

**FIRST SUPPLEMENT DATED 21 NOVEMBER 2017 TO
THE BASE PROSPECTUS DATED 13 JUNE 2017**



FERROVIE DELLO STATO ITALIANE S.p.A.

(Incorporated with limited liability in the Republic of Italy)

€1,500,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the base prospectus dated 13 June 2017 (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.

With effect from the date of this Supplement, each reference in the Base Prospectus to “Base Prospectus” shall be read and construed as a reference to the Base Prospectus as amended and supplemented by this Supplement. 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 cover page of the Base Prospectus and the “*General Description of the Programme*” and “*Risk Factors*” sections 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 2017, and (b) certain press releases relating to the Issuer and its Group; (iii) to update the “*Description of the Issuer*” section of the Base Prospectus; and (iv) to update the “*General Information*” section of the Base Prospectus.

AMENDMENTS AND ADDITIONS TO THE BASE PROSPECTUS

Cover Page of the Base Prospectus

On the cover page of the Base Prospectus, the third paragraph shall be deleted and replaced by the following:

“As at 21 November 2017, the Issuer has the following ratings assigned to it: BBB by Fitch Italia S.p.A. (“**Fitch**”) and BBB by Standard & Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”). The Programme has been rated BBB by Fitch Italia S.p.A. and BBB by Standard & Poor’s Credit Market Services Europe Limited. Each of Fitch Italia S.p.A. and Standard & Poor’s Credit Market Services Europe Limited is established in the EEA and is registered under Regulation (EC) No. 1060/2009, as amended (the “**CRA Regulation**”). As such each of Fitch Italia S.p.A. and Standard & Poor’s Credit Market Services Europe Limited is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website (at <https://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.”

General Description of the Programme

In the section entitled “*General Description of the Programme*”, the first paragraph in the row entitled “*Rating*” on page 9 of the Base Prospectus, shall be deleted and replaced by the following:

“As at 21 November 2017, the Issuer has the following ratings assigned to it: BBB by Fitch Italia S.p.A. and BBB by Standard & Poor’s Credit Market Services Europe Limited. The Programme has been rated BBB by Fitch Italia S.p.A. and BBB by Standard & Poor’s Credit Market Services Europe Limited. Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.”

Risk Factors

In the section entitled “*Risk Factors*”, the paragraph entitled “*Downgrading of the Issuer’s ratings*” on page 11 of the Base Prospectus shall be deleted and replaced by the following:

“Downgrading of the Issuer’s ratings

The Issuer has the following ratings assigned to it: BBB by Fitch Italia S.p.A. and BBB by Standard & Poor’s Credit Market Services Europe Limited. Any significant deterioration or downgrading of those ratings may adversely affect the Issuer’s access to alternative sources of funding and may increase the cost of funding, all of which could have an adverse effect on the Issuer’s financial condition or results of operations.”

In the section entitled “*Risk Factors*”, the following paragraph is added after the risk headed “*Risks relating to Change of Control*” on page 15 of the Base Prospectus:

“Risks in relation to the integration of new businesses into the Group

Law Decree No. 50 of 24 April 2017, converted in law with amendments through Law No. 96 of 21 June 2017 (the “**Law Decree No. 50**”), regulates the transfer of the entire share capital of ANAS S.p.A. (“**ANAS**”) by the Group (the “**ANAS Transaction**”). For further detail on the ANAS Transaction, see also “*Description of the Issuer – Recent Events*”.

Law Decree No. 50 provides for certain conditions precedent to be satisfied in favour of the Issuer in order to complete the ANAS Transaction. Following consummation of the ANAS Transaction, the Issuer will own the entire share capital of ANAS and, as a result, all the assets and liabilities of ANAS and its subsidiaries will be consolidated in the Group’s financial statements. Furthermore, the Issuer and its Group will be exposed to risks typically connected to the integration of new and complex businesses, which could have potential adverse effects on the entities involved in the integration.”

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 page 21 shall be supplemented in the manner described below.

Press release relating to the development of new urban subway network by the Issuer and Cassa Depositi e Prestiti S.p.A.

A copy of the press release dated 17 November 2017 relating to the agreement between the Issuer and Cassa Depositi e Prestiti S.p.A. to work together to develop new urban subway networks in Italy, 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 17 November 2017 relating to the development of new urban subway network by the Issuer and Cassa Depositi e Prestiti S.p.A.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-and-events/press-releases-and-news/2017/november/2017_11_17_CS_FS_%20CDP_Metropolitane.pdf

Press release relating to the affirmation of the Issuer’s “BBB” credit rating by Fitch Rating

A copy of the press release dated 2 November 2017 relating to Fitch Ratings’ affirmation of the BBB credit rating (with stable outlook) of the Issuer, 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 2 November 2017 relating to the affirmation of the Issuer’s “BBB” credit rating by Fitch Rating.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-and-events/press-releases-and-news/2017/november/2017_11_02_PR_FS_Italiane_Fitch_BBB_rating.pdf

Press release relating to the one notch upgrade to “BBB” of the Issuer’s credit rating by Standard & Poor’s

A copy of the press release dated 30 October 2017 relating to Standard & Poor’s one notch upgrade of the Issuer’s credit rating to BBB, mirroring the upgrade of the Republic of Italy, while keeping the outlook stable, 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 30 October 2017 relating to the one notch upgrade to “BBB” of the Issuer’s credit rating by Standard & Poor’s.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-ed-eventi/comunicati-stampa-e-news/2017_06_22_CS_S_and_P%20RATING_Oct2017_ENG.pdf

Press release relating to the completion of the acquisition of Trainose

A copy of the press release dated 14 September 2017 relating to the completion of the acquisition by FS of the full ownership of Trainose, Greece’s leading railway operator, 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 first, second, fourth and fifth paragraphs of the press release dated 14 September 2017 relating to the completion of the acquisition of Trainose.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-and-events/press-releases-and-news/2017/settembre/2017_09_14_PR_Closing_Trainose.pdf

The third paragraph of such press release is not incorporated by reference as this is deemed not relevant for an investor.

Press release relating to the completion of the acquisition of Qbuzz

A copy of the press release dated 31 August 2017, relating to the completion of the acquisition by FS of the full ownership of Qbuzz, the third local public transport company in the Netherlands, from Nederlandse Spoorwegen (the Dutch Railways), 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 first, second, fourth and fifth paragraphs of the press release dated 31 August 2017 relating to the completion of the acquisition of Qbuzz.

https://www.fsitaliane.it/content/dam/fsitaliane/Documents/media-ed-eventi/comunicati-stampa-e-news/anno-2017/agosto/2017_08_31_PR_Closing_QBuzz.pdf

The third paragraph of such press release is not incorporated by reference as this is deemed not relevant for an investor.

Press release relating to the signing of agreements for the development of Iran's rail network

A copy of the press release dated 11 July 2017, relating to the signing of agreements covering scientific cooperation and staff training in connection with the development of Iran's rail network, 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 11 July 2017 relating to the signing of agreements for the development of Iran's rail network.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-and-events/press-releases-and-news/2017/july/2017_07_11_CS_Iran_agreements.pdf

Press release relating to the issuance by FS of EUR1 billion notes maturing in 8 years

A copy of the press release dated 22 June 2017, relating to the EUR1 billion 8 year bond issued by FS with a 1.5% fixed coupon, 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 June 2017 relating to the issuance by FS of EUR1 billion notes maturing in 8 years.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/media-and-events/press-releases-and-news/2017/june/2017_06_22_FS_8_years_issuance.pdf

2017 Unaudited Interim Report Highlights

A copy of the unaudited 2017 interim report highlights of the Issuer and the Group as at and for the six months ended 30 June 2017 (the “**2017 Unaudited Interim Report Highlights**”) has been filed with the Central Bank of Ireland. The following table shows where specific items of information are contained in the 2017 Unaudited Interim Report Highlights, and such specific items shall be deemed to be incorporated in, and to form part of, this Supplement. Any non-incorporated parts of a 2017 Unaudited Interim Report Highlights are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

https://www.fsitaliane.it/content/dam/fsitaliane/en/Documents/investor-relations/financial-statements/2017_Interim_report_highlights.pdf

2017 Unaudited Interim Report Highlights	Page number
Condensed interim consolidated financial statements	Pages 22-27

Copies of the documents specified above as containing information incorporated by reference in this Supplement may be inspected, free of charge, at the registered office of the Issuer.

DESCRIPTION OF THE ISSUER

Regulatory Framework

In the sub-section headed “*Regulatory Framework – The Italian Transport Regulation Authority*”, on pages 106-108 of the Base Prospectus, the following paragraphs are added after the last paragraph:

“Resolution no. 69 of 18 May 2017

With this resolution, the ART began a survey to gather information on the methodology and criteria to be implemented to ensure efficient management of regional rail transportation services.

Resolution no. 77 of 1 June 2017

With this resolution, the ART started a procedure to verify and, if possible, integrate, the principles and regulatory criteria for the national railway system which have resulted from a public consultation started by Resolution n. 127/2016.

Resolution no. 88 of 28 June 2017 and Resolution n. 101 of 27 July 2017

With this resolution, the ART started a consultation procedure to identify the minimum quality service levels applicable to national and local railway passenger services that are

characterized by public service burdens. The deadline for the completion of this consultation procedure was extended by Resolution 101/2017.

Resolution no. 127 of 20 October 2017

With this resolution, the ART started a consultation procedure to assess how to integrate the principles and regulatory criteria for the access to the national railway system.”

In the sub-section headed “*Regulatory Framework – Regional Public Service Contracts*”, on pages 111-112 of the Base Prospectus, the table included therein shall be deleted and replaced by the following:

“Emilia Romagna	Signed with Trenitalia for the period 2016-2018. For the period 2019-2041 the PSC has been assigned to a company owned by Trenitalia and Trasporto Passeggeri Emilia Romagna S.p.A. (70%/30% respectively) by public tender.
Lombardy	Signed for the period 2015-2020.
Umbria, Lazio	Signed for the period 2015-2020. Negotiations for a 10+5 years PSC are on-going.
Bolzano, Trento	Signed for the period 2016-2024.
Sardegna	Signed for the period 2017-2025.
Friuli Venezia Giulia	Extension for the period 2015-2017. Negotiations for a “bridge contract” are on-going. Following the expiration of the “bridge contract”, the Region predicts a new assignment by direct award for a 10+5 years PSC.
Sicily	Signed for the period 2015-2016. Negotiations for a 10 years PSC (2017-2026) are on-going.
Campania, Tuscany, Abruzzo, Marche, Veneto, Molise, Basilicata	Signed for the period 2015-2023. Negotiations for a 10+5 years PSC are on-going.
Piedmont	Signed a 4 years “bridge contract” for the period 2017-2020. Following the expiration of the “bridge contract”, the Region predicts tendering processes and/or direct awards of PSCs referred to different areas of the Region.
Liguria, Calabria, Puglia	Signed for the period 2015-2017, except for Puglia (2016-2017). Negotiations for a 10+5 years PSC (2018-2032) are on-going.
Valle d’Aosta	Negotiations for a “bridge contract” are on-going. A tendering process is on-going for the assignment of a new PSC for the period 2019-2023. The bid for the new PSC has to be submitted by 21 December 2017.”

Other Information

In the section of the Base Prospectus entitled “*Description of the Issuer*”, the paragraphs entitled “*Judicial Investigations and Proceedings (Arbitration, Antitrust Proceedings and Proceedings before the Public Contracts Supervisory Authority; Administrative Litigation)*” on pages 112 – 119 of the Base Prospectus, are supplemented by the section attached as Annex 1 (*Litigation and Disputes*) to this Supplement.

Recent Events

In the sub-section headed “*Recent Events*”, on pages 119-120 of the Base Prospectus, the following paragraph is added after the last paragraph:

“Transfer of share capital of ANAS S.p.A. to the Group

Article 49 of Law Decree No. 50 of 24 April 2017, converted in law with amendments through Law No. 96 of 21 June 2017 (the “**Law Decree No. 50**”), regulates the transfer of the entire share capital of ANAS S.p.A., a wholly-owned subsidiary of the MEF entrusted with the construction and management of the Italian national road network (“**ANAS**”), from the MEF to the Group (the “**ANAS Transaction**”).

Pursuant to Law Decree No. 50, the ANAS Transaction will be carried out through the following steps:

- (i) the shareholder’s meeting of the Issuer will resolve on a share capital increase through the issuance of new shares of the Issuer to be subscribed by the MEF;
- (ii) the MEF will subscribe for the new shares of the Issuer and, in consideration thereof, will contribute the entire share capital of ANAS into the Issuer.

Therefore, following the completion of the ANAS Transaction, the Issuer will own the entire share capital of ANAS, without any consideration to be paid by the Group.

Law Decree No. 50 provides for certain conditions precedent to be satisfied in favour of the Issuer in order to complete the ANAS Transaction.

GENERAL INFORMATION

In the section entitled “*General Information*”, the paragraph entitled “*Significant/Material Changes*” on page 132 of the Base Prospectus, shall be deleted and replaced by the following:

“Since 30 June 2017, there has been no significant change in the financial or trading position of the Issuer or the Group and since 31 December 2016 there has been no material adverse change in the prospects of the Issuer or the Issuer and its Subsidiaries.”

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 some public prosecutors' offices against former representatives of the Group companies, to date no events have been reported which the Issuer believes could lead to either Group 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. Furthermore, in cases where circumstances existed, such Group companies appeared as aggrieved parties to recover damages.

In 2016 and the first half of 2017, following criminal proceedings initiated by the public prosecutors against former or current group company representatives, there were no definitive rulings against senior management (company officers or general managers) for any of the following:

- particularly serious negligent criminal acts entailing significant damage to the concerned Group company;
- negligent criminal acts covered by Legislative decree no. 231/2001; and
- additional negligent criminal acts covered by 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.

Litigation pursuant to Legislative decree no. 231/01

- With respect to criminal proceedings no. 6305/09 in the general register of crimes pending before the Public Prosecutors' Office at the Lucca Court, following the railway accident in Viareggio on 29 June 2009, at the 31 January 2017 hearing, the judge read the first-level ruling. For the Group, the Court found that FS and FS Logistica S.p.A. had not committed administrative liability violations pursuant to Legislative decree no. 231/2001 "because there is no crime" and acquitted, "because they did not commit the crime", FS' former pro-tempore CEO for the allegations against him in his position as pro-tempore CEO, FS Logistica S.p.A.'s former CEO and former Chairman, and five RFI S.p.A. officials. However, it found Trenitalia S.p.A. and RFI S.p.A. guilty of administrative violations pursuant to article 25-*septies* of Legislative decree no. 231/2001, fined them €700 thousand each and prohibited them from advertising their goods and services for three months. The Court also issued guilty rulings for 12 natural persons within the Group, including two of RFI S.p.A.'s former pro-tempore CEOs who succeeded each other between 2001 and 2009 and Trenitalia S.p.A.'s former pro-tempore CEO, in addition to another 11 natural persons and three companies outside the Group for violations of Legislative decree

no. 231/2001, while one person was found not guilty. The Court also ordered the guilty parties, jointly and severally and with the related civil liability, to pay damages (in addition to court and defence costs) to the aggrieved parties that had filed the lawsuit, submitting most of the damages to the civil court judge for liquidation, while ordering payment of an advance on the damages at the same time. The Court set a 90-day term, extended by a further 90 day term, at the request of the court and approved by the President of the court, expiring on 31 July 2017, to lodge arguments, with the consequent possibility of filing appeals with the Court of Appeals. None of the orders, except for the advance, are executive pursuant to law until the ruling has been issued.

- In the context of the criminal proceedings no. 5643/10 in the general register of crimes pending before the Sassari Court against RFI S.p.A. - for third party and administrative liability – and three of its employees relating to a fatal accident involving the driver of train 8921 when it hit an obstacle on the tracks after an exceptional, unexpectedly large mudslide, on 28 June 2017 the Court ruled that no liability violation has been committed by RFI S.p.A. In addition, the Court acquitted one of the employees because he did not commit the crime and convicted the other two employees to a two-year sentence, with the benefit of the suspension of the penalty. These two employees have been sentenced, together with RFI S.p.A. – for third party liability –to pay damages, to be determined in a civil proceeding, to the aggrieved parties that had filed the lawsuit (Associazione in Marcia and Mr. Luigi Murru, as safety workers’ representative for Trenitalia). As to the additional claims of the victims or aggrieved parties, the heirs of the deceased driver and the INAIL (the Italian institute for insurance against work injuries, which had intervened in the proceeding as an aggrieved party) have been entirely indemnified by the relevant insurance company. A 90-days term has been set as the deadline for the deposit of the arguments.
- Criminal proceedings no. 1758/2014 in the general register of crimes before the Milan Court relate to alleged violations of the legislative limits established for the drainage of industrial waste water in public sewers at an industrial plant in Milan. In these proceedings, charges have currently been lodged against one manager of Trenitalia S.p.A. and Trenitalia S.p.A. itself for liability under Legislative decree no. 231/01 in relation to the same alleged environmental violations. The decree summoning such persons in front of the Milan court has been issued.

Other significant criminal court proceedings

- Criminal proceedings no. 35874/13 in the general register of crimes with the Public Prosecutors’ Office at the Rome Court originated from alleged violations of Legislative decree no. 81/2008 in connection with the introduction of the “single driver” module which, according to the accusations, allegedly weakened the measures in place to prevent risks in emergencies and/or first aid situations involving the train driver while the train is operating. The Rome Public Prosecutor directly summoned Trenitalia S.p.A.’s former CEO and Director of Frecciarossa. At the hearing held on 26 June 2017, the court ruled in favour of the request for payment of a fine in lieu of the penalty made by the defendants: the court has ascertained that Trenitalia S.p.A. has adopted all care and has implemented an adequate system for the removal of risks connected to the presence of only one driver in the driving cabin. In this respect, the hypothesis of the seriousness of the alleged facts contested has been diminished, if not excluded.

The proceeding has been adjourned for certain additional and necessary formalities in relation to the preparation of the charges prepared by the Public Prosecutor. Specifically, the court, also in light of the defences of the parties, will, in first instance, define the facts contested (in favour of the defendants) in order to clearly identify the violations that will be charged to each defendant, as well as the penalty to be applied requiring the defendants to pay pecuniary fine. In second instance, upon presentation of proof of payment, the court will rule that the proceeding will not proceed due to extinguishment of the offence as a result of payment of a fine in lieu of the penalty.

Arbitration proceedings with general contractors

- Giovi third railway crossing: RFI/COCIV arbitration. RFI S.p.A. appealed against the award, concerning the development of certain designs previously completed by the COCIV consortium, COCIV lodged a cross appeal. The proceedings are still pending (the hearing of conclusions was postponed to 24 May 2018). Reference should be made to the 2016 annual report for additional details.
- Sub-section AV/AC Novara-Milan: RFI-FCA arbitration. Following the appeal against the award which involves part of the reserves advanced by FCA in the course of work, the proceedings, which were commenced by FCA, are now pending before the Supreme Court following such appeal by RFI. Proceeding for revocation of judgement lodged by FCA before the Rome Court of Appeal is also pending (the hearing for clarification of the conclusions is postponed to 6 June 2018).

Civil and administrative proceedings

- Unionlog S.p.A. c/ RFI SpA. On 28 March 2017 Unionlog S.p.A. commenced proceeding against RFI before the Civil Court of Rome in order to: (a) ascertain and seek a declaration in respect of RFI's pre-contractual liability concerning the opening of a rail link at Secugnago Station; (b) seek an order for RFI to pay Unionlog's damages for the conduct of RFI, quantified by the claimant for a total of €5,702,700.88 (€3,105,700.88 for loss of profit and €2,597,000 for emerging damage). The hearing indicated in the writ of summons, originally scheduled for 6 July 2017, has been postponed to 20 September 2017; RFI has provided for the constitution in court.
- K2 Discount pursuant to Ministerial decree no. 44T/2000. With respect to that indicated in the previous annual reports, 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 no. 18/2006 and 83/2007, a public hearing was held on 14 June 2017. Following a brief discussion of the attorneys of the parties, the case is subject to the decision of the court. With respect to the appeal filed by the railway companies petitioning for compliance with the Council of State's decision cancelling DM 92T, on 26 September 2016, the ad Acta Commissioner's delegate issued a conclusive report on the outcome of the preliminary investigations, specifying that the K2 discount period began on 1 January 2006 and ended on 30 June 2009, except for the traffic produced using rolling stock that, before 30 June 2009, met the conditions for a single driver (equipped with ground sub-system technologies, installation of the connected on-board signalling system and the issue of rules and procedures governing

how single-driver trains are operated). The ad Acta Commissioner's delegate then quantified the individual amounts, including interest accrued at the legal rate up to 30 September 2016 and separated from self-applied discounts, to be paid to the four appellant railway companies affected by the order to comply (namely, Rail Traction Company, NordCargo, SBB Cargo and DB Schenker) totalling approximately €20 million (which, net of the amount already withheld by the appellant companies, will entail covering the balance of roughly €12.6 million). The company recognised a liability of the same amount to the railway companies and an asset of the same amount from the MEF, against an accrual of €30 million in the 2015 update to the GPC-I for "charges arising from the application of Ministerial decree no. 44T/2000" as part of the overall accrual for "train operating and efficiency technologies". Finally, the company has recalculated and increased the provision to cover any interest and related charges to be incurred should it be ordered pending reimbursement of the amounts that, in the first level decision, it might be ordered to pay eligible railway companies. Following the deposit of the conclusive report of the ad Acta Commissioner's delegate, RFI S.p.A. proposed the commencement of talks with the four appellant railway companies, in which the MIT will also participate, to quickly settle the matter, which may include the negotiation of settlement agreements between the parties; such proposal has unfortunately not achieved the expected results. As a result the four appellant railway companies have promoted a new legal proceeding by notifying MIT and RFI, on 3 April 2017, a recourse before the Council of State for additional reasons in order to obtain clarification on the compliance with the decision in respect of the K2 discount matter (with particular reference to the way in which the ad Acta Commissioner's delegate conclusive report was adopted) or, subordinately, the compensation for damage for the non-performance of the decision, whose hearing has been scheduled on 19 October 2017.

- Appeal against ART resolution no. 70/2014. Various FS Italiane group companies (RFI S.p.A., Grandi Stazioni S.p.A. and Centostazioni S.p.A.) lodged three extraordinary appeals with the President of Italy against ART resolution no. 70 of 31 October 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"). Initially lodged with the Lazio regional administrative court, the appeals were then transferred to the Piedmont regional administrative court where RFI S.p.A.'s and Grandi Stazioni S.p.A.'s cases were summarised. Trenitalia S.p.A. appeared in both proceedings on 5 May 2016. During the 15 March 2017 public hearing in front of the Piedmont regional administrative court, the court decided to hear and rule on only on RFI S.p.A.'s appeal, and to postpone the hearing about Grandi Stazioni S.p.A.'s and NIV S.p.A.'s appeals to 28 June 2017, due to the need to carry out certain investigations by the ART and RFI S.p.A., which have been completed within the time limits set forth. At the outcome of the aforementioned public hearing on 21 April 2017, with judgment no. 541/17, the TAR Piedmont partially rejected and declared partially inadmissible the extraordinary appeal with the President of Italy (then transposed in front of the TAR) brought by RFI S.p.A. against the ART resolution no. 70/2014. During the hearing held on 28 June 2017, following the discussion of the case, Grandi Stazioni S.p.A.'s appeal has been put to the decision of the court, while NIV S.p.A.'s appeal has been adjourned to a hearing scheduled for 7 November 2017.

- Appeal against ART resolution no. 96/2015. With an extraordinary appeal before the President of Italy, RFI S.p.A., Trenitalia S.p.A. and the former Grandi Stazioni S.p.A. appealed against ART resolution no. 96 of 13 November 2015 containing the principles and criteria for determining the fees to access and use the railway infrastructure. Their appeals were transferred to the Piedmont regional administrative court. RFI S.p.A. also appeared in the proceedings pending before the Piedmont regional administrative court for the railway transport operator Nuovo Trasporto Viaggiatori S.p.A.'s appeal against the same ART resolution no. 96/2015. During the hearing of 15 March 2017, the judge postponed discussion of Trenitalia S.p.A.'s appeal to the hearing scheduled for 28 June 2017. Since June 2016, while the FS Italiane group companies' appeals were pending, the ART resumed adjusting the fees to access and use the railway infrastructures by passing resolutions no. 72/2016, no. 75/2016 and no. 80/2016. These resolutions were also appealed by Trenitalia S.p.A. and other railway transport companies. In particular, with a brief presenting additional grounds, in September 2016, Trenitalia S.p.A. appealed against resolutions no. 72 and no. 75/2016. The hearing to discuss the precautionary injunction was held on 11 October 2016 in which the panel suggested, considering the complexity of the matter, discussing the merits of the case and postponing the proceedings to the public hearing of 15 March 2017, when they were postponed again to 28 June 2017. As for resolution no. 80/2016, Trenitalia S.p.A. lodged its appeal individually before the Piedmont regional administrative court. During the first public hearing held on 15 March 2017, the Piedmont regional administrative court postponed the discussion of the appeal and the related documents to the hearing scheduled for 28 June 2017. At such hearing, NIV S.p.A. has informed that it has filed a new appeal under additional grounds against the ART resolution no. 96/2015, therefore the court has adjourned to a hearing scheduled for 7 November 2017 for the discussion of: (a) NIV S.p.A.'s appeal against the ART resolution no. 96/2015; (b) Trenitalia's appeal against the ART resolution no. 96/2015 and the additional grounds against ART resolution no. 75/2016. The appeals lodged by the freight railway companies against ART resolutions 75/2016 and 80/2016, without discussion of the cases, have been put to the decision of the court.
- On 27 January 2017, RFI was notified, as defendant, of proceedings brought before the TAR of Lombardy, Milan, by Serfer Servizi Ferroviari S.r.l. for the annulment, subject to the grant of monocratic precautionary measures and the suspension of the measures previously taken to carry out the competitive procedure that RFI had to establish on the basis of the resolutions adopted by the ART (Resolutions no. 70/2014 and 104/2015), aimed at identifying the sole manager of the Lecco Maggianico and Milano Segrate service facilities. The aforementioned competitive procedure ended on 28 November 2016 with the definitive award made in favour of both TS Traction & Service S.r.l. (the other party in the aforementioned appeal). By a decree published on 1 January 2017 the TAR of Lombardy - Milan has accepted the request submitted by Serfer Servizi Ferroviari S.r.l. to suspend the effects of the award decision in favour of TS Traction & Service S.r.l., ordering such party not to enter into any contract for rail transport services in the two service facilities of Lecco Maggianico and Milano Segrate until the end of the relevant precautionary hearing, for which the council chamber had been fixed for 23 February 2017. By way of a subsequent decision dated 21 April 2017, the TAR of Lombardy - Milan declared the appeal brought by Serfer Servizi Ferroviari S.r.l. inadmissible for late notification of the same, with a consequent order for costs, totaling Euro 3,000.00 plus legal expenses, in favour of

each of the parties constituted, i.e. RFI and TS Traction & Service S.r.l. Such ruling has been appealed by Serfer Servizi Ferroviari S.r.l. in front of the Council of State.

- Through separate appeals, Consorzio Stabile Vitruvio (appeal notified on 15 May 2017, in front of TAR of Sicily – Catania) and CBL Insurance Europe Designated Activity Company (appeal notified on 19 April 2017, in front of TAR of Lazio – Rome with reference to two separate tender procedures) have challenged the FS Group’s internal rules on the admissibility and/or approval criteria for the selection of the operators providing guarantees.

Proceedings before the Italian and EU authorities

- Antitrust Authority proceedings A/495. On 15 June 2016, the Antitrust Authority resolved to begin a preliminary investigation against Busitalia Veneto S.p.A. (Busitalia Veneto) and Busitalia Sita Nord S.r.l. (Busitalia SN), as well as against APS Holding SpA (APS), to ascertain whether there was a violation of article 102 of the Treaty on the Functioning of the European Union and article 3 of Law no. 287/1990 concerning the abuse of a dominant position. At the same time, the Authority authorised surprise inspections at the Busitalia SN’s and Busitalia Veneto’s Rome, Florence and Padua offices, which took place on 23 June 2016. The Antitrust Authority’s initiative is part of the relevant government body/contracting station’s preparation of documentation for the tender to assign urban and suburban car and tram services in the province of Padua. In the measure notifying the commencement of the preliminary investigation, the authority charged Busitalia Veneto, which manages the transport services subject to the future tender procedure, and its shareholders Busitalia SN and APS with using practices meant to delay the preparation of tender documentation, which included the omission of information and the delayed transmission of necessary data/pieces of information. The Authority also charged the companies with exerting allegedly undue pressure on the Padua provincial authorities to obtain authorisation to increase the prices of tickets sold electronically, i.e. SMS tickets. As for the first practice, the Antitrust Authority threatened to take, pursuant to article 14-*bis* of Law no. 287/1990, provisional precautionary measures against the parties in the proceedings. However, following the information and clarifications received, on 20 July 2016, the Authority resolved not to take precautionary measures against Busitalia SN and Busitalia Veneto (Antitrust Authority measure no. 26129 of 20 July 2016). On 14 December 2016, Busitalia SN and Busitalia Veneto proposed certain remedies in terms of conduct that, upon the outcome of the preliminary assessment of “no clear lack of grounds”, were published on the Authority’s website to enable the concerned third parties to submit any observations (i.e., market tests). Once the observations submitted in the market tests were considered, Busitalia SN and Busitalia Veneto proposed certain accessory changes to commitments. On 11 May 2017, the Authority has accepted the commitments proposed by Busitalia SN and Busitalia Veneto and the termination of the proceeding without ascertaining any infraction. The (mandatory) implementation of such measures will be notified to the Authority in accordance with the timeline determined by the final decision.
- Antitrust Authority proceedings PS/10578. On 15 November 2016, the Antitrust Authority informed Trenitalia S.p.A. of the commencement of preliminary proceedings, alleging that it breached Consumers’ Rights Code regulations protecting against unfair business practices, and at the same time carried out inspections at

Trenitalia's premises. In short, the Authority alleges that the section "*Tutti i treni*" of the search window on the website www.trenitalia.com (which is the default option) does not show all the trip options included in the specific windows "*Freccie*" and "*Treni Regionali*" and, when showing results, cheaper options represented by regional services are not showed therein. The Authority alleges that customers would then be induced to purchase more expensive options (for example, trip options with the "*Freccia*" trains), which would constitute an unfair business practice. In addition, the Authority alleges that the Trenitalia app and the automatic ticket booths would not allow customers the possibility to opt trains under the groups "*Tutti i treni*", "*Freccie*" and "*Treni Regionali*", as the latter is not shown as an option. The Authority alleges that such actions would impact the public service obligations imposed on Trenitalia S.p.A. in the regional transport segment and, partly in the medium and long haul transport segment. Specifically, it claimed that the practice was "aggressive" under articles 24 and 25 of the Consumers' Rights Code. Within the deadlines established in the proceedings, Trenitalia S.p.A. has: (i) filed petitions to obtain the confidentiality of the documents that were gathered during the inspection, in order to protect any sensitive information from third parties; (ii) provided a response with respect to the Antitrust Authority's request for information when the preliminary proceedings began; and (iii) submitted briefs and documents to justify that its conduct was appropriate. Furthermore, with two notes dated December 2016 and January 2017, while confirming that its conduct was legitimate, Trenitalia S.p.A. formulated a series of commitments to remedy the practices that the Antitrust Authority deemed were improper in the preliminary evaluations when the proceedings began. With its resolution of 7 February 2017, the Antitrust Authority did not accept the company's proposed commitments, ordering the preliminary proceedings to continue. Following the conclusion of the preliminary investigation phase of the proceeding and the confirmation of the allegations raised at the commencement of the proceeding (in accordance with the communication of the Authority dated 23 May 2017), Trenitalia S.p.A. on 12 June 2017 has filed a defendant brief with the Authority in order to state the lack, in the specific case, of the elements constituting unfair business practices pursuant to the Consumers' Rights Code. Originally scheduled for 8 April 2017 and later extended, in the first instance, to 7 June 2017, and then to 22 July 2017, the Authority has taken its final decision on this case.

- On 16 June 2016, the European Commission has published its decision to authorise the state aid regime, challenged against Greece in 2011, in relation to certain public support measures aimed at restructuring OSE SA – the company managing the Greek railway network – and Trainose SA – company operating the freight and passenger service in Greece. The European Commission stated that the measures taken are in line with EU state aid rules as they aim at preventing a serious disturbance of the Greek economy and providing better services to Greek passengers and customers.
- On 29 June 2016, the Court of Justice of the European Union has ruled on the case C-482/14 – European Commission against the Federal Republic of Germany in connection with the accounting separation of railways; Italy and Latvia intervened in the proceeding, supporting certain arguments of the German government. With respect to the four objections raised against the defendant, the Court of Justice of the European Union has ruled that the Federal Republic of Germany failed to fulfil its obligations only in connection with the conditions of account-keeping of the manager of the railway infrastructure which, by not accounting separately for the public grants

received, does not allow a verification of compliance with the prohibition to transfer such subsidies to providers of transport services. However, the Court of Justice of the European Union has rejected the European Commission's allegations relating to the transfer of profits of the manager of the railway infrastructure to its parent company and the obligation to publish a separate accounting for each public service contract.