

## NOMINATIONS AND REMUNERATION COMMITTEE INTERNAL RULES

(as approved by the Board of Directors held on 13 May 2003 and amended by the Board of Directors on 25 March, 25 May 2004, 28 March 2007 and 18 March 2009)

### 1. Membership

The Nominations and Remuneration Committee (hereinafter referred to as the "Committee") shall consist of three members at least, including a Chairman, all appointed by the Board of Directors from among the Directors of ALSTOM. At least a majority of the Committee's members must be independent including the Chairman. The term of office of a member of the Committee shall not exceed his or her term of office as a Director. The Board of Directors can, at any moment, revoke a member's membership to the Committee.

The criteria according to which a Director's independence is qualified are determined annually by the Board of Directors upon recommendation of the Committee in accordance with corporate governance principles that the Company abides by.

A Committee member cannot be a corporate officer of the Company with management duties (hereafter referred to as "Dirigeants Mandataires sociaux").

### 2. Responsibilities

The Committee shall be responsible for reviewing and recommending or proposing to the Board of Directors on the following:

- whether or not the roles of Chairman of the Board and Chief Executive Officer are unified or separated;
- the nomination (and revocation) of the Chairman and of the Chief Executive Officer;
- the nomination of new Directors, including in case of vacancy; in particular the Committee shall organise an appropriate procedure for selecting independent Directors and shall itself make its own independent research on potential candidates prior to their being approached;
- the nomination (and revocation), upon proposal of the Chief Executive Officer, of any other Dirigeants Mandataires sociaux and members of the Executive Committee;
- the succession plans for the Dirigeants Mandataires sociaux;
- the Board and Committees composition (including appointment and renewal) and functioning;
- the compliance by the Company with corporate governance principles that the Company abides by, notably regarding the policy with respect to the remuneration of the Dirigeants Mandataires sociaux. The Committee advises the Board on the part of the annual report dedicated to the shareholders' information on these matters and on Board's work;

- the Company's definition of an "independent Director" and the list of independent Directors to be inserted in each Company's annual report;
- the whole of the elements comprising the compensation of the Dirigeants Mandataires sociaux of the Company, including any award of stock options or performance-based shares, as well as compensation and benefits of any kind (including pensions and termination benefits) also paid to them by the Company or companies belonging to the Group. The Committee shall notably review and define the rules for determining the variable part, shall ensure its coherence with the Dirigeants Mandataires sociaux annual performance evaluation and the strategy of the Company, and thereafter assess annually the implementation of these rules;
- the Company's general policy relating to stock option plans including the granting timing and frequency, and any stock option plans to be proposed including the proposed beneficiaries;
- the Company's general policy relating employee share purchase schemes and any schemes to be proposed;
- the Directors' fees (*jetons de présence*) and their granting conditions.

The Committee shall decide whether it will define, upon proposal of the Chief Executive Officer, the compensation and benefits including the principles and criteria used for their performance evaluation, in particular those for determining the variable part of their remuneration of all or some of the members of the Executive Committee, or whether it will just be informed of these.

The Committee shall also develop and recommend to the Board for its approval, a formal process for evaluating the functioning of the Board and its Committees to be implemented at least every three years and, without the presence of the Directors concerned, prepare the annual performance evaluation of the Chairman of the Board and of the Dirigeants Mandataires sociaux based on the principles applied to and criteria used for other Senior Corporate Executives.

The Committee shall perform any other related activities as the Committee or the Board of Directors deems necessary or appropriate.

### **3. Operating procedures**

The Committee shall meet at least three times a year at the convocation of its Chairman or the Chairman of the Board of Directors, upon reasonable prior notice or without delay in case of urgency, and in any case prior to any Meeting of the Board of Directors whose agenda contains an item relating to the Committee's responsibility. In addition, each member may propose a Meeting if he or she sees the need to discuss particular matters. Convening of the Committee may be done by any means, including verbally.

A quorum of at least half of the members present is required for a Committee Meeting to take place, of which two members shall be independent.

The Chairman of the Committee shall appoint a Secretary of the Committee.

Materials related to the Meeting's agenda items are to be provided to the members sufficiently in advance of the Meeting, and whenever possible at least two days before the Board Meeting which will follow such Meeting, to allow review by the members.

The Committee shall meet with any officers of the Company it may think necessary.

The Committee shall have authority to retain such outside independent counsel, experts and other advisors and to determine their fees and retention terms as it deems appropriate from time to time and in its sole discretion, while expenses associated with the use of this authority will be borne by the Company.

The Committee may request all information as well as training necessary to perform its tasks.

The Chairman and Chief Executive Officer of the Company may attend all or part of the Meetings except on items relating to him.

Meetings of the Committee may be held in person, by telephone or videoconference using any means for the exchange of documents (mail, telecopy or electronic transfer), which permit the agenda and preliminary documents to be transmitted to members; the list of participants to be drawn up; and which permit members to exchange opinions and to establish the Committee's recommendations, proposals, conclusions and comments.

The Committee's recommendations, proposals, conclusions and comments are decided by the majority of these Committee members attending the Meetings, each member holding one vote. In the event that votes are equally shared, the Chairman will cast the deciding vote.

The minutes of Meetings shall be prepared by the Secretary of the Committee for approval of the Chairman of the Committee and the other members of the Committee. Once approved, the Secretary shall keep the Minutes of the Committee Meetings.

#### **4. Report to the Board**

The Chairman of the Committee or the member designated by the Committee when the Chairman is unavailable, shall in due course submit a summary of the Committee's recommendations, proposals, conclusions and comments to the Board of Directors and its Chairman.

The Committee presents to the Board a formal evaluation of its functioning at least once every three years. Once a year, the Committee dedicates one of the items on its agenda to a debate concerning the Board and Board Committees' functioning.

The Committee shall review at least annually the adequacy of these rules of the Nominations and Remuneration Committee and recommend any proposed changes to the Board of Directors for approval.

The Committee shall also submit for the Board's approval a summary of its tasks performed in respect of each financial year, to be inserted in the Company's annual report.

\* \*  
\*