notary? For ordinary Shareholders' Meetings, may the Company make use of an employee to act as the secretary or of the secretary of the Board of Directors?*

Even though the Notary's attendance represents a cost to the Company, which in any event is less than that required for the drafting of the minutes of an extraordinary Shareholders' Meeting, the Company decided it was better to draw on a Notary's experience and professionalism.

In addition, the responsibility conferred by the Company to the Notary in relation to the Shareholders' Meeting will also include assistance in completing all formalities required by law, more specifically regarding those concerning the Companies' Register.

1.8. *It is asked whether in the preparation of the call notice for the shareholders' meeting, the Company used external collaborators.*

The notice was prepared by the relevant internal bodies of the Company with the support of the law firm Caiazzo Donnini Pappalardo & Associates.

1.9. It is asked to know the names of the top ten shareholders who may be present in the room, with their relative ownership percentages, as well as of the representatives, with specific indication of the type of power of attorney or proxy.

This information will be reported in the minutes of the shareholders' meeting, which will be made available to the public, including on the Company's website, within thirty days from the date of the Shareholders' Meeting, in accordance with the provisions of Article 125-*quater*(2) of the TUF.

1.10. It is asked to know more specifically what the Company's shareholders' pension funds are and what percentage of the capital they represent.

This information will be reported in the minutes of the shareholders' meeting, which will be made available to the public, including on the Company's website, within thirty days from the date of the Shareholders' Meeting, in accordance with the provisions of Article 125-*quater*(2) of the TUF.

1.11. It is asked to provide shareholders with copies of all minutes of the Board of Directors.

In view of the 19 January 2017 Shareholders' Meeting, the Company has already taken steps to make available to the public and shareholders, in the terms and in the manner provided by law, all documents for which current legislation provides for publication.

More specifically, on 19 December 2016, the Company posted on its website the report prepared by the Board of Directors on the first item on the agenda of the Shareholders' Meeting concerning the hiring of a new statutory auditor. Subsequently, on 4 January 2017, the Company published the explanatory report prepared by the shareholder Hitachi Rail Italy Investments S.r.l. on the second item on the agenda, accompanied by its supporting documentation concerning the resolution on the liability action pursuant to Article 2393 of the Italian Civil Code with respect to Mr Giuseppe Bivona. The above procedure complies with Article 126-*bis*(4) of the TUF, which governs the request that additional items be included on the agenda.

In addition to the foregoing, Article 2422 of the Italian Civil Code establishes that shareholders have the right to examine the books referred to in Article 2421(1) Nos. 1 and 3, of the Italian Civil Code, namely, the shareholder register and the record of meetings and resolutions of shareholders' meetings, respectively.

Except as just mentioned, shareholders are not entitled to inspect other books and/or acts and/or documents of the Company.

Therefore, any shareholders' requests to have a copy of or to inspect the minutes of the Board of Directors may not be granted.

1.12. Why has the Company chosen Spafid as its designated representative, a company that maintains other relationships with the Company?

Starting from the 2015 financial year, the Company chose Spafid as its designated representative. This choice was made in consideration of the fact that Spafid's staff, which now supports Ansaldo STS in managing shareholders' meetings, has already provided these services to the Company in past years, supplying its professional activities at another trust company (Istifid) and it has consistently shown high competence and reliability. For this reason, the Company decided that entrusting the position of

designated representative to Spafid can help to ensure better service to parties interested in conferring voting proxies to the designated representative.

2. PART RELATED TO THE FIRST ITEM ON THE AGENDA:

"The resignation of auditing firm KPMG S.p.A. and the hiring of a new statutory auditor"

2. Why did auditing firm KPMG S.p.A. resign?

The auditing firm KPMG S.p.A. resigned because, due to the Hitachi Group acquiring control of the Company, it believed that there are situations such as to impair its independence in accordance with Article 5(1)(F) of the Ministerial Decree No. 261 of 28 December 2012 in view of its professional services performed globally for some Hitachi Group companies.

More information may be found in the explanatory report prepared by the Board of Directors on the first item on the agenda, published on the Company's website on 19 December 2016.

2.1 Why was Ernst & Young hired as auditor without any selection procedure being held?

It is proposed to the Shareholders' Meeting to appoint Ernst & Young ("EY") as the new statutory auditor of the Company, since it already performs the audit service for the parent company Hitachi Rail Investments S.r.l.

The appointment of a single auditor in fact represents a normal practice for groups of companies, and in this case, is the most efficient in terms of rationalisation and optimisation of business costs and improves coordination of audit activities at group level.

The conflict concerning the statutory audit of accounts between the Company and its parent company would have likely have had negative consequences for the audit work carried out in connection with the Ansaldo STS Group, both in terms of the different possible allocation of work between the various auditors involved, with possible effects on the efficiency of the overall auditing process, as well as in terms of higher associated costs and charges, even procedural ones.

Moreover, to prepare the consolidated financial statements of the Hitachi Group, EY has already done the full audit of the consolidated reporting package of Ansaldo STS to 31 March 2016 and regarding the quarters ended 30 June and 30 September 2016, based on a formal authorisation of the Board of Directors of 15 March 2016. Therefore, EY has already been able to get to know and understand the balance sheet system and the main features of the internal control system regarding the production of company and consolidated financial reports of STS.

Such a circumstance would allow EY to take over for KPMG, guaranteeing an efficient turnover for the auditing activity, especially considering that be the budget review for the year 2016, ended on 31 December 2016 will included within the new mandate.

In addition, the proposal put forward by EY to carry out the statutory audit activities for the next term is more advantageous than those costs currently foreseen for the assignment awarded to KPMG.

For these reasons, it was not considered necessary to undertake a specific procedure for the appointment of the external auditors, and the Board of Auditors has decided to propose awarding the mandate, for the years 2016-2024, to EY.

Moreover, the selection procedure to be followed for the appointment of the external auditors, introduced by Article 16 of the EU Regulation No. 534/2014, applies from the first financial year after 17 June 2016 (the date of entry into force of the above-mentioned Regulation), as stated by the offices of the European Commission. Since the new audit engagement includes the year ended 31 December 2016, and considering that the Shareholders' Meeting required to decide on the appointment of a new auditor was called by the Board of Directors on 24 November 2016, the Company was not technically required to carry out this selection procedure for the selection of the new auditor.

2.2 It is asked to provide a comparison of the costs for carrying out the statutory audit activities proposed by EY and those agreed with KPMG.

			I triennium (2016-2018)		II triennium (2019-2021)		III triennium (2022-2024)		Total	
EY			Hours for triennium	Euro Fees for triennium	Hours for triennium	Euro Fees for triennium	Hours for triennium	Euro Fees for triennium	Hours for the nine-year period	Euro Fees for the nine-year period
Parent Company			11,912	621,000	10,900	568,215	10,791	562,533	33,602	1,751,748
Company in scope			26,088	1,360,000	23,870	1,244,400	23,632	1,231,956	73,590	3,836,356
TOTAL HOURS AND FEES FOR THE ASSIGNMENT			38,000	1,981,000	34,770	1,812,615	34,422	1,794,489	107,192	5,588,103

			I triyear (2012-2014)		II triyear (2015-2017)		III triyear (2018-2020)		Total	
KPMG	Hours for triennium	Euro Fees for triennium	Hours for triennium	Euro Fees for triennium	Hours for triennium	Euro Fees for triennium			Hours for the nine-year period	Euro Fees for the nine-year period
Parent Company	12,327	681,616	11,265	622,777	10,202	564,057			33,794	1,868,449
Company in scope	28,795	1,470,009	26,420	1,362,735	24,057	1,256,672			79,272	4,089,416
TOTAL HOURS AND FEES FOR THE ASSIGNMENT			41,122	2,151,625	34,685	1,985,512	34,259	1,820,729	113,066	5,957,865

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total
EY	660,333	660,333	660,333	604,205	604,205	604,205	598,163	598,163	598,163	5,566,103
KPMG	717,208	717,208	717,208	661,837	661,837	661,837	606,910	606,910	606,910	5,957,865
Delta	-56,875	-56,875	-56,875	-57,632	-57,632	-57,632	-8,747	-8,747	-8,747	-369,762

Please note that:

- the year 1 refers to the first year of assignment (2016 for EY, 2012 for KPMG) to make the data comparable between a nine-year period of the two proposals.
- regarding fees for the year 2016, EY will invoice only the fees for the audit of the separate and consolidated year-end financial statements of the parent company and its subsidiaries, estimated to be about EUR 454 K, to which will be added an additional amount estimated to be up to EUR 100 K given the limited time horizon required for the conduct of the above-stated activities.

2.3 How much are EY's fees for the first year of its assignment (2016)? What are the activities that EY will carry out regarding the 2016 financial year?

A diagram is provided below with the details of the activities related to the first year of auditing and the related costs.

The reconciliation between the fees for the year 2016 as shown in the proposal and the current forecast, is below.

Description	Fees for the single financial year 2016 relating to the auditing activities for the Parent company (Euro)	Fees for the single financial year relating to the auditing activities for foreign subsidiaries (Euro)	Total (Euro)
Fees for the 2016 year as shown in the Proposal	207,000	453,000	660,000
Reduction for limited audit of the consolidated half-yearly report conducted by Kpmg S.p.A.	(65,000)	(135,000)	(200,000)
Reduction for regular audits on company accounting and proper recording of operations in the accounting records in accordance with Article 14(1)(b) of Legislative Decree No. 39/2010, theoretically carried out by Kpmg S.p.A.	(6,000)	-	(6,000)
Sub-total	136,000	318,000	454,000
Estimated maximum amount of additional audit effort, for the single 2016 financial year, arising from the late appointment, notwithstanding what is reported in Annex 1	40,000	60,000	100,000

Statutory audit proposal in the subparagraph called <i>Criteria for the adjustment of the fees during the assignment, of the Proposal.</i>			
Total	176,000	378,000	554,000

3. PART RELATED TO THE SECOND ITEM ON THE AGENDA:

"Liability action pursuant to Article 2393 of the Italian Civil Code with respect to the director Mr Giuseppe Bivona. Resolutions relating to and/or consequential to."

3. Why didn't the Board of Directors meet following the request that additional items be included on the Agenda of the Shareholders' Meeting received from the shareholder Hitachi Rail Italy Investments S.r.l.?

Because the Board had already addressed the merits of the subject of the request for integration sought by the shareholder Hitachi Rail Italy Investments S.r.l., and it had no further evaluations in addition to those announced on 20 December 2016 following the previous day's Board meeting.

3.1. The Board of Directors, by majority vote, criticised certain behaviours of director Bivona. The shareholder Hitachi asked that additional items be included on the agenda of the Shareholders' Meeting based on the resolution adopted by majority vote by the Board of Directors. What behaviours did this involve?

In accordance with the provisions of the law (Article 126-*bis* TUF), the Company received a request that additional items be included the agenda and a request for more information about director Bivona's conduct from the shareholder Hitachi. On 4 January 2017, it posted on its website, together with the report of the shareholder Hitachi, documents that were the basis of the decision to criticise the conduct of Mr Bivona in the Board meeting of 19 December 2016.

On 12 January 2017, at the request of the Elliott Fund, this documentation was integrated with the publication of four opinions on the issue of the independence of director Alberto de Benedictis, which were prepared by Professors who are experts in the subject matter. This is a theme in relation to which Mr Bivona has repeatedly complained about. It is, however, a subtle legal issue relating to the interpretation of Article 3, C1, letter b) of the Corporate Governance Code of the Italian Stock Exchange, which has no relevance to the requirements of Article 147 ter TUF.

The behaviours subject to censure, as announced by the Company on 4 January 2017, are as follows:

- letter dated 13 December 2016, submitted by Mr Bivona to Attorney Bruno Cova (Paul Hastings Law Firm), with a copy to – among others – CONSOB, where the same requested information in the name and on behalf of the Company and encouraged Attorney Cova to inform the competent authorities of any pressures that he may have received to discourage him from providing the information requested;

- the previous 27 complaints and letters sent to the Board of Auditors, the Internal Audit function, the Chairman of the Supervisory Board of the Company, CONSOB (and often even to the Italian Stock Exchange and the Public Prosecutor of Milan), during a period of about 7 months, of which those known by the Company (17) refer to alleged unlawful conduct by the management or of alleged irregularities in the Company's Corporate Governance system – in all cases relative to organisational and procedural matters and never to the merits of management decisions – to which Mr Bivona never followed up with legal action;

- three letters, 30 September, 4 October and 11 November 2016, respectively, submitted by Mr Bivona to Mr Siragusa, former CEO of the Company, asking for information about agreements entered into by the Company and in which he admitted to have requested such information also to third parties unrelated to the Company and, more specifically, encouraged Mr Siragusa to inform the competent authorities of any pressures that he might receive to discourage him from providing the requested information.

The Board considered such behaviour to be in violation of his duties as a director, because it was done without any delegation by the Board; more specifically, the Board considered it to be in violation of the powers of representation of the Company, and in the interests of third parties that conflicted with that of the Company, taking into account:

- the consultation carried out by Mr Bivona for the benefit of the Elliott Fund, through his company BlueBell Partners, of which Mr Bivona has refused to clarify the nature, terms, origin and scope;

- e-mails sent by Mr Bivona to Messrs Nakanishi and Higashihara – President and CEO of Hitachi Ltd respectively – on the 14 and 25 August 2016 in which, among other things, he expressed satisfaction that the Court of Genoa had appointed a special guardian in the appeal of the resolution of the appointment of the Board of Directors initiated by the Elliott Fund and aimed at "facilitating any discussion that could help resolve the dispute between shareholders";

- statements made by Mr Bivona at the hearing on 14 October 2016 before the Court of Genoa (in the aforementioned proceedings commenced by the Elliott Fund against the Company) where Mr Bivona implied that a possible suspension of the resolution for the appointment of members of the Board of Directors would have been in pursuit of the company interest, rather than to defend the legitimacy of the resolution, as it would have been his duty to do so; the legitimacy of which the Court, as a precautionary measure, acknowledged;

- the continual reference made by Mr Bivona in his letters/complaints regarding the existence of a permanent conflict of interest of the Executive Directors of the Company (resulting from their relationship with the controlling shareholder Hitachi Ltd), without taking into account the principles of law regarding the interests of the group, and in support of the thesis put forward by the Elliott Fund, which to this day has been denied as a precautionary measure by the Court of Appeal and the Court of Genoa;

- the obstructive behaviour of Mr Bivona in all the meetings of the Board of Directors, carried out through interventions involving topics not related to the agenda and of a duration beyond all

reasonableness, as well as attempting to impede the orderly course of business of the corporate bodies with his many complaints, as reported above.

3.2. *Why and regarding what conduct has the Board claimed that director Bivona acted beyond his powers?*

The Board of Directors has claimed that director Bivona acted beyond his powers because of his conduct that was not commensurate with his position as an independent director and with his own specific duties.

In particular, his acting beyond his powers was manifested with reference to the letter sent to Attorney Bruno Cova (Paul Hastings Law Firm) on 13 December 2016 to request information on behalf of the Company, in the absence of any powers delegated by the Board; with reference to the many complaints and letters sent to various parties (including the CONSOB, the Italian Stock Exchange and the Public Prosecutor's Office) for the purpose of soliciting investigations and the adoption of appropriate measures on the part of authorities and public offices concerned with the alleged unlawful conduct of the management or alleged irregularities of the Company's Corporate Governance system, as well as with reference to director Bivona's obstructive behaviour during all meetings of the Board of Directors which has hindered the smooth running of the Board's activity.

3.3. *Why and regarding what conduct has the Board claimed that director Bivona was acting with a conflict of interest?*

The Board of Directors claim that director Bivona had a conflict of interest because he engaged in behaviours in protection of his own interests or that of third parties and these were not aimed at pursuing the Company's best interests.

This conflict of interest situation has been manifested, in particular, with reference to the position taken by Mr Bivona in the proceedings challenging the resolution of an appointment of the Board of Directors instituted by the Elliott Fund against the Company in which Mr Bivona, rather than defending the legitimacy of the resolution, implied that a possible suspension of the resolution for the appointment of members of the Board of Directors would have satisfied the company interest; this was manifested, moreover, when director Bivona wrote to Messrs Nakanishi and Higashihara (respectively, President and CEO of Hitachi Ltd) to express his satisfaction following the appointment, by the Court of Genoa, of a special guardian in the aforementioned appeal of the shareholders' resolution and which was aimed at "*facilitating any discussion that could help resolve the dispute between shareholders.*" A potential conflict of interest is apparent even from the consultancy relationship between Mr Bivona (through his company BlueBell Partners) and the Elliott Fund, of which Mr Bivona refused to give details.

3.4. *Why do the documents published on the website site contain omissions and contain no attachments of the complaints presented by director Bivona or answers provided by the Auditors?*

The Company made public the documents which had been examined by the Board of Directors and two others complaints sent by director Bivona after the Board meeting of 19 December 2016.

Certain parts were omitted from the documents, and the related annexes, as these were often about confidential or data that was sensitive to third parties unrelated to the facts in dispute or Company

information not previously disclosed to the market, in most cases relevant to business operations; in other cases, the parts omitted relate to events that have no bearing on the remarks made by director Bivona.

The publication of the complaints and letters sent to various parties by director Bivona, according to the Company, demonstrate, not only for the content of these documents, but also for having been issued in series and repeating certain arguments, the obstructive attitude held by director Bivona. For this reason, in some cases they were published despite the omission of certain parts and related annexes.

3.5. *Has the Supervisory Board of the Company investigated the complaints received from director Bivona?*

The Supervisory Board of the Company, because of reports received from director Bivona, has repeatedly stated that, regarding the allegations, it does not see any violation of the rules provided by Legislative Decree No. 231/2001 (that is, the rules governing the administrative liability of the bodies for the commission of certain crimes).

3.6. *Has the CONSOB, following the complaint received from director Bivona, taken steps against the Company?*

The Company maintains normal, proper relations with the CONSOB. At present, the authority has not undertaken any investigation nor opened any disciplinary proceedings against the Company regarding the facts alleged by director Bivona.

3.7. *Following the complaints of director Bivona, have other authorities or public offices taken measures against the Company?*

No measures by other authorities or public offices stemming from the allegations of director Bivona have been taken against the Company.