

**SECOND SUPPLEMENT DATED 22 NOVEMBER 2016 TO
THE BASE PROSPECTUS DATED 21 DECEMBER 2015**



FERROVIE DELLO STATO ITALIANE S.p.A.

(Incorporated with limited liability in the Republic of Italy)

€4,500,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the base prospectus dated 21 December 2015 as supplemented by the first supplement dated 14 July 2016 (the “**Base Prospectus**”), constitutes a supplementary prospectus for the purposes of Article 16 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the “**Prospectus Regulations**”) and is prepared in connection with the Euro Medium Term Note Programme (the “**Programme**”) established by Ferrovie dello Stato Italiane S.p.A. (the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

Purpose of the Supplement

The purpose of this Supplement is (i) to update the “Risk Factors” section of the Base Prospectus; (ii) to update the “Documents Incorporated by Reference” section of the Base Prospectus to incorporate by reference (a) some sections of the unaudited summary of the main results and trends of the Issuer as at and for the six months ended 30 June 2016, and (b) certain press releases relating to the Issuer and its Group; (iii) to make a change to Condition 11 (*Taxation*) of the “*Terms and Conditions of the Notes*” section of the Base Prospectus; (iv) to update the "Risk Factors" and the "Taxation" sections of the Base Prospectus in connection with the repealing of the EU Savings Tax Directive as a consequence of the approval by the Council of the European Union of the Council Directive 2015/2060/EU (and published in the Official Journal of the EU on 18 November 2015), (v) to update the “Description of the Issuer” section of the Base Prospectus, and (vi) to update the "Taxation" section of the Base Prospectus mainly in consequence of (a) the supplementing of the Italian Ministerial Decree dated 9 August, 2016 (so called "White List" of countries allowing for a satisfactory exchange of information with Italy), (b) the announcement made on 17 June 2016 by the Council of the European Union on the proposed financial transaction tax and (c) the entering into by a number of jurisdictions, including the Republic of Italy, intergovernmental agreements with the United States to implement FATCA.

ADDITIONS TO THE BASE PROSPECTUS

Important Notices

The "IMPORTANT NOTICES" section on pages 1 to 3 of the Base Prospectus shall be supplemented to include the following wording:

"Forward-looking statements

The Base Prospectus and certain documents incorporated by reference therein include "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in the Base Prospectus, including, without limitation, those regarding the Issuer’s strategy, plans, objectives, prospects; future developments in the markets in which the Issuer operates; and anticipated regulatory changes in the industry in which the Issuer operates. These forward-looking statements can be identified by use of forward-looking terminology, such as the terms "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "plan", "should" or "will" or, in each case, their negative, or other variations or comparable terminology. Examples of forward-looking statements include, among others, statements or guidance regarding the Group's future financial position, income growth, assets, business strategy, projected levels of growth in the rail markets, projected costs or savings, original and revised commitments and targets in connection with the 2017-2026 Industrial Plan, estimates of capital expenditures and plans and objectives for future operations, international expansion plans, projected employee numbers and other statements that are not historical fact.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Investors are cautioned that forward-looking statements are not guarantees of future performance and that the actual financial condition, results of operations

and cash flows, and the development of the industry in which the Issuer operates, may differ, also materially, from those made in, or suggested by, the forward-looking statements contained in the Base Prospectus. Any forward-looking statements are made only as at the date of the Base Prospectus and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, the Issuer undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise."

Risk Factors

The paragraph entitled "*Regional transportation risks*", on page 12 of the Base Prospectus, is deleted in its entirety and replaced with the information set out below:

"In respect of the Italian regional transport segment, since 2012, there have been several developments in the applicable legislative framework and FS cannot rule out the introduction of further legislative amendments in the future. In Judgement 199/2012, delivered in July 2012, the Italian Constitutional Court declared the constitutional illegality of art. 4 of Law 148/2011, converting Legislative Decree n.138/2011 into law, which provided for the obligation to launch tenders for the regional transport service upon the expiry of the contracts in place with the Group. The majority of the Public Service Contracts ("**PSCs**") expired in 2014, however Trenitalia is negotiating with most of the Regions in order to obtain renewals.

PSCs which have been undersigned are as follows:

- Lombardy, Lazio and Umbria: 2015 - 2020;
- Tuscany and Abruzzo: 2015 - 2023;
- Trento and Bolzano; 2016 – 2024;
- Emilia Romagna: until 2041, assigned to Trenitalia by public tender;
- Friuli Venezia Giulia: 2015- 2017, temporary agreement which will be followed by a public tender or direct assignment for a fifteen year PSO;
- Calabria: 2015- 2017, temporary agreement;
- Puglia: 2016- 2017 temporary agreement;
- Liguria, Molise and Basilicata: 2015- 2020/2023 temporary agreements; and
- Sardinia and Sicily: 2015- 2016 temporary agreement which will be followed by a nine (Sardinia) and ten (Sicily) year PSO.

Trenitalia intends to sign renewal contracts with two major Regions (Veneto and Marche) in the near future. The agreements will change from six/nine year renewal contracts to fifteen year contracts, starting by 2018 and lasting until 2032.

Furthermore, Trenitalia also intends to sign renewal contracts with Piedmont and Campania for nine years periods in the near future. Trenitalia is expected to be awarded Valle d'Aosta

for the 2015-2016 period pursuant to article 5 (Award of public service contracts), paragraph 5, of EC Regulation 1370/2007.

The Group has entered into contracts with the Regional Governments which do not depend on the procedures through which the Regional Governments themselves may find the necessary sources of financing. These processes could have a negative impact on the mobility needs expressed by local areas and on planning criterion imposed by the railway sector in relation to the time required for the implementation of any investment plans. Although safeguards for investments have been provided for in executing the service contracts, there remains uncertainty in respect of the future developments in the legislative framework. This uncertainty may have a negative impact on the Group's results of operations, specifically in relation to the contracts it entered into with Regional Governments.”

Information Incorporated by Reference

With effect from the date of this Supplement the information appearing in, or incorporated by reference into, the Base Prospectus on pages 19 and 20 shall be supplemented in the manner described below.

Press release relating to Fitch Ratings’ annual assessment of Ferrovie dello Stato Italiane credit profile affirming the Issuer Default Rating at “BBB+” and changing the Outlook from Stable to Negative

A copy of the press release dated 4 November 2016 relating to Fitch Ratings’ annual assessment of Ferrovie dello Stato Italiane credit profile affirming the Issuer Default Rating at “BBB+” and changing the Outlook from stable to Negative has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 4 November 2016 relating to Fitch Ratings’ annual assessment of Ferrovie dello Stato Italiane credit profile affirming the Issuer Default Rating at “BBB+”.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/Investor-relations/2016_11_04_CS_FS_Fitch_affirms_ratingENG.pdf

Press release relating to FS’ submission of the expression of interest for Greek company of maintenance services

A copy of the press release dated 18 October 2016, relating to FS’ submission of an expression of interest for the acquisition of 100% of EESSTY (ROSCO) S.A. (the Greek company providing maintenance services to Trainose rolling stocks), has been filed with the

Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 18 October 2016 relating to FS' submission of the expression of interest for Greek company of maintenance services.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/2016_10_19_cs_fsi_FS_SUBMITTED_THE.pdf

Press release relating to the signing of two loan agreements for a total amount of Euro 300 million

A copy of the press release dated 22 September 2016 relating to the signing of two loan agreements with, respectively, Cassa Depositi e Prestiti and Intesa Sanpaolo for a total amount of Euro 300 million has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 22 September 2016 relating to the signing of two loan agreements for a total amount of Euro 300 million.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/Investor-relations/2016_09_21_CS_Signed_two_loan_agreementa_for_300MlnENG.pdf

Press release relating to Grandi Stazioni Retail sale closing

A copy of the press release dated 20 July 2016 relating to the Grandi Stazioni Retail sale closing - in the context of which FS Italiane and Eurostazioni transferred their shares to Alba Bidco, the newco set up by the consortium Antin Infrastructures, Icamap and Borletti Group - has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 20 July 2016 relating to Grandi Stazioni Retail sale closing.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/Investor-relations/20160721_GSRetail_closing.pdf

Press release relating to FS 15ys bond issue of euro 50 million

A copy of the press release dated 20 July 2016 relating to the Euro 50 million 15 year bond issued by FS with a 1.65% fixed coupon, being the bond with longest duration ever issued under the Programme, has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 20 July 2016 relating to FS 15ys bond issue of euro 50 million.

http://www.fsitaliane.it/cms-file/allegati/fsnews2014/2016_07_21_CS_FSI_Private_Placement_ENG.pdf

Press release relating to FS Italiane being declared as the “preferred investor” for the privatization of the Greek railways by HRADF

A copy of the press release dated 14 July 2016, relating to FS Italiane being declared by the Hellenic Republic Development Asset Fund as the “preferred investor” for the acquisition of TRAINOSE S.A. (the Greek rail transport company), has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 14 July 2016 relating to FS Italiane being declared as the “preferred investor” for the privatization of the Greek railways by HRADF.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/2016_07_14_CS_FS_ITALIANE_TRAINOSE_ENG.pdf

Press release relating to FS 6ys bond issue of euro 350 million

A copy of the press release dated 30 June 2016 relating to the issue by FS of Euro 350 million 6 years floating rate notes under the Programme has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 14 July 2016 relating to FS 6ys bond issue of euro 350 million.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane/Investor-relations/2016_06_30_FSIitaliane_Bond_Issue.pdf

Press release relating to the full ownership by the Issuer of Centostazioni

A copy of the press release dated 15 November 2016 relating to the acquisition by the Issuer of the full ownership of Centostazioni, having signed an agreement to buy back 40% of the shares of Centostazioni, has been filed with the Central Bank of Ireland, and, by virtue of this Supplement, is incorporated by reference in, and forms part of, the Base Prospectus.

The following information shall be incorporated by reference in, and form a part of, the Base Prospectus:

- the press release dated 15 November 2016 relating to the full ownership by the Issuer of Centostazioni.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane/Investor-relations/2016_11_15_CS_IR_FS%20Italiane_Pieno_Possesso_Centostazioni_ENG.pdf

2016 Unaudited Interim Main Results

A copy of the unaudited summary of the main results and trend of the Issuer as at and for the six months ended 30 June 2016 (the “**2016 Unaudited Interim Main Results**”) has been filed with the Central Bank of Ireland. The following table shows where specific items of information are contained in the Interim Report, and such specific items shall be deemed to be incorporated in, and to form part of, this Supplement. Any non-incorporated parts of a 2016 Unaudited Interim Main Results are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

http://www.fsitaliane.it/cms-file/allegati/fsitaliane_en/Investor-relations/2016_08_03_Summary_of_the_main_results_and_trend_of_the_1st_half_year_2016.pdf.

2016 Unaudited Interim Main Results	Page number
Interim consolidated financial statements	Pages 22-27

DESCRIPTION OF THE ISSUER

Other Information

In the section entitled “Description of the Issuer”, the paragraph entitled “*Judicial Investigations and Proceedings (Arbitration, Antitrust Proceedings and Proceedings before the Public Contracts Supervisory Authority; Administrative Litigation)*” on pages 102 – 112 of the Base Prospectus, is supplemented by the section attached as Annex 1 (*Litigation and Disputes*) to this Supplement.

Recent Event

In the sub-section headed “*Recent Events*”, which begins on page 112 of the Base Prospectus, the following paragraph is added after the last paragraph:

“2017-2026 FS Group’s Industrial Plan

On September 28th the new FS Group’s Industrial Plan for the period 2017-2026 has been presented by the CEO Renato Mazzoncini and the Chairwoman Gioia Ghezzi, to the institutions, analysts, media and financial community.

The new Industrial Plan relies on five strategic pillars:

- integrated mobility with the involvement of all operators in the industry;
- integrated logistics, with a deep reorganization of the freight business;
- integration between railway and road infrastructures;
- international development; and
- digitalization as the enabler of the entire Plan.

The Issuer's management believes that the new Industrial Plan confirms FS Group as a leading company for investments in Italy. An extended time horizon, needed for the large infrastructure projects planned but also for the deep transformation of FS, that is projected to become a global integrated mobility company. Investments are split into infrastructures, rolling stock and technological development.

The Plan’s targets can be achieved by going through an operational and cultural revolution and adopting a more international profile. More than 70% of the expected growth will be outside FS’ current perimeter, carrying on the five strategic pillars, while the risk profile of the business remains substantially unchanged throughout the period.

INTEGRATED MOBILITY FOR TRAVELERS

FS aims at giving a unique, concrete and simple answer to the different mobility needs, by presenting itself as a point of access to the collective mobility, an operator capable of accompanying travelers from their house to their destination.

The current scenario is a mobility market in Italy where 80% of people move with private vehicles, 15% by using other shared and public ways, in particular with the large cities Local Public Transport companies, and only 5.2% with the railway transport. For the modal shift towards public transport solutions, the road LPT companies will play a key role and FS wants to be the leading player in this modal shift. The main target is the LPT market, looking for opportunities across Italy, participating in tenders and, where possible, acquiring strategic operators.

With respect to medium and long-haul transport, the aim is at maintaining the high quality achieved, by extending these standards to the entire fleet thanks also to the delivery completion of Frecciarossa 1000. Today, there are 34 circulating trains of the 50 planned: any additional new ETR 1000 delivered will allow to use the ETR 500 and ETR 480 on other lines and, in this way, to increase the quality of all types of products, including Intercity.

In terms of regional transport in Italy, the real change is around the corner thanks to the framework agreement signed for the supply of 450 new regional trains (300 with high capacity, 150 with medium capacity), in addition to 50 diesel trains. Today, however, already 20% of the circulating fleet is renewed, thanks to the deployment of new trains delivered from 2014.

Busitalia, the road transport company of the Group, is ready to do its part as well forecasting the delivery of 3,000 new buses for the LPT.

Busitalia will also be engaged in the long-haul segment: it will tackle this new market, recently liberalized, with a customer base that prefers the ticket's low cost to the trip's duration. The entry in this market will also occur through the acquisition of well-established operators: FS will benefit from commercial sales platform that will give customers the opportunity to choose the best option between trains and buses. In this way, FS will be able to compete to the foreign newcomers.

NEW DIGITAL TRAVEL EXPERIENCE

FS will invite its customers to adopt a new *travel philosophy*, by offering comfortable tools to accompany them throughout the journey and providing real-time solutions to move in Italy and abroad: information and advices, with chances and opportunities to take wherever they are. This means, for example, to offer a useful *journey planner* from the planning of the journey until its conclusion, flexible and therefore able to change the choices made when necessary: an effective and reliable travel companion, who knows the customer and recommend him for the best solution. A goal achievable thanks to the big data and the advanced analysis tools associated with appropriate digital platforms.

The result is an *Extended Customer Experience*, able to participate to the daily life of people, with services such as the travel companion, the indoor station mapping, the electronic wallet, the notifications about delays, the video chat and the social seating.

INTEGRATED INFRASTRUCTURES

Investments are planned for the HS/HC network, the European TEN-T corridors and technologies for infrastructure, which will enable a modern and systemic mobility for people and freight. These investments will be earmarked to: Terzo Valico, Galleria di base del Brennero and Turin-Lyon to complete the Italian part of the four TEN-T corridors; Milan-Venice HS/HC; infrastructure and technology upgrades in urban hubs of large cities (Milan, Genoa, Florence, Rome) to increase the traffic capacity and thus the number of trains during peak hours; Naples-Bari HC/HS line to connect two areas reaching a share of more than 40% of market production in the Southern Italy; Palermo-Catania-Messina corridor. Finally, synergies with the main Italian ports and logistics centers; strengthening the connections between the national rail network and the railway sidings of the main industrial plants in the area.

The integration between railway and road infrastructures will be pursued through the ANAS' operation. The fact of not operating as two separate organizations in the infrastructure design and implementation will allow an exchange of useful ideas and synergies for a systemic policy in the development of the connection throughout Italy, by establishing a more efficient management of the tenders and the investment projects. In a first step, the synergies will

consist precisely in a common vision of investment in road and rail infrastructure and cost rationalization.

Transport efficiency also involves the integration of former “licensed railways” within the national network Rete Ferroviaria Italiana – RFI: more than 2,500 km of tracks (out of 3,500) to achieve the extensiveness of the railway service in a *point-to-point* view; greater efficiency, thanks to a unique management of the national rail network; new pathways with reductions in travel time and, above all, more safety, ensured by the high technological standards adopted by RFI.

INTEGRATED LOGISTIC

The freight business will play a strategic role in the use of infrastructure. The turnaround in the freight business has the purpose to develop a single pole of logistics - the new Mercitalia, with the aim of restructuring the cargo business and rationalize the various freight operators active in the Group, in order to avoid overlapping and maximize efficiency. Mercitalia will operate through three companies – Mercitalia Rail, Mercitalia Logistica and Mercitalia Terminal.

The targets are the strengthening of the intermodality, the expansion into business with high added value, such as *freight forwarding* and, above all, treat the goods as travelers, by monitoring the transport service minute by minute, as established practice for all operators in the sector. Finally, thanks to the creation of a single center, customers will face a single partner, with saving of time and resources.

International development

In the 2017-2026 Industrial Plan the development of international activities is extremely important. Today, this business represents a minority of total revenues, the goal is to increase this share bringing FS to the level of the European competitors.

This growth will be realized by pursuing three main lines. The first is to act as General Contractor, with the ability to build railways, especially in countries with strong infrastructural gap. The Issuer's management believes that FS has the real opportunity to export its know-how, as will happen in Iran, where it is in charge of the construction of two new HS lines. The priority areas for international expansion are the Middle East (Iran, Saudi Arabia, Oman), India and Southeast Asia (Malaysia, Thailand, Singapore, Vietnam), the Americas (Brazil, Argentina, Colombia, Peru, US and Canada) and Africa (Ivory Coast, Congo and South Africa).

The second step aims at the growth in the rail market services abroad. Trenitalia can export the high quality travel in other countries which now offers for the HS services. The targets are the most attractive European lines: Paris-Brussels, Paris-Bordeaux, Hamburg-Cologne, Milan-Zurich-Frankfurt (a link that will start at the end of 2017 crossing three countries), Athens-Thessaloniki (thanks to the acquisition of Trainose) and the London-Edinburgh line.

The last segment concerns the Local Public Transport' international development, that will be mainly implemented by leveraging the Group's presence abroad. The goal is finding opportunities in the rail/road modal integration for passengers transport in the cities served by the infrastructure projects implemented by the Group.

FS IPO PLAN

FS plans to float a minimum 30% stake in the Passenger Long-Haul division of Trenitalia, in agreement with the Ministry of Economy and Finance. Long-Haul division operates the group's long-distance Freccie and Intercity train services. The expected timetable shall see the IPO during 2017."

TAXATION

Condition 11 (Taxation)

Condition 11 (*Taxation*) of the "Terms and Conditions of the Notes" section on pages 48 to 49 of the Base Prospectus shall be supplemented to include the following wording, at the end of Condition 11(b) (*Taxing jurisdiction*), amending the Conditions in respect of all Notes to be issued on or after the date hereof:

"Notwithstanding any other provision in these Conditions, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of FATCA Withholding."

Risk Factors

EU Savings Tax Directive

The text under the heading "EU Savings Tax Directive" on pages 16 is deleted and replaced by the following text.

Under Council Directive 2003/48/EC on the taxation of savings income ("**EU Savings Tax Directive**"), each Member State was required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident, or certain limited types of entity established, in that other Member State; however, for a transitional period, Austria was instead required to apply a withholding system in relation to such payments, deducting tax at a rate of 35%.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation

to payments made by a person in a Member State to, or collected by such a person for, an individual resident, or certain limited types of entity established, in one of those territories.

On 10 November 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) which repealed the EU Savings Tax Directive from 1 January 2016 in the case of all Member States other than Austria (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates) and from 1 January 2017 in the case of Austria. This was intended to prevent overlap between the EU Savings Tax Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Tax Directive, although it does not impose withholding taxes.

Nevertheless, under the EU Savings Tax Directive, Austria is still required during financial year 2016 to operate a withholding system in relation to such payments.

Investors who are in any doubt as to their position should consult their professional advisers.

Foreign Account Tax Compliance Act

The text under the heading "Foreign Account Tax Compliance Act ("FATCA")" on pages 16 to 17 is deleted.

Taxation

*As set out in further detail below, the information below supplements the information in the section of the Base Prospectus entitled "**Taxation**".*

Italian resident Noteholders

The sixth, seventh and eighth paragraphs on page 115, under the heading "Italian resident Noteholders", are deleted and replaced by the following:

If the investor is resident in Italy and is an open ended or closed ended investment fund, a SICAV (an investment company with variable capital) or a SICAF (an investment company with fixed capital) established in Italy (the "**Fund**") and either (i) the Fund or (ii) their manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, as clarified by the Italian tax authorities through Circular No. 11/E of 28 March 2012, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**");

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005 – the "**Pension Fund**") and the Notes are deposited with an authorised intermediary, interest, premium and other income

relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax; and

As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the increase in value of the managed assets accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified by the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.

Non Italian resident Noteholders

The text under the heading "Non Italian resident Noteholders", first paragraph, on page 116 is deleted and replaced by the following.

Where the Noteholder is a non Italian resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non Italian resident beneficial owner is either: (a) resident for tax purposes in a state or territory which allows an adequate exchange of information with the Italian tax authorities included in the Decree of the Minister of Finance dated 4th September, 1996, as amended and supplemented by Italian Ministerial Decree dated 9 August, 2016 (the "**White List**") and updated every six months period according to Article 11, par. 4, let. c) of Decree 239; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

Capital gains tax

The tenth paragraph, on page 119, under the heading "Capital gains tax", is deleted and replaced by the following:

Any capital gains realised by a Noteholder which is an Italian Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the increase in value of the managed assets accrued at the end of the tax period, provided that the pension fund invests in certain medium long term financial assets as identified by the Ministerial Decree of 19 June 2015, published in the Official Gazette – general series No. 175, on 30 July 2015.

The text under the heading "Capital gains tax", thirteenth paragraph, on page 119 is deleted and replaced by the following.

Capital gains realised by non Italian resident Noteholders from the sale, early redemption or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy and listed in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a

country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

EU Savings Tax Directive

The text under the heading “EU Savings Tax Directive” on page 120 is deleted and replaced by the following text.

Under EU Savings Tax Directive, each Member State was required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident, or certain limited types of entity established, in that other Member State; however, for a transitional period, Austria was instead required to apply a withholding system in relation to such payments, deducting tax at a rate of 35%.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident, or certain limited types of entity established, in one of those territories.

On 10 November 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) which repealed the EU Savings Tax Directive from 1 January 2016 in the case of all Member States other than Austria (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates) and from 1 January 2017 in the case of Austria. This was intended to prevent overlap between the EU Savings Tax Directive and the new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Cooperation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the EU Saving Tax Directive, although it does not impose withholding taxes.

Nevertheless, under the EU Savings Tax Directive, Austria is still required during financial year 2016 to operate a withholding system in relation to such payments.

Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy of the EU Savings Tax Directive

The text under the heading "Implementation in Italy of the EU Savings Tax Directive" on pages 120 to 121 is deleted and replaced by the following text.

Italy implemented the EU Savings Directive through Legislative Decree No. 84 of 18th April, 2005 ("**Decree No. 84**"). Under Decree 84, subject to a number of important conditions being met, Italian qualified paying agents had to report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information was transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

On 10 November 2015, the Council of the European Union approved the Council Directive 2015/2060/EU (published in the Official Journal of the EU on 18 November 2015) which has repealed the EU Savings Tax Directive from 1 January 2016 in the case of Italy.

Council Directive 2015/2060/EU has been implemented in the Italian legislation by Art.28 of Law 7 July 2016, n.122 (published in the Official Journal of Italy on 8 July 2016) with effect from 1 January 2016. Transitional rules have been introduced to deal with certain obligations arising from the previous legislation.

The proposed financial transactions tax ("FTT")

The following text is added on page 121 at the end of the third paragraph under the heading "The proposed financial transaction tax ("FTT")".

Joint statements issued on 8 December 2015 by participating Member States, except Estonia, indicated an intention to implement the FTT by the end of June 2016. On 16 March 2016, Estonia has completed the formalities required to leave the enhanced co-operation on FTT. On 17 June 2016, the Council of the European Union announced that the work on FTT will continue during the second half of 2016.

Foreign Account Tax Compliance Act

The text under the heading "Foreign Account Tax Compliance Act" on pages 121 to 122 is deleted and replaced by the following text.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments by a "foreign financial institution", or "**FFI**" (as defined by FATCA)) to persons that fail to meet certain certification, reporting or related requirements. The Issuer does not expect to be classified as an FFI that is subject to withholding under FATCA.

This withholding would not apply to payments on the Notes prior to 1 January 2019 and would only potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal income tax purposes that are issued after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the

grandfathering date, and additional Notes of the same series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives (or, in the case of certain exempt entities, a "**Nonreporting FI**"). Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an IGA (the "**US-Italy IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI or Nonreporting FI pursuant to the US-Italy IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes on the Notes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI or Nonreporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes on the Notes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the Euroclear Bank S.A./N.V. and Clearstream Banking société anonyme, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the depository, common depository or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to payments they may receive in connection with the Notes.

ANNEX 1

Litigation and Disputes

Judicial Investigations and Proceedings (Arbitration, Antitrust Proceedings and Proceedings before the Public Contracts Supervisory Authority; Administrative Litigation)

In relation to the most significant judicial investigations and proceedings initiated by a number of Public Prosecutor's Offices against former representatives of the Group companies, to date no events have been reported which the Issuer believes could lead to either the companies themselves or the Group being exposed to material liabilities or losses, nor is the Group aware, at present, of events that could considerably affect their economic, financial and equity position, and, therefore, no provisions have been set aside in the accounts. Furthermore, in cases where circumstances existed, the said companies appeared as aggrieved parties to recover damages.

In 2015, no senior managers (company officers or general managers) were definitively found guilty of:

- particularly serious crimes with willful intent entailing substantial damage to the group company or leading to the application of restrictive measures;
- crimes with willful intent that fall within the scope of Legislative decree no. 231/2001; or
- other crimes with willful intent that fall within the scope of Law no. 190/2012.

To meet disclosure requirements, the paragraph below includes information on criminal proceedings and contingent assets and liabilities arising from the most significant civil, administrative and arbitration proceedings and proceedings before the Italian and EU authorities.

Criminal Proceedings

- The criminal proceeding no. 3566/2015 R.G.N.R. before the Public Prosecutor's Office at the Court of Rimini has been opened as a result of the accident, which occurred on 5 March 2015, regarding an employee of the company A.T.S. Costruzioni operating at the OMC Locomotive in Rimini (Technical Direction - Maintenance Cyclic Line) as part of the global service contract for the upkeep of premises and relevant service outbuildings. The accident caused injury to the employee. On 23 March 2016, the Prosecutor of Rimini issued a notice of preliminary investigations ex art. 415 bis of the c.p.p. In the context of the proceeding the Head of Rimini OMC is under investigation, together with the employee and the provost of A.T.S., for the offense under Article. 590 co. 1 and 2 c.p. The manager is also challenged for the violation of art. 26 co. 2 of Legislative Decree no. 81/2008 for failing to draw up a D.UV.R.I. providing for appropriate prevention and protection measures. Trenitalia S.p.A. is called to respond of the administrative offense under article 25 septies co. 3 of the Decree. n. 231/2001, in relation to the crime of bodily harm, allegedly committed in its interest and benefit,

by violation of the rules on health and safety at work, being the subject who held representative administration and management functions.

- Arguments have been heard in criminal proceedings no. 6305/09 in the general register of crimes pending before the Public Prosecutor's Office with the Lucca Court, following the railway accident in Viareggio on 29 June 2009 and now the proceeding is in the discussion phase.
- Hearings are underway in criminal proceedings no. 2554/13 in the general register of crimes of the Foggia Public Prosecutor's office related to RFI S.p.A.'s administrative liability for the fatal workplace accident on 5 March 2010 at Agro di Cerignola, in which an employee of Fersalento S.r.l. died. In addition, arguments are being heard in criminal proceedings no. 3253/2010 in the general register of crimes for manslaughter against an RFI S.p.A. employee and two Fersalento S.r.l. employees in relation to the same events, in which RFI S.p.A. received summons for third party liability.
- Criminal proceedings no. 25816/10 in the general register of crimes relates to the contract assigned to a general contractor for the design and construction of the Florence hub high speed ("HS") station and bypass. With respect this contract, the Florence Public Prosecutor's Office was investigating an RFI S.p.A. employee, certain Italferr S.p.A. employees, the pro-tempore Chairman and pro-tempore CEO of Italferr S.p.A. and members of other organisations and companies performing the work.

Following the Florence Public Prosecutor's request to prosecute all the people and companies under investigation, including Italferr S.p.A. for violations of Legislative decree no. 231/2001, on 10 March 2016, after the preliminary hearing, the Florence Court's Preliminary Hearing Judge decided the case could not proceed against Italferr S.p.A. and its former CEO, former Operating Manager and Project Manager, and against the RFI S.p.A. manager, while it admitted the proceedings against Italferr S.p.A.'s former Chairman and two officials, although it significantly reduced the scope and limited the Public Prosecutor's charges against them.

- The first level of criminal proceedings no. 1525/08 for negligent manslaughter of more than one person ("Truck Center") was concluded with the defendants, including personnel of FS Logistica S.p.A. and the company itself being found guilty, for both third party liability and violations of Legislative decree no. 231/2001. The insurance company fully paid all parties, and an administrative fine was imposed - although it has not yet been enforced - for €1,400,000 on FS Logistica S.p.A.. An appeal has been lodged against the first-level ruling by both the lawyer for the defendants and FS Logistica S.p.A.'s lawyer. The court case is pending.
- Arguments are being heard in criminal proceedings no. 5643/10 in the general register of crimes pending before the Sassari Court, following a fatal accident involving the driver of train 8921 when it hit an obstacle on the tracks after an exceptional, unexpectedly large mudslide. The charges are against three RFI S.p.A. employees and

the company itself for third party and administrative liability. The court case is pending with discussions scheduled until 9 November 2016.

- The Public Prosecutor's Office of Gela Court initiated criminal proceedings no. 1430/2014 in the general register of crimes against an employee of RFI S.p.A. who was line manager for the Canicattì-Gela section with respect to the alleged crime pursuant to the last paragraph of article 589.1 and 2 (negligent manslaughter in violation of workplace safety regulations) after three RFI S.p.A. maintenance workers were fatally hit. In the context of the proceeding on 14 July 2016 a notice of conclusion of preliminary investigations has been notified to RFI for administrative offense depending on the crime under art. 25 septies of Legislative Decree 231/01 (in relation to art. 5 of the mentioned decree) with regard to the offense of manslaughter. The finalization of the investigation was also notified to the controller of the operating line of the Canicattì - Gela track and to the executives that at the time of the facts in dispute were Company's Chief Executive Officer, Technical Director, Director of the DTP Palermo and Manager of the UT Caltanissetta as well as employees who had the title of DCO Palermo, Plant Manager Agrigento UT Caltanissetta, Head of Planning Department UT Palermo. The Company has appointed an independent lawyer.

There were no developments in the following criminal court proceedings in 2016 with respect to those described in the 2015 financial statements:

- Arguments are being heard in criminal proceedings no. 7906/2009 in the general register of crimes of the Public Prosecutor's Office at the Latina Court concerning alleged injuries due to negligence in connection with alleged violations of anti-accident legislation (accident on 10 August 2009) during maintenance near Fondi, for which three of RFI S.p.A.'s managers are being investigated, in addition to the company itself pursuant to Legislative decree no. 231/01.
- Criminal proceedings no. 1933/2011 in the general register of crimes are pending before the Latina Public Prosecutor's office in connection with the fatal accident on 25 February 2011 involving an employee of an outside company who was cutting down trees on the Campoleone-Cisterna di Latina section. Preliminary hearings are being held against one manager and three employees of RFI S.p.A. and the company itself pursuant to Legislative decree no. 231/01.
- Criminal proceedings no. 1758/2014 in the general register of crimes began before the Milan Court against the CEO and a manager of Trenitalia S.p.A. following the analytical assessments conducted by Amiacque S.r.l. on behalf of the Milan municipal authorities on the industrial waste water sent to the sewage system from the Milan Greco locomotive maintenance workshop showing that the waste water was non-compliant and exceeded legislative limits. Trenitalia S.p.A. and the defendants were also investigated for violations of Legislative decree no. 231/2001 and were charged with having violated article 137.5 of Legislative decree no. 152/2006. The Public Prosecutor substantially dropped the charges against Trenitalia S.p.A.'s CEO, and the

Preliminary Investigation Judge closed the case. Consequently, on 6 October 2014, the Public Prosecutor filed a brief to end the preliminary investigations pursuant to article 415-bis against the Trenitalia S.p.A. manager and the company itself was liable under Legislative decree no. 231/01.

Other relevant criminal proceedings

- Criminal proceedings no. 20765/2014 in the general register of crimes (previously no. 356/2014 in the general register of crimes against unknown persons) are pending before the Florence Public Prosecutor's office, charges against RFI S.p.A. manager and the former CEO of Trenitalia S.p.A., as well as against five other managers/employees of Trenitalia S.p.A., for negligent manslaughter of a shunting employee in violation of workplace safety regulations on 12 January 2014 at the Santa Maria Novella station in Florence. The preliminary investigations are underway.
- Criminal proceedings no. 3034/2012 in the general register of crimes of the Rossano Court, subsequently transferred to the Castrovillari Public Prosecutor's Office, relate to an accident in which a train hit a car with six people inside at the private railroad crossing on the Rossano C. - Mirto Crosia section. The preliminary investigations are underway. The Public Prosecutor has issued a notice of preliminary investigations against officers and employees of RFI (some of whom retired) and other subjects outside the FS Group.
- Criminal proceedings no. 6765/2012 in the general register of crimes are pending before the Lecce Court of Appeals in connection with a claim relating to an accident involving the Freccia Argento 9351 train and a lorry on 24 September 2012 at the railroad crossing on the Bari - Lecce section near the Cisternino (BR) station. In these proceedings, RFI S.p.A. is defendant along with Trenitalia S.p.A., with an appeal lodged against the Brindisi Court ruling of 21 October 2014.
- Criminal proceedings no. 35874/13 in the general register of crimes of the Public Prosecutor's Office of the Rome Court originated from alleged violations of Legislative decree no. 81/2008 in connection with measures taken from 3 August 2010 to 24 January 2011, following the introduction of the "single driver" module to prevent risks relating to emergency and/or first aid situations that can arise when only one train driver is used. The Territorial Labour Department assessed non-compliance with instructions and informed the Public Prosecutor's Office, so that criminal proceedings could resume. The lawyers of Trenitalia S.p.A.'s CEO have lodged a defence brief requesting immediate payment of a fine. As the Preliminary Investigation Judge denied this request, the Public Prosecutor has sent a notice of the conclusion of the preliminary investigation. The Preliminary Investigation Judge (proceedings no. 27413/2014 of the general register) issued a measure on 18 June 2015 denying another request to settle the proceedings with payment of a fine given the generic and indeterminate nature of the charges, which make it impossible for the defendants to fully exercise their rights to a defence and, accordingly, the legal authorities' ability to examine the request.

The Public Prosecutor's Office in Rome issued the decree of direct summon against the former Managing Director and the Head of *Frecciarossa* Division of Trenitalia S.p.A.. The hearing is scheduled for 25 January 2017 before the Rome Court, monocratic judge.

Arbitration Proceedings

Arbitration proceedings with general contractors

- In the first arbitration proceedings that the general contractor FIAT, for the Turin-Milan HS/HC section – Novara-Milan sub-section, commenced in 2008 in connection with its claim for payment of additional charges and a longer term to build the Novara-Milan HS/HC subsection, RFI had already paid the amount claimed in previous years, amounting to €178.5 million, and appealed against the award, filing a concurrent petition to suspend the order on 1 October 2013 and subsequently lodging other petitions on 11 October 2013, which were denied in the Rome Court of Appeal ordinance of 4 November 2013. On 31 December 2013, FIAT presented a cross-appeal. The first hearing was held on 24 January 2014 and conclusions were presented on 11 July 2014, after which the Court announced it would reach “a decision on the case within the ordinary term”. The conclusive briefs and related replies were lodged and the Rome Court of Appeal filed decision no. 5276 on 23 September 2015, admitting RFI S.p.A.’s appeal and ordering FIAT (now FCA) to refund RFI S.p.A. for most of the amount, approximately €166 million, that it had paid to FIAT. RFI S.p.A. served the enforcement order in connection with this decision on 7 October 2015 and FCA lodged the following petitions with the court: • revocatory action against the appeal decision pursuant to article 395.4 of the Criminal Procedural Code, filing for a precautionary measure before the other party could be heard; • challenge against the enforcement order with another enforcement order, filing for a precautionary measure before the other party could be heard; • appeal against the appeal decision and a related petition for suspension of the same decision before the other party could be heard, pursuant to article 373 of the Criminal Procedural Code.

On 21 October 2015, RFI S.p.A. and FCA signed an agreement for the performance of the aforementioned Rome Court of Appeal decision until the final decision which will define, at the end of the proceeding before the Court of Cassation, the decision on FCA’s appeal. In the agreement, RFI S.p.A. waived its appeal and FCA waived all the above petitions for suspension and challenges to the appeal. The first hearing in the revocation proceedings was held on 10 February 2016 and the Court scheduled the next hearing for 7 June 2017 for conclusions.

- With respect to the COCIV consortium’s claims to the arbitration panel regarding the design activities that it had previously carried out, on 20 and 21 June 2013, the arbitration panel issued its award - which COCIV did not notify to RFI S.p.A. - assessing and declaring that, for the design activities subject to the proceedings, COCIV consortium was due a total of €91.1 million plus the individual cost-of-living

components applicable to such amount in accordance with the ISTAT FOI cost-of-living index calculated as from the dates specified in the reasons for the award. It consequently ordered RFI S.p.A. to pay the consortium such amount - net of €80.0 million (which RFI S.p.A. had already paid to COCIV as a contractual advance under the 1991 agreement), plus the adjustment under the ISTAT FOI cost-of-living index calculated as from 6 December 2000 to the date of the award.

Pursuant to the provisions of the RFI-COCIV addendum of 11 November 2011, in July 2013, RFI S.p.A. acted in accordance with the award and paid the COCIV consortium €4.6 million. On 17 September 2014, RFI S.p.A. lodged an appeal against the arbitration award, requesting, in brief: i) for the award to be declared invalid; ii) for another decision on the dispute, with the admittance of RFI S.p.A.'s petitions in the arbitration proceedings and, accordingly, iii) for COCIV to be ordered to refund €91.1 million to RFI S.p.A. so that it could pay the €108.4 million under the award against which it has appealed or, alternatively, for COCIV to be ordered to refund RFI S.p.A. for the difference between such amount (€108.4 million) and any amount that the Court of Appeals orders to be paid to COCIV for the same consortium's designs, plus monetary revaluation and interest; iv) for COCIV to be ordered to pay all arbitration expenses.

On 29 January 2015, COCIV lodged an appearance and responded with conditional cross-appeal. After the hearing on 3 April 2015, the Rome Court of Appeal scheduled another hearing for 23 October 2015, in the meantime gathering the arbitration records. The first hearing was held on 23 October 2015, and the Court adjourned until the hearing of conclusions on 17 March 2017.

Other arbitration proceedings

- With respect to developments in the arbitration proceedings with Strabag (formerly ADANTI S.p.A., the parent of the joint venture consisting of Consorzio Nazionale Cooperative di Produzione e Lavoro CIRO MENOTTI and Impresa di Costruzioni Ing. R. Pellegrini S.r.l.), the hearing scheduled for 8 October 2013 to hear conclusions was postponed to 27 May 2014 and was postponed further to 20 January 2015, due to over-scheduling in the general register. During the hearing, the arbitration panel sent the case for decision, setting the deadline for the filing of the conclusive brief (21 March 2015) and responses (10 April 2015).

At the same time, RFI S.p.A. decided to file a complaint pursuant to article 825 of the Civil Procedural Code against the award enforcement order issued by the Rome Court.

The hearing for this complaint was held before Civil Section I of the Court of Appeal on 24 October 2013, but the Court did not issue any measures and scheduled a hearing for discussion first for 26 June 2014, then 28 May 2015 and, finally, 28 January 2016 pending the decision regarding the appeal against the award.

With decision no. 5316, published on 25 September 2015 (notified to STRABAG and already made definitive), the Court of Appeal admitted RFI S.p.A.'s appeal and found the award completely invalid, accepting RFI S.p.A.'s arguments that the arbitration panel had been formed irregularly and did not have the right to know and decide on the dispute.

After the arbitration award was found invalid and the related decision was made definitive, during the 28 January 2016 hearing concerning the complaint against the award enforcement order issued by the Rome Court, the Court of Appeal issued a specific ordinance stating that the matter to be decided no longer applied, with the parties covering expenses in equal parts.

Proceedings before national independent authorities and European institutions

- K2 Discount pursuant to Ministerial decree no. 44T/2000. With respect to what is indicated in the 2014 annual report, to which reference should be made for additional details, in relation to the two cases currently pending before the Lazio regional administrative court against URSF (the office that regulates railway service) decisions, a hearing was scheduled for 9 December 2014 and subsequently postponed per the request of the MIT. The MIT sent a note to RFI S.p.A. and the opposing railway companies (SBB Cargo Italy, Rail Traction Company, NordCargo and DB Schenker Rail Italia) and copied to the government's lawyers and head of the cabinet of the same ministry, requesting a specific meeting for talks. Accordingly, at the hearing on 9 December 2014, the government's lawyers, representing the Ministry of Infrastructure and Transport, and RFI S.p.A., asked the administrative judge to postpone the hearing. The judge admitted their request and the next hearing has not yet been scheduled. With respect to the appeal for compliance filed by the railway companies the ad Acta Commissioner filed a specific report with the Council of State, asking the latter to express an opinion on the matters subject to the appeal for compliance. The Council of State then scheduled the hearing for 2 July 2015. In the meanwhile, the railway companies notified all parties concerned with the order for compliance of its complaint pursuant to article 114.6 of the Administrative Procedural Code, claiming modification and/or cancellation of the "parties of interest" in the second report and other notes of the ad Acta Commissioner's delegate.

Following additional exchanges of information between RFI S.p.A. and the ad Acta Commissioner, in order to facilitate the checks and determinations of the ad Acta Commissioner's delegate, RFI S.p.A. provided the only information that it had for the period in question, i.e., information on the number of operating trains and toll paid by each of the four appellant railway companies. At the hearing on 2 July 2015, the Council of State issued ordinance no. 3318, finding the railway companies' complaint against the documents issued by the ad Acta Commissioner's delegate inadmissible, as it concerned a deed that had not been issued as a measure and, as such, did not cause

damage and could not be complained against pursuant to article 114.6 of the Administrative Procedural Code.

Moreover, the Council of State ordered the same railway companies to cover legal expenses – including for RFI S.p.A..

On 17 July 2015, considering the clarifications provided by the Council of State in the aforementioned ordinance no. 3318/2015 and in order to carry out the duties assigned to him, the ad Acta Commissioner in any event proceeded with an initial calculation of the K2 discount to be paid to the appellant railway companies. Therefore, with the note dated 17 July 2015 and addressed to RFI S.p.A., the appellant railway companies, the Ministry of Infrastructure and Transport, the Ministry of the Economy and Finance and CIPE, the ad Acta Commissioner asked the appellant railway companies and RFI S.p.A. to provide details for the estimate of the discount and information useful in calculating it. Furthermore, all parties in the case and the note's addressees were called for a hearing at ART's offices on 30 July 2015, during which the ad Acta Commissioner and the other defendants maintained that the information needed to estimate the amount agreed to be paid to the appellant railway companies for on-board equipment is not currently available.

For as far as it is concerned, RFI S.p.A. responded to the aforementioned request in a note dated 27 July 2015. In particular, in providing the details for the period from 1 January 2008 to June 2009 on the train/km operated by the appellant railway companies, RFI S.p.A. specified that the ad Acta Commissioner's delegate considered this period outside the scope of its activities and, accordingly, the period to be considered should be from 1 December 2005 to 31 December 2007, which is the period within which the completion of the ground sub-system was completed and the technical specifications were issued. Furthermore, the company highlighted that the calculation of the amounts of the K2 discount for this period should take into account the discounts that certain railway companies automatically applied.

The hearing was held on 30 July 2015 before the ad Acta Commissioner's delegate to examine the additional information submitted by the parties in the proceedings. To continue activities, the ad Acta Commissioner's delegate asked all the parties to provide "information on the CAB Radio technology" by September. Lastly, with a note dated 19 November 2015, the ad Acta Commissioner's delegate asked RFI S.p.A. for information on the K2 discount that it had actually applied from 1 January 2005 to 30 November 2005. RFI S.p.A. responded with the requested information on 27 November 2015.

At present, the ad Acta Commissioner's delegate is completing the necessary checks to calculate the amount of any sums to be repaid to the railway companies for the K2 discount.

In accordance with IFRS and in line with the treatment applied to previous financial statements, RFI S.p.A. has not recognised any costs or charges to the railway

companies nor any corresponding revenue to be received from the government for 2015.

Moreover, in the 2014 financial statements, RFI S.p.A., recognised a provision to cover any charges to be incurred should it be ordered to refund the amounts that, in the first level decision, it might be ordered to pay rightful railway companies.

With regard to both the proceedings currently pending before the Lazio regional administrative court against the decisions URSF n. 18/2006 and n. 83/2007, the date for the hearing RFI has called for on 17 February 2015 has not yet been set.

As to the appeal filed by the railway companies for compliance with the cancellation judgment of the DM 92T issued by the State Council, on 26 September 2016 the ad Acta Commissioner's delegate has filed the final report on the investigation outcomes by identifying the date of effectiveness of the discount K2 on 1 January 2006 and the date of expiration on 30 June 2009, except for the share of traffic generated by the rolling stock for which - before 30 June 2009- has been determined the conditions for the conduct to agent unique (i.e. technological realization of ground tackle SST, installation of the associated on-board system of convoys SSB and enactment of rules and procedures for the discipline of driving a train with only one agent). The ad Acta Commissioner's delegate then quantified the individual amounts, including interest at the legal rate accrued on 30 September 2016 and placed in a separate discounts automatically applied payable to the four IF recurring and therefore affected by the compliance proceedings (notably Rail Traction Company , NordCargo, SBB Cargo, DB Schenker), for a total amount of Euro 12.672.292.

RFI will give effect to the provisions in the final report using what is included under section "Technologies for the circulation and efficiency" of the 2015 Update of the Programme Contract 2012-2016 section Investment

- Proceedings no. 5406/2015 in the general register pending before the Lazio regional administrative court. On 3 March 2015, RFI S.p.A. firstly lodged an extraordinary appeal with the President of Italy for the cancellation of ART resolution no. 70/2014 ("Regulation for fair and equal access to railway infrastructures and commencement of proceedings to define the criteria for the definition of the toll to use railway infrastructures"), subsequent resolution no. 76/2014 (instructions for the procedure relating to the 2015 Network Prospectus) and related attachments and deeds. NTV, Trenitalia S.p.A., Grandi Stazioni S.p.A., Centostazioni S.p.A. and Associazione FerCargo were also notified of the appeal as they are concerned. The appeal was subsequently transposed before the Piedmont regional administrative court following the counterparties' opposition (ART and NTV) and the pronouncement of non-competence by the Lazio regional administrative court. As of today the hearing has not yet been set.

With this appeal, RFI S.p.A. intends to argue that there is a series of errors relating to procedure, substance and preliminary procedures in ART's measures, namely the regulatory measures concerning the HS toll, clearing the infrastructure, assistance services for passengers with reduced mobility and the assignment of spaces at train stations. Upon the challenges lodged by NTV and ART, the appeal was transferred to the Lazio regional administrative court. Both RFI S.p.A. and NTV filed requests to schedule a hearing and such hearing was initially set for 18 November 2015 and then postponed to 4 May 2016. Subsequently, given the advisability of holding on hearing for all the appeals against the same ART Resolutions no. 70 and 76/2014 Ferrovie dello Stato Italiane group (i.e., the appeals of RFI S.p.A., NTV, Grandi Stazioni S.p.A. and Centostazioni S.p.A.), with Ordinance no. 13671 of 3 December 2015, the Lazio regional administrative court included Grandi Stazioni S.p.A.'s appeal in the scope of the hearing and set a public hearing for 9 March 2016 for all appeals against ART resolutions no. 70 and no. 76 of 2014, rescheduling the discussion of RFI S.p.A.'s appeal for that date as well, although it had originally been scheduled for 4 May 2016. This was also in order to consider the claim against its territorial jurisdiction, which the same panel had raised at the aforementioned hearing on 3 December 2015. After the 9 March 2016 hearing, the Lazio regional administrative court declined jurisdiction for all appeals, finding the Piedmont regional administrative court as the one with jurisdiction. To date, RFI S.p.A., NTV S.p.A. and Grandi Stazioni S.p.A. have already taken up their appeals before the Piedmont regional administrative court.

- Proceedings of the Piedmont Regional Public Prosecutor's Office with the Court of Auditors. On 8 July 2015, the Piedmont Regional Public Prosecutor's Office with the Court of Auditors served Italferr S.p.A. and certain members of Italferr S.p.A. and RFI S.p.A. with a notice of investigation pursuant to article 5.1 of Law decree no. 453 of 15 November 1993, no. 453 ("Provisions on the jurisdiction and control of the Court of Auditors"), with respect to the allegedly undue disbursement of approximately €25 million to ATI S.p.A., the winner of the contract for the construction of the Turin hub railway bypass. In particular, the Piedmont Regional Public Prosecutor's Office with the Court of Auditors claimed that the challenged amount was attributable to the following:
 - undue recognition of charges for designs which the Works Manager demanded of the contractor in various service orders;
 - undue recognition of charges for the Customer's partial withdrawal (in particular, for lost profits);
 - failure to charge contractual penalties for allegedly missing the deadline for completion. This situation is due to the events that followed the municipal authorities' request to substantially change the original plans of the project, which was already under construction, to build a tunnel under the Dora River. Italferr

S.p.A. is taking all the necessary steps to defend its position, analysing the matter both in terms of the actual jurisdiction of the court of auditors' judge and from a purely substantial standpoint. Finally, RFI S.p.A.'s specific analyses with respect to the Court of Auditors' challenges on the contracts for the Turin hub railway bypass found that "the challenges put forth by the Court of Auditors are substantially without grounds and, consequently, no damage was suffered by RFI S.p.A. as a result of the procedures followed to manage the events" once the circumstances of the relevant contracts had been reconstructed and the adequacy of the steps taken by Italferr S.p.A. to manage the challenged procedures had been checked. In short:

- the new designs were legitimately prepared by the contractor per the customer's orders following the changes to the original plans requested by the Turin municipal authorities after work was already underway: the resulting charges are therefore due;
- the recognition of the loss of profits is the direct consequence of the customer's obligation in accordance with the general terms of the contract following the customer's partial withdrawal; and
- the penalties were not charged because the original deadline for completion in the contract was changed for reasons not attributable to the contractor.

Although the Public Prosecutor's claims were already legally challenged, maintaining the total inadmissibility of the demand against Italferr S.p.A., the Public Prosecutor summoned Italferr S.p.A. to court on 24 February 2016. At the hearing held on 19 July 2016 it has been raised the regulation of jurisdiction. The College, by order pronounced at the hearing, ordered the suspension of judgment. The judgment is therefore suspended pending a ruling of the Supreme Court..

- Proceedings to appeal against ART resolution no. 96/2015 (containing the principles and criteria for determining the fees to access and use the railway infrastructure). With the extraordinary appeal before the head of government, lodged on 17 March 2016, RFI S.p.A. appealed against ART resolution no. 96/2015 concerning the criteria for determining the fees to access and use the railway infrastructure. With this appeal, the company mainly meant to call attention to the overall illegitimacy of the new regulatory framework with specific regard to certain measures which could potentially disrupt the Operator's economic/financial balance. In particular, it challenged three specific provisions in Attachment 1 to resolution no. 96, which it deemed rendered the resolution illegitimate:
 - the establishment of a minimum annual efficiency rate for the Operator's unit operating costs, which ART sets as 2% (before inflation);
 - RFI S.p.A.'s exclusion from the ability to recover part of the costs for new self-financed infrastructural investments (e.g., using RFI S.p.A.'s share capital or debt); and

- the introduction – for the entire fare period (2016 - 2021) - of a system of restrictions lying in the calculation algorithm and the establishment of a cap to the tolls applicable to certain railway services (i.e., the regional service, cargo service and all services provided on the network classified as “high service level” in such Resolution no. 96).

Trenitalia S.p.A. and Grandi Stazioni S.p.A. have lodged similar extraordinary appeals.

Furthermore, NTV S.p.A. has lodged an appeal against the same ART resolution no. 96/2015, and the case is pending before the Piedmont regional administrative court, in which RFI S.p.A. has formally appeared.

For completeness, it should be noted that on July 2016 the ART, respectively with Resolutions no. 75 and 80, has favorably ruled regarding the compliance of the new tariff system from 2016 to 2021 proposed by RFI and on the Minimum of and access to services other PMDA.

RFI, believing that their interests are adequately protected by the reasons given in the action for cancellation of ART Resolution 96/2015, has neither produced any "additional grounds" against the two resolutions mentioned above nor Extraordinary Appeal to the President of the Republic.

Several were assessments made by Trenitalia and NTV which have instead deposited respectively on 28 September 2016 and 29 September 2016, action for additional grounds against ART Resolution 75, with the first who also presented a request for suspension.

Moreover the Resolution no. 75 was also contested by a number of railway companies in the freight sector, with separate appeal submitted on 4 October 2016 and also containing a request for suspension.

The Piedmont regional administrative court during the hearing in chambers of 11 October 2016, taking into account the instance of referral to the merits formulated by Trenitalia, set for 15 March 2017 the hearing to discuss the appealed ART Resolutions no. 96/2015 and 72-75/2016, also indicating that they intended to set the same hearing on 15 March 2017 also for all other judgments concerning ART Resolutions no. 70-76/2014 and 96/2015.

- Anti-Trust Authority proceedings: A/436. On 25 July 2012, the Anti-Trust Authority issued measure no. 23770, contesting FS S.p.A.’s adoption of a strategy, which it allegedly pursued through its subsidiaries RFI S.p.A. and Trenitalia S.p.A., to hinder and, de facto, prevent, a competitor, Arenaways, from accessing railway infrastructure. In its final decision, the Anti-Trust Authority fined FS S.p.A., jointly with Trenitalia S.p.A., €200,000.00, and, jointly with RFI S.p.A., €100,000.00. All group companies concerned appealed against the order before the Lazio regional administrative court. On 27 March 2014, the same court published decision no. 3398/2014, fully admitting the appeals and nullifying the decision against which they had appealed. On 24 June 2014, FS S.p.A., RFI S.p.A. and Trenitalia S.p.A. were notified of the appeal by the Anti-

Trust Authority before the Council of State to reform/nullify the aforementioned decision. On 24 July 2014, FS S.p.A., Trenitalia S.p.A. and RFI S.p.A. lodged their brief in the appeal with the Council of State.

- EU cases SA32179/SA32953.

On 28 March 2014, the Directorate-General for Competition of the European Commission notified Italy of a decision to begin a formal investigation in connection with two alleged State aids measures. The first measure under investigation (case SA 32179) relates to four asset allocation operations within FS Italiane group, in which assets were allocated to Trenitalia S.p.A. and FS Logistica S.p.A., respectively. The second measure (case SA 32953) relates to compensation that Italy allowed Trenitalia S.p.A. to perform public transport of freight from 2000 to 2014 in force of three consecutive public service contracts.

The risk analysis for the EU procedures detailed above shows that, to date, no direct action has been taken against FS Italiane group companies (as the EU proceedings are against the Italian government for potential government aid) and, accordingly, there are no actual disputes affecting the group at this time. In the light of the above and considering that this situation is still in a preliminary stage and is extremely complex, it is in any case impossible to objectively identify a potential liability or reliably estimate any amount that might be paid.

Following its reading of the above analyses and with the support of independent lawyers, the Issuer does not believe that the conditions established by IAS 37 have been met for the recognition of provisions.

- ART resolutions 24 and 25. With resolutions no. 24 and no. 25 of 12 March 2015, ART commenced two separate proceedings against RFI for sanctions respectively relating to:
 - a) failure to meet immediately enforceable regulatory measures concerning fair and non-discriminatory access to the railway infrastructures pursuant to Resolution no. 70/2014;
 - b) failure to comply with the instructions in Resolution no. 76/2014 relating to the 2015 Prospectus submitted by the national railway network operator, RFI S.p.A..

The risk of sanctions for RFI S.p.A. resulting from the two proceedings described above, which consist of 16

instances of alleged non-compliance, potentially totals an estimated €935 million. During the preliminary stage, RFI S.p.A. - for certain challenges formulated by ART - assumed a series of commitments that, with Resolutions nos. 66, 67 and 80, it approved and made mandatory without assessing any infractions by RFI S.p.A.. However, for the challenges for which RFI S.p.A. did not present any commitments, during its meeting on 23 October 2015, ART passed Resolutions nos. 89 and 90, admitting RFI S.p.A.'s

arguments in its defence and dropping the relevant sanctions without assessing any infractions and therefore without imposing any sanctions.

- ART Resolution no. 64. On 31 July 2015, with resolution no. 64, ART notified RFI S.p.A. of the potential commencement of sanction proceedings for its alleged failure to comply with certain regulatory measures contained in Resolution no. 70/2014. Specifically, the regulatory measures are those for which Resolution no. 70/2014 established an implementation date after the publication date. For some of ART's challenges (namely, those relating to measures 1.6.4, 3.6.1, 11.6.1 and 11.6.3), during the preliminary stage, RFI S.p.A. presented a series of commitments that ART admitted in Resolution no. 91 of 5 November 2015 and published on its website on 9 November 2015, thereby beginning the market testing stage, which was successfully completed on 9 December 2015. The only observations came from Ferrovie Emilia Romagna in response to which, in January 2016, RFI S.p.A. submitted certain "accessory changes to the commitments" to improve and perfect the content of the remedial measures that it had originally proposed. On 16 March 2016, ART published Resolution no. 24 on its website, approving such commitments and making them mandatory without assessing any infractions by RFI S.p.A.. On the other hand, RFI S.p.A. did not believe it necessary to present commitments for the other challenges and instead preferred to file defence briefs, presenting its arguments during the hearings, the last of which was held before the ART panel on 2 March 2016.

With Resolution no. 33, which ART notified to RFI S.p.A. on 24 March 2016, ART definitively ended the sanction proceedings with the assessment of two violations out of the five challenges, imposing a total sanction of €30,000. With respect to the violation of measure 5.6.1.d) "organisation of the penalty/exemption clause system into tiers" ART also required that RFI S.p.A. introduce a clause in the 2015 and 2017 Network Prospectuses - within 15 days of notification of the measure - establishing an exemption tier of 3% for the railway companies with network use contracts worth less than €6 million and publish the updated Network Prospectuses on its website with immediate notification to all concerned parties. Within the prescribed period RFI has complied with the above by providing, respectively, to the publication of the updates of the PIR 2015 and 2017 and the payment of the total sanction imposed.

However, notwithstanding the foregoing, to protect its interests RFI has proposed on 23 May 2016 appeal to the Piedmont regional administrative court gripping the Resolution no. 33 limited to the establishment of the above mentioned violations; it should be noted that, as of today, the hearing date for discussion on this issue has not yet been set.

- On 15 June 2016, the Competition Authority has approved the launch of a preliminary investigation against the companies Busitalia Veneto S.p.A. (Busitalia Veneto) and Busitalia Sita Nord Srl (Busitalia SN), as well as APS Holding S.p.A. (ODA), in order to ascertain a possible infringement of Article. 102 of the Treaty on the Functioning of

the European Union and Article. 3 of Law no. 287/1990 on the abuse of a dominant position. Simultaneously, the Authority authorized inspections at the premises of Rome, Florence and Padua and Busitalia SN Busitalia Veneto, intervened, without any warning on 23 June 2016.

The Competition Authority's initiative is in the preparatory phase, by the relevant government body, of the documentation relating to the tendering of automobile and tram services, urban and suburban, in the province of Padua.

In the Provision, it is contested to the Company Busitalia Veneto - which currently manages the services of transportation object of the future tender procedure - and its shareholders Busitalia SN APS the adoption of a pipeline intended to delay the preparation of tender documentation, including through the omission of information, and the late submission of data / necessary information. The Authority also disputes the Company a presumed undue pressure on the Province of Padua, aimed at obtaining authorization to raise prices of tickets sold via the electronic channel, or the so-called SMS ticket.

With reference to the first conducted, the Competition Authority had also feared, according to art. 14bis of Law No. 287/1990, the adoption of interim protective measures regarding the companies. However, following the information and clarifications received, the Authority, on 20 July 2016, resolved the failure to adopt precautionary measures against Busitalia SN and Busitalia Veneto (prov. AGCM no. 26129 of 20 July 2016). As of today, the termination of the proceeding A/495 (main proceedings) is 15 July 2017. The process will be marked by several phases, in which the companies involved will be able to fully exercise their defense rights by the presentation of submissions and participation in hearings with the Authority's Offices.