

Siemens Mobility Holding S.à r.l.
8-10, avenue de la Gare
L - 1610 Luxembourg

R.C.S. Luxembourg B219459

Report of the "Independent expert" on the
"Traité d'apport partiel"
relating to the transfer of
Siemens Mobility Holding S.à r.l. assets to
Alstom S.A.

To the Board of Managers and Sole Shareholder of
Siemens Mobility Holding S.à r.l.
8-10, avenue de la Gare
L - 1610 Luxembourg

**Report of the "Independent expert" on the
"Traité d'apport partiel"
relating to the transfer of
Siemens Mobility Holding S.à r.l. assets to Alstom S.A.**

1. Introduction

Pursuant to the mandate entrusted to us by the Board of Managers of Siemens Mobility Holding S.à r.l., Luxembourg (the "Luxembourg Contributing Company" or the "Company") by Circular Resolutions of the Managers of the Company signed on May 2nd, 2018, we report to you in accordance with article 1031-6 of the Luxembourg Law on Commercial Companies dated August 10, 1915 ("the Law"), as amended, in relation with the proposed transfer of parts of Siemens Mobility Holding S.à r.l.'s assets to Alstom S.A. under art 1040-2 of the Law.

2. Overall description of the transaction

The "Traité d'apport partiel" (the "Treaty"), signed by both parties on May 17, 2018, provides that subject to the satisfaction of conditions precedent set forth in Article 4 of the Treaty, there will be, pursuant to Chapter IV of Section 10 ("Transfers of assets, branch of activity transfers and all assets and liabilities transfers") of the Law, a transfer of parts of Siemens Mobility Holding S.à r.l.'s assets to Alstom S.A. consisting of

- 100 % of the shares of Siemens Mobility GmbH, and
- 100 % of the shares of Siemens Mobility Holding BV.

Alstom S.A., Saint-Ouen/France ("Alstom" or "Beneficiary Company") and Siemens AG, Munich/Germany (hereinafter "Siemens") (together "the Parties") entered into a Memorandum of Understanding dated September 26, 2017 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"). A "Business Combination Agreement" setting out the terms and conditions of the Contemplated Transaction (the "Business Combination Agreement") has been executed on March 23, 2018 between Siemens and Alstom.

The Parties 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 "Contributing Companies"), will indirectly contribute the Siemens Target Business to Alstom (the "Contribution") in consideration of which Siemens and/or the Contributing Companies will receive Alstom shares and warrants.

Siemens Mobility Holding S.à r.l. is a *société à responsabilité limitée* incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 8-10 avenue de la Gare, L-1610 Luxembourg City, Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 219459. Its financial year begins on 1 January and ends on 31 December, and as an exception, the first financial year began on 31 October 2017 (date of incorporation) and terminated on 31 December 2017. The subscribed capital is set at EUR 12,000 represented by 12,000 corporate units with a par value of EUR 1.

Alstom is a French *société anonyme*, having its registered office at 48 rue Albert Dhalenne, 93400 Saint-Ouen, France, registered with the Trade and Companies Registry of Bobigny under number 389 058 447. The Beneficiary Company was incorporated on November 19, 2015 for a term of ninety-nine (99) years as from its registration with the Trade and Companies Registry (subject to early winding up or extension). Its financial year begins on April 1 and ends on March 31 of the following year. As of March 31, 2018, the Beneficiary Company's share capital amounts to EUR 1,555,473,297, divided into 222,210,471 ordinary shares with a par value of EUR 7 each, fully paid-up and all of the same class. The shares issued by the Beneficiary Company are traded on the regulated market of Euronext Paris (Compartment A) (code ISIN FR0010220475).

The Contribution is composed of two contributions of shares, free and clear of any Encumbrance (as defined in the Luxembourg Contribution Agreement and the Treaty), subject to the spin-off regime ("régime juridique des scissions"): (i) the contribution by Siemens France Holding SAS (the "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 pursuant to the terms and conditions of the contribution agreement entered into on the date hereof between the French Contributing Company and Alstom (the "French Contribution Agreement") through the contribution of a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility SAS in consideration for eight million five hundred five thousand six hundred nineteen (8,505,619) ordinary Alstom Shares to be listed on Euronext Paris (the "French Contribution") and (ii) the contribution of the rest of the Siemens Target Business to Alstom pursuant to the terms and conditions of a Contribution Agreement (the "Luxembourg Contribution Agreement") and the Treaty through the contribution of (a) a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility Holding BV and (b) a number of ordinary shares representing 100% of the share capital and voting rights of Siemens Mobility GmbH in consideration for (x) two hundred eighteen million eight hundred nine thousand thirty-nine (218,809,039) ordinary Alstom Shares to be listed on Euronext Paris and (y) eighteen million nine hundred forty-two thousand eight hundred eighty-eight (18,942,888) warrants to be issued by Alstom (the "Luxembourg Contribution").

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

On the date of this report, the Siemens Target Business is not held by a separate sub-group within the Siemens Group. In order to allow the Contribution, Siemens and Alstom have agreed that Siemens shall, and shall cause its affiliates currently holding the Siemens Target Business, to separate the business activities of the Siemens Target Business (including the Siemens Target Business assets, the Siemens Target Business liabilities and the Siemens Target Business employees) from the other business activities carried out by the Siemens Group, through the implementation of the Siemens Target Business Carve-Out (as defined in the Luxembourg Contribution Agreement and the Treaty) 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 the Luxembourg Contribution Agreement.

The Parties have agreed that the Luxembourg Contribution will be governed by the “*apport d’une partie de son actif*” regime in accordance with Articles 1040-2 of the Law cross-referring to the “*apport-scission regime*” set out in Articles 1030-1 to 1033-1 (excluding Article 1031-16) of the Law.

Subject to the terms and conditions of the Luxembourg Contribution Agreement and the Treaty and the simultaneous completion of the French Contribution, the Luxembourg Contribution and the issuance of the Alstom Consideration Shares and of the Warrants from the Beneficiary Company to the Luxembourg Contributing Company (the “Closing”) shall take place at a place to be agreed between the Parties on the date defined below or such other date agreed upon between the Parties (the “Closing Date”):

- (i) on the first Business Day of the month which follows the month in which the Working Capital 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
- (ii) on the first Business Day of the second month which follows the month in which the Working Capital 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 “Determination Date” will be the last day of the quarter (i.e., 31 December, 31 March, 30 June, 30 September), immediately preceding the month in which the Satisfaction Date has occurred. Notwithstanding the above, the Parties will make their best endeavors, as soon as they have visibility as to the possible date of the Satisfaction Date to jointly agree on a Determination Date (which shall always be the last day of a quarter) allowing to minimize the time period between the Satisfaction Date and the Closing Date and between the Determination Date and the Closing Date.

As from the Closing Date, the Beneficiary Company will accordingly take ownership and possession of the Contributed Shares by virtue of the Luxembourg Contribution.

The provisions of the Luxembourg Contribution Agreement and the Treaty shall be deemed null and void, in case the Business Combination Agreement is terminated prior to Closing in accordance with its term.

3. Description of the assets to be transferred, the valuation methods retained and the the exchange ratio

The Luxembourg Contribution consists in: 100 % of the shares of Siemens Mobility GmbH, and 100 % of the shares of Siemens Mobility Holding BV (together the “Contributed Shares”), it being specified that (i) Siemens Mobility GmbH will, in particular, acquire or assume the German Siemens Target Business (including, the shares of Siemens Traction Gears GmbH, the shares of Hacon GmbH, and, directly or indirectly certain other shareholdings), 100% of the shares of Siemens Mobility AG (Switzerland), directly or indirectly 100% of Siemens Mobility GmbH (Austria), 100% of the shares of Siemens Mobility, Inc. (the United-States), 100% of the shares of Siemens Mobility Ltd (previously Siemens Rail Automation Holdings Ltd) (the United-Kingdom), 100% of the shares in Siemens Mobility Ulasim Sistemleri A.S. (Turkey) and 99.99% of the shares in OOO Siemens Mobility (Russia); (ii) Siemens Mobility Holding BV will own (x) directly or indirectly the entirety of the Siemens Target Business other than such portion of the business that will be held by Siemens Mobility GmbH and Siemens Mobility SAS or (y) the cash value of portion of such business or shares referred to in (i) and (ii)(x) in case of transfers under a Deferred Transfer Agreement or a Direct Asset Deal; and (iii) Siemens Mobility GmbH will own a cash amount corresponding to the value of the shares of the German real estate vehicle. The Parties expressly agreed that there is no Encumbrance related to the Contributed Shares to be transferred to the Beneficiary Company.

Siemens Mobility GmbH is incorporated under the laws of Germany as a Gesellschaft mit beschränkter Haftung (limited liability company) with the Trade Register of the Munich Local Court under number HRB 237219 and has its registered office located at Otto Hahn Ring 6, 81739 Munich (previously Werner-von-Siemens-Str. 1 c/o Siemens AG, 80333 Munich) (Germany).

Siemens Mobility Holding BV is incorporated under the laws of the Netherlands as a Besloten Vennootschap (private company with limited liability) with the Dutch Trade Register (Kamer van Koophandel) under number 70211965 / RSIN 858193966 and has its registered office located at Prinses Beatrixlaan 800, 2595BN ‘s-Gravenhage (the Netherlands).

Subject to the satisfaction of all the Conditions Precedent set forth in Article 4 of the Treaty and Schedules 10.1 to 10.3 of the Luxembourg Contribution Agreement, the Luxembourg Contribution is made by the Luxembourg Contributing Company and accepted by the Beneficiary Company, in consideration for (the “Consideration”):

- i. the issuance on Closing, through a share capital increase, by the Beneficiary Company to the Luxembourg Contributing Company of a total number of two 218,809,039 Alstom Shares, free and clear of any Encumbrance together, as of the Closing Date, with all rights attaching thereto including the right to receive dividends (the “Alstom Consideration Shares”), and representing, following completion of the Contributions and based on Alstom’s capital as of 31 March 2018, (48.77%) of the issued share capital of Alstom and no less than (48.25%) of the share capital of Alstom on a Fully Diluted basis (before impact of the warrants issued in accordance with paragraph ii below) upon Closing; and

- ii. the issuance on Closing by the Beneficiary Company to the Luxembourg Contributing Company of 18,942,888 warrants (being calculated on the basis of bringing, following completion of the Contributions and based on Alstom's capital as of 31 March 2018, a (48.25%) shareholding on a Fully Diluted basis to no less than (50.32%) shareholding on a Fully Diluted basis (including dilution resulting from the exercise of such warrants) as of the Closing Date, free and clear of any Encumbrance (the "Warrants"), each Warrant giving its holder the right to subscribe to one (1) Alstom Share. The Warrants may be exercised during a two-year period following expiry of a period of four years following the Closing Date.

The Consideration has been calculated on the basis of a reference working capital and net debt amount for the Siemens Target Business and a reference working capital and net debt amount for Alstom. After the Determination Date, the Parties shall proceed with the calculation of an adjustment to the Contribution, to be made on a global basis (including both the French Contribution and the Luxembourg Contribution), based on the actual working capital and net debt amounts of the Siemens Target Business as of the Determination Date and the actual working capital and net debt amount of Alstom as of the Determination Date as described in Schedule 8.3(C) of the Luxembourg Contribution agreement.

The Consideration has been contractually set by the Parties and determined with the valuations used for the Beneficiary Company and the Siemens Target Business, which are based on the multi-criteria analysis as described in Schedule 8.3(B) of the Luxembourg Contribution agreement and attached in schedule 1 of this report.

4. Work performed and conclusion

In conformity with the law, the description of the transfer of assets, the determination of the valuation methods as well as the exchange ratio are the responsibility of the Board of Managers of Siemens Mobility Holding S.à r.l. and the Board of Directors of Alstom respectively.

Our responsibility is, on the basis of our work, to issue a report on the adequacy of the valuation methods used and the reasonableness of the resulting exchange ratio. The scope of the report is not to opine on the existence, the ownership and transferability of the projected Contribution. Our opinion does not represent a fairness opinion.

Our engagement was undertaken in accordance with the standards of the "Institut des Réviseurs d'Entreprises" applicable to this engagement. These standards require that we plan and perform our work to obtain moderate assurance as to whether the valuation methods adopted and the proposed exchange ratio are free of material misstatement. Our work is limited primarily to inquiries of the Company's, the Siemens' and Alstom's personnel and any other person dedicated by those companies and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

More specifically, in the context of the work, we have performed the following procedures:

- gaining a global understanding of the transaction, the carve-out structure and transformation process and of the legal, financial and economic context in which the business being the Contribution and the business being the Consideration operate;
- an analysis of the Business Combination Agreement between Siemens and Alstom as of 23 March 2018;
- an analysis of the Treaty and the Luxembourg Contribution Agreement signed between Siemens Mobility Holdings S.à r.l. and Alstom as of 17 May 2018 concerning the determination of the exchange ratio;
- a reading of the minutes of the meetings of the Board of Directors of Alstom approving the transaction;
- a reading of the minutes of the meetings of the Board of Managers of Siemens AG approving the transaction;
- a reading of the minutes of meetings of the Board of Directors of Alstom;
- a reading of the minutes of meetings of the management of the Siemens Mobility division;
- a reading of the respective reports prepared by Alstom and Siemens and their advisors when performing reciprocal limited due diligences before concluding the transaction;
- interviews with the financial advisor of the Alstom Board to understand the valuation methodologies selected, input parameters and assumptions used in performing a valuation analysis;
- interviews with the financial advisor of Alstom providing a fairness opinion to understand the valuation methodologies applied, input parameters and assumptions used to elaborate his fairness opinion;
- interviews with the financial advisors of Siemens providing fairness opinions to understand the valuation methodologies applied, input parameters and assumptions used to elaborate their fairness opinions;
- meetings with the management of Siemens Mobility and representatives of Siemens to corroborate our understanding of the transaction and to understand the assumptions of their business plans;
- meetings with the representatives of Alstom to corroborate our understanding of the transaction and to understand the assumptions of their business plans;
- a reading of Alstom's group auditors' presentation to the audit committee for the fiscal years ending 31 March 2016, 31 March 2017, and 31 March 2018;
- a reading of the consolidated Financial Statements of Alstom for the fiscal year ended 31 March 2018;

- interviews related to the Alstom business plan for the fiscal years ending 31 March 2018 to 2020 from March 2017 and related to the Alstom business plan for the fiscal years ending 31 March 2019 to 2021 from March 2018;
- interviews with Siemens and its auditor related to the audited Combined Financial Statements for the Siemens Mobility Business for the fiscal year ended 30 September 2017;
- a reading of the Combined Interim Financial Statements for the Siemens Mobility Business for the half year ended 31 March 2018;
- a reading of the quarterly presentations of Siemens' group auditor to the audit committee of the Siemens Mobility division for the second quarter of the fiscal year ended 30 September 2016 to the second quarter of the fiscal year ended 30 September 2018;
- interviews related to the business plan presentation for the fiscal years ending 30 September 2018 to 2020 of the Managers of Siemens Mobility Business;
- a review of the number of ordinary shares outstanding of Alstom between August 2017 and March 2018;
- interviews held and analysis of relevant documents to gain an understanding of current trading of the Siemens Mobility Business in the current fiscal year;
- an analysis of the valuation methods chosen by Siemens Mobility Holding S.à r.l. and Alstom for the valuation of the Alstom consideration shares and the Luxembourg contribution;
- an analysis of the valuation methods applied including a review of the valuation models for clerical accuracy and the major input parameters and assumptions used for the determination of the exchange ratio;
- the use of alternative valuation techniques to corroborate the valuation results;
- representation letters from the management of Siemens, Siemens Mobility Holding S.à r.l. and Alstom confirming matters that may be material over the estimation of the exchange ratio and that all pertinent information necessary for the performance of our procedures have been made available to us;
- gaining an understanding related to any significant subsequent events incurred after September 2017 with relevance to the exchange ratio;
- a reading of the French Contribution appraiser's draft report on the Luxembourg Contribution.

Based on the work performed, nothing came to our attention that causes us to believe that:

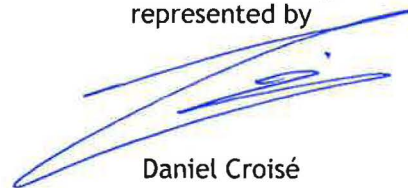
- the exchange ratio of 218,809,039 Alstom shares and 18,942,888 warrants for 100% of Siemens Mobility GmbH shares and 100% of Siemens Mobility Holding B.V. shares is not relevant and reasonable;
- the selected valuation methods used to arrive at the exchange ratio are not adequate and appropriate in the circumstances.

Our conclusion is expressed at the date of this report which represents the end date of our engagement. Our responsibility does not cover any procedure to be performed on potential subsequent events between the present date of this report and the Closing Date or the Determination Date.

This report is made solely for the purpose of complying with article 1031-6 of the Law and may not be used for other purposes.

Luxembourg, 30 May 2018

BDO Audit
Cabinet de révision agréé
represented by



Daniel Croisé

This report is the free English translation of the “Rapport de ‘l’expert indépendant’ sur le ‘Traité d’apport partiel’ concernant le transfert d’actifs de Siemens Mobility Holding S.à r.l. à Alstom S.A.” written in French language and dated 30 May 2018. The French original version will always prevail.

Schedule 8.3(B)
Multi-Criteria method used in determining the value of the Contribution

Multi-Criteria method used in determining the value of the Contribution

For the purposes of this Schedule, “Contributions” shall mean the French Contribution and the Luxembourg Contribution.

1. Valuation of the Contributions

1.1 Financial assumptions retained in valuing the Contributions

As per the French Contribution Agreement and this Contribution Agreement, Siemens Group will contribute 100% of the shares of its Contributions to Alstom, in exchange for (i) 227,314,658 new ordinary Alstom Shares and (ii) 18,942,888 Warrants to be issued by Alstom.

The value of the assets being contributed has been determined based on a multi-criteria analysis (see paragraph 1.2 “Description of the criteria retained in determining the value of the Contributions” below).

The financial assumptions retained in determining the value of the Contributions are based on their business plans, exchanged as part of the negotiations and including two years of forecasts from September 30th, 2017 to September 30th, 2019.

1.2 Description of the criteria retained in determining the value of the Contributions

The information set out in this paragraph 1.2 comprises information which is required to be disclosed concerning the Contributions enterprise value, in order for (i) Alstom’s shareholders to decide whether to approve the Contemplated Transaction by voting at the extraordinary general meeting of Alstom’s shareholders and (ii) the appraiser of the spin off (*commissaire à la scission*) and the Luxembourg independent expert to substantiate and justify their opinion on such matters.

The information set out in this paragraph 1.2 solely serves the purpose of complying with the above requirements and nothing in this paragraph should be construed as a profit forecast.

a. Valuation methods not retained

The methods listed below have not been retained because they have been considered as not relevant in the context of the Contemplated Transaction:

- **Comparable transactions:**

This method consists in applying multiples implied by transactions involving a controlling stake on targets operating in similar sectors and geographic locations and that are comparable in terms of size, positioning and profitability. There are no recent transactions similar to Siemens businesses, product mix and geographical exposure. The disposal of Alstom energy activities to General Electric (closing in 2015) cannot be retained as a comparable transaction, due to the entirely different industry, the disposed activities operated in.

- **Net book value:**

This method relies on the accounting value of the share capital per share. It is not relevant to value a company with an approach of continuing operations, since it does not capture the profitability and the growth prospects of the company.

- **Restated NAV:**

This method considers the market value of the different assets and liabilities booked on the balance sheet, also factoring in any unrealised capital gains or losses on the asset side, and off-balance sheet items on the liabilities side.

This method is especially relevant in the case of diversified holding companies or companies owning a lot of assets – notably real estate companies – that are likely to have a historical value recorded on the balance sheet that is materially lower than their immediate sale value.

Such method does not capture the future cash flow generation of the company, whose assets are not vowed to be disposed of.

- Dividend Discount Model (DDM):

This method consists in valuing a firm by discounting its future dividends. It is not retained as it is intrinsically linked to the dividend policy and the potential financing constraints.

b. Valuation methods retained

Valuation methods retained yield enterprise values. In order to obtain equity values, the following adjustments are considered: (i) Contributions financial net debt, (ii) Contributions other debt-like and cash-like adjustments and (iii) Contributions normative working capital adjustments, adding any working capital excess or subtracting any working capital shortfall between the normative level of working capital defined and the effective working capital position as of the Determination Date and (iv) Distribution A (as outlined further below).

Contributions net debt adjustments (sum of (i) to (iv) adjustments) definitions have been agreed and will be assessed at the Determination Date. Illustratively for the purpose of this analysis, these adjustments have been retained as of September 30th, 2017. Contributions net debt adjustments have been allocated between its French Contribution and its Luxembourg Contribution.

Potential synergies are expected to be materialized post-Closing. In light of these potential synergies, Alstom Group and Siemens AG have agreed on the payment of an extraordinary distribution to the existing shareholders of Alstom Group. This Distribution A, amounting to €4/share (illustrative amount used of €885m; however, the actual amount will be based on the number of issued and outstanding shares as of the Record Date), will be paid by Alstom Group but economically borne by Siemens by including Distribution A as an additional deduction item within Contributions' enterprise value to equity value adjustments. Distribution A is allocated between the enterprise value to equity value adjustments of French Contribution and Luxembourg Contribution based on the respective weight of EBIT of the two perimeters (respectively of €24m and €862m for French Contribution and Luxembourg Contribution). The intent of such payment is to underpin the attractiveness of the combination to Alstom Group's existing shareholders and to further facilitate the combination.

In addition and in order to reach the targeted 49.33%/50.67% equity value exchange ratio for Alstom Group's existing shareholders / Siemens Group, additional debt or cash will be contributed, in aggregate, via either the French Contribution or the Luxembourg Contribution or both on the basis of the actual enterprise value to equity value adjustments as of the Determination Date. For illustrative purposes, the calculation of the exchange ratios for the purposes of this Schedule has been done based on the assumption that the additional debt or cash contribution would be made via the Luxembourg Contribution. On that basis, enterprise value to equity value adjustments as of September 30th, 2017, stands at €(18)m and €(2,037)m respectively for French Contribution and Luxembourg Contribution, corresponding to a total of €(2,055)m.

In order to assess the standalone equity value of French Contribution and Luxembourg Contribution, Distribution A (€885m) must be added to the equity values of French Contribution and Luxembourg Contribution, for €24m and €862m, respectively (allocation based on the respective weight of EBIT of the two perimeters).

i. Discounted cash flows

The discounted cash flows method involves estimating cash flows over the medium term and extrapolating them to infinity. The cash flows are defined as “free” cash flows, *i.e.*, after tax, change in working capital and investment spending but excluding financial income and expenses. Net income from equity associates is separately valued based on Alstom Group’s trading multiple. Future cash flows therefore represent the cash flows available for remunerating invested capital (equity and financial debt). This valuation method aims at calculating the enterprise value of a company based on the sum of future free cash flows generated by the company discounted as at September 30th, 2017 by the weighted average cost of capital (WACC). Contributions’ DCF are based on their business plans, exchanged as part of the negotiations, for both perimeters, the French Contribution and the Luxembourg Contribution, including two years of forecasts, from September 30th, 2017 to September 30th, 2019, before computing a terminal value. It should be noted that based on the financial performance over the period from September 30th, 2017 to March 31st, 2018 of Alstom and the Contributions, there is no indication that such performance is materially different from the business plans.

The WACC was determined on the basis of financial parameters of the sector and the range of 8.0-9.0% has been retained for both French Contribution and Luxembourg Contribution.

In addition, the Perpetual Growth Rate retained for the calculation of the terminal value is 1.5%.

On the basis of these assumptions, the sensitivity of the valuation of Contributions to the main valuation parameters is as follows:

- +/-0.25% WACC leads to a -3%/+4% and a -4%/+4% delta in the equity value respectively for French Contribution and Luxembourg Contribution;
- +/-0.25% PGR leads to a +4%/-3% and a +4%/-4% delta in the equity value respectively for French Contribution and Luxembourg Contribution.

Based on the WACC (range of 8.0-9.0%) / PGR (1.5%) parameters and the business plans of Contributions, the DCF approach results in an enterprise value of €220m-€251m and €9,349m-€10,658m respectively for French Contribution and Luxembourg Contribution.

Hence, the equity value of Contributions stands at €202m-€233m and €7,313m-€8,621m respectively for its French Contribution and its Luxembourg Contribution.

ii. Trading multiples

The trading multiples method involves applying trading multiples observed for listed comparable companies (peers) to the estimated financial aggregates of the Contributions, in order to obtain the implicit value of the equity capital of the company being analysed.

A sample of international companies active in the design and manufacturing of rolling stock, system components and transport services sector was considered. The sample of peers selected consists of companies with similar business activities and a comparable operating footprint as Alstom Group and the Siemens Target Business: Bombardier Transportation through a sum-of-the-part approach, CAF, Talgo, Ansaldo STS and Vossloh Rail Infrastructure through a sum-of-the-part approach.

The retained trading multiples are applied to Contributions’ EBIT figures before restructuring and one-off items, which include the contribution of net income from equity investments.

The Sales aggregate does not capture the product mix profitability, which evolves within a large range in this sector.

The EBITDA aggregate does not capture the capital intensity, which is one of the key components for further development in this sector. Thus, these aggregates have not been retained for the purpose of

the trading multiples method. The net earnings aggregate has not been retained due to discrepancies hampering comparability of the financial structures of the peers.

The multiples of comparable companies have been calendarized as of September 30th, 2017, to ensure consistency with Alstom Group and Contributions financials retained.

Multiples of comparables companies (as of September 20 th , 2017)		
Comparables	EV/EBIT (x)	
	30/09/2018e	30/09/2019e
Ansaldo STS	13.4x	12.9x
CAF	9.4x	8.3x
Talgo	11.3x	10.2x
Bombardier - Transportation	6.4x	5.8x
Vossloh - Rail Infrastructure	13.0x	11.7x
Average	10.7x	9.8x

Sources: Companies, Factset, Analysts

This method yields Contributions enterprise value range at €236m-€285m and €10,019m-€10,354m respectively for the French Contribution and its Luxembourg Contribution on the basis of financial estimates for the relevant fiscal years ending in September 2018 and in September 2019.

Hence, the equity value of Contributions stands at €218m-€266m and €7,982m-€8,318m respectively for the French Contribution and its Luxembourg Contribution.

iii. Brokers' SOTP valuation of Siemens Group

Several brokers covering Siemens Group perform sum-of-the-part analyses with reference valuation and valuation multiple for the Mobility Division of Siemens Group as disclosed in the financial statements of Siemens Group; hence the perimeter is not comparable with Contributions. The table below exhibits the latest broker notes published post Siemens Q3 2016/2017 financials release as of August 3rd, 2017, excluding the minimum and maximum values.

The Siemens Target Business enterprise value based on brokers' references has been allocated between the French Contribution and Luxembourg Contribution based on their estimated respective contributions to EBIT 2018. Brokers' enterprise values have been adjusted for the value of the additional EBIT from Traction Drives activities and standalone savings of the French Contribution and Luxembourg Contribution. Such adjustments have been valued based on the Siemens Target Business implied enterprise value / EBIT 2018e multiples from brokers' SOTP valuations.

It should be noted that the basis of these values are derived from an outside view of analysts and depends strongly on the individual assumptions made by each analyst, which may differ significantly from each other and from internal assumptions used by the parties in other methods.

Analyst	Date	EBIT Sep-18e (€m)	Enterprise Value of Siemens Mobility Group (€m)	Implied EV / EBIT Sep-18e (x)
Exane	11-Sep-17	750	6,753	9.0x
Barclays	18-Aug-17	701	7,700	11.0x
Jefferies	04-Aug-17	788	7,875	10.0x
Morgan Stanley	04-Aug-17	830	8,302	10.0x
Société Générale	04-Aug-17	750	7,496	10.0x
Average		764	7,625	10.0x
Min - Implied EV / EBIT Sep-18e (x)			6,753	9.0x
Max - Implied EV / EBIT Sep-18e (x)			8,302	11.0x

Source: Analysts

This method yields an enterprise value range of €227m-€279m and €8,324m-€10,217m respectively for the French Contribution and the Luxembourg Contribution on the basis of financial estimates for fiscal year ending in September 2018.

Hence, the equity value of Contributions stands at €209m-€261m and €6,287m-€8,180m respectively for the French Contribution and the Luxembourg Contribution.

c. Summary of the values obtained

The table below shows the summary of Contributions equity value based on the multi-criteria valuation approach.

Equity Value (€m)	French Contribution		Luxembourg Contribution		Sum of Contributions	
	Min	Max	Min	Max	Min	Max
DCF	202	233	7,313	8,621	7,514	8,854
Trading Multiples average	218	266	7,982	8,318	8,201	8,584
Brokers' SOTP valuation	209	261	6,287	8,180	6,496	8,441
Average of multi-criteria valuation	210	253	7,194	8,373	7,404	8,627

1.3 Amounts of the Contributions

The Luxembourg Contribution and the French Contribution being reverse transactions, such Contributions shall be based on the net book value, in accordance with the accounting Regulation n°2017-01 of May 5, 2017 of the French Accounting Standards Authority.

French Contribution

Since the net book value of the French Contribution is lower than the par value of the capital increase, the French Contribution is based on the fair market value of the shares, in application of the exemption provided in the above-mentioned accounting Regulation.

The fair market value of the French Contribution is 231,141,816 euros.

The Luxembourg Contribution

The Luxembourg Contribution is contributed based on the net book value, representative of its actual value, with the exception of the part of the Mobility activity of Siemens operated in Germany for which the historical net book value has been retained.

The contribution value of the Luxembourg Contribution is 4,496,498,358 euros.

2. Consideration for the Contributions

Alstom Group's and Contributions' respective business plans were exchanged as part of the negotiations. Financial forecasts retained for the purpose of this valuation exercise have been sourced from these business plans. Alstom's business plan was validated by the Board of Directors of Alstom. Siemens Contributions' business plans were validated by the Mobility Division management. Alstom Group's and Siemens Contributions' business plans do not reflect the conversion to IFRS 15 auditing standards. Siemens' Contributions' business plans include estimated standalone savings.

Since Alstom Group and Siemens Group use different fiscal years for their reporting, respectively March 31st for Alstom and September 30th for Siemens, Alstom's financials have been calendarized as of September 30th to ensure comparability. This calendarization has been achieved assuming a 50%/50% contribution from March N and March N+1 financials.

The normative working capital levels assumed for Alstom Group and Contributions have been derived through the average of the historical working capital of the six quarters until and including June 30th, 2017.

In addition, both companies have agreed on a definition of enterprise value to equity value adjustments which, for the purpose of this analysis, have been illustratively applied on the basis of September 30th, 2017 accounts.

2.1 Calculation of the relative valuations

The terms and conditions of the transaction are the result of the negotiations between Alstom Group and Siemens. The parties agreed that the Contributions will be paid for through the issue of 227,314,658 Combined Company ordinary shares, representing 50.67% of Alstom's issued share capital as of the Determination Date and no less than 50% of the share capital of Alstom on a Fully Diluted number of shares basis upon Closing, together with the issuance of 18,942,888 Warrants as part of the Luxembourg Contribution to acquire an additional 2.0% equity holding on a fully diluted number of shares basis for a period of two years, upon the fourth (4th) anniversary of the Alstom Board of Directors' decision to issue the Warrants.

The enterprise value to equity value adjustments considered are the following: (i) Alstom Group's and Contributions' financial net debt, (ii) Alstom Group's and Contributions' other debt-like and cash-like adjustments (iii) Alstom Group's and Contributions' normative working capital adjustments, adding any working capital excess or subtracting any working capital shortfall between the defined normative level of working capital and the effective working capital position as of the Determination Date and (iv) Distribution A for Contributions and Distribution B for Alstom Group (as outlined further below). The definition of Alstom Group's / Contributions' net debt adjustments (sum of (i) to (iv)) have been agreed and will be assessed at the Determination Date.

Potential synergies are expected to be materialized post-Closing. In light of these potential synergies, Alstom Group and Siemens have agreed on the payment of an extraordinary distribution to the existing shareholders of Alstom Group. This Distribution A, amounting to €885m and paid by Alstom Group, will be economically borne by Siemens by including Distribution A as an additional deduction item within Contributions' enterprise value to equity value adjustments. For this purpose, Distribution A has been allocated between the French Contribution and Luxembourg Contribution enterprise value to equity value adjustments based on the respective weight of EBIT of the two perimeters (€24m allocated to the French Contribution and €862m allocated to the Luxembourg Contribution). The intent of such payment is to underpin the attractiveness of the combination to Alstom Group's existing shareholders.

Another adjustment to be included in the enterprise value to equity value adjustments of Alstom Group is the Distribution B to be distributed by Alstom Group to Alstom Group's existing

shareholders, capped at €881m. For illustrative purposes, the maximum amount has been retained at this stage and is based on Alstom's current forecast and assumptions made to date. The actual amount to be distributed will be subject to adjustments which will be known only as of Determination Date.

Based on these fixed parameters, *i.e.*, (i) Alstom Group and Contributions enterprise value contributions, (ii) Alstom Group and Contributions net debt adjustments, a mechanism has been agreed upon whereby additional debt or cash will be contributed to reach the targeted 49.33%/50.67% equity value exchange ratio as of the Determination Date, in aggregate, via either the French Contribution or the Luxembourg Contribution or both on the basis of the actual enterprise value to equity value adjustments as of the Determination Date. For illustrative purposes, the calculation of the exchange ratios for the purposes of this Schedule has been done based on the assumption that the additional debt or cash contribution would be made via the Luxembourg Contribution.

The total Alstom enterprise value to equity value adjustments amount to €698m as of September 30th, 2017.

Contributions enterprise value to equity value adjustments as of September 30th, 2017 amount to €(18)m and €(2,037)m respectively for the French Contribution and the Luxembourg Contribution, corresponding to a total of €(2,055)m.

In order to assess the standalone equity value of Alstom Group, Distribution B (€881m) must be added to the equity value of Alstom Group shown in this section.

In order to assess the standalone equity value of the Contributions, Distribution A (€885m) must be added to the equity value of the Contributions shown in this section.

a. Valuation methodology used to determine the enterprise value contribution

The information set out below in paragraphs b) to f) comprises information which is required to be disclosed concerning the Contributions enterprise value and the Alstom enterprise value, in order for (i) Alstom's shareholders to decide whether to approve the Contemplated Transaction by voting at the extraordinary general meeting of Alstom's shareholders and (ii) the appraiser of the spin-off (*commissaire à la scission*) and the Luxembourg independent expert to substantiate and justify their opinion on such matters.

The information set out below in paragraphs b) to f) solely serves the purpose of complying with the above requirements and nothing in this section should be construed as a profit forecast.

b. Valuation methods not retained

The methods listed below have not been retained to assess the exchange ratio because they have been considered as not relevant in the context of the Contemplated Transaction:

- Comparable transactions:

This method consists in applying multiples implied by transactions involving a controlling stake on targets operating in similar sectors and geographic locations and that are comparable in terms of size, positioning and profitability. There are no recent transactions similar to Alstom and Siemens businesses, product mix and geographical exposure. The disposal of Alstom energy activities to General Electric (closing in 2015) cannot be retained as a comparable transaction, due to the entirely different industry, the disposed activities operated in.

- Net book value:

This method relies on the accounting value of the share capital per share. It is not relevant to value a company with an approach of continuing operations, since it does not capture the profitability and the growth prospects of the company.

- Restated NAV:

This method considers the market value of the different assets and liabilities booked on the balance sheet, also factoring in any unrealised capital gains or losses on the asset side, and off-balance sheet items on the liabilities side.

This method is especially relevant in the case of diversified holding companies or companies owning a lot of assets – notably real estate companies – that are likely to have a historical value recorded on the balance sheet that is materially lower than their immediate sale value.

Such method does not capture the future cash flow generation of the company, whose assets are not vowed to be disposed of.

- Dividend Discount Model (DDM):

This method consists in valuing a firm by discounting its future dividends. It is not retained as it is intrinsically linked to the dividend policy and the potential financing constraints.

c. Valuation methods retained for Alstom and Siemens French Contribution

The exchange ratio has been assessed through a multi-criteria valuation approach including (i) discounted cash flows (ii) trading multiples or multiples of comparable divisions in the rail transportation equipment sector sourced from sum-of-the-parts analyses, (iii) Alstom stock price valuation using different reference dates and (iv) brokers' target prices for Alstom Group and SOTP valuation of Siemens Group.

i. Discounted cash flows

This discounted cash flows method involves estimating cash flows over the medium term and extrapolating them to infinity. The cash flows are defined as “free” cash flows, *i.e.*, after tax, change in working capital and investment spending but excluding financial income and expenses. Net income from equity associates is separately valued based on Alstom Group's trading multiple. Future cash flows therefore represent the cash flows available for remunerating invested capital (equity and financial debt). This valuation method aims at calculating the enterprise value of a company based on the sum of future free cash flows generated by the company discounted as of September 30th, 2017 by the weighted average cost of capital (WACC). French Contribution's DCF is based on its business plan exchanged as part of the negotiations including two years of forecasts, from September 30th, 2017 to September 30th, 2019, before computing a terminal value. Alstom Group's DCF is based on its business plan exchanged as part of the negotiations including three years of forecasts, from March 31st, 2018 to March 31st, 2020, before computing a terminal value. The cash flows retained for Alstom Group exclude M&A operations, separation costs related to discontinued activities and other non-recurring cash flow items. It should be noted that based on the financial performance over the period from September 30th, 2017 to March 31st, 2018 of Alstom and the Contributions, there is no indication that such performance is materially different from the business plans.

The WACC was determined on the basis of financial parameters of the sector and the range of 8.0-9.0% has been retained for Alstom Group and French Contribution.

In addition, the Perpetual Growth Rate retained for the calculation of the terminal value is 1.5%.

On the basis of these assumptions, the sensitivity of the valuation of Alstom Group and French Contribution to the main valuation parameters is as follows:

- +/-0.25% WACC leads to a -3%/+3% delta in the equity value of Alstom Group;
- +/-0.25% WACC leads to a -3%/+4% delta in the equity value of French Contribution;
- +/-0.25% PGR leads to a +3%/-3% delta in the equity value of Alstom Group;

- +/-0.25% PGR leads to a +4%/-3% delta in the equity value of French Contribution.

Based on the WACC (range of 8.0-9.0%) / PGR (1.5%) parameters and the business plans of Alstom Group and French Contribution, the DCF approach results in a respective equity value of €7,399m-€8,359m and €202m-€233m respectively.

ii. Trading multiples

The trading multiples method involves applying trading multiples observed for listed comparable companies (peers) to the estimated financial aggregates of Alstom Group and French Contribution, in order to obtain the implicit value of the equity capital of the company being analysed.

A sample of international companies active in the design and manufacturing of rolling stock, system components and transport services sector was considered. The sample of peers selected consists of companies with similar business activities and a comparable operating footprint as Alstom Group and the Siemens Target Business: Bombardier Transportation through a sum-of-the-part approach, CAF, Talgo, Ansaldo STS and Vossloh Rail Infrastructure through a sum-of-the-part approach.

The retained trading multiples are applied to Alstom Group's and French Contribution's EBIT figures before restructuring and one-off items, which include the contribution of net income from equity investments.

The sales aggregate does not capture the product mix profitability, which evolves within a large range in this sector. The EBITDA aggregate does not capture the capital intensity, which is one of the key components for further development in this sector. Thus, these aggregates have not been retained for the purpose of the trading multiples method. The net earnings aggregate has not been retained due to discrepancies hampering comparability of the financial structures of the peers.

The multiples of comparable companies have been calendarized as of September 30th to ensure comparability with Alstom Group and French Contribution financials retained.

Multiples of comparables companies (as of September 20 th , 2017)		
Comparables	EV/EBIT (x)	
	30/09/2018e	30/09/2019e
Ansaldo STS	13.4x	12.9x
CAF	9.4x	8.3x
Talgo	11.3x	10.2x
Bombardier - Transportation	6.4x	5.8x
Vossloh - Rail Infrastructure	13.0x	11.7x
Average	10.7x	9.8x

Sources: Companies, Factset, Analysts

This method enables to obtain respective equity value ranges for the Alstom Group and French Contribution of €7,523m-€7,760m and €218m-€266m.

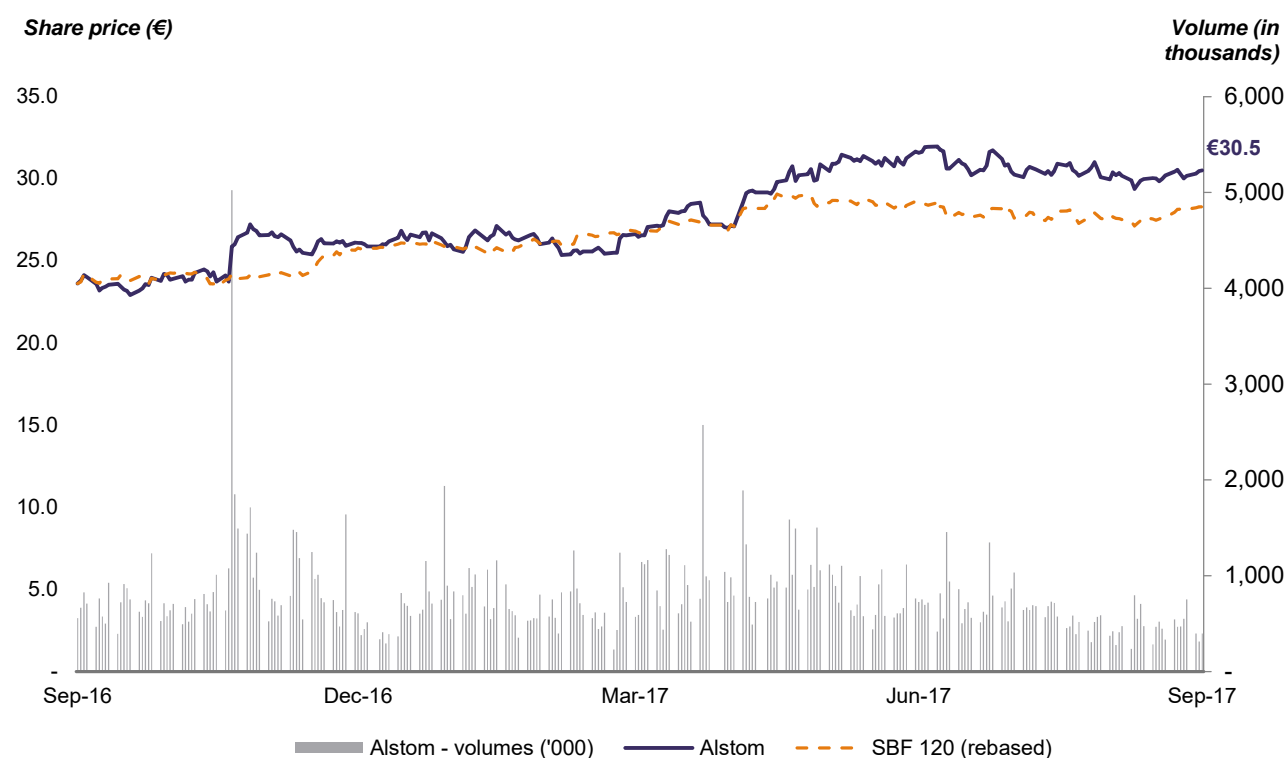
iii. Alstom Group stock price valuation using different reference dates

Due to the fact that Alstom represents the most comparable listed company to the Mobility Division of Siemens Group in terms of business activities, scale and geographic footprint, Alstom's valuation

multiples implied by its market capitalisation are considered to be a relevant valuation metric for the Contributions. Consequently, the enterprise value / EBIT multiple implied by the share price of Alstom has been applied to the French Contribution in order to determine its enterprise value and implied equity value.

Alstom Group's shares are traded on Euronext Paris' Compartment A under the ISIN code FR0010220475.

Given the large free float size (71.98% of Alstom Group share capital as of September 20th, 2017, source: AMF) and the sufficient liquidity (free float rotation in 10 months, source: Bloomberg), the share price can be considered as a relevant indication of the value of Alstom Group share.



Source: Factset

The table below shows the average price weighted by volumes of the Alstom Group's share over the 12 months preceding the first rumours of the transaction on September 21st, 2017, and Alstom Group's official press release on September 22nd, 2017, confirming the discussion with Siemens. Alstom Group equity values are computed based on Alstom Group's outstanding and issued shares as of August 31st, 2017, i.e. 220.3m shares. Alstom Group equity values have been reduced by the Distribution B capped at €881m.

Share price	Share Price (€)	Alstom implied Equity Value (€m)	Adjusted Alstom Equity Value (€m)
Share price on the reference date (20/09/17)	30.5	6,719	5,838
1 month VWAP	30.1	6,625	5,744
3 month VWAP	30.6	6,748	5,867
6 month VWAP	29.8	6,573	5,692
12 month VWAP	27.7	6,095	5,214

Source: Factset

Alstom equity value range stands at €5,214m-€5,867m on the basis of the low-high volume-weighted average price observed over 1 month, 3 months, 6 months and 12 months.

The implied Alstom Group enterprise value/EBIT multiple as of September 30th, 2018 is applied to the French Contribution EBIT based on brokers consensus before restructuring and one-off items, and including the contribution of net income from equity investments. EBIT based on brokers consensus has been allocated to French Contribution and Luxembourg Contribution based on the EBIT weights of each contribution. Brokers' EBIT estimates have been adjusted for Traction Drives activities and standalone savings.

In the context of this methodology, as the valuation retained for Alstom Group corresponds to the market view, the enterprise value to equity value adjustments retained to compute Alstom Group enterprise value/EBIT multiples are based on a brokers notes' consensus. This consensus is computed based on 4 brokers' notes and stands at €1,905m as of March 31st, 2017.

This method arrives at the French Contribution equity value range of €163m-€191m on the basis of the low-high enterprise value/EBIT multiples observed over the last 1 month, 3 months, 6 months and 12 months.

iv. Brokers' target prices for Alstom Group and SOTP valuation of Siemens Group

The Alstom Group stock is followed on a regular basis by the research departments of reputable financial institutions. The analysts cover and provide target prices on Alstom Group. The average target price on Alstom Group share has been used to compute Alstom Group Equity Value, on the basis of Alstom Group outstanding and issued shares as of August 31st, 2017, i.e. 220.3m shares.

The following table sets out the target prices of analysts who published forecasts between July 13th, 2017, the date on which Alstom Group published its results for Q1 2017/18, and September 20th, 2017, the date of the last unaffected share price of Alstom before the first rumours of the transaction on September 21st, 2017, and Alstom official press release on September 22nd, 2017, which confirmed the discussions with Siemens. The table below excludes the minimum and maximum values reported by analysts.

It should be noted that the basis of these values are derived from an outside view of analysts and depends strongly on the individual assumptions made by each analyst, which may differ significantly from each other and from internal assumptions used by the parties in other methods.

Analyst	Date	Recommendation	Target price (€)	Alstom implied Equity Value (€m)	Adjusted Alstom implied Equity Value (€m)
Kepler Cheuvreux	15-Sep-17	Hold	31.0	6,829	5,948
AlphaValue	07-Sep-17	Add	33.4	7,357	6,476
Morgan Stanley	05-Sep-17	Equal-weight	31.1	6,851	5,970
Société Générale	31-Aug-17	Buy	35.0	7,710	6,829
Citi	15-Aug-17	Neutral	31.0	6,829	5,948
Goldman Sachs	17-Jul-17	Neutral	30.0	6,608	5,727
Invest Securities	17-Jul-17	Buy	35.0	7,710	6,829
Deutsche Bank	14-Jul-17	Hold	29.0	6,388	5,507
BoA Merrill Lynch	14-Jul-17	Neutral	32.5	7,159	6,278
InterMonte	14-Jul-17	Neutral	31.0	6,829	5,948
JP Morgan	13-Jul-17	Overweight	34.0	7,490	6,609
UBS	13-Jul-17	Buy	34.0	7,490	6,609
RedBurn	13-Jul-17	Buy	35.0	7,710	6,829
Barclays	13-Jul-17	Overweight	33.0	7,269	6,388
Average			32.5	7,159	6,278
Min			29.0	6,388	5,507
Max			35.0	7,710	6,829

Source: Analysts

The Alstom Group's shares which are listed on Euronext Paris, have a large free float and sufficient liquidity to be used as a valuation benchmark.

Analysts' target prices range between €29.0 and €35.0 per share, with an average of €32.5 per share.

Alstom Group equity values have been reduced by the Distribution B capped at €881m.

This method yields equity value of Alstom Group at €5,507m-€6,829m.

With regards to Siemens, several brokers covering Siemens Group perform sum-of-the-part analyses with reference valuation multiple for the Mobility Division of Siemens Group as disclosed in the financial statements of Siemens Group; hence the perimeter is not fully comparable to the Contributions. The table below exhibits the latest Broker notes published post Siemens Q3 2016/2017 financials release as of August 3rd, 2017 and before the date of signing the Memorandum of Understanding executed by and between Alstom and Siemens AG on September 26th, 2017, excluding the minimum and maximum values.

The Siemens Target Business enterprise value based on brokers' references has been allocated between the French Contribution and Luxembourg Contribution based on their estimated respective contributions to EBIT 2018. Enterprise value has been adjusted for the value of the additional EBIT from Traction Drives activities and standalone savings of the French Contribution. Such adjustments have been valued based on the Siemens Target Business implied enterprise value/EBIT 2018e multiples from brokers' SOTP valuations.

It should be noted that the basis of these values are derived from an outside view of analysts and depends strongly on the individual assumptions made by each analyst, which may differ significantly from each other and from internal assumptions used by the parties in other methods.

Analyst	Date	EBIT Sep-18e (€m)	Enterprise Value of Siemens Mobility Group (€m)	Implied EV / EBIT Sep-18e (x)
Exane	11-Sep-17	750	6,753	9.0x
Barclays	18-Aug-17	701	7,700	11.0x
Jefferies	04-Aug-17	788	7,875	10.0x
Morgan Stanley	04-Aug-17	830	8,302	10.0x
Société Générale	04-Aug-17	750	7,496	10.0x
Average		764	7,625	10.0x
Min - Implied EV / EBIT Sep-18e (x)			6,753	9.0x
Max - Implied EV / EBIT Sep-18e (x)			8,302	11.0x

Source: Analysts

This method yields a French Contribution enterprise value range of €227m-€279m on the basis of financial estimates for the fiscal year ending in September 2018.

Hence, French Contribution's equity value stands at €209m-€261m.

v. Summary of the values obtained

The table below shows the summary of Alstom Group and French Contribution Equity Value contributions based on multi-criteria valuation approach.

		<u>DCF</u>		<u>Trading Multiples</u>		<u>Alstom Stock Price</u>		<u>Brokers' valuation</u>	
		Min	Max	Min	Max	Min	Max	Min	Max
Alstom Group	Equity Value contributed (€m)	7,399	8,359	7,523	7,760	5,214	5,867	5,507	6,829
France Contribution Perimeter	Equity Value contributed (m)	202	233	218	266	163	191	209	261

d. Valuation methods retained for Alstom Group and Luxembourg Contribution

The exchange ratio has been assessed through a multi-criteria valuation approach including (i) discounted cash flows, (ii) trading multiples or multiples of comparable divisions in the rail transportation equipment sector sourced from sum-of-the-parts analyses, (iii) Alstom stock price valuation using different reference dates and (iv) brokers' target prices for Alstom and SOTP valuation of Siemens Group.

i. Discounted cash flows

This discounted cash flows method involves estimating cash flows over the medium term and extrapolating them to infinity. The cash flows are defined as “free” cash flows, *i.e.*, after tax, change in working capital and investment spending but excluding financial income and expenses. Net income from equity associates is separately valued based on Alstom Group's trading multiple. Future cash flows therefore represent the cash flows available for remunerating invested capital (equity and financial debt). This valuation method aims at calculating the enterprise value of a company based on the sum of future free cash flows generated by the company discounted as of September 30th, 2017 by the weighted average cost of capital (WACC). Luxembourg Contribution's DCF is based on its business plan exchanged as part of the negotiations including two years of forecasts, from September 30th, 2017 to September 30th, 2019, before computing a terminal value. Alstom's DCF is based on its business plan including three years of forecasts, from March 31st, 2018 to March 31st, 2020, before computing a terminal value. The cash flows retained for Alstom Group exclude M&A operations, separation costs related to discontinued activities and other non-recurring cash flow items. It should be noted that based on the financial performance over the period from September 30th, 2017 to March 31st, 2018 of Alstom and the Contributions, there is no indication that such performance is materially different from the business plans..

The WACC was determined on the basis of financial parameters of the sector and the range of 8.0-9.0% has been retained for Alstom Group and Luxembourg Contribution.

In addition, the Perpetual Growth Rate retained for the calculation of the terminal value is 1.5%.

On the basis of these assumptions, the sensitivity of the valuation of Alstom Group and Luxembourg Contribution to the main valuation parameters is as follows:

- +/-0.25% WACC leads to a -3%/+3% delta in the equity value of Alstom Group;
- +/-0.25% WACC leads to a -4%/+4% delta in the equity value of Luxembourg Contribution;
- +/-0.25% PGR leads to a +3%/-3% delta in the equity value of Alstom Group;
- +/-0.25% PGR leads to a +4%/-4% delta in the equity value of Luxembourg Contribution.

Based on the WACC (range of 8.0-9.0%) / PGR (1.5%) parameters and the business plans of Alstom Group and Luxembourg Contribution, the DCF approach results in a respective equity value of €7,399m-€8,359m and €7,313m-€8,621m.

ii. Trading multiples

The trading multiples method involves applying trading multiples observed for listed comparable companies (peers) to the estimated financial aggregates of Alstom Group and Luxembourg Contribution, in order to obtain the implicit value of the equity capital of the company being analysed.

A large sample of international companies active in the design and manufacturing of rolling stock, system components and transport services sector was considered. The sample of peers selected consists of companies with similar business activities and a comparable operating footprint as Alstom Group and the Siemens Target Business: Bombardier Transportation through a sum-of-the-part approach, CAF, Talgo, Ansaldo STS and Vossloh Rail Infrastructure through a sum-of-the-part approach.

The retained trading multiples are applied to Alstom's and Luxembourg Contribution's EBIT figures before restructuring and one-off items, which include the contribution of net income from equity investments.

The sales aggregate does not capture the product mix profitability, which evolves within a large range in this sector. The EBITDA aggregate does not capture the capital intensity, which is one of the key components for further development in this sector. Thus, these aggregates have not been retained for the purpose of the trading multiples method. The net earnings aggregate has not been retained due to discrepancies hampering comparability of the financial structures of the peers.

The multiples of comparable companies have been calendarized as of September 30th to ensure consistency with Alstom Group and Luxembourg Contribution financials retained.

Multiples of comparables companies (as of September 20 th , 2017)		
Comparables	EV/EBIT (x)	
	30/09/2018e	30/09/2019e
Ansaldo STS	13.4x	12.9x
CAF	9.4x	8.3x
Talgo	11.3x	10.2x
Bombardier - Transportation	6.4x	5.8x
Vossloh - Rail Infrastructure	13.0x	11.7x
Average	10.7x	9.8x

Sources: Companies, Factset, Analysts

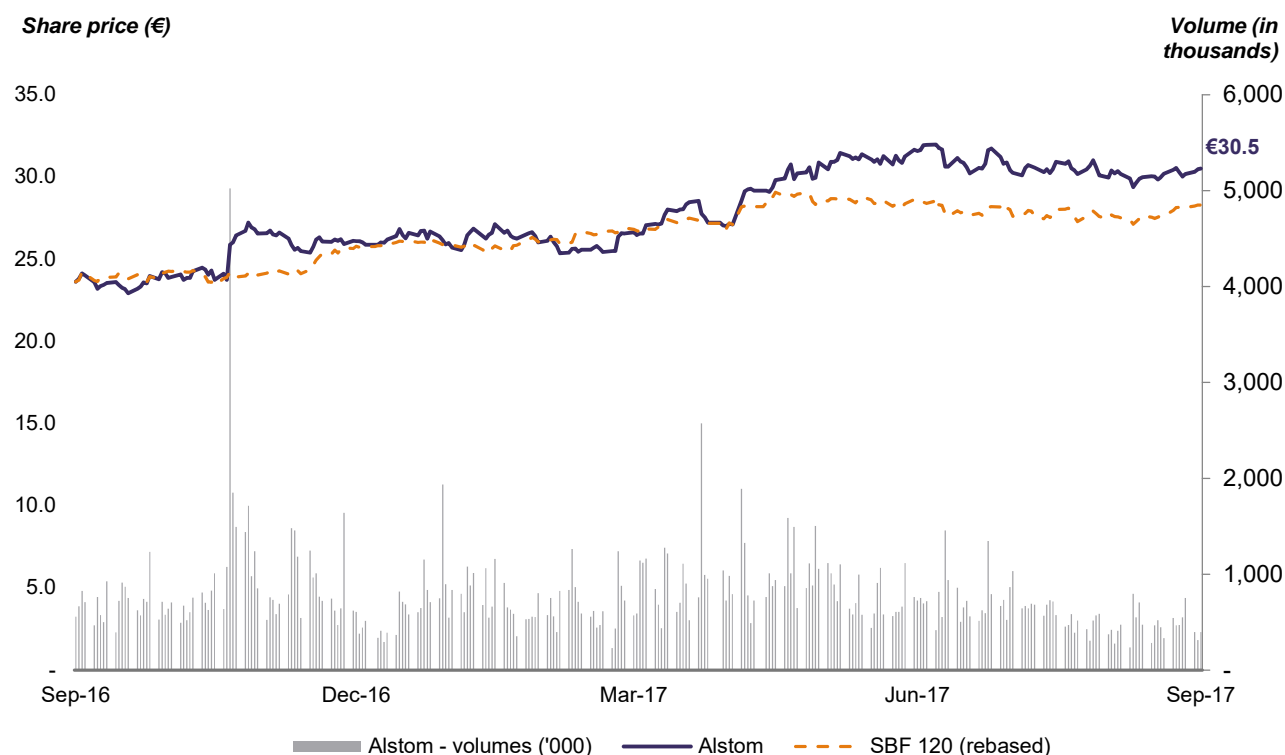
This method enables to obtain respective equity value ranges for Alstom Group and Luxembourg Contribution of €7,523m-€7,760m and €7,982m-€8,318m.

iii. Alstom stock price valuation using different reference dates

Due to the fact that Alstom represents the most comparable listed company to the Mobility Division of Siemens Group in terms of business activities, scale and geographic footprint, Alstom's valuation multiples implied by its market capitalisation are considered to be a relevant valuation metric for the Contributions. Consequently, the enterprise value / EBIT multiple implied by the share price of Alstom has been applied to the French Contribution in order to determine its enterprise value and implied equity value.

Alstom Group's shares are traded on Euronext Paris' Compartment A under the ISIN code FR0010220475.

Given the large free float size (71.98% of Alstom Group share capital as of September 20th, 2017, source: AMF) and the sufficient liquidity (free float rotation in 10 months, source: Bloomberg), the share price can be considered as a relevant indication of the value of Alstom Group share.



Source: Factset

The table below shows the average price weighted by volumes of the Alstom Group's share over the 12 months preceding the first rumours of the Contemplated Transaction on September 21st, 2017, and Alstom Group's official press release on September 22nd, 2017, confirming the discussion with Siemens. Alstom Group equity values are computed based on Alstom Group's outstanding and issued shares as of August 31st, 2017, *i.e.*, 220.3m shares. Alstom Group equity values have been reduced by the Distribution B capped at €881m.

Share price	Share Price (€)	Alstom implied Equity Value (€m)	Adjusted Alstom Equity Value (€m)
Share price on the reference date (20/09/17)	30.5	6,719	5,838
1 month VWAP	30.1	6,625	5,744
3 month VWAP	30.6	6,748	5,867
6 month VWAP	29.8	6,573	5,692
12 month VWAP	27.7	6,095	5,214

Source: Factset

Alstom Group equity value range stands at €5,214m-€5,867m on the basis of the low-high volume-weighted average price observed over 1 month, 3 months, 6 months and 12 months.

The implied Alstom enterprise value/EBIT multiple as of September 30th, 2018 is applied to Luxembourg Contribution EBIT based on brokers consensus before restructuring and one-off items, and including the contribution of net income from equity investments. EBIT based on brokers consensus has been allocated to French Contribution and Luxembourg Contribution based on the EBIT weights of each contribution. Brokers' EBIT estimates have been adjusted for Traction Drives activities and standalone savings.

In the context of this methodology, as the valuation retained for Alstom Group corresponds to the market view, the enterprise value to equity value adjustments retained to compute Alstom Group enterprise value/EBIT multiples are based on a brokers notes' consensus. This consensus is computed based on 4 brokers' notes and stands at €1,905m as of March 31st, 2017.

This method arrives at the Luxembourg Contribution equity value range of €5,581m-€6,767m on the basis of the low-high enterprise value/EBIT multiples observed over the last 1 month, 3 months, 6 months and 12 months.

iv. Brokers' target prices for Alstom Group and SOTP valuation of Siemens Group

The Alstom Group stock is followed on a regular basis by the research departments of reputable financial institutions. The analysts cover and provide target prices on Alstom Group. The average target price on Alstom Group share has been used to compute Alstom Group equity value, on the basis of Alstom Group outstanding and issued shares as of August 31st, 2017, *i.e.*, 220.3m shares.

The following table sets out the target prices of analysts who published forecasts between July 13th, 2017, the date on which Alstom Group published its results for Q1 2017/18, and September 20th, 2017, the date of the last unaffected share price of Alstom Group before the first rumours of the Contemplated Transaction on September 21st, 2017, and Alstom Group official press release on September 22nd, 2017, which confirmed the discussions with Siemens. The table below excludes the minimum and maximum values reported by analysts.

It should be noted that the basis of these values are derived from an outside view of analysts and depends strongly on the individual assumptions made by each analyst, which may differ significantly from each other and from internal assumptions used by the parties in other methods.

Analyst	Date	Recommendation	Target price (€)	Alstom implied Equity Value (€m)	Adjusted Alstom implied Equity Value (€m)
Kepler Cheuvreux	15-Sep-17	Hold	31.0	6,829	5,948
AlphaValue	07-Sep-17	Add	33.4	7,357	6,476
Morgan Stanley	05-Sep-17	Equal-weight	31.1	6,851	5,970
Société Générale	31-Aug-17	Buy	35.0	7,710	6,829
Citi	15-Aug-17	Neutral	31.0	6,829	5,948
Goldman Sachs	17-Jul-17	Neutral	30.0	6,608	5,727
Invest Securities	17-Jul-17	Buy	35.0	7,710	6,829
Deutsche Bank	14-Jul-17	Hold	29.0	6,388	5,507
BoA Merrill Lynch	14-Jul-17	Neutral	32.5	7,159	6,278
InterMonte	14-Jul-17	Neutral	31.0	6,829	5,948
JP Morgan	13-Jul-17	Overweight	34.0	7,490	6,609
UBS	13-Jul-17	Buy	34.0	7,490	6,609
RedBurn	13-Jul-17	Buy	35.0	7,710	6,829
Barclays	13-Jul-17	Overweight	33.0	7,269	6,388
Average			32.5	7,159	6,278
Min			29.0	6,388	5,507
Max			35.0	7,710	6,829

Source: Analysts

The Alstom Group share, which is listed on Euronext Paris, has a large free float and sufficient liquidity to be used as a valuation benchmark.

Analysts' target prices range between €29.0 and €35.0 per share, with an average of €32.5 per share.

Alstom Group equity values have been reduced by the Distribution B capped at €881m.

This method yields equity value of Alstom Group at €5,507m-€6,829m.

With regards to Siemens, several brokers covering Siemens Group perform sum-of-the-part analyses with reference valuation multiple for the Mobility Division of Siemens Group as disclosed in the financial statements of Siemens Group; hence the perimeter is not fully comparable to the Contributions. The table below exhibits the latest broker notes published post Siemens Q3 2016/2017 financials release as of August 3rd, 2017 and before the date of signing the Memorandum of Understanding, executed by and between Alstom and Siemens AG on September 26th, 2017, excluding the minimum and maximum values.

Siemens Mobility Group enterprise value based on brokers' references has been allocated between French Contribution and Luxembourg Contribution based on their estimated respective contributions to EBIT 2018. Enterprise value has been adjusted for the value of the additional EBIT from Traction Drives activities and standalone savings of the Luxembourg contribution. Such adjustments have been valued based on the Siemens Target Business enterprise value/EBIT 2018e multiples from brokers' SOTP valuations.

It should be noted that the basis of these values are derived from an outside view of analysts and depends strongly on the individual assumptions made by each analyst, which may differ significantly from each other and from internal assumptions used by the parties in other methods.

Analyst	Date	EBIT Sep-18e (€m)	Enterprise Value of Siemens Mobility Group (€m)	Implied EV / EBIT Sep-18e (x)
Exane	11-Sep-17	750	6,753	9.0x
Barclays	18-Aug-17	701	7,700	11.0x
Jefferies	04-Aug-17	788	7,875	10.0x
Morgan Stanley	04-Aug-17	830	8,302	10.0x
Société Générale	04-Aug-17	750	7,496	10.0x
Average		764	7,625	10.0x
Min - Implied EV / EBIT Sep-18e (x)			6,753	9.0x
Max - Implied EV / EBIT Sep-18e (x)			8,302	11.0x

Source: Analysts

This method yields a Luxembourg Contribution enterprise value range of €8,324m-€10,217m on the basis of financial estimates for the fiscal year ending in September 2018.

Hence, the Luxembourg Contribution's equity value stands at €6,287m-€8,180m.

v. Summary of the values obtained

The table below shows the summary of Alstom Group and Luxembourg Contribution equity value contributions based on multi-criteria valuation approach.

		DCF		Trading Multiples		Alstom Stock Price		Brokers' valuation	
		Min	Max	Min	Max	Min	Max	Min	Max
Alstom Group	Equity Value contributed (€m)	7,399	8,359	7,523	7,760	5,214	5,867	5,507	6,829
	Value of warrants to Siemens (€m)	88	88	88	88	88	88	88	88
Luxembourg Contribution Perimeter	Equity Value contributed (m)	7,313	8,621	7,982	8,318	5,581	6,767	6,287	8,180

e. Valuation of Warrants

Warrants will be granted in consideration for the Luxembourg Contribution pursuant to this Contribution Agreement, to acquire an additional 2.0% equity holding on a Fully Diluted basis. The 18,942,888 Warrants valuation relies on several parameters such as Alstom Group unaffected share price (September 20th, 2017), volatility, maturity date (6 years post-Closing of the envisaged transaction), strike price (to be determined on the basis of financials as of Determination Date), exercise period (during the 5th and 6th year post-Closing) and non-transferability (assumed illiquidity discount of 20%).

As the reference share price retained for Alstom Group is as of 20/09/2017, the share price is unaffected and does not reflect the share price impact of the Contemplated Transaction. Therefore, only the exceptional dividend (Distribution B of €881m), economically borne by Alstom Group, has been retained to compute the adjusted reference price.

The table below shows the illustrative valuation of the Warrants attributed in consideration for the Luxembourg Contribution pursuant to this Contribution Agreement:

Siemens warrant valuation - 2% equity holding	
Reference Price (20/09/17) (€)	30.50
- Exceptional dividend (€)	(3.97)
Adjusted Reference Price (€)	26.53
Strike Price (€)	28.75
Strike Price (%)	108%
Call option premium (€)	4.6
Illiquidity discount (%)	20.0%
Call option premium (%)	17.5%
Warrant (m)	18.9
Valuation of warrant (€m)	88.1

f. Summary of the values obtained

The table below shows the summary of Alstom Group and Contributions equity value based on multi-criteria valuation approach.

		<u>DCF</u>		<u>Trading Multiples</u>		<u>Alstom Stock Price</u>		<u>Brokers' valuation</u>	
		Min	Max	Min	Max	Min	Max	Min	Max
Alstom Group	Equity Value contributed (€m)	7,399	8,359	7,523	7,760	5,214	5,867	5,507	6,829
	Value of warrants to Siemens (€m)	88	88	88	88	88	88	88	88
Contributions	French Contribution Equity Value (€m)	202	233	218	266	163	191	209	261
	Luxembourg Contribution Equity Value (€m)	7,313	8,621	7,982	8,318	5,581	6,767	6,287	8,180
	Contributions Equity Value (€m)	7,514	8,854	8,201	8,584	5,744	6,959	6,496	8,441
	Contribution (%)	50.1%	51.2%	51.9%	52.2%	52.0%	53.9%	53.7%	55.0%

The multi-criteria valuation approach performed implies an exchange ratio range close to the agreed exchange ratio (i.e. 49.33% for Alstom Group's existing shareholders and 50.67% for Siemens Group).

The impact of potential synergies related to the combination has not been taken into account in the assessment of the exchange ratio. Siemens and Alstom expect to generate annual synergies of €470m latest in year four post-closing on an EBIT level. The upside from such synergies is shared by Alstom's existing shareholders and Siemens Group based on the agreed exchange ratio.

2.2 **Consideration of the Contributions**

Consideration of the Contributions is based on the terms agreed between the parties concerning the percentage of shareholding to be held by Siemens in Alstom post-Closing, i.e., 50.67% (227,314,658 shares based on a total of 448,625,347 shares). On this basis, Alstom will issue in consideration for the Contributions, 227,314,658 new shares and 18,942,888 Warrants allocated as follows:

	Contribution	Consideration			
	Contribution value (euros)	Number of Alstom shares	Capital increase (euros)	Number of Alstom warrants	Issuance premium (euros)
Luxembourg Contribution (book value)					
Shares Siemens Mobility GmbH	2,150,200,140	135,710,432	949,973,024		1,200,227,116
Shares Siemens Mobility Holding BV	2,346,298,218	83,098,607	581,690,249	18,942,888	1,764,607,969
Total	4,496,498,358	218,809,039	1,531,663,273 (34.1%)	18,942,888	2,964,835,085 (65.9%)
French Contribution (fair market value)					
Shares Siemens Mobility SAS	231,141,816	8,505,619	59,539,333		171,602,483
Total of Contributions	4,727,640,174	227,314,658	1,591,202,606	18,942,888	3,136,437,568