



FINEXSI

Free translation of the original « *Rapport du Commissaire à la scission sur la valeur des apports devant être effectués par la société SIEMENS MOBILITY HOLDING SARL au profit de la société ALSTOM SA* » issued by the appraiser of the spin-off, dated May 30, 2018.

In the event of any discrepancies in translation or in interpretation, the French version should prevail.

ALSTOM S.A.

48 rue Albert Dhalenne
93400 Saint-Ouen
Bobigny RCS no. 389 058 447

Contribution of SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV shares by SIEMENS MOBILITY HOLDING SARL to ALSTOM SA

Appraiser of the spin-off 's report (Rapport du Commissaire à la scission) on the value of the contribution

*Order of the Presiding Judge of the
Bobigny Commercial Court
on November 16, 2017*



**Contribution of SIEMENS MOBILITY GMBH and
SIEMENS MOBILITY HOLDING BV shares by
SIEMENS MOBILITY HOLDING SARL
to ALSTOM SA**

To the Shareholders,

Pursuant to the assignment entrusted to us by order of the Presiding Judge of the Bobigny Commercial Court on November 16, 2017 concerning the contribution of the SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV shares held by SIEMENS MOBILITY HOLDING SARL to ALSTOM SA, we have prepared this report on the value of the contribution, as provided for in Article L. 225-147 of the French Commercial Code. We report on our opinion on the consideration for this contribution in a separate report.

The value of the contribution was established in the draft partial asset contribution agreement entered into by representatives of the relevant companies dated May 17, 2018.

It is our responsibility to express an opinion on the fact that the value of the contribution is not overvalued. To this end, we carried out our procedures in accordance with the professional standards laid down by the Compagnie Nationale des Commissaires aux Comptes (French National Institute of Auditors) for this type of assignment. These professional standards require that we implement procedures to assess the substance and the value of the contribution, to ensure that its value is not overstated and to confirm that it corresponds at least to the nominal value of the shares to be issued by the company receiving the contribution, plus the issue premium.

Our report, a requirement pursuant to the French Commercial Code, is intended for the benefit of the persons referred to by French law. It meets the requirements of these regulations. In addition, our report does not dispense with the need to read all the public documentation already available or to be made available in connection with this contribution.

Since our assignment comes to end with the filing of the report, we are not required to update this report to reflect facts and circumstances arising after its signature date.

At no time did we find ourselves in a situation that was incompatible, prohibited or should have disqualified us, as provided for in law.

Our observations and conclusions are presented hereinafter, in line with the following plan:

1. Presentation of the transaction and description of the contribution
2. Procedures and assessments of the value of the contribution
3. Summary – Key points
4. Conclusion



1. Presentation of the transaction and description of the contribution

The transaction requiring your approval is the contribution by Luxembourg-registered SIEMENS MOBILITY HOLDING SARL of all the SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV shares to ALSTOM SA.

1.1. Background to the transaction

The **ALSTOM group** is a worldwide leader in the rail transport industry. It operates around the world and offers its customers a full range of solutions, including rolling stock, systems, services and signaling equipment for passenger and freight rail transport geared to cities, regions and the countries that it serves.

ALSTOM SA (hereinafter “ALSTOM”) shares are traded on the regulated market of Euronext Paris, and is the parent company of the ALSTOM group.

ALSTOM’s consolidated sales in the year ended March 31, 2018 came to €8 billion and its consolidated adjusted EBIT¹ totaled €514 million. At March 31, 2018, the ALSTOM group had around 34.500 employees worldwide, and its order backlog at the same date was €34.2 billion.

The SIEMENS group is an international group originally formed in Germany specialized in advanced technologies mainly for the industrial, energy, healthcare and transport sectors.

SIEMENS AG (hereinafter “SIEMENS”) shares are traded on the regulated market of Deutsche Börse, and is the parent company of the SIEMENS group.

SIEMENS’ consolidated revenues in the year ended September 30, 2017 came to €83 billion and its consolidated operating income totaled €8.3 billion. At September 30, 2017, the SIEMENS group had around 372,000 employees worldwide.

The SIEMENS group’s Mobility division offers a full range of rail and road transport products and services around the world².

¹ In accordance with ALSTOM’s Registration Document for FY 2016-2017, adjusted operating profit or adjusted EBIT is calculated as: “*EBIT adjusted by the following items: net restructuring expenses (including rationalization costs); tangibles and intangibles impairment; capital gains or loss/reevaluation on investments disposals or control changes of an entity; and any other non-recurring items, such as some costs incurred to realize business combinations and amortization of an asset exclusively valued in the context of business combination as well as litigation costs that have arisen outside the ordinary course of business*”.

² incorporating rolling stock for main lines and networks, driving automation and assistance systems, signalling, turnkey projects, network electrification and technologies for developing the related infrastructure.



The business contributed to ALSTOM is comprised of i) the rolling stock and signaling Siemens business (“MO Division”), (ii) the Siemens sub-segments Rail Systems and Railway Gears and Components, being both part of the Siemens Process Industries and Drives Division (“PD”) and (iii) the service business carried on by the Siemens sub-segment Traction Drives (“TD”), being organized within the Siemens Digital Factory Division (“DF”) and certain service activities provided by central functions and/or shared services functions. The business contributed is referred in hereinafter as “the SIEMENS Target Business” or the “Target Business”.

At September 30, 2017, the SIEMENS Target Business had 27 production facilities (85% of them in industrialized countries) and 30,453 employees. At the same date, its order backlog totaled €26.6 billion and its revenues came to €8.1 billion.

SIEMENS’ financial year-end is September 30, and it publishes consolidated financial statements prepared under IFRS as applicable in the European Union.

On **September 26, 2017**, ALSTOM and SIEMENS entered into a Memorandum of Understanding regarding the possible combination of ALSTOM and the SIEMENS Target Business (*i.e.*, the SIEMENS Mobility Business including the rail traction business). This business combination (hereinafter the “Transaction”) was announced publicly on September 26, 2017 in a press release stating that the combined entity’s name will be SIEMENS ALSTOM.

The aim of this Transaction is to create a “European champion in mobility” with combined pro forma revenues of €15.6 billion based on the information collected from the financial statements for the financial year ended September 30, 2017 for the SIEMENS Mobility Business and ALSTOM’s statement of income for the 12 months period ended September 30, 2017.

The Transaction will proceed in accordance with the Business Combination Agreement (“BCA”) entered into on March 23, 2018 via two contributions of shares in three SIEMENS group companies, indirectly holding together the SIEMENS Target Business made by two SIEMENS subsidiaries to ALSTOM:

- the contribution of SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV shares by SIEMENS MOBILITY HOLDING SARL (hereinafter the “Luxembourg Contribution”), which is the subject of this report, as well as a separate report concerning our opinion on the consideration for this contribution;
- the contribution of SIEMENS MOBILITY SAS shares by SIEMENS FRANCE HOLDING SAS (hereinafter the “French Contribution”), in respect of which Finexsi was also appointed as Appraiser of the spin-off (Commissaire à la scission) and on which we have issued separate reports.



These two share contributions (together referred to hereinafter as the “Contributions”) will take place concomitantly under the spin-off regime laid down in French law.

As part of the Transaction, ALSTOM shareholders will receive two extraordinary distributions of reserves and/or premiums (*distributions exceptionnelles de réserves et/ou primes*):

- a “Distribution A”, borne economically by SIEMENS of €4 per ALSTOM share (representing a total amount of approximately €0.9 billion) to be paid out on each ALSTOM share outstanding on the last business day preceding the closing date of the Transaction; and
- a “Distribution B” of a global maximum amount of €881 million (capped at €4 per ALSTOM share outstanding on the last business day preceding the Transaction closing date) in the context of the proceeds of ALSTOM’s put options under the General Electric joint ventures³.

1.2. Presentation of the companies involved in the Transaction

1.2.1. ALSTOM SA, the beneficiary company

ALSTOM is a public limited company (*société anonyme*) registered in France with €1,555,473,297 in share capital made up of 222,210,471 ordinary shares, as of March 31, 2018, each with a nominal value of €7 and all fully paid-up and belonging to the same class at the date of the draft partial asset contribution agreement. ALSTOM shares are traded on the regulated market of Euronext Paris (ISIN: FR0010220475).

The bylaws of ALSTOM in force at the date of the draft partial asset contribution agreement grant double voting rights to any shares fully paid-up and held in registered form for at least two years in the name of one and same shareholder. These double voting rights are to be removed upon closing of the Transaction.

According to Schedule 1.2(F) of the draft partial asset contribution agreement, ALSTOM’s share capital as of March 31, 2018, on a fully diluted basis, is 27.4% owned by Bouygues, 1.1% owned by the Group’s employees, 32.9% owned by institutional investors and a free float of 36.5%.

At the same date, the number of shares that may be issued following the exercise of dilutive instruments stands at 4.882.060 shares, making up to 2,1% of the fully diluted share capital. ALSTOM share capital is subject to change between the date of the Contributions and the closing date due to the issuance of new shares relating to stock-option plans, performance share plans, and free shares plans.

³ ALSTOM announced in a press release dated May 10, 2018, the signature of an agreement with General Electric concerning ALSTOM’s exit from the joint-ventures (JV renewables, JV Grid and JV Nuclear). The sale of the put options should occur October 2, 2018, for a total amount of 2,594 M€.



The Company's registered office is located at 48 rue Albert Dhalenne, Saint-Ouen (93400), France. The Company is registered on the Bobigny Trade and Companies Register (RCS) under no. 389 058 447.

Its corporate purpose, as stated in Article 3 of its bylaws, is as follows:

- *“the conduct of all industrial, commercial, shipping, financial, real property and asset transactions in France and abroad, notably in the following fields: energy, transmission and distribution of energy, transport, industrial equipment, naval construction and repair work, engineering and consultancy, design and/or production studies and general contracting associated with public or private works and construction; and more generally activities related or incidental to the above:*
- *participation, by every means, directly or indirectly, in any operations which may be associated with its objects, by the creation of new companies, capital contributions, subscription or purchase of stocks or rights, merger with such companies or otherwise; the creation, acquisition, lease or takeover of business goodwill or businesses; the adoption, acquisition, operation or sale of any processes and patents concerning such activities; and*
- *generally undertaking all industrial, commercial, financial and civil operations and real property and asset transactions that may be directly or indirectly associated with the Company's objects or with any similar or related object.*
- *Furthermore, the Company can take an interest, of whatever form, in any French or foreign business or organization.”*

ALSTOM's financial year-end is March 31, and it publishes consolidated financial statements prepared under IFRS as applicable in the European Union.

1.2.2. SIEMENS MOBILITY HOLDING SARL, the contributing company

SIEMENS MOBILITY HOLDING SARL was incorporated on October 31, 2017 with an unlimited corporate life in the form of a limited liability company (*société à responsabilité limitée*) registered in Luxembourg. Its registered office is located at 8-10 avenue de la Gare, L-1610 Luxembourg. The Company is registered on the Luxembourg Trade and Companies Register (RCS) under no. B219459.

Its financial year begins on January 1 and ends on December 31. Exceptionally, its first financial year began on October 31, 2017 and ended on December 31, 2017.



Its corporate purpose, as stated in Article 3 of its bylaws, is as follows:

- *“to take participations and interests in any form whatsoever, in any commercial, industrial, financial or other, Luxembourg or foreign companies or enterprises;*
- *To acquire through participations, contributions, underwriting, purchases or options, negotiation or in any other way any securities rights, patents and licenses and other property, rights and interest property as the Company shall deem fit;*
- *Generally to hold, manage, develop, sell or dispose of the same, in whole or in part, for such consideration as the Company may think fit, and in particular for shares or securities of any company purchasing the same;*
- *To enter into, assist or participate in financial, commercial and other transactions;*
- *To grant to any holding company, subsidiary, or fellow subsidiary, or any other company which belongs to the same group of companies as the Company (the “Affiliates”) any assistance, loans, advances or guarantees (in the latter case, even in favor of a third-party lender of the Affiliates”);*
- *To borrow and raise money in any manner and to secure the repayment of any money borrowed; and*
- *Generally, to do all such other things as may appear to the Company to be incidental or conducive to the attainment of the above objects or any of them.”*

1.2.3. SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV, the shares of which are being contributed by SIEMENS MOBILITY HOLDING SARL

SIEMENS MOBILITY GMBH is a limited liability company registered in Germany on the Munich Trade Register under no. HRB 237219. Its registered office is located at Otto Hahn Ring 6, 81739 Munich (previously Werner-von-Siemens-Str. 1, c/o SIEMENS AG, 80333 Munich (Germany)).

Its corporate purpose is as follows: research, development, engineering, marketing, distribution, production and maintenance of products, systems, equipment and solutions for mobility, primarily including electrification, automation and digitalization, as well as the supply of any and all related services.

SIEMENS MOBILITY HOLDING BV is an unlisted limited liability company registered in the Netherlands under no. 70211965/RSIN 858193966 on the Dutch Trade Register. Its registered office is located at Prinses Beatrixlaan 800, 2595BN 's-Gravenhage (Netherlands).



Its corporate purpose is as follows: (i) to incorporate, to participate in and to finance companies or businesses, (ii) to collaborate with, to operate and to manage the affairs of and to provide advice and other services to companies and other businesses, (iii) to lend and to borrow funds, (iv) to provide collateral for the debts and other obligations of the company, of other companies and businesses that are affiliated with the company in a group and of third parties, (v) to provide guarantees, to grant sureties and to jointly and severally bind the company or its assets for debts and other obligations of itself, of companies and businesses that are affiliated with it in a group and of third parties, (vi) as well as to carry out all which is incidental or conducive to the above, in the broadest sense.

1.2.4. Relationship between the companies

At the date of this report, there are no capital ties between ALSTOM (the beneficiary of the contribution), SIEMENS MOBILITY HOLDING SARL (the company making the contribution), SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV (the shares of which are being contributed).

1.3. Description of the Luxembourg Contribution

The arrangements for this Transaction (the Luxembourg Contribution), which are presented in detail in the draft partial asset contribution agreement entered into by the parties on May 17, 2018, can be summarized as follows:

1.3.1. Legal framework

From a legal standpoint, the contribution will be effected under the demerger regime laid down in the provisions of Articles L. 236-1 to L. 236-6 and L. 236-16 to L. 236-21 of the French Commercial Code, with no joint and several liability. It is also subject to the demerger regime provided for in Articles 1030-1 to 1033-1 (not including Article 1031-16) of the Luxembourg Law of 1915, in accordance with Article 1040-2 of said law.

1.3.2. Tax regime

Pursuant to Article 810-I of the French General Tax Code, the beneficiary of the contribution will have to pay a fixed registration fee of €500.

The contribution will not be subject to VAT in Luxembourg pursuant to the provisions of the Luxembourg law on VAT of February 12, 1979, as amended subsequently.



From a corporate income tax perspective, pursuant to Article 22 *bis*, paragraph 2, subparagraph 4 of the Luxembourg income tax law of December 4, 1967, SIEMENS MOBILITY HOLDING SARL will be eligible for a tax deferral regarding the contribution of the SIEMENS MOBILITY GMBH shares, it being stated that the contribution of SIEMENS MOBILITY HOLDING BV shares will be subject to the standard tax treatment under the applicable law in Luxembourg.

1.3.3. Closing date of the Transaction

ALSTOM, the beneficiary company, will own the shares contributed by SIEMENS MOBILITY HOLDING SARL with effect from the date of full and final closing of the Transaction subject to the terms and conditions of the draft partial asset contribution agreement and the simultaneous completion of the Luxembourg Contribution, the French Contribution and the issuance, in consideration for the contributions, of the ALSTOM shares and warrants.

For accounting and tax purposes, the parties have agreed that the contribution of shares will be effective from the closing date of the Transaction. It will take place, as laid down in Article 11.(A) of the draft partial asset contribution agreement, provided that all the conditions precedent stated below have been met. The date will be:

- the first business day of the month which follows the month in which the working capital requirements and net debt statements delivery date falls, if the working capital and net debt statements delivery date falls on or before the 14th day of such month; or
- the first business day of the second month which follows the month in which the working capital requirements and net debt statements delivery date falls, if the working capital and net debt statements delivery date falls on or after the 15th day of such month.

The date on which the conditions precedent are satisfied (or waived, when permitted), other than those concerning ALSTOM's new governance framework, which will be satisfied on the date of completion (see conditions precedent presented below) is referred to as the "Satisfaction Date" of the conditions precedent.

The final day of the quarter preceding the month of the Satisfaction Date of the conditions precedent is referred to as the "Determination Date" and is the date on which the full and final value of the contribution is determined.



1.4. Conditions precedent

In accordance with Article 10 and schedules 10.1 to 10.3 of the draft partial asset contribution agreement, this Transaction is subject to the satisfaction (or the waiver, where permitted) of the following conditions precedents:

- authorization from the French Ministry for Economy, Industry and the Digital Sector concerning SIEMENS' investment in France;
- approval by the general meeting of ALSTOM's shareholders of the draft partial asset contribution agreement and the issue of shares and warrants in consideration for the contributions, and the payment of the Distribution A and the Distribution B;
- authorization granted by the general meeting of ALSTOM's shareholders to its Board of Directors to issue ALSTOM shares and warrants in consideration for the shares contributions, and to pay out the Distribution A and the Distribution B;
- delegation of powers by the general meeting of the shareholders to ALSTOM's Board of Directors to formally record the satisfaction of the conditions precedent;
- approval of the removal of the double voting rights by the special meeting called for holders of ALSTOM shares with double voting rights;
- approval by the general meeting of ALSTOM's shareholders of the amendment of its bylaws and of the appointment of new members to the Board of Directors;
- decision by the French financial market authority (AMF) to grant an unconditional exemption (confirmation that SIEMENS' shareholding and voting rights in ALSTOM upon closing of the Transaction will not give rise to any obligation for SIEMENS to file a public offer on the ALSTOM shares it does not already own). This decision must not have been challenged during the appeal period provided for or, if the decision has been appealed, the appeal must have been dismissed by means of a final decision not appealable to the Paris Court of Appeal (*Cour d'appel de Paris*);
- receipt (including by means of the expiration of the applicable period) of regulatory clearance, including from the competition authorities in the European Union, the United States, China, Brazil, Canada, Russia, South Africa, Mexico, Israel, Switzerland, Chile, Australia, India and Taiwan;
- receipt of all the regulatory clearances listed in Schedule 6.1.3 (i) (b) of the Business Combination Agreement (Foreign Investment Review Board in Australia, Foreign Strategic Investment Law in Russia, CFIUS in the United States);
- ALSTOM and SIEMENS must comply with the undertakings provided for in clauses 10.1 to 10.4 of the Business Combination Agreement concerning the governance of SIEMENS ALSTOM⁴;
- the customary representations and warranties by ALSTOM and SIEMENS listed respectively in paragraph 1.5 of Schedules 12.1 and 12.2 of the Business Combination Agreement are accurate and made in good faith;

⁴ Composition and *modus operandi* of the Board of Directors, Chairmanship, Board Committees and amendment of the bylaws.



- the ALSTOM shares issued in consideration for the French and Luxembourg Contributions must not make up less than 50% of ALSTOM's share capital upon closing of the Transaction (and 50.67% of the issued share capital of ALSTOM as of the Determination Date), and be admitted to trading on Euronext Paris;
- the carve-out of the SIEMENS Target Business will have been completed (further described in section 5.1.1 of the Document E).

1.5. Prior carve-out of the SIEMENS Target Business

Since the SIEMENS Target Business is not held by a separate sub-group within the SIEMENS group, a carve-out is currently taking place to split the business from the other businesses, as stipulated in the Business Combination Agreement.

As a result of the carve-out being carried out locally in the various countries concerned, Local Asset Transfer Agreements have been drafted in connection with the transfer of assets and liabilities associated with the business, as well as Local Share Transfer Agreements in connection with share transfers.

This carve-out involves a transfer by SIEMENS of all the assets and liabilities associated with its Target Business to:

- SIEMENS MOBILITY SAS in respect of the Target Business conducted by Siemens entities in France (including through, as the case may be, any French and foreign subsidiaries and activities);
- SIEMENS MOBILITY GMBH in respect of several Target Businesses, including in particular the Target Business conducted (or attached to) in Germany, Austria, Switzerland, the United States, the United Kingdom, Russia and Turkey;
- SIEMENS MOBILITY HOLDING BV in respect of all other countries.

Shares in these three entities will then be contributed to ALSTOM, which will issue new shares and warrants in consideration for these contributions, it being specified that equity warrants will be used as partial consideration solely for the contribution of the SIEMENS MOBILITY HOLDING BV shares.

The Business Combination Agreement includes a “wrong pocket” mechanism that will correct the effect of items transferred incorrectly or retained mistakenly by the SIEMENS group as part of the carve-out within one year of the closing date of the Transaction without any financial impact on the contributions.



1.6. Computation of the contributed shares value and definitive amount of the Contribution

Generally, the contribution value of the shares contributed (for the French and the Luxembourg contributions) was determined based respectively on Schedule 8.2(A) *ter* and 8.3(C) of the draft partial asset contribution agreement, using an allocation of the total SIEMENS Target Business enterprise value agreed between the parties, and considering the average of the local adjusted EBIT of the SIEMENS Target Business as at September, 30 2017 (actual value) and September 30, 2018 (forecast). One major exception is the local business in Germany, in which such local business will be contributed at historical book value and according to local German GAAP.

Generally, in regards to the local businesses with the exception of Germany, the items used in the bridge from enterprise value to equity value as agreed between ALSTOM and SIEMENS AG, as stated in aforementioned Schedules, were taken into account to obtain the value of each of the local businesses, using 30 September 2017 as the assumed Determination Date.

Estimated unaudited pro forma accounts for the contributing companies were prepared at September 30, 2017 as if all the prior contributions and transfers of the Target Business to companies, the shares of which are to be contributed, had already taken place and in accordance with the above.

In connection with the Luxembourg Contribution, the value of the shares contributed is the result of preliminary operations, and reflects their value as shown in the estimated unaudited pro forma accounts of SIEMENS MOBILITY HOLDING SARL as if all the partial asset transfers and share transfers related to the Target Business to SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV had already taken place in accordance with the above.

The final value of the contributed shares shall be their book value as at the closing date of the Transaction, based notably on the accounts of SIEMENS MOBILITY HOLDING SARL (contributing company) established as of the Determination Date, assuming in particular that the carve-out completion has occurred as of the Determination Date and taking into account the adjustment mechanism set forth in Schedule 8.2(A) *bis*, of the draft partial asset contribution agreement.

For the purpose of accounting for the shares contributed in ALSTOM's financial statements, it is provided a mechanism for adjusting the value of the contributions to factor in the date on which it takes effect for accounting and tax purposes, which will not occur until the as yet unknown completion date.

This adjustment mechanism, covers the determination of the definitive amounts of the Net Debt and Working Capital Requirement used to determine the equity value of (i) the contributed business and (ii) ALSTOM at the Determination Date.



Article 8.2(A) of the draft partial asset contribution agreement states, in accordance with Article 11.3.iv of the BCA, that an expert appraiser should determine the amount of this adjustment at the closing date of the Transaction, thereby confirming the definitive value of the contribution, it being stipulated that if the amount determined by the expert appraiser is higher than the book value as at the closing date of the Transaction, the book value will be retained and not the one of the expert.

This mechanism aims to ensure that, at the closing date of the Transaction, the definitive relative equity values of ALSTOM and of the SIEMENS Target Business will be in line with the ownership of ALSTOM's capital on closing of the Transaction as agreed between the parties. This mechanism could potentially impact the amount of the Contributions showed in the draft partial asset contribution agreement, and the amount of the issue premium will be adjusted upwards or downwards, depending on the final amount of the contribution as at the closing date of the Transaction.

1.7. Adjustment mechanism for assets that cannot be transferred to ALSTOM

Article 7.3.(B).iv of the draft partial asset contribution agreement provides for a mechanism for the transfer of cash by SIEMENS AG to SIEMENS MOBILITY HOLDING BV in an amount equal to the aggregate deferred acquisition price, in respect of the shares and Assets that could not be transferred by the carve-out completion date.

1.8. Consideration for the contribution

The method used to determine the value of ALSTOM and of the SIEMENS Target Business is presented in Schedule 8.3(B) of the draft partial asset contribution agreement.

Consideration for the Luxembourg and French Contributions will comprise the issuance of 227,314,658 new ALSTOM shares each with a nominal value of €7, that is a capital increase of €1,591,202,606 representing no less than 50% of ALSTOM's post-Transaction share capital on a fully diluted basis (and 50.67% of the issued share capital of ALSTOM as of the Determination Date); and through the issue of 18,942,888 warrants conferring rights to subscribe an additional 2% increase in ALSTOM's share capital on a fully diluted basis.

With regard to the Luxembourg Contribution:

- consideration for the contribution of the entirety of the SIEMENS MOBILITY GMBH shares valued at estimated book value of €2,150,200,140 will take the form of the allotment to SIEMENS MOBILITY HOLDING SARL of 135,710,432 new ordinary shares issued by ALSTOM each with a nominal value of €7;
- consideration for the contribution of the entirety of the SIEMENS MOBILITY HOLDING BV shares valued at estimated book value of €2,346,298,218 will take the form of the allotment to SIEMENS MOBILITY HOLDING SARL of:
 - 83,098,607 new ordinary shares issued by ALSTOM each with a nominal value of €7;



- and 18,942,888 non-transferable ALSTOM warrants representing a 2% increase in SIEMENS's shareholding in ALSTOM on a fully diluted basis as of the closing date of the Transaction (including dilution resulting from exercise of such warrants). Each warrant will confer the right to receive one ALSTOM share for a 2-year period beginning 4 years after the closing date of the Transaction. The exercise price will be the value of the ALSTOM shares determined at the Determination Date to calculate the consideration for the contributions.

On this basis, the contribution by SIEMENS MOBILITY HOLDING SARL will give rise to a capital increase by ALSTOM of €1,531,663,273.

The difference between the value of the contribution, that is €4,496,498,358, and the total amount of the capital increase, that is €1,531,663,273, will represent a contribution premium of €2,964,835,085.

In view of the adjustment mechanism presented above in section 1.6, should the definitive value of the contribution at the Transaction closing date be different than the value stated in the draft partial asset contribution agreement, the issue premium will be duly adjusted by the difference.

The shares issued by ALSTOM will carry dividend rights, except for the Distribution A and Distribution B presented in section 1.1.

1.9. Description and valuation of the contribution

1.9.1. Description of the contribution

In the context of this Luxembourg Contribution, the company SIEMENS MOBILITY HOLDING SARL will contribute 100% of the shares of the companies SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV, to the beneficiary company, on the understanding that:

- SIEMENS MOBILITY GMBH will own in particular, directly or indirectly:
 - the Target Business located in (or attached to) Germany, in particular including the shares of the companies SIEMENS TRACTION GEARS GMBH and HACON GMBH, together with a cash amount corresponding to the value of the shares of the company purchase price to be paid for the acquisition of all interest in the SIEMENS REAL ESTATE KG and all the shares in SIEMENS REAL ESTATE GMBH, which will hold certain real property of the Target Business located in Germany;
 - 100% of the securities of SIEMENS MOBILITY GMBH (Austria);
 - 100% of the securities of SIEMENS MOBILITY AG (Switzerland);
 - 100% of the securities of SIEMENS MOBILITY INC (United States);



- and 100% of the securities of SIEMENS RAIL AUTOMATION HOLDINGS LTD, which will be renamed SIEMENS MOBILITY LTD on the 1st of June, 2018 (United Kingdom);
- 100% of the shares in SIEMENS MOBILITY ULASIM SISTEMLERI A.S. (Turkey),
- 99.99% of the shares in OOO SIEMENS MOBILITY (Russia).
- SIEMENS MOBILITY HOLDING BV will directly or indirectly own:
 - the entirety of the Target Business not owned by SIEMENS MOBILITY GMBH and SIEMENS MOBILITY SAS;
 - or the amount of cash corresponding to the value of the business or of the shares of the companies (cf. paragraph 1.7. above) that are not contributed prior to closing to SIEMENS MOBILITY HOLDING BV, but transferred either at a later point in time to SIEMENS HOLDING BV or sold and transferred to ALSTOM or any of its subsidiaries under a direct asset deal.

1.9.2. Valuation of the contribution

Pursuant to the Accounting Standards Authority's Regulation no. 2017-01 relating to the accounting treatment of mergers and similar transactions, the parties have valued the contribution in the draft partial asset contribution agreement at its estimated book value, given that the Transaction is a reverse contribution⁵, namely:

Estimated Book Value of the securities of the company SIEMENS MOBILITY GMBH:	€2,150,200,140
Estimated Book Value of the securities of the company SIEMENS MOBILITY HOLDING BV:	€2,346,298,218
Total	€4,496,498,358

The estimated book value reflected in the estimated unaudited pro forma accounts of SIEMENS MOBILITY HOLDING SARL as of September 30, 2017, assumes in particular that the carve-out completion has occurred as of the Determination Date, in order to provide an estimate of the net book value of the shares which will be contributed by SIEMENS MOBILITY HOLDING SARL at the Transaction closing date.

⁵ "A contribution as a result of which the contributing entity takes control of the entity the beneficiary of the contributions, or increases its control over that entity" being specified that the French Contribution and the Luxembourg Contribution are indissociable elements, the two contributions leading SIEMENS to hold more than 50% of ALSTOM's capital.



2. Procedures and assessments of the value of the contribution

2.1. Procedures implemented

Our mission, as provided by law, has been carried out within the conceptual framework of the professional guidelines of the French National Institute of Auditors (Compagnie Nationale des Commissaires aux Comptes). Its purpose is to inform the shareholders of the company ALSTOM as to the value of the contributions made by the company SIEMENS MOBILITY SARL. This mission is neither an audit nor a limited audit mission. Thus, its purpose is neither to enable us to formulate an opinion on the financial statements, nor to carry out specific operations concerning compliance with company law. It is not in the nature of a due diligence carried out for a lender or purchaser, and it does not include all the work necessary for that task. Our report cannot therefore be used in that context.

Our opinion is expressed as at the date of this report, which constitutes the end of our mission. We are not responsible for monitoring subsequent events potentially occurring between the date of the report and the date of the General Meeting of shareholders convened to approve the transaction.

We have carried out the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Auditors (Compagnie Nationale des Commissaires aux Comptes), so as to ensure that the contribution is not over-valued.

In particular, we have done the following work:

- we have interviewed the representatives, and in particular the Financial Directors of the Mobility and Traction Drives businesses of SIEMENS, and the counsel of the companies concerned, at meetings held in Paris and Munich, both to acquaint ourselves with the envisaged contribution transaction and of the context of the Transaction of which it forms part, and to analyze the accounting, financial and legal procedures;
- we have met the Chairman and Chief Executive Officer of ALSTOM and the Vice-Chairman of ALSTOM in charge of the SIEMENS ALSTOM project;
- we have reviewed the legal framework of the Transaction, and in particular the Business Combination Agreement and its Schedules signed on March 23, 2018 by ALSTOM and SIEMENS, together with the legal documentation relating to SIEMENS MOBILITY HOLDING SARL, SIEMENS MOBILITY GMBH, SIEMENS MOBILITY HOLDING BV and ALSTOM;
- we have reviewed the draft of Document E to be submitted to the AMF;
- we have examined the draft partial asset contribution agreement and its schedules concerning the Luxembourg Contribution, together with that concerning the French Contribution;



- we have reviewed the Combined Financial Statements relating to the SIEMENS Target Business prepared as at September 30, 2017 and as at March 31, 2018 Combined Interim Financial Statements and the audit report prepared by SIEMENS' auditor and the review opinion prepared by Siemens' auditor, respectively;
- we have reviewed the limited financial due diligence work carried out by ALSTOM's and SIEMENS' advisers;
- we have analyzed the carve-out process for the SIEMENS Target Business. We have reviewed the completed stages and operations, and carried out sampling tests on the 7 main countries, so as to ensure that the current process is progressing normally and to assess the potential impact of factors liable to affect the free transferability of that business's assets and liabilities. We have analyzed the timetable for the conduct of operations in order to understand its key stages, and have reviewed the minutes of meetings of the joint ad hoc committee of the two groups (the "Carve-out Committee") responsible for identifying potential difficulties and resolving them in accordance with the project's objectives;
- more generally, we have reviewed a range of documents relating to the Transaction, concerning the process involving the local businesses of the Target Business in the carve-out operations, which have been made available to us in an electronic data room;
- we have reviewed the budget and forecast information of SIEMENS Target Business;
- we have reviewed the detailed simulations undertaken to determine the contribution values;
- we have verified compliance with current accounting regulations in France relating to the valuation of contributions;
- we have reviewed the main events that have occurred since September 26, 2017 and assessed their potential financial impact on the value of the contributions;
- we have analyzed the work carried out by the banks advising SIEMENS and ALSTOM. In this respect, we have, in particular:
 - assessed the valuation methodology applied, together with its relevance and consistency with regard to the business;
 - carried out a critical review of the correct application of the methods used, and checked the resulting valuation calculations;
 - carried out our own valuation work in order to assess the value of the shares contributed;
- taking into account the deferred effect of the contribution, we have assessed the method of adjustment of the amount of the contributions provided for in the draft partial asset contribution agreement in the event of a downward variation in the amount of the contributions, based on the simulations that have been made available to us;
- we have obtained representation letters from the legal representatives of SIEMENS AG, SIEMENS MOBILITY HOLDING SARL and ALSTOM, who have confirmed the significant information provided to us in the context of our mission;
- we have relied on the work that we have done in order to assess the fairness of the consideration for the contributions, we express an opinion in a separate report.



2.2. Specific features of the contribution Transaction

The contribution will have a deferred accounting effect on the Transaction closing date. It is indissociable from the French contribution and requires the implementation of numerous internal reorganization and restructuring operations in order to separate the companies, assets and liabilities corresponding to the Target Business as defined in the Business Combination Agreement.

Implementation of these operations is being carried out locally in the countries where this business is carried on. In terms of the execution timetable, such implementation must take account of the operational organization specific to each country and of the applicable constraints and procedures from a legal, social, contractual and fiscal point of view.

The timetable for progress with the key stages in the 7 main countries⁶ chosen by the parties is as follows:

Key stages of the Carve-out for the 7 main countries							
	Germany	United Kingdom	Austria	Spain	United States	France	Switzerland
Readiness certificate	15/07/2018	22/05/2018	22/06/2018	08/05/2018	18/05/2018	25/05/2018	17/04/2018
Carve-out effective date	01/08/2018	01/06/2018	03/07/2018	01/06/2018	01/06/2018	01/06/2018	31/05/2018
Final LATA exhibits	28/09/2018	31/07/2018	03/09/2018	31/07/2018	31/07/2018	31/07/2018	23/05/2018

The “Readiness Certificate” signed by the local carve-out managers certifies that the newly created entities acquiring the respective local businesses are prepared to assume and operate the transferred business.

The “Carve-Out effective date” is the date on which the business carve-outs legally take effect. It is the first business day of the month following that in which the Readiness Certificate is produced, except in Switzerland because of specific legal features locally.

The “Signing LATA amendment” establishes the definitive list and amounts of the assets and liabilities to be transferred through the carve-out process.

The carve-out terms and conditions are detailed in the BCA and summarized in the section 5.1.1 of the Document E.

As at the date of our report, the carve-out operations of the Target Business are still underway in the main countries in which the Target Business is carried on. Thus, the “Readiness Certificate”, has only been produced for 5 of the 7 main countries mentioned above (namely Switzerland, France, the United States, the United Kingdom and Spain). It is expected that this certificate will be produced on June 22, 2018 for Austria, and in mid-July 2018 with regard to the business carried on in Germany.

⁶ Which represent about 80% of the revenues of the SIEMENS Target Business as at September 30, 2016.



On this date of legal effect, the amounts of the assets and liabilities mentioned in the Local Assets Transfer Agreements (and their schedules) will only be provisional and the final amounts will only be determined later⁷. On the date hereof, those amounts have only been definitively established for Singapore, Turkey and Switzerland.

Under the terms of the anticipated reorganization, the securities of the companies which will acquire the Target Business currently operated by the respective SIEMENS subsidiaries in Austria, Switzerland, the United States and the United Kingdom will be acquired by SIEMENS MOBILITY GMBH together with the contribution of Target Business pertaining to Germany. The carve-out effective date in Germany is planned to take place on August 1st, 2018. Thus, on the date of our report, the companies whose securities are contributed have the right to receive the assets provided for in the Business Combination Agreement, but they do not yet own the assets representing the Target Business to be transferred to them first, and are not yet themselves owned by the contributing company. In this regard, it should be pointed out that (i) completion of the Target Business carve-out operations for the main 33 countries⁸ which have been agreed upon between SIEMENS and ALSTOM and (ii) unconditional transfer of the shares representing the Target Business for this countries to either SIEMENS MOBILITY HOLDING B.V., SIEMENS MOBILITY GMBH or SIEMENS MOBILITY SAS constitute a condition precedent of completion of the Transaction and of this Contribution.

Furthermore, we have obtained confirmation from the management of SIEMENS, and SIEMENS MOBILITY HOLDING SARL that there is no significant delay in the timetable associated with operational difficulties in the implementation of the Target Business carve-out operations.

In the event that items relating to the Target Business could not be transferred due to legal or operational restrictions, Article 7.3 of the draft partial asset contribution agreement provides that the value of the items whose transfer is deferred will be offset by a cash contribution by SIEMENS of an equivalent amount.

Finally, taking into account the complexity of the Transaction, the contribution operation is subject to a substantial number of conditions precedents, as outlined in Section 1.4 of this report, and in particular, obtaining the regulatory authorizations from the competition authorities.

⁷ Within a maximum period of 60 days.

⁸ They represent together ca. 88% of the annual total revenues of the SIEMENS Target Business for the financial year ended September 30, 2016.



2.3. Assessment of the method of valuation of the contribution having regard to the French accounting regulations

Pursuant to the Accounting Standards Authority's Regulation no. 2017-01 relating to the accounting treatment of mergers and similar transactions, including the cross-border mergers, in the case of a partial asset transfer contribution between companies under separate control under the terms of which the shareholder of the contributing companies will retain control of the assets contributed by taking control of the beneficiary company upon completion of the contributions (a reverse transaction), this contribution will be made at book value.

We do not have any observation to make with regard to the method of valuation of the contribution, which is in accordance with the aforementioned regulation.

As will be seen, it results in a contribution value that is well below its estimated fair value on the date of this report.

2.4. The reality of the Contribution

We have reviewed the obligations of the SIEMENS Group in the Business Combination Agreement, defining the Target Business subject of the Transaction, and have carried out sampling checks for the main countries on the content of the assets and liabilities representing this Target Business based on the local reorganization schemes and the Local Asset Transfer Agreements and Local Share Transfer Agreements provided in the data room.

Given the fact that the carve-out process is ongoing, as such, the envisaged structure of the Contributions whereby the SIEMENS Target Business is held directly or indirectly by SIEMENS MOBILITY HOLDING SARL in relation to the Luxembourg Contribution and SIEMENS FRANCE HOLDING SAS in relation to the French Contribution, will only be realized upon completion of the carve-out.

Therefore, it will be possible to acknowledge the ownership of the securities which are the subject of the Luxembourg Contribution only after the completion of the carve-out process.

However, it should be remembered that the completion of the carve-out is a condition precedent of the Contributions as specified in the relevant Transaction documents.



2.5. Assessment of the value of the Contribution

2.5.1. The value used by the Parties

2.5.1.1. Individual values

The contribution value used is the net book value of the securities of the companies SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV, representing the entirety of the capital of those companies, as it will appear in the estimated unaudited pro forma accounts of the contributing company.

This value is the result of completion of the preliminary operations carried out locally in the context of the carve-out process underway. Having regard to the conditions of completion of those preliminary operations, which will eventually lead to sales of securities to SIEMENS MOBILITY GMBH and SIEMENS MOBILITY HOLDING BV, this value represents the fair value of the businesses concerned with the exception of the part of the SIEMENS Target Business carried on in Germany, for which the historical net book value has been used.

This fair value is based on the enterprise value agreed between the parties and allocated to the various entities constituting the Target Business, on the basis of their contribution to the average EBIT of the Target Business as at September 30, 2017 (actual) and September 30, 2018 (forecast).

The bridge from enterprise value to equity value, on the basis of the Combined Financial Statements of the Target Business as at 30 September 2017, on which the audit report is prepared by SIEMENS' auditor, was also taken into account to determine the estimated individual fair values.

On this basis, the contribution value of the SIEMENS MOBILITY GMBH shares corresponds to the estimated individual value attributed to the SIEMENS Target Business mainly carried on in Germany (book value) and Austria, Switzerland, the United States and the United Kingdom, Russia and Turkey (fair value).

The contribution value of the SIEMENS MOBILITY HOLDING BV shares corresponds to the estimated individual fair values attributed to the SIEMENS Target Business carried on in all the other countries, with the exception of France, where the business is the subject of a distinct contribution made simultaneously by SIEMENS FRANCE HOLDING SAS to ALSTOM.

We have reviewed the detailed allocations applied to determine the individual values of the contributions.

We have no observations to make on those estimated values in accordance with the draft partial asset contribution agreement.



2.5.1.2. Global value

As regards the global value of the Luxembourg Contribution, we have assessed it on the basis of the work we have done on the relative values used to determine the consideration for this contribution. In this context, the parties, assisted by their advising banks, have used a multi-criteria approach based on the following valuation methods:

- the discounting of forecast cash flows;
- the peers trading multiples approach;
- reference to the values arrived at by brokers following SIEMENS shares, in the context of a sum of the parts valuation based on the Group's businesses.

The following methods were discarded:

- comparable transactions;
- net book value and net asset value;
- the discounting of future dividends.

With regard to the discarded valuation methods, we have no observations to make on the fact that net book value, net asset value and the discounting of future dividends have not been used.

We also agree with the parties' decision not to use the comparable transactions approach. We have examined this approach but have nevertheless decided not to use it due to the absence of sufficient public information on specific features of each of the transactions identified (possible earn-out clauses, historic context of the negotiations, premiums associated with control, expected synergies, etc.).

The bridge from enterprise value to equity value has been determined as at September 30, 2017 on the basis of the items agreed between the parties and presented in Schedule 8.2(A) *bis* of the draft partial asset contribution agreement. Account has also been taken of the additional adjustment in the form of debt or cash that will be contributed by SIEMENS in order to obtain a ratio in terms of equity capital of 49.33% and 50.67% respectively between the existing shareholders of ALSTOM and the SIEMENS Group.

Valuation by the discounting of forecast cash flows

According to this method, the value of an enterprise or business is equal to the current value of the future cash flows that its operations are likely to generate, after deduction of the investments necessary for its business. The cash flows are discounted at a rate that reflects the market's profitability requirement taking into account a terminal value at the end of the forecast period. This terminal value is obtained by discounting a cash flow deemed to be normative at the end of the forecast period and taking account of a perpetual growth rate.



The application of this method relies on the business plan of the SIEMENS Target Business covering a period of 3 years from October 1, 2016 to September 30, 2019, and exchanged with ALSTOM in the context of the negotiations on the Transaction.

This business plan takes into account the cost savings estimated by SIEMENS in the context of the Target Business operating on a standalone basis, independently of the expected effects of the closing of the Transaction.

The discount rates used are between 8% and 9%, based on market parameters and sector data, and the perpetual growth rate used is 1.5%.

On this basis, the global value of the Luxembourg Contribution stands between €7,313 million and €8,621 million.

The peers trading multiples approach

This approach involves determining the value of a company or business by applying multiples observed in a sample of listed companies operating in the same business sector to financial aggregates considered to be relevant.

The parties have emphasized the EBIT multiple taking into account the capital intensity specific to the business concerned.

The sample consists of the following companies: the Spanish companies CAF and Talgo, and the Italian company Ansaldo STS. Account has also been taken of the multiples derived from a “sum of the parts” approach in the case of the *Bombardier Transportation* and *Vossloh Rail Infrastructure* businesses, these businesses forming part of the listed companies Bombardier and Vossloh respectively.

The average multiple (EV/EBIT) is 10.7x in 2018e and 9.8x in 2019e.

On this basis, the global value of the Luxembourg Contribution stands between €7,982 million and €8,318 million.

Reference to the values of the Mobility Business according to brokers

On the basis of the notes of brokers following the SIEMENS Group published before the date of announcement of the Transaction and presenting an analysis of the value of the Group according to its constituent businesses, the parties have used the EBIT multiple externalized for the Mobility Business.

It ranges between 9.0x and 11.0x EBIT 2018e.

On this basis, the global value of the Luxembourg Contribution stands between €6,287 million and €8,180 million.



2.5.2. Work carried out by Finexsi

In order to assess the value of the contribution we have performed our own valuation work using a multi-criteria approach.

Like the parties assisted by their advising banks, we have discarded the methods based on comparable transactions, net book value and net asset value and on the discounting of future dividends.

We have used:

- principally, the discounted forecast cash flows method;
- secondarily:
 - the peers trading multiples method;
 - reference to the values of the Mobility Business according to brokers following the SIEMENS Group.

Bridge from enterprise value to equity value

The information used in the bridge from enterprise value to equity value was determined at March 31, 2018 by applying the mechanism agreed between the parties to reach the target 49.33%/50.67% ownership ratio for the combined entity.

Principal method: the discounted forecast cash flows method

For the application of this method we have performed the discounted cash flow on the basis of the business plans exchanged between the Parties during the negotiations, in which the business plan for the SIEMENS Target Business covers a 3 years period from October 1, 2016 to September 30, 2019.

The business plan for the SIEMENS Target Business takes into account cost savings estimated by SIEMENS in the context of the Target Business operating on a standalone basis, independently of the expected effects of the closing of the Transaction.

Subsequent to the signing of the Memorandum of Understanding on September 26, 2017, updated projections were performed by SIEMENS, which have also been taken into account for the purposes of our discounted cash flow. These projections, for the Mobility Division, have been approved by the SIEMENS's Supervisory Board on November 8, 2017.

With regard to the terminal value, we have used a level of profitability equivalent to that adopted by the parties and their advising banks in the context of the negotiations.

The discount rate was calculated on the basis of the market parameters of April 30, 2018, and reflects the level of risk assigned to cash flow forecasts. The rate used to discount the cash flows is therefore 8.3%.



We have used a perpetual growth rate of 1%.

We carried out sensitivity analyses based on the discount rate and the perpetual growth rate.

Secondary method: Peers trading multiples

In applying the peers trading multiples method, we have retained the companies CAF, Talgo and Vossloh⁹.

We have not retained the company Ansaldo due to the very limited number of brokers publishing forecasts¹⁰.

The average multiples (EV/EBIT) obtained from this sample on April 30, 2018 are respectively 13.1x in 2018e, 10.0x in 2019e and 9.2x in 2020e.

Secondary method: Reference to the values of the Mobility Business according to brokers following the SIEMENS Group

In order to apply this method, we have used the notes of brokers presenting an enterprise value for the SIEMENS Mobility Business¹¹, and have taken into account the bridge from enterprise value to equity value used for the other methods referred to above.

Overview of contribution values

We note that the contribution value retained in the context of this Transaction is significantly lower than the one resulting from our valuation work. In particular, this difference can be explained by the historical book value used for the contribution concerning the Target Business carried on in, or attached to, Germany.

The German book value is significantly lower than the fair value as, the book value does not take into account forecasts used to compute the fair value. In addition, in accordance with German GAAP, profit or loss on long-term contracts are only recognized at completion which leads to a disparity from IFRS.

The definitive value of the contribution will only be known on the Determination Date. It may, in particular be amended, as according to the Schedule 8.2(A) *bis* of the draft partial asset contribution agreement, which aims to ensure that at the Determination Date, the definitive relative equity values of ALSTOM, and of the SIEMENS Target Business will be in line with the ownership of ALSTOM'S capital on closing of the Transaction as agreed between the parties.

⁹ The Rail Infrastructure business representing about 90% of the Group's business.

¹⁰ According to the Capital IQ database, the consensus is limited to the forecasts of a single broker.

¹¹ The value of the Traction Drives business not taken into account in the brokers notes has been added to the value of the Mobility Business on the basis of the average EBIT multiples used by the brokers.



The application of this mechanism will result in an additional contribution of cash or of debt by SIEMENS, either in the context of the Luxembourg Contribution or in the context of the French Contribution, in order to obtain a ratio in terms of share capital of 49.33% and 50.67% for ALSTOM and the SIEMENS Group, respectively.

This adjustment mechanism is based on considerations specific to the determination of the consideration for the contributions and of the percentage ownership of the combined entity by the two groups, and of the value of ALSTOM and of its cash position, which will result in adjustment of the cash or debt that will finally be contributed by Siemens, independently of the economic value of its contribution.

In the event that the additional contribution would concerned debt in relation to the Luxembourg Contribution, the contribution value would be adjusted downwards and the issue premium would be reduced as a result.

This is the result of the Business Combination Agreement, however it does not alter our assessment of the global value of the contributions on the date hereof, taking into account (i) the nature of the adjustment mechanism, which is not based on considerations which call the financial values into question; and (ii) the value used for the Luxembourg Contribution, which is much lower than its actual value.

3. Summary – Key points

By way of summary of our assessments, we wish to draw your attention to the following points:

The Luxembourg Contribution concerns the securities of the companies which, according to the Transaction arrangements, will own the whole of the SIEMENS Target Business with the exception of the business operated by SIEMENS entities in France (including through, as the case may be, any French and foreign subsidiaries and activities), which is the subject of a separate contribution agreement.

It requires the completion of preliminary internal reorganization and restructuring operations, so as to carve out the business involved in the Transaction in the various countries concerned, and which execution timetable depends on particular local operational, legal, fiscal and social matters.

On the date of this report, the process of carve-out of the SIEMENS Target Business is still in progress, and will not be finalized until after the ALSTOM General Shareholders Meeting convened to approve the Transaction, on July 17, 2018.

However, it should be pointed out that closing of the Target Business carve-out operations, including determination of their definitive amount, constitutes a condition precedent for the completion of the Transaction and of this contribution as specified in the relevant Transaction documents.



In addition, we have obtained a representation from the legal representatives of SIEMENS AG and of SIEMENS MOBILITY SARL that currently there is no significant delay in the timetable associated with operational difficulties in the implementation of the Target Business carve-out operations.

In the event that items relating to the Target Business could not be transferred due to legal or operational restrictions, Article 7.3 of the draft partial asset contribution agreement provides that the value of the items whose transfer is deferred will be offset by a cash contribution of an equivalent amount.

The contribution value applied, which corresponds to the book value of the securities contributed on the balance sheet of the contributing company, is equal, taking into account the conditions agreed for the completion of the preliminary operations, to the actual value of the Target Business in the countries concerned, as shown in the terms of the Transaction, with the exception, however, of the business carried on in Germany, which represents a substantial proportion of the Group's business and which is contributed at its historic book value.

In order to assess the value of the contributions we have performed valuation work using a multi-criteria approach, relying mainly on the business plan provided by the management of SIEMENS. This business plan has been revised and been the subject of consistency checks by reference to the available data; it is still based on forecasts, which may have different outcomes.

The contribution value retained is significantly lower than the valuations that we have examined or conducted, which leads to the conclusion that the contributions are not overvalued.

It should be remembered that the date of completion of the contribution from an accounting and fiscal point of view is not currently known; in particular, it depends on the various conditions precedent mentioned at paragraph 1.4 above being satisfied.

An adjustment mechanism has been agreed, the application of which will result in an additional contribution of cash or of debt by SIEMENS, either in the context of the Luxembourg Contribution or of the French Contribution.

This adjustment mechanism is linked (i) to the terms of consideration for the contributions, which determine the ownership of the combined entity agreed between the parties, namely 49.33% and 50.67% for the shareholders of ALSTOM and the SIEMENS Group, respectively; and (ii) to the value of ALSTOM resulting from its cash position on the date of completion, which will result in adjustment of the cash or debt contributed by SIEMENS, independently of the economic value of its contribution.

In the event that the amount of the contributions to be made by Siemens according to this mechanism was lower than that set out in the draft partial asset contribution agreement signed on May 17, 2018, the definitive amount would be corrected and the issuance premium would be adjusted downwards. Consequently, the amount of the contributions, as adjusted, if applicable, will on the closing date be equal to the amount of the share capital increase of the beneficiary company plus the definitive issuance premium. Having



regard to the origin and mechanical nature of the adjustment, this situation is not in our opinion such as to call into question our assessment of the global value of the contribution at the time of this report, in particular taking into account the significant discrepancy observed between the actual value of the contribution and the amount retained in the draft partial asset contribution agreement.

Finally, we reiterate that our valuation analyses are based on a standalone approach at the date of this report, but not including any of the significant synergies expected from the merger, which SIEMENS ALSTOM may implement upon closing of the Transaction.

4. Conclusion

On the basis of our work and as at the date of this report, we are of the opinion that the value of the contribution amounting to €4,496,498,358 is not over-valued, and, consequently, that it is at least equal to the amount of the share capital increase of the company that is the beneficiary of the contributions, plus the contribution premium.