

Alstom – Shareholders’ meetings of July 17, 2018
Written questions of shareholders

<u>N°</u>	<u>Questions</u>	<u>Answers</u>
1.	<p><u>Regarding the terms of the proposed business combination with Siemens</u></p> <p>Without questioning the strategic interest of the combination for these companies, how can the board of directors justify having approved such combination terms which will be de facto unfavorable to minority shareholders of Alstom, the amount of the control premium being unusually low (around 10%), and the governance of the new combined entity being unbalanced to the benefit of Siemens which will de facto acquire control over the new combined entity Siemens Alstom ?</p>	<p>Since the announcement of the transaction, the Alstom share price has increased by around 30%, demonstrating the recognized value creation resulting from the proposed merger.</p> <p>More precisely, as for the economic terms of the proposed transaction, Alstom’s existing shareholders :</p> <p>(i) will benefit from the value creation implied by the synergies related to the combination and estimated at an annual amount of €470m at the latest four years after the closing date;</p> <p>(ii) will benefit from two reserve and/or premium extraordinary distributions as part of the transaction:</p> <ul style="list-style-type: none"> - an extraordinary distribution of up to €4 per share following the exercise of Alstom’s put options on its joint-ventures with General Electric; - a control premium of €4 per share corresponding to around €0.9bn to be paid by Alstom and economically borne by Siemens. <p>The control premium negotiated with Siemens has to be calculated by taking the unaffected market capitalization of Alstom prior to market rumors and excluding the value of the General Electric JVs. As of September 20, 2017, prior to the announcement of transaction (<i>i.e.</i> unaffected Alstom share price) and excluding the value of the G.E. options, the premium is approximately 21%. This premium level which</p>

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		<p>has been reviewed in particular by an independent financial adviser appointed by the Board of Directors is in line with relevant similar reverse transactions in Europe. It's worth highlighting that, contrary to a full cash takeover bid, Alstom's existing shareholders remain shareholders of the company and benefit from the value creation linked to the combination synergies, in addition to the control premium.</p> <p>The governance of the combined entity as contractually agreed between Alstom and Siemens reflects the future shareholding structure as from the closing date of the combination. The composition of Siemens Alstom's board of directors, which will in particular include, as of closing, six directors qualifying as independent within the meaning of the AFEP-MEDEF Code of Governance out of a total of eleven directors, will be compliant with applicable laws and regulations and with the AFEP-MEDEF Code of Governance.</p>
2.	<p><u>Regarding the procedure for « reserved matters »</u></p> <p>In this kind of takeover, risks of value transfer to the detriment of the minority shareholders are significant. The procedure for reserved matters seems to us insufficient.</p> <p>Why haven't you adopted a control procedure guaranteeing that all agreement executed by Siemens Alstom or any subsidiary of Siemens Alstom with an entity of the Siemens Group (other than the contributed assets) are subject to :</p> <ul style="list-style-type: none"> - a prior approval of the board of directors of Siemens Alstom, without participation to the debate and to the vote of the six directors proposed by Siemens, and - a prior approval of the shareholders' meeting, without participation to the vote of Siemens as interested party ? 	<p>The procedure for « reserved matters » is protective of the corporate interest of the Company and of minority shareholders since during a four-year period as from the closing date, the board of directors will have to review and approve all decisions related to significant matters, as listed in the Document E (page 51), before their implementation.</p> <p>Such approval requires the two-third majority of the present or represented directors, including the favorable vote of two independent directors designated by Alstom and agreed by Siemens, directors that shall comply with independence criteria as set forth in the AFEP-MEDEF Code of Governance.</p> <p>Furthermore, regarding agreements which could be concluded by Siemens Alstom with another entity of the Siemens Group, Siemens Alstom will comply with all legal and regulatory requirements applicable, as the case may be, to related-party transactions, qualifying as such under applicable legal and regulatory requirements, i.e., prior</p>

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		<p>approval of the Board of Directors (which will need to be duly substantiated to justify the interest of such agreement for the company in particular by providing related financial conditions), presentation by the statutory auditors of their special report on these related-party transactions and submission to the shareholders' general meeting for approval.</p> <p>Alstom will review, in line with applicable laws, whether to establish certain internal principles for related party transactions.</p>
3.	<p><u>Regarding the guarantee provided by Siemens in terms of employment protection in France</u></p> <p>In the precedent sale of assets transaction by Alstom to General Electric, the provision related to the creation of 1,000 jobs in France would have not been met by G.E.</p> <p>In this transaction, how the board of directors can guarantee that the undertakings given by Siemens regarding jobs preservation in France beyond the four-year period (such period being very short) and can the board of directors indicate to the shareholders the amount of the penalties in case of breach of such undertakings ? Are these several obligations contractually binding ?</p>	<p>As part of the undertakings given to the French State for the clearance of the contemplated Combination by the French Ministry for Economy, Finance and the Digital Sector, pursuant to Articles L. 151-3 and R. 153-1 <i>et seq.</i> of the French Monetary and Financial Code, Siemens has made commitments regarding employment level in France.</p> <p>In a dynamic market such as the one in which Alstom and Siemens evolve, 4 years represent a long period of time.</p> <p>Undertakings given by Siemens concern the new group Siemens Alstom and Alstom is confident that such commitments will be fulfilled by Siemens.</p>