

# Notice of Meeting 2014

Shareholders are convened by the Board of Directors  
to the **Extraordinary Shareholders' Meeting**

which will be held on  
**Friday 19 December 2014**  
**at 10:30 a.m. CET**

**AT LE MÉRIDIEN ÉTOILE**  
81, boulevard Gouvion-Saint-Cyr  
75017 Paris

Dear Shareholder,

The transaction with General Electric, on which Alstom's Board of Directors had issued a positive recommendation on 20 June 2014, covers the sale by Alstom to General Electric of its Energy businesses and is accompanied by the reinvestment by Alstom of part of the proceeds into joint ventures to be formed with General Electric. Alstom also plans to acquire from General Electric its Signalling business and to implement a global alliance in the rail sector. The information-consultation procedure with works councils has been completed and the authorisation relating to foreign investments in France has been granted. It is now up to you to decide on this transaction. Should the transaction be approved, it will be subject to the authorisations required from a regulatory and merger control standpoint in a number of jurisdictions.

The Board wishes to ensure a solid financial structure for the group in order to address future operational needs and support its development. In line with this objective, the Board is considering retaining within the group over two-thirds of the €12.35 billion to be received from General Electric in order to strengthen Alstom's balance sheet and deleverage the group. Consequently, the cash return to shareholders could range between €3.5 billion and €4 billion and be implemented through a public share buy-back offer (*offre publique de rachat d'actions*). Such offer would be submitted to a shareholders' decision after completion of the transaction.

To allow as many as possible to vote on this project, Alstom now offers the possibility to all Alstom shareholders, whether they own registered or bearer shares, to vote online using the VOTACCESS platform. You will find more information on this system in the present Notice of Meeting.

I am very much counting on your participation in this Shareholders' Meeting and looking forward to seeing you on 19 December.

**Patrick Kron**  
Chairman and Chief Executive Officer

**ALSTOM**

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## Recommendations

As the Extraordinary Shareholders' Meeting will start at 10:30 a.m. exactly (shareholders will be welcomed from 9.00 a.m.), shareholders are kindly requested to:

- arrive at the reception desk in possession of the attendance card to sign the attendance register;
- only enter the Meeting room with the Meeting documents and the voting keypad enabling them to vote in the session, which will be handed to them when signing the attendance register;
- follow the voting instructions indicated during the Meeting.

All the documents related to the Shareholders' Meeting as set forth under article R. 225-73-1 of the French Commercial Code) are available on line on our website [www.alstom.com](http://www.alstom.com) (Investor Relations / Shareholders' Corner / Annual General Meeting).

They can be consulted and downloaded.

These documents are also available at the Company's head office 3, avenue André-Malraux, 92300 Levallois-Perret, France.

To obtain the documents and information covered by Article R. 225-83 of the French Commercial Code, fill in the request form available on page 19 of this document.

We have arranged for a live broadcast of the Meeting and a replay of this broadcast.

*This document is a free translation of the official French version of the Notice of Meeting which is available upon request.*

# 1 Agenda of the Shareholders' Meeting

Alstom's shareholders are invited by the Board of Directors to participate in the Extraordinary Shareholder's Meeting and deliberate on the following agenda:

- Board of Directors' report.
- Approval of the sale of the Energy (Power and Grid) businesses and corporate and shared services of Alstom to General Electric.
- Authorisation to implement the Shareholders' Meeting's decisions and complete the formalities.

# 2 How to participate in the Extraordinary Shareholders' Meeting

## CONDITIONS NECESSARY TO PARTICIPATE IN THE SHAREHOLDERS' MEETING

Each shareholder, regardless of the number of shares held, may attend the Shareholders' Meeting in person, by proxy or vote by mail.

In all cases, you must provide evidence of your status as shareholder as follows:

- if you are an owner of **registered shares** (meaning that your shares are registered in your name in Alstom's share register maintained by BNP Paribas Securities Services), you must be registered in the register held by BNP Paribas Securities Services, the third business day preceding the Meeting at midnight, *i.e.* Tuesday 16 December 2014 at midnight (Paris time);
- if you are an owner of **bearer shares**, your shares must be registered in the books held by the authorised financial intermediary (*intermédiaire financier habilité*) maintaining your share account, the third business day preceding the Meeting at midnight, *i.e.* Tuesday 16 December 2014 at midnight (Paris time). This registration is evidenced by a statement of participation (*attestation de participation*) provided by your financial intermediary and attached to your voting form below.

Shareholders who have expressed their votes by post, sent a proxy or requested an attendance card cannot choose another method of participation but may sell all or part of their shares.

Shareholders may exercise their rights at the Shareholders' Meeting in any of the following ways:

- personally attend;
- send a proxy to the Company without specifying their representative, noting that in such case the Chairman of the Meeting will vote in favour of all resolutions proposed or approved by the Board of Directors and will vote against all other resolutions;
- vote by post; or
- give a proxy to another shareholder, their spouse, their partner to whom the shareholder is bound by a Civil Solidarity Pact or any other individual or legal entity selected by such person in accordance with Article L. 225-106 of the French Commercial Code, to represent such person at the Meeting.

Alstom also offers its shareholders owning registered shares, either directly or *via* an intermediary, the possibility to vote by Internet, before the Shareholders' Meeting, on the dedicated VOTACCESS platform, accessible *via* the website <https://planetshares.bnpparibas.com>. This electronic platform allows shareholders holding registered shares to request their attendance card, give their voting instructions, designate or revoke proxies, prior to the Meeting, as indicated below.

You wish to attend the Meeting: cross here.

You own bearer shares

**IMPORTANT : avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso / Before selecting, please refer to instructions on reverse side.**

**A.** QUELLE QUE SOIT L'OPTION CHOISIE, NOIRCIER COMME CECI ■ LA OU LES CASES CORRESPONDANTES, DATER ET SIGNER AU BAS DU FORMULAIRE / **WHICHEVER OPTION IS USED, SHADE BOX(ES) LIKE THIS ■, DATE AND SIGN AT THE BOTTOM OF THE FORM**  
Je désire assister à cette assemblée et demande une carte d'admission : dater et signer au bas du formulaire / I wish to attend the shareholder's meeting and request an admission card : date and sign at the bottom of the form.

**B.** J'utilise le formulaire de vote par correspondance ou par procuration ci-dessous, selon l'une des 3 possibilités offertes / I prefer to use the postal voting form or the proxy form as specified below.

**ALSTOM**  
S.A. AU CAPITAL DE 2.165.746.450 €  
Siège Social :  
3, avenue André Malraux  
92300 LEVALLOIS-PERRET  
389 058 447 RCS NANTERRE

**ASSEMBLEE GENERALE EXTRAORDINAIRE** convoquée pour le 19 décembre 2014 à 10 h 30, à l'hôtel Méridien - 81, boulevard Gouvion Saint-Cyr, 75017 PARIS.  
**EXTRAORDINARY GENERAL MEETING** to be held on 19th December 2014 at 10:30 am (CET), at the Méridien hotel - 81, boulevard Gouvion Saint-Cyr, 75017 PARIS - FRANCE.

**CADRE RÉSERVÉ À LA SOCIÉTÉ / For Company's use only**  
Identifiant / Account  
Nombre d'actions / Number of shares  
Nominatif Registered  
Porteur / Bearer  
Vote simple Single vote  
Vote double Double vote  
Nombre de voix / Number of voting rights

**JE VOTE PAR CORRESPONDANCE / I VOTE BY POST**  
Cf. au verso renvoi (2) - See reverse (2)  
Je vote OUI à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directeur ou la Gérance, à l'EXCEPTION de ceux que je signale en noirissant comme ceci ■ la case correspondante et pour lesquels je vote NON ou je m'abstiens.  
I vote YES on all the draft resolutions approved by the Board of Directors EXCEPT those indicated by a shaded box - like this ■, - for which I vote NO or I abstain.

Sur les projets de résolutions non agréés par le Conseil d'Administration ou le Directeur ou la Gérance, je vote en noirissant comme ceci ■ la case correspondant à mon choix.  
On the draft resolutions not approved by the Board of Directors, I cast my vote by shading the box of my choice - like this ■.

1	2	3	4	5	6	7	8	9	Oui/Yes	Non/No	Oui/Yes	Non/No
									A	Abst/Abs	F	Abst/Abs
10	11	12	13	14	15	16	17	18	B		G	
19	20	21	22	23	24	25	26	27	C		H	
28	29	30	31	32	33	34	35	36	D		J	
37	38	39	40	41	42	43	44	45	E		K	

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée / In case amendments or new resolutions are proposed during the meeting  
- Je donne pouvoir au Président de l'A.G. de voter en mon nom. / I appoint the Chairman of the general meeting to vote on my behalf.  
- Je m'abstiens (l'abstention équivaut à un vote contre). / I abstain from voting (is equivalent to a NO vote).....  
- Je donne procuration (cf. au verso renvoi 4) à M., Mme ou Mlle, Raison Sociale.....  
pour voter en mon nom / I appoint (see reverse (4)) Mr, Mrs or Miss, Corporate Name to vote on my behalf

Pour être prise en considération, tout formulaire doit parvenir au plus tard :  
In order to be considered, this completed form must be returned at the latest  
sur 1<sup>ère</sup> convocation / on 1st notification  
18 décembre 2014 / 18th December 2014  
sur 2<sup>ème</sup> convocation / on 2nd notification  
à / to BNP PARIBAS SECURITIES SERVICES, CTS Assemblées, Grands Moulins - 9 rue du débarcadère - 93761 PANTIN Cedex

**JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE**  
cf. au verso renvoi (3)  
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING  
See reverse (3)

**JE DONNE POUVOIR A :** cf. au verso renvoi (4)  
I HEREBY APPOINT see reverse (4)  
M., Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name  
Adresse / Address

**ATTENTION :** S'il s'agit de titres au porteur, les présentes instructions ne seront valides que si elles sont directement retournées à votre banque.  
**CAUTION :** For bearer securities, the present instructions will be valid only if they are directly returned to your bank.

Nom, Prénom, Adresse de l'actionnaire (si ces informations figurent déjà, les vérifier et les rectifier éventuellement)  
- Surname, first name, address of the shareholder (if this information is already supplied, please verify and correct if necessary)  
Cf. au verso renvoi (1) - See reverse (1)

Whatever your choice, please date and sign here.

Check your details, and update if necessary.

You wish to vote by mail: cross here and follow instructions.

To be blackened only if you have been informed of additional draft resolutions.

You wish to give your proxy to the Chairman: follow instructions.

You wish to be represented by another shareholder or by your spouse: cross here and give all the information required.

## METHODS OF PARTICIPATING

### To attend the Meeting in person

#### Requesting an attendance card by post

To apply for an **attendance card** (*carte d'admission*) which is required to be able to attend and vote at the Meeting, you should **cross box A** of the attached form (the form attached to the present Notice of Meeting) and send it, duly signed and dated in the box at the bottom, **as early as possible** to receive the card in due time.

If you are an owner of **registered shares**, you should send the form to BNP Paribas Securities Services (CTS – Service Assemblées – Grands Moulins – 9, rue du Débarcadère – 93761 Pantin Cedex – France), at the latest on Thursday 18 December 2014 at 3:00 p.m. (Paris time), using the attached prepaid envelope.

If you are an owner of **bearer shares**, you should send the form to your **financial intermediary** maintaining your shares account, who shall provide evidence of your shareholder status directly to BNP Paribas Securities Services, by producing a statement of participation (*attestation de participation*). Should you have not received your attendance card in due time, you should ask your financial intermediary to send you a statement of participation in order to be able to evidence your status as shareholder at the Meeting's reception desk.

The attendance card will be sent to you by post.

#### Requesting an attendance card online for holders of registered shares

Shareholders holding registered shares and wishing to attend the Meeting in person may request an attendance card online, by filing an application in the secured VOTACCESS platform. This platform can be accessed from the Planetshares website at the following address <https://planetshares.bnpparibas.com>.

If your shares are held in direct registered form (*nominatif pur*), you must log on to the Planetshares website with your usual access codes. If your shares are in intermediary registered form (*nominatif administré*), your login username is located in the top right-hand corner of your voting form. This username will allow you to access the Planetshares website.

In case you have misplaced or forgotten your username or password, you can call the following number, 0 800 509 051 (+ 33 (0) 1 41 49 79 75 from abroad), made available to you.

After logging on the Planetshares website, you can access VOTACCESS via "My shareholder space" by clicking on "My Annual General Meetings". The summary of your voting rights will be displayed, allowing you to click on the "Access electronic voting" link in the information bar on the right. You will then be redirected to the online VOTACCESS voting page, where you can request an attendance card. Your attendance card will then be sent to you as per your choice.

#### Requesting an attendance card online for holders of bearer shares

If your financial intermediary is connected to and provides access to VOTACCESS service, you can connect on the "Shares" Portal of your financial intermediary in order to request your attendance card.

The VOTACCESS platform will be opened as from 1 December 2014. You may request an attendance card *via* Internet before the Meeting until 18 December 2014 at 3:00 p.m. (Paris time). It is recommended not to wait until the day before the Meeting to request an attendance card.

## To vote by post or by proxy

### Voting or appointing a proxy by post

If you wish to vote by post, resolution by resolution

- Cross the “I vote by post” box.
- Complete the corresponding field, according to your choice.
- Date and sign at the bottom of the form.

(See also indications provided on the form.)

If you wish to give your proxy to the Chairman of the Meeting

- Cross the “I give power to the Chairman” box.
- Date and sign at the bottom of the form.

(The Chairman will vote your shares in favour of all the draft resolutions proposed or agreed by the Board of Directors and against all others.)

If you wish to be represented at the Meeting by your spouse or another person

- Cross the “I hereby appoint” box.
- Complete the identity and address of your representative.
- Date and sign at the bottom of the form.

To whom should you return the form and by when?

Voting either by mail or by proxy:

- if you are an owner of **registered shares**, you should send your form to BNP Paribas Securities Services (CTS – Service Assemblées – Grands Moulins – 9, rue du Débarcadère – 93761 Pantin Cedex – France) using the attached prepaid envelope;
- if you are an owner of **bearer shares**, you should send your form to your financial intermediary maintaining your shares account who will provide evidence of your shareholder status and return your form to BNP Paribas Securities Services.

In order to be taken into account, voting forms (by post or proxy) must be received by BNP Paribas Securities Services, duly completed and signed at the above mentioned address, at least the day before the Meeting, at 3:00 p.m., *i.e.* **at the latest Monday 18 December at 3:00 p.m.** (Paris time).

In accordance with Article R. 225-79 of the French Commercial Code, notification of designation or of revocation of a proxy can also be done by Internet according to the following directions:

If you hold **registered shares** (*nominatif*), you can access the VOTACCESS platform through the following address: <https://planetshares.bnpparibas.com>. If you hold direct registered shares (*nominatif pur*), you can log in using your usual login username and password. If you hold intermediary registered shares (*nominatif administré*), you will find your login username in the top right-hand corner of your voting form. You will be able to access the Planetshares website with this username.

For **bearer shareholders**:

- If your financial intermediary is connected to VOTACCESS:

You will have to connect on the “Shares” Portal of your financial intermediary in order to access VOTACCESS. Access to the “VOTACCESS” platform by the Internet portal of the financial intermediary holding the account of the shareholder may be subject to special conditions of use set by this financial intermediary. Accordingly, the bearer shareholders interested in this service are invited to contact their financial intermediary to be made aware of these conditions.

- If your financial intermediary is not connected to VOTACCESS :

You will have to send your request of designation or revocation of proxy by e-mail to [paris.bp2s.france.cts.mandats@bnpparibas.com](mailto:paris.bp2s.france.cts.mandats@bnpparibas.com). This e-mail will have to include the following information: name of the Company and date of Shareholders’ Meeting, your last name, first name, address and exhaustive bank account details as well as last name, first name and if possible address of the proxy. You must ask your financial intermediary maintaining your shares account to send a written confirmation by post to BNP Paribas Securities Services – CTS – Service Assemblées – Grands Moulins – 9, rue du Débarcadère – 93761 Pantin Cedex – France.

Only notifications of designation or revocation of proxies should be sent to the above electronic address, all other requests or notifications related to another subject will not be processed.

For the due process of electronic designations or revocations of proxies, emails and/or written confirmation from financial intermediaries should be received by BNP Paribas as above stated, at the latest the day before the Meeting at 3:00 p.m. (Paris time) *i.e.* **at the latest Monday 18 December 2014 at 3:00 p.m.** (Paris time).

## Voting or appointing a proxy online for registered shareholders

Shareholders holding registered shares and wishing to vote or appoint a proxy online may log on to the VOTACCESS platform, which can be accessed from the Planetshares website at the following address <https://planetshares.bnpparibas.com>.

If your shares are held in direct registered form (*nominatif pur*), you must log on to the Planetshares website with your usual access codes. If your shares are in intermediary registered form (*nominatif administré*), you will receive a mailing specifying your username. This username will enable you to log onto the Planetshares website and obtain your password.

In case you have misplaced or forgotten your username or password, you can call the following number, 0 800 509 051 (00 33 1 41 49 79 75 from abroad), made available to you.

After logging on the Planetshares website, you can access VOTACCESS via "My shareholder space" by clicking on "My Annual General Meetings". The summary of your voting rights will be displayed allowing you to click on the link "Access electronic voting" in the toolbar on the right. You will then be redirected to the online voting page VOTACCESS, where you can register your voting instructions, or designate/revoke a proxy. From this website, you can also consult the documentation relating to the Shareholders' Meeting.

## Other practical information

Shareholders holding their shares in bearer form may obtain a form to vote by mail or by proxy from their financial intermediary, who must forward or send a simple request in writing, accompanied by a statement of participation, to BNP Paribas Securities Services – CTS – Service Assemblées – Grands Moulins – 9, rue du Débarcadère – 93761 Pantin Cedex – France. This request must be received, **at least six days** before the date of the Meeting *i.e.* at the latest by 13 December 2014.

## Voting or appointing a proxy online for bearer shareholders

Only owners of bearer shares whose financial intermediaries are connected to the VOTACCESS system and provide this service for this Meeting can have access. Owners of bearer shares who wish to vote by Internet, will have to connect to the Internet Portal of their financial intermediary, using their usual login, and then access the "Shares" portal of it and finally VOTACCESS. Access to the VOTACCESS platform by the Internet portal of the financial intermediary holding the account of the shareholder may be subject to special conditions of use set by this financial intermediary. Accordingly, the bearer shareholders interested in this service are invited to contact their account holders to be made aware of these conditions.

In both cases (registered shareholders or owners of bearer shares), the shareholder will have to follow the instructions mentioned on the screen.

The VOTACCESS platform will be opened as from 1 December 2014. The possibility to request an attendance card *via* Internet before the Meeting will end on 18 December 2014 at 3:00 p.m. (Paris time). It is recommended not to wait until the day before the Meeting to request an attendance card.

If you have already voted or appointed a proxy online, given power or asked for an attendance card online, it is no longer possible to choose another method of attendance.

In no case may a Shareholder return a voting form marking both an indication of proxy and an indication of voting by mail.

Joint co-owners must be represented by a single representative. Usufructuaries are the only ones who receive Meeting Notices, and have the right to attend or to be represented at General Shareholders' Meetings.

# REPORT FROM THE BOARD OF DIRECTORS ON THE RESOLUTIONS SUBMITTED TO THE EXTRAORDINARY GENERAL MEETING

## Approval of the transaction to sell the Company's Energy – Power (electricity generation) and Grid – businesses to General Electric (First resolution)

### 1. Introduction – Presentation of the context of referral to the General Shareholders' Meeting

On 4 November 2014, on conclusion of the information-consultation procedure with personnel representative bodies, the Board of Directors of ALSTOM (the "Company") unanimously approved the signing of an agreement (the "Contract of Sale") with General Electric ("General Electric" or "GE") to sell Alstom's Energy businesses, namely Power (electricity generation) and Grid (the "Energy businesses"), as well as shared and central services (the "Transaction"). This Contract of Sale materializes the revised offer received from General Electric on 20 June 2014, which was unanimously accepted by the Board of Directors following in-depth examination by the committee of independent directors designated by the Board of Directors on 29 April 2014 and chaired by Mr. Jean-Martin Folz. It was signed by Alstom and General Electric on 4 November 2014 following the Board meeting which was held on the same date. On 5 November 2014, the French government gave its authorisation for the Transaction under Article L. 151-3 of the Monetary and Financial Code relating to foreign investments in France.

The approval of the Transaction by the Company's shareholders is not legally required. However, under the terms of article 5.2 of the AFEP-MEDEF Code of June 2013, which constitutes the Company's benchmark code of corporate governance: *"It is the Board of Directors' responsibility to respect the authority of the Shareholders' General Meeting if the proposed transaction changes either in law or in fact the corporate purpose which is the very basis for the company's contract of incorporation. Even if the corporate purpose is not being changed, the Board must refer the matter to General Meeting if the transaction concerns a preponderant part of the group's assets or activities."*

This is why, under the terms of the Contract of Sale, the completion of the Transaction is subject to approval by the Company's General Shareholders' Meeting by a majority of two-thirds of the votes cast (the "Qualified Majority").

The Company's shareholders are therefore invited to take part in this Shareholders' Meeting in order to express themselves regarding the Transaction, the main terms of which and consequences for Alstom and its shareholders, are described in this report.

It should be noted that under the terms of the Contract of Sale, the condition of shareholder approval of the Operation by Qualified Majority is stipulated solely for the benefit of Alstom, such that Alstom would be entitled to waive this condition and to not terminate the Contract of Sale should this condition not be satisfied. Furthermore, as the General Meeting is only being consulted on the essential features of the Transaction, should any amendments become necessary at a later date, there will not be any requirement to further consult the shareholders.

Presentations will be made below of the Board of Directors' recommendation to approve the Transaction (2), the main terms of the Transaction (3), financial data for Transaction assessment (4), a description of Alstom after completion of the Transaction (5), the proposed terms of allocation to the Company's shareholders of part of the sales proceeds received from General Electric once the Transaction is completed (6) and, finally, the main stages leading to the completion of the Transaction (7).

### 2. Presentation of the Board of Directors' recommendation

With the assistance of its financial and legal advisors, the committee of independent directors established by the Board of Directors on 29 April 2014 and chaired by Mr. Jean-Martin Folz examined the transaction as proposed by General Electric under the terms of its revised offer.

The financial expert appointed to advise the Board of Directors considered that the offer from General Electric was fair for Alstom from a financial standpoint.

The legal advisor appointed to assist the Board of Directors considered that the offer from General Electric was favourable to Alstom from a legal standpoint, notably due to the firm and definitive nature of the acquisition price and the very limited standard legal representations and warranties.

Consequently the Board of Directors, recognising the benefits of the Transaction on strategic and industrial levels and considering that the Transaction fully corresponds to the Company's corporate interest, unanimously decided on 20 June 2014 to issue a favourable recommendation in relation to the offer and to authorise Mr. Patrick Kron in his capacity as Chairman and Chief Executive Officer of the Company, to commence the information and consultation procedures with Alstom's personnel representative bodies.

After the conclusion of these procedures, and taking into account the opinion of personnel representative bodies to which the proposed Transaction had been submitted, in particular the European Works Forum's vote in favour, the Board of Directors unanimously approved on 4 November 2014 the signature of the Contract of Sale and recommended that the Company's shareholders approve the resolution presented to the General Shareholders' Meeting.



### 3. Presentation of the Transaction

The Transaction, e.g. the sale by Alstom to General Electric of its Energy businesses as well as shared and central services, is accompanied by the reinvestment by Alstom of part of the sale proceeds in joint ventures to be formed with General Electric. Alstom also plans to acquire from General Electric its Signalling business.

#### a. Sale of the Company's Energy businesses

Under the terms of the Contract of Sale, General Electric shall acquire all of Alstom's Energy businesses. This specifically consists of:

- businesses in the Thermal Power sector;
- businesses in the Renewable Power sector;
- businesses in the Grid sector; and finally;
- central and shared services.

The Transaction takes the form of transfers of shares held directly or indirectly by the Company in companies active in the sectors listed above; although the precise structure of the Transaction may be modified, as of the date of this Report, it involves approximately 390 companies incorporated in some sixty countries.

The purchase price of the Energy businesses taken as whole has been fixed to €12.35 billion. This price is firm and definitive and shall not be adjusted, except for the neutralisation of certain transactions between, and which would entail a transfer of value between, Alstom and the companies within the sale perimeter as provided for under the Contract of Sale (locked box mechanism, for example a share capital increase or a distribution of dividend by a company within the Transaction perimeter to the benefit of a company outside such perimeter).

In addition, the investment of €2.6 billion to be made by Alstom in the joint ventures described in section 3.b below will reduce the cash proceeds for the Energy businesses according to the way in which the joint ventures will be set up.

Although the Energy and Transport businesses are generally separate within the Alstom group, carve-out operations must be carried out in a certain number of countries before the completion of the Transaction to ensure that the entities sold to General Electric consist solely of Energy businesses and central structures.

By taking over Alstom's Energy businesses, General Electric undertakes to take on all liabilities and risks exclusively or predominantly associated with said businesses. Cross-indemnification and asset reallocation ("wrong pocket") mechanisms have been established to ensure that assets – and liabilities – associated with the businesses being sold are indeed transferred to – and assumed by – General Electric.

The completion of the Transaction is subject to a limited number of conditions precedent, which essentially cover receipt of authorisations required from a regulatory and merger control standpoint. However, once the authorisations relating to entities being sold, which account for at least 85% of the turnover of all the entities subject to the sale, including authorisations in certain key countries, have been obtained, the parties may complete the Transaction, with the remainder to be transferred in successive stages. In such a case, General Electric shall nevertheless immediately pay to Alstom 100% of the price for the sale of the Energy businesses (subject to the deduction of the investment in the joint ventures).

Should the Company's General Shareholders' Meeting not approve the Transaction in accordance with the conditions described in the introduction to this Report, either party may choose to terminate the Contract of Sale. In that case, Alstom must reimburse General Electric for the costs incurred to negotiate the Transaction, up to a maximum amount of €35 million. Should the General Shareholders' Meeting approve the Transaction, Alstom shall be definitively bound vis-à-vis General Electric, unless the conditions precedent to the Transaction are not met. If the conditions precedent have not been met by 30 November 2015, either party shall be allowed to terminate the Contract of Sale.

#### b. Reinvestment by Alstom of part of the proceeds of sale in joint ventures with General Electric

The agreements entered into with General Electric provide that General Electric and Alstom will create three alliances under the form of joint ventures in the nuclear, grid and renewables activities. The investment by Alstom in the joint ventures will amount in total to €2.6 billion, such joint ventures to be created on a cash free/debt free basis.

Accordingly, Alstom and General Electric would create an alliance relating to conventional islands of nuclear plants globally and to steam turbines in France, which would include the production and maintenance of the "Arabelle" equipment range for nuclear power stations, and Alstom's steam turbines and related products and their maintenance in the French market. Alstom would own 20% minus one share of the share capital of this joint venture and 50% minus 2 votes in voting rights. The French state would hold a preference share providing it with specific governance and veto rights, *inter alia*, in the field of security and technologies for nuclear power stations.

For the Grid alliance, Alstom would have a shareholding of 50% less one share of the share capital and 50% less one vote of the voting rights and General Electric 50% plus one share of the share capital and 50% plus one vote of the voting rights, in each of two joint ventures which would group Alstom's Grid businesses and GE's Digital Energy businesses in the American continent and in the rest of the world, respectively.

For the Renewables alliance, Alstom would have a shareholding of 50% less one share of the share capital and 50% less one vote of the voting rights, and General Electric 50% plus one share of the share capital and 50% plus one vote of the voting rights, in each of two other joint ventures dedicated to renewable energies which would encompass Alstom's Hydro, Offshore Wind and Tidal businesses in the United States and in the rest of the world, respectively.

The formation of each of these joint ventures is subject to limited conditions precedent, including notably the completion of the Transaction, the required regulatory and merger control authorisations and, with respect to the Grid (United States only) and Renewables joint ventures, the transfer of 85% of the value of relevant companies or assets to each of the joint ventures.

The table below provides a more detailed presentation of the main features and governance rules of the joint ventures.

	<b>Global Nuclear and French Steam (nuclear plants conventional islands globally and steam turbines in France)</b>	<b>Grid</b>	<b>Renewable Power</b>
<b>Scope</b>	<ul style="list-style-type: none"> <li>– Global sales of steam turbines and associated equipment for conventional islands for nuclear plants</li> <li>– EPC activities in France</li> <li>– Sales of steam products and services of the GE group in accordance with current practices, in France</li> </ul>	<ul style="list-style-type: none"> <li>– Alstom's Grid businesses</li> <li>– GE's Digital Energy businesses</li> </ul>	<ul style="list-style-type: none"> <li>– Alstom's Hydro, Offshore Wind and Tidal businesses</li> </ul>
<b>Structure</b>	As soon as possible after completion of the Transaction, the new joint venture will hold among others the shares of Alstom Power Systems and Alstom Power Services and will be granted an irrevocable license on intellectual property rights for the Arabelle technology and existing Alstom technologies relating to maintenance of EDF nuclear plants for which Alstom has provided equipments for a duration of 50 years	After completion of the Transaction, two joint ventures will own Alstom's Grid businesses and GE's Digital Energy businesses	After completion of the Transaction, two joint ventures will own Alstom's Hydro, Offshore Wind and Tidal businesses
<b>Shareholder structure</b>	<p>Capital: Alstom 20% less one share; GE 80%; French State 1 share</p> <p>Voting rights: Alstom 50% less 2 votes / GE 50% plus 2 votes</p> <p>The French government will hold one preference share providing it with certain governance rights (see below)</p>	<p>In capital and in voting rights: Alstom: 50% less 1 share GE: 50% plus 1 share</p>	
<b>Acquisition price</b>	€0.1 billion (representing Alstom's share in the joint venture's capital)	€1.9 billion (representing Alstom's share in the two joint ventures' capital)	€0.6 billion (representing Alstom's share in the two joint ventures' capital)
<b>Governance structure</b>	<p>GE shall appoint half of the board members</p> <p>Alstom shall appoint half of the board members less one board member</p> <p>The French state shall nominate one member of the Board of Directors</p> <p>The non-executive chairman of the Board shall be nominated by Alstom from among the directors appointed by Alstom</p> <p>The CEO nominated by GE (or any other director appointed by GE) shall have a casting vote at the board</p> <p>Certain strategic decisions shall be reserved for the Board</p>	<p>Alstom and GE shall each appoint a number of directors proportional to their shareholding in the joint ventures</p> <p>The non-executive chairman of each joint venture shall be nominated by Alstom from among the directors appointed by Alstom</p> <p>A director appointed by GE shall have a casting vote at the Board</p> <p>Certain strategic decisions shall be reserved for the Board</p>	

	<b>Global Nuclear and French Steam (nuclear plants conventional islands globally and steam turbines in France)</b>	<b>Grid</b>	<b>Renewable Power</b>
<b>Management structure</b>	<p>GE will control operational management</p> <p>The CEO shall be nominated by GE from among the directors appointed by GE</p> <p>The chief financial officer shall be nominated by GE</p> <p>The chief technical officer shall be nominated by Alstom</p>		
<b>Alstom's veto rights at the Board of Directors</b>	<ul style="list-style-type: none"> <li>– Entering into significant agreements with related parties except in the normal course of business and at arms-length and outside the cases provided for in the shareholders' agreement</li> <li>– Merger, spin-off, contribution of assets or material legal reorganization (outside sales to third parties)</li> <li>– Transfer of the headquarters or decision making centres</li> <li>– IPO decision before the expiration of the put option rights (see Liquidity Rights below)</li> </ul>		
<b>French government's rights of veto</b>	<ul style="list-style-type: none"> <li>– Mergers or material legal reorganisations</li> <li>– Decisions adversely affecting the integrity and continuity of supply of products and services for conventional islands</li> <li>– Transfer outside of France of registered office, head office or operational head office of the joint venture or its principal subsidiaries in France, or major assets or a significant number of employees (including senior management) related to the following activities currently located in France: R&amp;D, design, manufacture, marketing and sales of products and services for conventional islands</li> <li>– Entering into significant agreements with related parties outside the normal course of business at arms-length and outside the cases provided for in the shareholders' agreement</li> <li>– Termination or substantial modification of the license provided to the joint venture on Alstom's intellectual property rights</li> <li>– material amendment to R&amp;D roadmap</li> <li>– Decision on a contract with an entity of GE group which is not a member of the joint venture for nuclear power plants outside France constituting an exception to the exclusivity undertaking</li> <li>– Sale of a significant part of the assets of the joint venture</li> <li>– Any significant change to the nature of the business of the joint venture or its principal subsidiaries</li> <li>– Any amendment to the constitutional documents of the joint venture or its principal subsidiaries</li> </ul>	N/A	
<b>Shareholders' rights</b>	<p>Alstom and GE must agree to certain key decisions, notably modification of the number of board members, cancellation or redemption of shares in a non-proportional manner, sale of a significant proportion of assets, significant changes in the nature of the business activity</p>		

	<b>Global Nuclear and French Steam (nuclear plants conventional islands globally and steam turbines in France)</b>	<b>Grid</b>	<b>Renewable Power</b>
<b>Financing</b>	Shareholder guarantees and other forms of financing shall be provided by GE under similar terms as for other GE subsidiaries. Alstom will have the option (but not the obligation) to participate in any shareholder financing or guarantee prorata based on its shareholding in the joint venture. If the put options are not exercised at their maturity dates, Alstom's participation to such shareholder financing and guarantee will become compulsory		
<b>Functioning within the GE group</b>	Management and corporate services shall be provided by GE under the same terms as for other GE subsidiaries Cash pooling within the GE group		
<b>Liquidity rights</b>	<p><b>5-year prohibition on the selling of shares except:</b></p> <ul style="list-style-type: none"> <li>– <b>Alstom Change of control:</b> Alstom undertaking to sell to GE the shares held by Alstom in the joint venture, upon GE's request in case of change of control of Alstom</li> </ul> <p><b>After 5 years:</b></p> <ul style="list-style-type: none"> <li>– <b>Put option:</b> GE undertakes to acquire all of the shares held by Alstom in the joint venture at Alstom's request during the first quarter following the 5th and 6th anniversaries of the joint venture at a price based on a formula related to results, provided such price shall not be lower than that of Alstom's acquisition of the joint venture shares plus 2% per year from the closing of the sale of the Energy businesses to GE. The put will also be exercisable at any time in certain specific circumstances, notably in case of transfer of the shares held by GE in the joint venture to a third party</li> <li>– <b>Call option:</b> At GE's request, Alstom undertakes to sell to GE all the shares held by Alstom in the joint venture should Alstom cease to hold shares in the Grid or Renewable Energies joint ventures (or should GE cease to hold shares in the Renewable Energies joint venture). The call option price is the same as put option price</li> <li>– <b>Usual liquidity rights in case of transfer of shares held by GE:</b> proportional and total tag along rights at the initiative of Alstom and proportional and total drag along rights at the initiative of GE</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Alstom Change of control:</b> Alstom undertaking to sell to GE the shares held by Alstom in the joint ventures, upon GE's request in case of change of control of Alstom</li> <li>– <b>IPO:</b> At any time, Alstom or GE may request an IPO to be examined (right of veto for both parties to undertake an IPO prior to 31 August 2018)</li> <li>– <b>Usual liquidity rights in case of transfer of shares held by GE:</b> proportional and total tag along rights at the initiative of Alstom and proportional and total drag along rights at the initiative of GE</li> <li>– <b>Put option:</b> GE undertakes to acquire all of the shares held by Alstom in the joint ventures at Alstom's request in September 2018 or September 2019 at a price based on a formula related to results, provided such price shall not be lower than that of Alstom's acquisition of the joint venture shares plus 3% per year from the closing of the sale of the Energy businesses to GE. The put option will also be exercisable at any time in case of specific circumstances, notably in case of an IPO of one of the joint ventures or transfer to a third party of the shares held by GE in one of the joint ventures</li> </ul>	<ul style="list-style-type: none"> <li>– <b>Alstom Change of control:</b> Alstom undertaking to sell to GE the shares held by Alstom in the joint ventures, upon GE's request in case of change of control of Alstom</li> <li>– <b>IPO:</b> At any time, Alstom or GE may request an IPO to be examined (right of veto for both parties to undertake an IPO prior to 31 August 2018)</li> <li>– <b>Usual liquidity rights in case of transfer of shares held by GE:</b> proportional and total tag along rights at the initiative of Alstom and proportional and total drag along rights at the initiative of GE</li> <li>– <b>Put option:</b> GE undertakes to acquire all of the shares held by Alstom in the joint ventures at Alstom's request in September 2018 or September 2019 at a price based on a formula related to results, provided such price shall not be lower than that of Alstom's acquisition of the joint venture shares plus 3% per year from the closing of the sale of the Energy businesses to GE. The put option will also be exercisable at any time in case of specific circumstances, notably in case of an IPO of one of the joint ventures or transfer to a third party of the shares held by GE in one of the joint ventures</li> <li>– <b>Call option:</b> GE undertakes to sell to Alstom all the shares held by GE in the joint ventures at Alstom's request in May of each year from 2015 to 2019 (and in case of an IPO of one of the joint ventures) at a price equal to the fair market value of the shares, provided such price shall not be lower than GE's acquisition price of the joint venture shares plus 3% per year from closing of the sale of the Energy businesses to GE</li> </ul>
<b>Length of Shareholders' agreement</b>	20 years	20 years	20 years

### c. The acquisition by Alstom of General Electric's Signalling business

The agreements entered into with General Electric provide for the acquisition by Alstom of General Electric's Signalling business ("GE Signalling") and the implementation of a global alliance in the rail sector.

The GE Signalling business is currently run by General Electric Transportation. It employs around 1,200 people worldwide. For the financial year 2013 the turnover of this business amounted to \$485 million, of which around half in North America.

GE Signalling is a supplier to railway companies and signalling systems integrators of onboard and wayside signalling products such as level crossings, train control systems, cab signalling, interlockings as well as a provider of turnkey projects. GE Signalling activities cover principally the freight market (clients include the main railway operators in North America and large oil and mining companies), as well as the passenger mainline and urban markets. GE Signalling recently introduced a range of solutions to enter the ETCS (European Train Control System) and CBTC (Communication Based Train Control) markets.

GE Signalling's activities are complementary to those of Alstom (Transport). The acquisition by Alstom of the GE Signalling business would comfort Alstom as the second largest signalling company worldwide and would strengthen Alstom's position in both North America and the freight market.

The acquisition of GE Signalling has been agreed at a price of \$800 million (on a cash free/debt free basis), with a possible adjustment based on the actual level of working capital on the date of completion of the acquisition compared to a target level.

General Electric will restructure its activities, notably by separating off those not related to the signalling business prior to the acquisition completion date. The acquisition is subject to the completion of the Transaction and to regulatory and competition authorities clearances. General Electric provides limited representations and warranties. Several specific agreements must also be signed upon completion of the acquisition, notably (i) a transitional services agreement, (ii) a preferred supply agreement of cab signalling products for GE Transportation's locomotive business, (iii) production and shared services agreements for certain sites in the United States of America and Brazil, and (iv) an agreement under which General Electric undertakes to support Alstom's commercial efforts in the freight market outside of the United States of America.

Alongside the transaction relating to the Signalling business, the global alliance agreement aims at strengthening General Electric and Alstom respective businesses in the rail sector. This alliance covers notably commercial support from General Electric to Alstom in the United States of America and in the rest of the world, the servicing and maintenance of General Electric's installed base of locomotives and their assembly in some specific countries, the development of new technologies, a purchasing alliance as well as financing facilities through GE Capital.

### 4. Financial data for Transaction assessment

HSBC was appointed by the committee of independent directors to produce a report for the Board of Directors in order to establish whether or not the Transaction was equitable for Alstom from a financial standpoint.

HSBC conducted its assessment work using a classical multi-criteria methodology combining market multiples, the sum-of-the-parts approach, transaction multiples and up-to-date cash flows.

On the basis of these valuations, HSBC concluded that the General Electric offer produces a significant potential premium for Alstom shareholders over the share price of €24.3 as of 23 April 2014 (the date on which the media mentioned the existence of the Transaction for the first time), the amount of which depends on the value allocated to Alstom's Transport businesses. This estimated premium is consistent with premiums paid in public takeover bids in France in the past recent years.

HSBC also carried out a valuation using the multiples and DCFs (discounted cash flows) methods and concluded that the price paid by General Electric to Alstom for its Energy businesses was equitable from a financial standpoint.

### 5. Alstom after completion of the Transaction – description of the Transport business

Once the Transaction has been completed, Alstom will concentrate on its businesses in the Transport field and on its alliance with General Electric in the Energy field *via* the joint ventures.

Alstom will use the proceeds from the sale to strengthen its Transport business, to invest in the Energy alliances, to pay back debt and remunerate its shareholders. Utilisation of the proceeds of the sale, in particular the proposed distribution to Alstom's shareholders, is described in Section 6 below; the Energy alliances are set out in Section 2 above.

Alstom was created around its rail transport activities nearly one century ago. Alstom Transport is a global leader in the rail equipment, systems and services market, in the signalling sector for urban, suburban, regional and mainline transportation and in the freight transport market. Alstom benefits from a growing market with solid fundamentals driven by urban expansion, environmental issues, as well as economic growth and public spending, these two latter factors being less important in the short term. Thus, by 2050, world population should exceed 9 billion inhabitants, of which nearly 70% will reside in urban areas (source: UNFPA, United Nations Population Fund). This trend leads to saturation of the existing transport infrastructures. According to the Union of European Railway Industries (2014), the rail transportation market should continue to grow in the coming years (with an expected growth of around 3% per year on average between 2011/13 and 2017/19). In this context Alstom Transport has been able to develop a combination of global and local presence providing it with genuine client proximity and greater industrial flexibility. Its product range, one of the broadest and most integrated in the market, and its position as technological market leader,

place Alstom in a favourable position to benefit from global growth in the rail transport sector. Finally, in order to generate profitable growth, Alstom Transport focuses on operational excellence and continuous improvement initiatives. With around 28,300 employees in more than 60 countries, 9,000 of whom are in France, the Transport business, the head office of which is located in Saint-Ouen (France), achieved total sales of €5.9 billion in fiscal year 2013/14 and €3.1 billion in the first half of fiscal year 2014/15. The order book as of 30 September 2014 has reached a record level of €26.9 billion.

Transport's activity portfolio is comprised of trains, systems, services and signalling. It covers the range of trains from tramways to very high speed, components, services and infrastructure (track and electrification), as well as integrated solutions and all the railway traffic control systems (signalling and information systems).

Thanks to its global network and its strong local presence worldwide, Transport is able to competitively meet the demands of its customers throughout the world, while working in increasingly demanding local environments. The business can rely on its manufacturing sites' proximity to precisely monitor changes in customer needs and respond quickly. With approximately twenty alliances covering numerous business activities (trains, locomotives, components, systems, services and signalling) in Europe, the Middle East/Africa, Asia and CIS countries, Transport has built a solid, efficient and well-established network of partners. These alliances, which, for the most part, are joint ventures but also include strategic and commercial partnerships, enable the Sector to meet its customers' growing demand for a local presence, while developing adapted products.

For more information on the financial impact as of 30 September 2014 of the implementation of the Transaction and group's outlook, reference must be made to the half-year financial report for fiscal year 2014/15 which contains Alstom's interim consolidated accounts for the half-year ended on 30 September 2014 and the activity report associated with the interim consolidated accounts. These half-year accounts do not take into account the allocation of a part of the sale proceeds, and notably the repayment of part of the debt to strengthen Alstom's balance sheet and the distribution to the shareholders after the completion of the Transaction as mentioned below. The Energy businesses (Thermal Power, Renewable Power and Grid) are globally reported in Alstom's condensed interim consolidated financial statements and associated activity report as discontinued operations in compliance with IFRS 5.

### Elements regarding the treatment of plans for share subscription options and performance initiatives

It should be noted that current plans for share subscription options and for the allocation of performance shares (LTI Plans) awarded by the Company's

Board of Directors to various group employees (notably employees in the Energy sector, including central and shared services) are presented in the group's 2013/2014 Reference Document on pages 235 to 240.

The implementation of the Transaction has the following consequences for the LTI Plans:

- In accordance with the terms of the Contract of Sale, beneficiaries of LTI Plans who leave the Alstom group as a result of the sale of Alstom's Energy businesses to General Electric shall retain the benefit of their options and their rights to be allocated performance shares, provided that they are an employee of the Alstom group as of the date of completion of the Transaction. The lifting of the condition of presence following completion of the Transaction has been approved by the Board of Directors.
- With respect to the performance conditions under LTI Plans 15 and 16 relating to a reference period which had not ended on 1 April 2014, these performance conditions shall be deemed to have been met by the fact of, and subject to, the completion of the Transaction. The Board of Directors has (i) stated that the sale price of Alstom's Energy businesses amounting to €12.35 billion highlights assumptions of results for the Power and Grid businesses which imply that demanding performance conditions set for the entire Alstom group are met, and (ii) reiterated that the completion of the Transaction now constitutes the group's strategic priority.

In accordance with the decision taken by the Board of Directors in the light of the report of the Nominations and Remuneration Committee, such modifications to LTI Plans 15 and 16 would become effective subject to the approval of the Transaction at the General Meeting. Furthermore, under the terms of the Contract of Sale, General Electric undertakes to pay Alstom the economic value of the subscription options and performance shares allocated to beneficiaries within the perimeter of the Transaction (including the Chairman and Chief Executive Officer) for LTI Plans 14, 15 and 16 up to a maximum amount of €60 million, this cost to be established by an independent expert after the completion of the Transaction.

### Information about the governance of Alstom on completion of the Transaction

The Board of the Company will not be changed by the completion of the Transaction. The Annual General Meeting of shareholders will be asked to vote on the renewal or replacement of the mandates of six directors which will expire at the end of such meeting; the Board will make the corresponding proposals in May 2015.

The Board also noted that under the memorandum of understanding signed on 22 June 2014 between the French Republic and Bouygues, Bouygues and the French Sate have agreed to make their best efforts to ensure that the Board of Directors of the Company comprises, following the completion of

the distribution to the shareholders of a proportion of the proceeds from the sale of the Energy's activities, a director designated by Bouygues, provided that Bouygues holds at least 1% of the share capital of the Company, and two Directors proposed by the French state.

The Board of Directors will decide on its composition and on the governance of the Company after the distribution to the shareholders which will follow the completion of the Transaction

## 6. Allocation to Alstom's shareholders of a proportion of the sale price of its Energy businesses

Alstom proposes to distribute to its shareholders a proportion of the monies received from General Electric in respect of the sale of Alstom's Energy businesses.

The precise amount to be distributed to the shareholders will be established by the Board of Directors at a later stage. When calculating the amount, the main objective of Alstom's Board of Directors will be to ensure that the new Alstom has a financial structure that enables it to:

- deal with its operational needs;
- have the ability to finance itself over the short, medium and long term, taking into account the specific importance of bank guarantees for its activities;
- seize value-creating external growth opportunities, should such opportunities happen.

The main factors affecting this decision are as follows:

- as per the agreements above described, a proportion of the proceeds from the sale of Energy businesses will be reinvested in (i) joint ventures with General Electric totalling €2.6 billion, and (ii) the acquisition of GE Signalling for a total of \$0.8 billion, approx. €0.6 billion; it should be noted that the amount of €2.6 billion (increased by an annual interest of 2% to 3% depending on the joint ventures) constitutes the guaranteed minimum price at which Alstom could sell to General Electric its shareholdings in the joint ventures, in case of exercise of the put options granted by General Electric;
- a proportion of the proceeds of the sale shall be used to strengthen Alstom's balance sheet after completion of the Transaction by repaying part of its debt; it is currently planned to allocate to early repayment of its debt an amount of between €1 billion and €2 billion, to be determined according to the cost to the Company of the said early repayment; it will also be used to establish a cash position that enables Alstom's operational requirements to be met and support the group's development strategy.

The precise terms of this distribution, which will take place after the completion of the Transaction, have not yet been definitively decided by the Company's Board of Directors. In view of the above factors, the Board of Directors currently proposes to distribute between €3.5 billion and €4 billion to the shareholders. The final amount of the distribution could however be fixed outside of this range if the circumstances required it.

Amongst the potential options for the distribution, Alstom contemplates launching a public share buy-back offer (*offre publique de rachat d'actions* or "OPRA") followed by a capital reduction through cancellation of shares. The precise amount to be distributed and method of distribution will be specified at a later date. As is contemplated today, if the OPRA route is selected, the Company's shareholders would be required to approve the terms of implementation of the offer, in particular the proposed price per share. Bouygues, which holds as of the date of this Report 29.27% of the share capital and voting rights of the Company, has committed that its representatives at the Company's Board of Directors vote in the same manner as the greatest number of directors with respect to the distribution to shareholders of part of the sales proceeds, and to exercise its voting rights at the Company's Shareholders' Meeting in favour of any deliberation with respect to such distribution in the manner recommended by the Board of Directors.

## 7. Review of the status of the implementation of the Transaction

On 31 October 2014, the Alstom personnel representative bodies, both at European level and for each of the legal entities affected, were informed and/or consulted on the Transaction and have issued their opinion on the Transaction all in accordance with applicable laws. After completion of this process, Alstom signed on 4 November 2014 a set of agreements with General Electric, including notably the Contract of Sale, the formation agreements relating to the joint ventures as well as the agreements related to the acquisition of GE Signalling and the global alliance in the rail sector.

As of 9 October 2014, the 17 banks party to the committed facility of issuance of guarantees totalling €9 billion confirmed that they would not invoke any non-compliance with this facility in relation to the Transaction.

On 5 November 2014, the French government gave its authorisation for the Transaction under Article L. 151-3 of the Monetary and Financial Code relating to foreign investments in France.

Finally, regarding the merger control authorities, the Transaction is being notified with the competent authorities. Exchanges are under way with these authorities, as well as all relevant filings made in a timely manner and according to the schedule established between Alstom and General Electric.

## Formalities (Second resolution)

Finally, the purpose of the second and last resolution is to enable the completion of the legal formalities resulting from this Meeting.

The Board of Directors

## 4 Text of the resolutions

### First resolution

(Approval of the sale of Alstom's Energy (Power and Grid) businesses and central and shared services to General Electric)

The Shareholders' Meeting, deliberating under the quorum and majority rules governing extraordinary Shareholders' Meetings, approves the sale of Alstom's Energy (Power and Grid) businesses to General Electric as well as the central and shared services of Alstom, such as such sale has been presented in the presentation of the present resolution.

### Second resolution

(Powers for the execution of Shareholders' Meeting resolutions and formalities)

The Shareholders' Meeting, deliberating under the quorum and majority rules governing extraordinary Shareholders' Meetings, grants all powers to the bearer of an original, a copy or an excerpt of the minutes of this Shareholders' Meeting to perform any filings and formalities as may be necessary.



## 5 Alstom 2013/2014: Summary of activity of the Fiscal Year ended 31 March 2014

Between 1 April 2013 and 31 March 2014, Alstom booked €21.5 billion of orders, down 10% compared to last year. Sales, at €20.3 billion, showed a 4% organic growth compared to last year. Income from operations amounted to €1,424 million, down 3%, with a 7% operating margin. The net result decreased from €768 (\*) million in 2012/13 to €556 million, affected mainly by higher restructuring and financial charges as well as some specific write-offs and

provisions. The free cash flow has been positive in the second half of 2013/14 with €340 million generated, after the €511 million outflow in the first half.

For more information, see also the group's Registration Document for fiscal year 2013/14, in particular section "Management report on consolidated financial statements fiscal year 2013/14".

### KEY FIGURES

<i>(in € million)</i>	2012/13 (*)	2013/14	% change reported	% change organic
<b>Actual figures</b>				
Orders received	23,770	21,498	-10%	-6%
Backlog	52,875	51,458	-3%	2%
Sales	20,269	20,269	0%	4%
Income from operations	1,463	1,424	-3%	
Operating margin	7.2%	7.0%	-	
Net income	768	556	-28%	
Free cash flow	408	(171)	-	

(\*) Adjusted for revised IAS 19.

### ACTIVITY DURING THE FISCAL YEAR ENDED 31 MARCH 2014

#### A better commercial performance in the 2<sup>nd</sup> half

Alstom delivered a better commercial performance in the second half of the fiscal year allowing the group to end the year with a book-to-bill ratio above 1. Sales were up 4% organically driven mainly by the strong performance of Transport and Renewable Power. The operating margin, at 7%, benefited notably from a favourable mix in Thermal Power, continuing progress of Transport results and the impact of the group's Performance Plan, d2e. Free cash flow was positive in the second half, partly offsetting the significant outflow of the first half. Alstom has recently received a binding offer from General Electric to acquire the Company's Energy (Power and Grid) activities. The group has retained the possibility to consider unsolicited alternative offers that may be deemed superior. Should this project be approved and completed, Alstom would refocus on its Transport activities.

Challenging macro-economic conditions continued to weigh on Alstom's commercial performance with still a sluggish economic environment in mature countries. In this environment, a large number of major infrastructure projects have been postponed, notably in Thermal Power.

During fiscal year 2013/14, Alstom registered €21.5 billion of orders, down 10% compared to last year, with orders up 4% in the second half thanks to some large contracts booked in Thermal Power as well as in Transport. On 31 March 2014, the backlog amounted to €51.5 billion, representing 30 months of sales.

Thermal Power registered €9.0 billion of orders in 2013/14. The weakness in new build orders during the first nine months was partly offset by a better Q4 with a large steam order in Poland and gas turbines booked in Iraq and Chile. The number of turbines sold over the year amounts to 11. Thermal Power Services orders reached €4.9 billion.

Renewable Power achieved in 2013/14 a strong commercial performance, with order intake at €2.6 billion, thanks to several hydro contracts booked in Albania, Turkey, Canada, India and Israel. In wind, the Sector registered significant commercial successes, notably in Brazil.

Over the period, Grid booked €3.5 billion of orders, decreasing compared to last year, as no large High Voltage Direct Current (HVDC) project was awarded during the period. Excluding Dolwin 3 and Champa (two HVDC projects booked over the year 2012/13), orders were stable year-over-year.

Transport registered again a solid level of orders, at €6.4 billion with a particularly dynamic second half (€3.5 billion). Successes were notably booked in Saudi Arabia (turnkey metro project), France (regional trains) and Chile (modernisation of the metro network). Transport has a backlog of €23.2 billion, representing 4 years of activity. The largest contract in Alstom's history, for suburban trains in South Africa, will be booked in the first quarter 2014/15 for €4 billion.

## Sales organic growth and stability in operating profit

In 2013/14, the group's sales stood at €20.3 billion, up 4% organically compared to last year. This increase was mostly driven by Transport and Renewable Power (both up 9% organically). Sales in Grid were also up organically by 6%, while Thermal Power sales remained stable.

In fiscal year 2013/14, income from operations amounted to €1,424 million versus €1,463 million in the previous year, corresponding to an operating margin of 7%. The operating margin in Thermal Power slightly increased at 10.6%, thanks to Thermal Services contribution and tight cost control. Renewable Power's operating margin, at 4.5% was affected by unfavourable mix and continuing price pressure in wind. The operating margin in Grid slightly decreased to 5.6%, penalised by the trading of some orders of standard products with low margins. Transport's operating margin continued to recover at 5.6% thanks to volume increase and efforts on costs.

The "Dedicated to Excellence" (d2e) plan, presented last November, has shown sound progress. Tight spend discipline at Sectors and Corporate levels allowed Alstom to achieve over €500 million of savings at the end of 2013/14 vs 2012/13 cost base.

Net profit amounted to €556 million, down 28% compared to last year. It was impacted by restructuring costs (€220 million in 2013/14 compared to €137 million last year), higher financial expenses and tax rate, as well as some specific legal charges and write-offs.

## Positive free cash flow in the 2<sup>nd</sup> half

After a large cash outflow in the first half of 2013/14, the free cash flow was positive at €340 million in the second half, supported by efficient working capital management and higher downpayments. For the full year, the free cash flow amounted to €(171) million, particularly affected in the first half by unfavourable cash profile of some contracts executed during the period.

The group had a gross cash in hands of €2.3 billion at the end of March 2014 and a confirmed undrawn credit line of €1.35 billion.

At 31 March 2014, net debt stood at €3,019 million compared to €2,342 million at 31 March 2013. This increase over the year mainly resulted from the negative free cash flow and the payment of the dividend for 2012/13.

Equity remained stable over the period, standing at €5,109 million at 31 March 2014 from €5,087 million at 31 March 2013 (adjusted for revised IAS 19).

## Strategic reorientation

Alstom has recently received a binding offer from General Electric to acquire its Energy business. The scope of the proposed transaction includes Thermal Power, Renewable Power and Grid Sectors, as well as corporate and shared services. The proposed price represents an Equity Value of €12.35 billion and an Enterprise Value of €11.4 billion, or 12.2x FY13 EBIT.

In the context of this binding offer, Alstom may not solicit offers from third parties for the acquisition of its Energy business. The group has however reserved the right to consider unsolicited offers for its Energy business and engage in discussions with bidders demonstrating a serious interest that could lead to a superior offer for Alstom.

Should the project 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, pay down debt and return cash to its shareholders. The planned disposal of a minority stake in Alstom Transport is consequently put on hold.

The half-year financial report for fiscal year 2014/15 which contains Alstom's interim consolidated accounts for the half-year ended on 30 September 2014 and the activity report associated with the interim consolidated accounts, is available on the Company website.

## 6 Request for documents and information (Article R. 225-83 of the French Commercial Code)

Extraordinary Shareholders' Meeting of 19 December 2014

I, the undersigned  Mrs  Miss  Mr  Company

Surname (or Company name): .....

First name: .....

Address: .....

Town: .....

Postal code: .....

Country: .....

Owner of: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] registered shares in ALSTOM

And/or of: [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ] bearer shares in ALSTOM

Hereby request that the documents and information concerning the Extraordinary Shareholders' Meeting as per Article R. 225-83 of the French Commercial Code on commercial companies be sent to the above address.

Signed at: ..... (geographical location) on: ..... 2014

Signature:

**NOTE:** Pursuant to Article R. 225-88 of the French Commercial Code, holders of registered shares may, by a simple request, obtain the documents and information as per Articles R. 225-81 and R. 225-83 of the French Commercial Code for every subsequent Shareholders' Meeting. Shareholders wishing to take advantage of this option should indicate this on the present request.

**Please send this request:**

- if your shares are registered shares, to BNP Paribas Securities Services – CTS – Service Assemblées – Grands Moulins – 9, rue du Débarcadère 93761 Pantin Cedex, France;
- if your shares are bearer shares, to the financial intermediary with whom your shares are deposited.



## NOTES

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**ALSTOM**

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