

## WE SHARE ALSTOM

### SAR Notice

#### ITALY

This document comprises the terms and conditions of the Stock Appreciation Rights (the "**SARs**") that are awarded to employees who subscribed shares of Alstom in the context of the WE SHARE ALSTOM offering ("**Offering**").

#### **STOCK APPRECIATION RIGHTS (SAR) GRANT - MAIN FEATURES**

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For each Alstom share that you subscribed in the Offering, you will be granted one SAR, subject to adjustments as described below. The SAR is granted to you by your local employer.

Alstom shares are subscribed in the Offering at a price in Euros equal to the average of the volume-weighted average share prices ("VWAP") of Alstom share on Euronext Paris over the twenty trading days preceding the date of the decision of the Chairman and Chief Executive Officer of Alstom that will set the dates of the subscription/revocation period (the "**Reference Price**") reduced by a 20% discount (the "**Subscription Price**"). The Reference Price and Subscription Price will be communicated to participating employees you shortly after their fixing.

Through the SAR, the employer agrees to pay to you at the end of the lock-up period or in the case of early release, a cash amount that:

- (a) Protects your investment in case of decrease in the Alstom share price below the Subscription Price (the "**Protection**"), your investment being composed of the amount that you contributed from your own funds increased by the amount of the matching contributed by the employer;  
AND/OR
- (b) Provides additional gain based on a multiple equal to ten point three (10.3) applied to the average increase of Alstom share prices above the Reference Price during the investment period, if any (the "**Performance**").

The description of the Protection and the Performance operates as set forth below. Please further see calculation examples in Appendix that intend to show you how the SAR operates.

SARs payments will be made shortly after the end of the 5-year lock-up period or, in case of an Early Release (see below), shortly after such Early Release.

Additionally, please note that amounts received under the SAR in respect of the Protection and the Performance may be subject to taxation and social charges in your country as described in the Country Supplement that is made available on the website [www.weshare.alstom.com](http://www.weshare.alstom.com). In particular, the amount of the Protection will be calculated without taking into account any such taxation and social charges. If the employer is required to proceed with withholding of tax and social charges on your behalf, the amount that you will receive under the SAR will be reduced accordingly.

By subscribing to the WE SHARE ALSTOM Offering, you agree to the terms and conditions described in this document.

## PAYMENT OF THE PROTECTION

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The Protection is an amount that aims to protect your investment in case of decrease of the Alstom share price below the Subscription Price. All calculations are made in Euro. All amounts are determined before taxes, social contributions and any other amounts that may be owed by you.

**Payment at the end of the lock-up period:** If, at the end of the lock-up period, i.e., on March 26, 2025, the Alstom share price at the closing time on the Euronext Paris exchange (the "**Exchange**") is lower than the Subscription Price, you shall receive an amount equal to the difference between the Subscription Price and such price, multiplied by the number of SARs related to Alstom shares subscribed in the WE SHARE ALSTOM Offering that you still hold on that date.

Payment of the Protection is made automatically, shortly after the end of the Plan. If you do not sell your Alstom shares at that time, your investment in Alstom shares will not longer be protected in case of decrease of the share price below the Subscription Price.

Please note that if on March 26, 2025 a market disruption event occurs (e.g. no closing price of the Alstom share can be observed on the Exchange), the closing price of the Alstom share that should have been used (if no market disruption event had occurred) for the purposes of determining the for calculation of the Protection shall be replaced by the first price quoted for the Alstom share on the Exchange after the end of such market disruption event, provided that if the market disruption event continues for more than 5 consecutive trading days, the relevant share price shall be determined by the employer, or by an expert appointed by the employer, on the basis of the fair market value of the Alstom shares. Determinations and payments will be postponed accordingly.

**Payment in case of Early Release:** In case of Early Release, if the Alstom share price at the closing time on the Exchange on the Valuation Date (please see section "Early Release" below) associated to the Early Release is lower than the Subscription Price, you shall receive an amount equal to the difference between the Subscription Price and such price, multiplied by the number of SARs related to Alstom shares subscribed in the WE SHARE ALSTOM Offering for which you requested the Early Release.

Thus, the amount of the Protection will not necessarily be equal to the difference between the Subscription Price and proceeds from the sale of your Alstom shares. The amount of the Protection will be calculated on specific dates whereas sale of your Alstom shares may take place at any time, subject to the applicable Early Release event. Payment of the Protection is expected to be made shortly after processing of the Early Release under the SAR. Please see section "Early Release" below for details.

## PAYMENT OF THE PERFORMANCE

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The Performance is an amount that is intended to allow you to benefit from the average increase in the Alstom share price, if any. It is equal to the positive difference between the average price of the Alstom share calculated during the investment period and the Reference Price, which is then boosted by a multiplier of ten point three (10.3).

If the Final Average Price (as defined below) or Early Settlement Average Price (as defined below) is equal to the Reference Price (i.e., if Alstom share price has never been above the Reference Price during the investment period), no Performance payment will be made.

**Payment at the end of the lock-up period:** you shall receive an amount equal to the difference between the Final Average Price and the Reference Price, multiplied by ten point three (10.3), and multiplied by the number of SARs related to Alstom shares subscribed in the WE SHARE ALSTOM Offering that you still hold on that date.

The "**Final Average Price**" is calculated at the end of the lock-up period based on recordings of 60 Alstom share prices. For this purpose, each month, on the relevant Valuation Date (please see section "Early Release" below), the higher

of the Reference Price and the Alstom share price at the closing time on the Exchange on such relevant Valuation Date is recorded. The Final Average Price will be equal to the average of these 60 Alstom share prices recordings.

Payment of the Performance is made automatically, shortly after the end of the Plan.

**Payment in case of Early Release:** you shall receive an amount equal to the difference between the Early Settlement Average Price and the Reference Price, multiplied by ten point three (10.3), and multiplied by the number of SARs related to Alstom shares subscribed in the WE SHARE ALSTOM Offering for which you requested the Early Release.

The “**Early Settlement Average Price**” is calculated upon Early Release based on recordings of 60 Alstom share prices. For this purpose, each month until the Early Release, on each Valuation Date (please see section “Early Release” below), the higher of the Reference Price and the Alstom share price at the closing time on the Exchange on such relevant Valuation Date is recorded. In order to have 60 Alstom share prices to be recorded in all, the last Alstom share price recorded on the last Valuation Date will be repeated as many times as necessary to obtain the 60 Alstom share prices recordings. The Early Settlement Average Price will be equal to the average of these 60 Alstom share prices recordings.

Payment of the Performance is expected to be made shortly after the Early Release under the SAR is processed. Please see section “Early Release” below for details.

## **EARLY RELEASE**

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Investment in the WE SHARE ALSTOM Offering is subject to a mandatory 5-year lock-up period, starting from the date of issuance of shares. However, early release is possible in case of occurrence of early release events that are listed in the Country Supplement made available on the website [www.weshare.alstom.com](http://www.weshare.alstom.com). In the case of occurrence of an early release event, you can request sale of all or part of your shares (“**Early Release**”). You shall liaise with your employer in order to confirm the availability of early release and your employer shall acknowledge that such early release event occurred. Instruction will be then provided to the share account keeper (BNP PARIBAS Securities Services) to proceed with sale of shares and sale proceeds will be paid to you.

If you request an Early Release for your shares, such Early Release will automatically trigger the pay-out of your SAR. However, irrespective of the date of Early Release of your shares, the SAR pay-out is calculated on specific dates and payment is made shortly after such calculation. This means that the amount of the Protection will not necessarily be equal to the difference between the Subscription Price and proceeds from sale of your Alstom shares.

Early Release of the SAR amount will be processed once a month, based on the **Valuation Date** applicable to a relevant **Early Release Period**.

The “**Valuation Date**” means for each month, the last calendar day of the relevant month. If the last day of a month is not a day on which the Exchange and is open and on which banks are open for business in Paris (France), the valuation date for such month shall be the trading day immediately preceding such relevant calendar day of a month. The first Valuation Date is 31 March 2020 and the last Valuation Date is 28 February 2025.

If, on a Valuation Date a market disruption event occurs (e.g. no closing price of the Alstom share can be observed on the Exchange), the closing price of the share on the Exchange that should have been recorded (if no market disruption event had occurred) shall be replaced by the first price quoted for the Share of the Exchange after the end of such market disruption event, provided that if the market disruption event continues for more than 5 consecutive trading days, the relevant share price shall be determined by the employer, or by an expert appointed by the employer, on the basis of the fair market value of the Alstom shares. Determinations and payments will be postponed accordingly.

The “**Early Exercise Period**” means any period beginning on the 4<sup>th</sup> business day preceding the previous Valuation Date and ending on the 5<sup>th</sup> business day preceding the relevant Valuation Date. The first Early Exercise Period will

begin on 26 March 2020 and end on 23 April 2020 and the last Early Exercise Period will begin on 27 January 2025 and end on 21 February 2025.

Your SAR payment will be calculated based on Valuation Date of the applicable Early Exercise Period depending on the date your early release event has been acknowledged by your employer and procedure of Early Release completed. If the procedure has been completed prior to the 5<sup>th</sup> business day preceding a Valuation Date, your SAR payment will be calculated based on Alstom share price on such Valuation Date. Otherwise, it will be calculated based on the next Valuation Date.

As an example, if the Early Release has been processed on May 20, 2020, your SAR payment will be calculated based on May 29, 2020 valuation. If the Early release has been processed on May 28, 2020, your SAR payment will be calculated based on June 30, 2020 valuation.

If you wish to align the amount of calculation of your SAR pay-out (and in particular, of your Protection) with the sale proceeds of your shares, you shall ensure that the sale of your shares be processed on a Valuation Date of an Early Exercise Period.

## **ADJUSTMENTS – EARLY TERMINATION**

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The calculation of the SAR pay-out or the number of SARs relating to subscribed Alstom shares can be modified in the case of occurrence of certain events and/or transactions.

### **Adjustments**

The Protection, Performance, and/or any variable or component of such amounts such as the multiple, may be modified and varied if any of the following circumstances occurs:

- (i) certain events affecting the value of the Alstom shares or the share capital of Alstom such as events having a dilutive or concentrative effect on the Alstom shares (including, but without limitation, a share split, regrouping of shares, buyback of the shares or increase of the share capital with preferential subscription rights for shareholders, free allotment of securities to the shareholders, extraordinary distributions, distributions of portfolio securities etc...);
- (ii) certain extraordinary events affecting Alstom or the Alstom shares (such as, but without limitation, a merger (*fusion*), de-merger (*scission*), a public tender offer for shares (*offre publique d'échange*), a public tender offer for cash (*offre publique d'achat*), or a combined public tender offer (*offre publique mixte*));
- (iii) a change in the listing currency of the Alstom shares, if such listing currency is no longer denominated in Euro;
- (iv) changes in taxation applicable to or in connection with any agreement, financial instrument or warrant entered into or subscribed by Alstom group companies in order to hedge their commitments under the SAR and to any payment thereunder.

If any of the events listed in (ii) occurs, the SAR payment may no longer be calculated on the basis of the value of the Alstom shares but on the basis of the value of the shares which will be substituted for the Alstom shares.

In all such events, the SAR pay-out or the number of SARs can be adjusted for the benefit of the employer or the employee in order to preserve the initial financial balance that existed at the time of the grant of the SARs.

There will be no adjustment in case of distribution of an ordinary dividend in cash or otherwise from proceeds other than reserves, grant to employees of stock options or free shares pursuant to provisions of the French commercial code.

## Early Termination

Commitments under the SARs may be early terminated and an early payment under the SARs may occur in case (i) the liquidity of the Alstom shares is affected, (ii) in case of an increase in the cost of securities lending/borrowing transactions on the Alstom shares, (iii) in case of a public tender offer for cash (*offre publique d'achat*) if such offer is successful, (iv) in case of the announcement of the delisting of the Alstom shares, (v) in case of the announcement of the nationalization of, any insolvency of, any bankruptcy of or an insolvency proceeding opened against Alstom, (vi) in case of certain changes in the principal trading venue of the Alstom shares, including a change in the listing currency of the Alstom shares if no longer denominated in Euro or (vii) in case of the illegality, or impossibility, or increases in the taxation applicable to or in connection with the hedging arrangements entered into, in each case in connection with the SARs or when such hedging arrangements cannot be maintained or are otherwise terminated. The early termination of such hedging arrangements may result in the early termination and an early payment of the SARs.

In the case of such early termination, the amount payable under each SAR shall be determined based on the market conditions and may be different (i.e. lower or greater) than the amount that would have been calculated absent such event.

## MISCELLANEOUS

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**Non transferability:** Your SARs are not transferable. A SAR is granted to you because of your relationship with your employer and participation to WE SHARE ALSTOM Offering. The SAR cannot be transferred by you to any person.

**No employment rights:** The grant of your SAR shall not be construed as giving you any entitlement or right to be retained in employment by the Alstom group. The SARs shall not form part of any employee's work contract and shall not be taken into consideration in the calculation of any entitlement or benefits based on the employee's compensation (actual or in case of termination).

**Modification:** The employer may in its discretion modify or waive the terms and conditions of SARs in order to meet legal or tax requirements, in response to any exceptional situation, or to the extent that it otherwise deems necessary or advisable.

**No acquired rights:** The award of the SAR is a discretionary award, made in the context of subscription of shares in the WE SHARE ALSTOM Offering. The award of the SAR, even if repeated, shall not entitle you to a similar or equivalent award of SAR or any other payment in the future.

**Governing law:** The SARs shall be governed by the laws of the country of incorporation of the employer and construed in accordance with such law. If any term or provision of the SARs is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms and provisions will remain in full force and effect.

## APPENDIX – CALCULATION EXAMPLES

Examples below are based on the following assumptions:

Reference price : €40

Subscription Price: €32

Total investment: €288 or 9 Alstom shares

Examples below are presented before tax impact and excluding payment of dividends on the period.

Examples are provided in order to illustrate the operation of the SAR mechanism and must not be viewed as an estimate of share price performance or of actual SAR pay-out.

At the end of the lock-up period you will receive the SAR pay-out irrespective of whether you also sell at that time your Alstom shares, whereas in case of early release, the SAR pay-out will be made to you only if you request to sell all or part of your Alstom shares and in proportion of the such sale of your Alstom shares.

### Payments at the end of the lock-up period:

#### Example 1:

At the end of the lock-up period:	
- the closing price of Alstom share:	€50
- the Final Average Price:	€45
The total value of your shares:	€450

#### Under the SAR, you receive:

PROTECTION

Not applicable, because the share price at the end of the lock-up period is higher than the Subscription Price

PERFORMANCE

**$9 \times (\text{€}45 - \text{€}40) \times 10.3 = \text{€}463.5$**

#### Example 2:

At the end of the lock-up period:	
- the closing price of Alstom share:	€30
- the Final Average Price:	€40 (i.e., there is no increase, the share price has been below the Reference Price during the whole investment period, thus the Reference Price is retained)
The total value of your shares:	€270

#### Under the SAR, you receive:

PROTECTION

**$9 \times (\text{€}32 - \text{€}30) = \text{€}18$**

PERFORMANCE

$9 \times (\text{€}40 - \text{€}40) \times 10.3 = \text{€}0$

### Example 3:

At the end of the lock-up period:	
- the closing price of Alstom share:	€30
- the Final Average Price:	€43
The total value of your shares:	€270

<b>Under the SAR, you receive:</b>	
<b>PROTECTION</b>	<b><math>9 \times (\text{€}32 - \text{€}30) = \text{€}18</math></b>
<b>+</b>	
<b>PERFORMANCE</b>	<b><math>9 \times (\text{€}43 - \text{€}40) \times 10.3 = \text{€}278.1</math></b>

## Payments in case of early release:

### Example 1 :

At the time of early release:	
- the sale price of your Alstom share:	€43
- the price of Alstom share on Valuation Date:	€43
- the Early Settlement Average Price:	€45

**SALE PROCEEDS:**  **$9 \times \text{€}43 = \text{€}387$**

**+**

<b>Under the SAR, you receive:</b>	
<b>PROTECTION</b>	Not applicable, because the share price at the Valuation Date is higher than the Subscription Price
<b>PERFORMANCE</b>	<b><math>9 \times (\text{€}45 - \text{€}40) \times 10.3 = \text{€}463.5</math></b>

### Example 2:

At the time of early release:	
- the sale price of Alstom share:	€29
- the price of Alstom share on Valuation Date:	€30
- the Early Settlement Average Price:	€40 (i.e., there is no increase, the share price has been below the Reference Price during the whole investment period, thus the Reference Price is retained)

**SALE PROCEEDS:**  **$9 \times \text{€}29 = \text{€}261$**

**+**

<b>Under the SAR, you receive:</b>	
<b>PROTECTION</b>	<b><math>9 \times (\text{€}32 - \text{€}30) = \text{€}18</math></b>
<b>PERFORMANCE</b>	<b><math>9 \times (\text{€}40 - \text{€}40) \times 10.3 = \text{€}0</math></b>

In this example, your shares were not sold on the Valuation Date of the SAR and thus, calculation of the Protection is not aligned on the proceeds resulting from sale of your shares and your actual loss.