

Free translation of the original French version

Complementary elements in the context of the preparation of the general meetings of shareholders to be held on 17 July 2018

1. Complementary elements regarding the remuneration policy of the Chief Executive Officer of Siemens Alstom after the completion of the transaction

Annual Fixed Remuneration

The remuneration of the Chief Executive Officer is set for several years, post-closing of the transaction, in consistency with the stability principle, a corner stone of the remuneration policy of corporate officers.

The Company's past practice reflects this stability as the remuneration policy set by the Board of Directors on 28 January 2016 has been extended beyond the two-year period initially defined. The only changes resulted from the Company's intent to integrate feedbacks received during engagement with its shareholders during the fiscal year 2017/18.

The level of annual fixed remuneration of the Chief Executive Officer of the combined entity has been established considering panels of 22 similar companies in France (notably Arkema, Faurecia, Dassault Systèmes, Legrand, Nexans and Thalès) and 14 companies in Europe (notably BAE Systems, Leonardo, Rolls Royce and ThyssenKrupp) to which the Company usually refers to regarding its remuneration practices. Taking into account criteria such as revenue, number of employees and market capitalisation, the combined entity should be positioned around the 3rd quartile of these two peer groups' ranking. The Board of Directors following the recommendation issued by the Nominations and Remuneration Committee, considered that the remuneration of the future CEO of the combined entity set between the median and the 3rd quartile of this two peer groups, would be a competitive proposal – while remaining reasonable – compared to its peers and would align the remuneration level of the Chief Executive Officer to the scope of his new responsibilities. The analysis was conducted with the support of Mercer, specialised consultant in remuneration of corporate officers. The positioning is presented in appendix of the present document.

Supplemental pension plan

Following on the decisions taken end 2016 on the supplementary retirement plans of the executive corporate officers (notably the closure of the Defined Benefit plan "Article 39" and the freeze of cumulative rights already acquired on 31 December 2016) and with the objective of a continuous decrease in the company's social debt, the Board of Directors, upon recommendation of the Nominations and Remuneration Committee, has taken note of the closeout of the "Article 39" pension plan for all beneficiaries (certain members of the Executive Committee). Consequently, the Nominations and Remuneration Committee has proposed to the Board of Directors a compensation, to be transferred to the specific vehicle dedicated to retirement of the Defined Contribution plan "Article 82", for the loss of the accrued rights by Mr Henri Poupart-Lafarge during his 20 years with the Company. This balance payment displays an individualised discount versus the accounted liability based on the proposal of external actuaries taking into account several criteria and assumptions:

- Initial pension plan rules "Article 39"

- Age and turnover likelihood of beneficiaries
- Mortality tables
- Fore coming implementation into French law of the EU Directive on pension rights portability with the likely crystallization of all accrued rights under such schemes.

All beneficiaries, including Mr Henri Poupart-Lafarge, subject to the Shareholders' General Meeting approval and after the completion of the transaction, will therefore receive a balance payment of their accrued rights with an individualised discount rate between 6% and 25%. In addition, only the balance payment which may benefit to Mr Henri Poupart-Lafarge and amounting to a gross sum of 3,375 k€, will be paid annually in thirds over three years, subject to presence within the Company. The related liability of the company will therefore be reduced by 5,641 k€. The assessment of the discount rate and the calculation of the balance payment were proposed by Willis Towers Watson, consulting actuary of the Group.

2. Complementary elements regarding related-party agreement in relation with the engagement letter with Rothschild & Cie as financial adviser in connection with the combination of Alstom and Siemens' mobility business

The Company would like to clarify that:

- the mandate of exclusive financial advisory in connection with the transaction has been entrusted to Rothschild & Cie under the usual market practices as are customary in this type of mandate;
- if the Board of Directors' prior authorisation occurred on 26 September 2017, the Board of Directors was aware of and followed the evolution of the mission entrusted to Rothschild & Cie for several months as this mission was fully in line with the strategy determined by the Board of Directors. As it is customary when a company resorts to a business bank, the negotiation of the terms of the financial advisory agreement was only finalized when the memorandum of understanding was close to be effectively signed, i.e. the day of the Board of Directors' meeting of 26 September 2017 and was signed at the end of the Board. Finally, such signature is only a step in a long process and does not ensure the success of the transaction.

3. Complementary elements regarding related-party agreement in relation with the non-compete agreement entered into with Mr. Henri Poupart-Lafarge

The Board of Directors, based on the recommendation issued by the Nomination and Remuneration Committee, decided that the conclusion of a non-compete agreement would grant a better protection to the Company's interest than severance payments. The Board of Directors has indeed identified that a potential departure of Mr Henri Poupart-Lafarge would represent a significant risk factor for the Company, considering his knowledge, of the mobility sector acquired during the last 20 years and new challenges resulting from its digitalization. The terms and conditions of this non-compete agreement are strictly limited, as in particular:

- The Board of Directors will decide upon its implementation at the time of departure of the Chief Executive Officer (provided that no payment shall be made in case of retirement, gross misconduct, or major financial difficulties for Siemens Alstom);
- The scope of activities is broad; and
- The indemnity will be paid monthly in twenty-four equal payments.

Appendix:

Positioning of the combined entity versus peer groups

Groupe de référence France / French industrial peer-group

ARKEMA	EUTELSAT	NEXANS	SUEZ ENV.
BIC	FAURECIA	PEUGEOT	TARKETT
BUREAU VERITAS	GEMALTO	SEB	THALES
DASSAULT AVIATION	IMERYS	SOLVAY	VEOLIA ENV.
DASSAULT SYS.	INGENICO	SPIE	ZODIAC AEROSPACE
EIFFAGE	LEGRAND	STMICRO	

	Revenues (in M€)	Employees	Market capitalization (in M€.)	Age	Seniority
1st Quartile	4 800	25 900	5 200	57	5
Median	5 500	33 300	8 500	59	7
3rd Quartile	15 000	69 100	13 600	61	10

Groupe de référence européen / European industrial peer-group

AMS	LEONARDO	SANDVIK
BAE SYSTEMS	MTU AERO.	SMITHS GROUP
CNH	PRYSMIAN	SMURFIT KAPPA
GEORG FISCHER	RHEINMETALL AG	THYSSENKRUPP
GKN	ROLLS-ROYCE	

	Revenues (in M€)	Employees	Market capitalization (in M€)
1st Quartile	4 900	22 300	5 000
Median	8 300	44 000	7 000
3rd Quartile	15 700	56 100	14 600

Source : Mercer

Positioning of the combined entity CEO's remuneration versus peer groups

Groupe de référence France / French peer-group

Market	France	EUR	1st Quartile	Median	3rd Quartile	Mean
Annual Base Salary (ABS)			744 800	800 000	912 500	868 000
Actual bonus			637 500	870 100	1 252 500	934 100
Actual bonus in % of ABS			86%	109%	137%	108%
Target bonus in % of ABS			100%	100%	109%	107%
Maximum bonus in % of ABS			140%	150%	160%	149%
Actual total cash			1 338 400	1 544 100	1 956 200	1 683 800
LTI			765 500	1 403 300	1 650 700	1 838 800
LTI in % of ABS			106%	157%	215%	199%
Actual total compensation			1 889 700	2 815 200	3 667 400	3 338 800

Groupe de référence européen / European peer-group

Market	Europe	EUR	1st Quartile	Median	3rd Quartile	Mean
Annual Base Salary (ABS)			854 700	1 002 700	1 123 800	1 007 400
Actual bonus			614 100	908 200	1 441 800	1 127 700
Actual bonus in % of ABS			64%	103%	163%	107%
Target bonus in % of ABS			83%	100%	100%	93%
Maximum bonus in % of ABS			150%	150%	180%	156%
Actual total cash			1 610 800	1 986 200	2 372 200	2 195 200
LTI			842 600	1 407 000	1 991 100	1 704 500
LTI in % of ABS			109%	138%	237%	172%
Actual total compensation			2 198 900	2 860 600	3 585 100	3 534 500

Source : Mercer