

**Alstom S.A.**

A French *société anonyme* (joint stock company) with a share capital of €1,555,473,297.00  
Having its registered office at 48, rue Albert Dhalenne, 93400 Saint-Ouen, France  
Registered with the Trade and Companies Register under No. 389 058 447 R.C.S. Bobigny  
(the “**Company**” or “**Alstom**”)

**GENERAL SHAREHOLDERS’ MEETING TO BE HELD ON JULY 17, 2018**

**REPORT OF THE BOARD OF DIRECTORS ON  
THE CONTRIBUTION BY ALSTOM OF THE CONTRIBUTED SHARES  
TO ITS SUBSIDIARY ALSTOM HOLDINGS (Resolution 19)**

The purpose of this report (the “**Report**”), prepared pursuant to Articles L. 236-9, paragraph 4, and R. 236-5 of the French Commercial Code, is to describe, from a legal and economic standpoint, the reasons for and terms and conditions of the proposed contribution, subject to the spin-off regime (*régime juridique des scissions*), by which Alstom (the “**Contributing Company**”) would contribute to Alstom Holdings, a French *société anonyme* (joint stock company) and directly and indirectly wholly owned subsidiary of Alstom, having its registered office at 48 rue Albert Dhalenne, 93400 Saint-Ouen, France, registered under number 347 951 238 RCS Bobigny (the “**Beneficiary Company**” or “**Alstom Holdings**”, together with Alstom, the “**Parties**”), the Contributed Shares (as defined below), pursuant to the provisions of a contribution agreement entered into by and between the Parties on May 17, 2018 (the “**Alstom Contribution Agreement**”).

The Alstom Contribution (as defined below) will be submitted to Alstom’s general shareholders’ meeting to be held on July 17, 2018 (the “**General Shareholders’ Meeting**”).

This Report is made available to the shareholders on the website of the Company (<http://www.alstom.com/>) and at its registered office, as provided for by the laws and regulations applicable.

## PROPOSED CONTRIBUTION SUBJECT TO THE SPIN-OFF REGIME

Dear Shareholders,

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

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

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

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

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

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

**Contribution**”), pursuant to the terms and conditions of a contribution agreement entered into on May 17, 2018 between the Siemens Luxembourg Contributing Company and Alstom (the “**Siemens Luxembourg Contribution Agreement**”, and together with the Siemens French Contribution Agreement, the “**Siemens Contribution Agreements**”).

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

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

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

We propose that you approve the Alstom Contribution, the terms and conditions of which have been agreed upon by the Board of Directors of Alstom on May 15, 2018, the Alstom Contribution Agreement having been signed by the Chief Executive Officer of Alstom, Mr Henri Poupart-Lafarge, on May 17, 2018. The reasons, purposes and features of this transaction are detailed in the Alstom Contribution Agreement which constitutes the Appendix to this Report. The Contribution Agreement has been filed with the Commercial Court (*tribunal de commerce*) of Bobigny on May 23, 2018 under No. 32148 on behalf of the Company and under No. 32152 on behalf of the Beneficiary Company.

This Report explains and justifies the Alstom Contribution, from a legal and economic standpoint, in particular regarding the Consideration (as defined below) and the valuation methods used. The terms and conditions of the Alstom Contribution are further described in the Alstom Contribution Agreement which constitutes the Appendix to this Report.

#### 1. Reasons for and objectives of the transaction

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

#### 2. Preliminary transactions, Siemens Carve-out

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

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

- For the Contributing Company

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

- For the Beneficiary Company

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

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

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

In accordance with applicable legal and regulatory provisions, such reports are made available to you on the Company’s website and at the registered office of the Company in view of the General Shareholders’ Meeting.

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

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

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

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

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

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

Contribution will be identical to the valuation of the Contributed Shares under the Siemens Contributions.

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

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

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

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

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

#### 7. Consideration for the Alstom Contribution

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

The consideration of the Alstom Contribution has been contractually set by the Parties and determined consistently with the estimated fair market values of the Contributed Shares by Contributing Company and the Beneficiary Company, *i.e.* €8.484 billion and €8.033 billion<sup>1</sup> respectively, as described in Schedule 9(B) of the Alstom Contribution Agreement.

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<sup>1</sup> Estimate of the fair market value of the net equity value of Alstom Holdings.

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

8. Beneficiary Company's shares issued in consideration of the Alstom Contribution

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

9. Creditors opposition rights

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

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

In accordance with the provisions of Article L. 236-18 of the French Commercial Code, the Alstom Contribution will be submitted to the general meetings of the bondholders of the Contributing Company.

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

The obligations of the Parties to effect Closing are subject to the satisfaction of the following conditions precedent (the “**Conditions Precedent**”):

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

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

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

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

*English translation for information purposes only*

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

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For further information, in addition to the Alstom Contribution Agreement, please refer to the reports respectively on the value of, and on the consideration for the Alstom Contribution prepared by the French contribution appraiser (*commissaire à la scission et aux apports*) which are made available to you on the website of the Company and at the registered office of the Company as provided for by applicable laws and regulations.

## **Appendix**

### **Alstom Contribution Agreement**

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