

30 April 2014

Alstom is considering the proposed acquisition of its Energy activities by GE and the creation of a strong standalone market leader in the rail industry

The Board of Directors of Alstom announced today that it has received a binding offer from General Electric (GE) to acquire its Energy activities. The scope of the transaction includes the Thermal Power, Renewable Power and Grid Sectors, as well as corporate and shared services. With 65,000 employees, these businesses registered €14.8Bn in sales in fiscal year 2012/13. The proposed price is a fixed price representing an Equity Value of €12.35Bn and an Enterprise Value¹ of €11.4bn, or 12.2x FY13 EBIT².

Should this offer be approved and completed, Alstom would refocus on its Transport activities, for which it is a global leader. Alstom would use the sale proceeds to strengthen its Transport business and give it the means of an ambitious development, pay down its debt and return cash to its shareholders.

The Board of Directors of Alstom, acknowledging unanimously the strategic and industrial merits of this offer and having noted the publicly announced undertakings by GE, has decided to set up a committee of independent directors, led by Jean-Martin Folz, to review before the end of May the proposed transaction, taking into consideration all stakeholders interests including the French State. Patrick Kron and the committee will liaise with the representatives of the French State to consider their views.

Should the Board conclude positively, the information and consultation of Alstom employees' representative bodies will be conducted before entering into a definitive agreement.

Completion of the transaction would be subject to merger control and other regulatory clearances. In accordance with the AFEP-Medef code, the final approval of the transaction will be submitted to the shareholders. Bouygues, a 29% shareholder of Alstom, has committed not to sell its shares until this approval and has indicated that it will support the recommendation of the Alstom Board of Directors.

In the context of this binding offer, Alstom may not solicit offers from third parties for the acquisition of all or part of its Energy business. It has however reserved the right to respond to unsolicited offers for its entire Energy business and engage in discussions with bidders demonstrating a serious interest that could lead to a superior offer for Alstom. If, after having recommended GE's offer, following its review, the Board of directors were to support another transaction, Alstom would owe GE a break-up fee equal to 1.5% of the purchase price.

The Board also reviewed a declaration of interest received from Siemens, regarding an alternative transaction. Siemens will have a fair access to information needed to make, should it decide to do so, a

¹ Including all assets and liabilities related to the Energy activities, of which €1.9bn of net cash and €0.9bn of other net liabilities (including €1.2bn of net pension liabilities), as at 31-Mar-14

² Multiple based on EBIT for the contemplated perimeter

binding offer. This declaration will be reviewed in light of Alstom's corporate interest and the interest of all stakeholders, in accordance with the commitments made.

Patrick Kron, Chairman and CEO of Alstom, commented: "The combination of the very complementary Energy businesses of Alstom and GE would create a more competitive entity to better service customer needs. Alstom's employees would join a well-known, major global player, with the means to invest in people and technology to support worldwide energy customers over the long term. The proposed transaction would allow Alstom to develop its Transport business as a standalone company, with a strong balance sheet to capitalise on opportunities in the dynamic rail transport market".

GE well placed to fully realise the value of Alstom Energy's people and technology

GE and Alstom Energy have complementary offerings in Power and in Grid.

- In Thermal Power, Alstom and GE have complementary offerings in steam turbines and gas turbines technology. Alstom will add balance of plant and turnkey capabilities to enhance the combined entity's power offerings;
- In Wind Power, Alstom is small in onshore wind with a competitive offering in offshore wind while GE is focused on onshore wind;
- In Hydro Power, Alstom is a prominent global player and GE is not present;
- In Service, Alstom's comprehensive product portfolio is a perfect match with the global presence of GE.
- In Grid, Alstom and GE are complementary in the products and solutions they offer and in their geographic focus.

The combination of the Energy activities of Alstom and GE would provide customers with the most complete and advanced range of solutions, generating significant synergies and an increased capacity to invest in technology.

Alstom would remain a listed company focused on Transport

Headquartered in St Ouen, the Transport business generated €5.5bn of sales in fiscal year 2012/13, is present in 60 countries and has 27,000 employees including 9,000 in France.

Alstom has its roots in the transport business, going back one hundred years. Alstom Transport is a global leader in rail transport equipment, systems, services and signalling for urban, suburban, regional, main line and freight transportation.

The proposed transaction would refocus Paris-listed Alstom on its Transport activities and would provide Alstom Transport the financial strength to accelerate its development on a growing market with solid fundamentals driven by economic growth, increasing urbanization and environmental concerns. Led by its current management and with Bouygues as a long-term shareholder, Transport would be well positioned for growth.

"Thanks to its recognised technological leadership, global industrial footprint combined with a robust balance sheet, Alstom Transport would be ideally placed to capture growth opportunities in this dynamic market." stated Henri Poupart-Lafarge, President of Alstom Transport.

Conference call

Alstom will hold a conference call for analysts & investors, with the purpose of discussing the proposed transaction, today at 12:30PM (CET).

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