

Alstom S.A.

A French *société anonyme* (joint stock company) with a share capital of €1,555,534,771.00

Having its registered office at 48, rue Albert Dhalenne, 93400 Saint-Ouen, France

Registered with the Trade and Companies Register under No. 389 058 447 R.C.S. Bobigny
 (“Alstom”)

**REPORT OF THE BOARD OF DIRECTORS TO
THE GENERAL MEETINGS OF THE HOLDERS OF THE BONDS LISTED HEREUNDER**

Bond issue	Current outstanding amount	ISIN code
Bonds issued on October 5, 2010 in the amount of EUR 500,000,000 at a rate of 3.625% due October 5, 2018	EUR 371,300,000	FR0010948240
Bonds issued on July 8, 2013 in the amount of EUR 500,000,000 at a rate of 3.0% due July 8, 2019	EUR 282,800,000	FR0011531631
Bonds issued on March 18, 2010 and June 24, 2010 in the amount of, respectively, EUR 500.000.000 and EUR 250,000,000, at a rate of 4.5% due March 18, 2020	EUR 596,150,000	FR0010870949

Dear Bondholders,

In accordance with the provisions of Articles L. 228-65 and L. 236-18 of the French Commercial Code, we have convened these bondholders’ meetings to submit to your approval a proposed partial asset contribution under the spin-off regime (*régime juridique des scissions*) by Alstom S.A. (the “**Contributing Company**” or “**Alstom**”) to Alstom Holdings S.A., a wholly-owned subsidiary of the Contributing Company (the “**Beneficiary Company**” or “**Alstom Holdings**”).

Through the vote of the **1st resolution**, each general meeting of the holders of the abovementioned Alstom bonds is requested in accordance with Article L. 228-65 of the French Commercial Code to approve in all its provisions the partial asset contribution agreement (including its appendixes) under the spin-off regime (*régime juridique des scissions*) entered into on May 17, 2018, between the Contributing Company and the Beneficiary Company (the “**Alstom Contribution Agreement**”), as further detailed below and pursuant to which the Contributing Company would contribute to the Beneficiary Company the shares of Siemens Mobility SAS, Siemens Mobility Holding B.V. and Siemens Mobility GmbH received from Siemens France Holding S.A.S. and Siemens Mobility Holding S.à r.l. in consideration for 27,812,909 new ordinary shares allocated to the Contributing Company.

The Alstom Contribution Agreement entered into between the Beneficiary Company and Alstom on May 17, 2018 was filed with the Commercial Court of Bobigny on May 23, 2018 and is available on

Alstom's website (<http://www.alstom.com/investors/shareholders-corner/shareholders-meeting/>). It constitutes Appendix 1 of this Report.

Through the vote of the **2nd resolution**, each general meeting of bondholders of the Contributing Company is requested, in the event that the 1st resolution is not approved, and subject to the decision of the Board of Directors of the Contributing Company to override such non-approval, to grant the representative of the *Masse* the authority to file an objection against the aforementioned transaction in accordance with the conditions of and with the effects provided for by Article L. 236-14 of the French Commercial Code, by reference from Article L. 236-14 of the French Commercial Code.

1. Description of the Contemplated Transaction and of the Alstom Contribution

On September 26, 2017, Alstom and Siemens AG entered into a *Memorandum of Understanding* in connection with the possible combination of Siemens' mobility business including its rail traction business (the "**Siemens Target Business**") with Alstom (the "**Contemplated Transaction**"). Following the completion of the information and consultation process of the relevant employee representative bodies of the relevant entities of both the Alstom Group and the Siemens Group, a *Business Combination Agreement* setting out the terms and conditions of the Contemplated Transaction was executed on March 23, 2018 between Siemens AG and Alstom (the "**Business Combination Agreement**").

Alstom and Siemens AG have agreed that the Contemplated Transaction will be structured as a contribution whereby two directly or indirectly wholly owned Siemens entities, Siemens France Holding SAS and Siemens Mobility Holding S.à r.l. (the "**Siemens Contributing Companies**") will indirectly contribute the Siemens Target Business to Alstom (the "**Siemens Contributions**").

In consideration for the Siemens Contributions, the Siemens Contributing Companies will receive together in total (i) two hundred twenty seven million three hundred fourteen thousand six hundred fifty-eight (227,314,658) ordinary shares of Alstom and (ii) eighteen million nine hundred forty-two thousand eight hundred eighty-eight (18,942,888) warrants issued by Alstom, in accordance with the terms and conditions of the Business Combination Agreement.

The Siemens Contributions will be structured as two contributions of shares, subject to the spin-off regime (*régime juridique des scissions*):

- (i) the contribution by Siemens France Holding SAS (the "**Siemens French Contributing Company**") of the part of the Siemens Target Business operated by Siemens entities in France (including through, as the case may be, any French and foreign subsidiaries and activities) to Alstom, through the contribution of a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility SAS (the "**French Contributed Shares**") in consideration for 8,505,619 ordinary shares of Alstom to be listed on Euronext Paris (the "**Siemens French Contribution**"), pursuant to the terms and conditions of a contribution agreement entered into on May 17, 2018 between the Siemens French Contributing Company and Alstom (the "**Siemens French Contribution Agreement**"); and
- (ii) the contribution by Siemens Mobility Holding S.à r.l. (the "**Siemens Luxembourg Contributing Company**") of the rest of the Siemens Target Business to Alstom through the contribution of (a) a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility Holding B.V. (the "**Netherlands Contributed Shares**") and (b) a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility GmbH (the "**German Contributed Shares**", and together with the French Contributed Shares and the Netherlands Contributed Shares, the "**Contributed Shares**") in consideration for 218,809,039 ordinary shares of Alstom to be listed on Euronext Paris and 18,942,888 warrants to be issued by Alstom (the "**Siemens Luxembourg Contribution**"), pursuant to the terms and conditions of a contribution agreement entered into on May 17, 2018

between the Siemens Luxembourg Contributing Company and Alstom (the “**Siemens Luxembourg Contribution Agreement**”, and together with the Siemens French Contribution Agreement, the “**Siemens Contribution Agreements**”).

The Siemens Contributions, while contemplated distinctly through both the Siemens French Contribution and the Siemens Luxembourg Contribution (subject respectively to the Siemens French Contribution Agreement and to the Siemens Luxembourg Contribution Agreement), shall be deemed one indivisible transaction, and none of the Siemens French Contribution or the Siemens Luxembourg Contribution shall occur without the simultaneous occurrence of the Siemens French Contribution and Siemens Luxembourg Contribution on the Closing of the Siemens Contributions (*i.e.*, the Siemens Luxembourg Contribution will not occur in the event the Siemens French Contribution is not simultaneously completed, and vice versa, on the Closing of the Siemens Contributions).

In accordance with Article 212-34 of the General Regulation of the French Market Authority (*Autorité des marchés financiers - AMF*), Alstom registered on June 6, 2018 a document E with the AMF (the “**Document E**”). The Document E, available free of charge at Alstom’s registered office, on its website (<http://www.alstom.com/>) and on the AMF website (www.amf-france.org), constitutes Appendix 2 of this Report.

The Business Combination Agreement provides that within thirty (30) days after the completion of the Contemplated Transaction, Alstom shall contribute to its directly and indirectly wholly-owned subsidiary Alstom Holdings the Contributed Shares in exchange for newly issued shares of Alstom Holdings.

Alstom and Alstom Holdings have jointly agreed that the Alstom Contribution will be governed by the spin-off regime (*régime juridique des scissions*) set out in Articles L. 236-1 to L. 236-6 and L. 236-16 to L. 236-21 of the French Commercial Code, in accordance with Articles L. 236-6-1 and L. 236-22 of the French Commercial Code.

As a consequence, subject to the completion of the Siemens Contribution and the issuance by Alstom of the new ordinary shares and warrants in consideration for the Siemens Contributions (the “**Closing of the Siemens Contributions**”) and immediately following the Closing of the Siemens Contributions, it is contemplated that Alstom will proceed to the contribution of the Contributed Shares to Alstom Holdings for newly issued ordinary shares of Alstom Holdings as consideration (the “**Alstom Contribution**”).

The Alstom Contribution will be presented to the general shareholders’ meeting of the Contributing Company to be held on July 17, 2018.

2. Purpose and objectives of the transaction

The Siemens Contributions are part of the contemplated strategic combination between the Siemens Target Business and Alstom’s activities. The Siemens Contributions are based on a compelling industrial logic and will result in the creation of a key global player in the transport industry (the “**Combined Business**”). The Siemens Contributions are part of the Siemens Target Business and Alstom will benefit from highly complementary strengths, both geographically and strategically, resulting in the Combined Business being well positioned to address the future needs of the transport industry. In particular, through the respective positioning of the Siemens Target Business and Alstom, the Combined Business is expected to benefit from attractive worldwide growth prospects. The Alstom Contribution is due to internal group reorganization purposes with a view to ensuring, as is the case as of the date of the Alstom Contribution Agreement, that all the subsidiaries are held by Alstom Holdings, and it is contemplated to occur immediately after the completion of the Siemens Contributions.

3. Preliminary transactions, Siemens Carve-out

On the date of the Alstom Contribution Agreement, the Siemens Target Business is not held by a separate sub-group within the Siemens Group. In order to allow the Siemens Contributions, Siemens AG and Alstom have agreed that Siemens AG shall, and shall cause its affiliates currently holding the Siemens Target Business, to separate the business activities of the Siemens Target Business from the other business activities carried out by the Siemens Group, through the implementation of the carve-out of the Siemens Target Business in accordance with and subject to the principles laid down in Schedule 4.2.1 of the Business Combination Agreement (the “**Separation Concept**”) and described in Article 7 of both the Siemens French Contribution Agreement and the Siemens Luxembourg Contribution Agreement (the “**Siemens Carve-Out**”).

4. Financial statements used as basis to establish the terms and conditions of the Alstom Contribution

– For the Contributing Company

The terms and conditions of the Alstom Contribution have been established by Alstom and Alstom Holdings based on Alstom’s financial statements as at March 31, 2018.

– For the Beneficiary Company

The terms and conditions of the Alstom Contribution have been established by Alstom and Alstom Holdings based on Alstom Holdings’ financial statements as at March 31, 2018.

5. French contribution appraiser (*commissaire à la scission et aux apports*)

By a court order (*ordonnance*) dated January 9, 2018, the President of the Commercial Court of Bobigny appointed Mr. Olivier Péronnet (Finexsi), as appraiser of the spin-off (*commissaire à la scission*) in order to prepare the reports on the Alstom Contribution in accordance with the applicable French law provisions.

In accordance with applicable legal and regulatory provisions, such reports are made available to you on Alstom’s website (<http://www.alstom.com/investors/shareholders-corner/shareholders-meeting/>) and at Alstom’s registered office in view of the general shareholders’ meeting to be held on July 17, 2018.

6. Identification of the shares to be contributed under the Alstom Contribution

Alstom and Alstom Holdings expressly agree that, subject to the satisfaction of the Conditions Precedent (as defined below), Alstom will proceed to the contribution of the Contributed Shares to Alstom Holdings.

The Alstom Contribution consists in the contribution by Alstom to Alstom Holdings of the Contributed Shares, as defined above, in accordance with the terms of the Siemens Contribution Agreements.

7. Valuation of the shares to be contributed under the Alstom Contribution

For accounting purposes, the value of the Contributed Shares under the Alstom Contribution is based on their book value, in accordance with Regulation no. 2014-03 of June 5, 2014, concerning the general accounting plan (*plan comptable général*) of the French Accounting Standards Authority (*Autorité des normes comptables*), as updated on January 1, 2016 and completed by Regulation no. 2016-07 of November 4, 2016 (as the Alstom Contribution is an intra-group transaction) and Regulation no. 2017-01 of May 5, 2017. Such book value will correspond to the value for which the shares will be contributed by the Siemens Contributing Entities pursuant to the Siemens Contribution Agreements.

Subject to the satisfaction of the Conditions Precedent (as defined below), the Alstom Contribution will be completed as of the Closing Date (as defined below), immediately following the completion of the Siemens Contributions. In this respect, the value of the Contributed Shares under the Alstom Contribution will be identical to the valuation of the Contributed Shares under the Siemens Contributions.

The estimated book value of the Contributed Shares is €4,496,498,358 with respect to the Siemens Luxembourg Contribution and €231,141,816 for the Siemens French Contribution. As a consequence, the estimated valuation of the Alstom Contribution as of the date hereof is €4,727,640,174.

The difference between the net accounting value of the Alstom Contribution as of the Closing Date (as defined below) and the nominal amount of the share capital increase of the Beneficiary Company carried out in consideration of the Alstom Contribution (*i.e.*, based on the elements described above, an estimated amount of €4,068,474,230.70) will represent a contribution premium, which will be credited to a “contribution premium” account.

Based on the agreement between Alstom and Siemens AG, Alstom and Alstom Holdings expressly agree that the book value of the Contributed Shares shall correspond (i) as far as the French Contributed Shares are concerned, to the fair market value of the French Contributed Shares as at the Closing Date (as defined below) and (ii) as far as the German Contributed Shares and the Netherlands Contributed Shares are concerned, to the book value of such shares in the accounts of the Siemens Luxembourg Contributing Company as at the Closing Date. Such final value will be established in accordance with the provisions of the Siemens Contribution Agreements, with the appointment of one expert by Alstom and the Siemens Contributing Companies, whose role will be to assist Alstom and Siemens AG in confirming the appropriate accounting amount of the Contributed Shares to be recorded in the accounts of Alstom (the “**Final Value**”).

In this respect, the value to be recorded in Alstom Holdings’ accounts, following the completion of the Alstom Contribution, will be identical to the accounting amount of the Contributed Shares recorded in Alstom’s accounts following the completion of the Siemens Contributions, *i.e.* the Final Value.

The shareholders’ meeting of the Beneficiary Company called to vote on the Alstom Contribution will be asked to vote to (i) adjust the contribution premium amount based on the net accounting value of the Alstom Contribution as of the Closing Date (as defined below), (ii) proceed with any withdrawal from the contribution premium so as to offset all or part of the charges, expenses and rights resulting from the Alstom Contribution and reconstitute all company reserves (the reconstitution of which would be necessary) and to fund Alstom’s statutory reserve.

8. Consideration for the Alstom Contribution

Subject to the satisfaction of the Conditions Precedent (as defined below), Alstom Holdings will on the Closing Date (as defined below), immediately following the completion of the Siemens Contributions, increase its share capital by a total nominal amount of €659,165,943.30, through the issuance of 27,812,909 new shares (the “**Consideration Shares**”) with a par value of €23.70 each, to be subscribed by Alstom in consideration for the Alstom Contribution. Alstom Holdings’ share capital, which currently amounts to €624,125,422.20, would thus be increased from the nominal amount of €659,165,943.30 to €1,283,291,365.5, divided into 54,147,315 shares, fully paid-up and all of the same class.

The consideration of the Alstom Contribution has been contractually set by Alstom and Alstom Holdings and determined consistently with the estimated fair market values of the Contributed Shares by Contributing Company and the Beneficiary Company, *i.e.* €8.484 billion and €8.033 billion¹ respectively, as described in Schedule 9(B) of the Alstom Contribution Agreement.

¹ Estimate of the fair market value of the net equity value of Alstom Holdings.

The Contributing Company waives its fractional share rights (*droits formant rompus*), if any. Accordingly, the Beneficiary Company will not compensate for fractional shares, if any, nor make any balancing payment.

9. Beneficiary Company’s shares issued in consideration of the Alstom Contribution

The new shares will be entirely fungible with the existing shares, will enjoy the same rights and will be subject to all of the provisions of the by-laws of Alstom Holdings. They will be issued with current dividend eligibility and will give rights to all of the distributions paid as of their date of issuance.

10. Creditors opposition rights

In the Alstom Contribution Agreement, the Contributing Company and the Beneficiary Company expressly declare that the Alstom Contribution shall be subject to the provisions of Articles L. 236-14 to L. 236-21 of the French Commercial Code and expressly agree to waive any joint and several liability as between the Contributing Company and the Beneficiary Company, in accordance with Article L. 236-21 of the French Commercial Code.

As a consequence, in accordance with the provisions of Articles L. 236-14 and L. 236-21 of the French Commercial Code, the bondholders creditors of the Contributing Company and of the Beneficiary Company, whose receivable precede the publication of the Alstom Contribution Agreement may object (*former opposition*) within thirty (30) days as from the last public legal notice or as from the date on which the Alstom Contribution Agreement was made available to the public on the website of Alstom and Alstom Holdings on an uninterrupted basis, pursuant to Article R. 236-2 of the French Commercial Code or, if applicable, to Article R. 236-2-1 of the French Commercial Code.

In accordance with the provisions of Article L. 236-18 of the French Commercial Code, the Alstom Contribution will be submitted to the general meetings of the holders of the hereafter bonds of the Contributing Company, to whom this report is intended.

Bond issue	Current outstanding amount	ISIN code
Bonds issued on October 5, 2010 in the amount of EUR 500,000,000 at a rate of 3.625% due October 5, 2018	EUR 371,300,000	FR0010948240
Bonds issued on July 8, 2013 in the amount of EUR 500,000,000 at a rate of 3.0% due July 8, 2019	EUR 282,800,000	FR0011531631
Bonds issued on March 18, 2010 and June 24, 2010 in the amount of, respectively, EUR 500.000.000 and EUR 250,000,000, at a rate of 4.5% due March 18, 2020	EUR 596,150,000	FR0010870949

11. Conditions precedent of the Alstom Contribution and completion date of the Alstom Contribution

The obligations of Alstom and Alstom Holdings to effect the closing of the Alstom Contribution are subject to the satisfaction of the following conditions precedent (the “**Conditions Precedent**”):

- (i) the approval by the shareholders' meeting of the Contributing Company of the resolution relating to the Alstom Contribution;
- (ii) the approval by the shareholders' meeting of the Beneficiary Company of the resolution relating to the Alstom Contribution; and
- (iii) the completion of the Siemens Contributions to Alstom, as part of the Contemplated Transaction.

The date on which the last Condition Precedent has been satisfied shall be referred to as the “**Closing Date**”.

Subject to the satisfaction of the Conditions Precedent, the Alstom Contribution shall take place on the Closing Date, immediately following the completion of the Siemens Contributions.

As from the completion of the Alstom Contribution, the Beneficiary Company will accordingly take ownership and possession of the Contributed Shares by virtue of the Alstom Contribution.

It is specified that, from a tax and accounting perspective, the effective date will be the completion date of the Alstom Contribution.



In the event that the Alstom Contribution is not approved at the first or the second meeting, Alstom's Board of Directors may decide, in accordance with the provisions of Article L. 228-73 of the French Commercial Code, to proceed with the transaction notwithstanding the rejection. Such decision will be published in accordance with applicable laws.

The Board of Directors

Appendix 1

Alstom Contribution Agreement

The Alstom Contribution Agreement entered into between the Beneficiary Company and Alstom on May 17, 2018 was filed with the Commercial Court of Bobigny on May 23, 2018 and it is made available on Alstom's website (<http://www.alstom.com/investors/shareholders-corner/shareholders-meeting/>).

Appendix 2

Document E

The Document E is made freely available to the shareholders and to the bondholders at Alstom's registered office and on the websites of Alstom (<http://www.alstom.com/investors/shareholders-corner/shareholders-meeting/>) and of the AMF (www.amf-france.org).