13 May 2013

(This document is a free translation of the official French version)

ALSTOM
ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING
2 July 2013

PRESENTATION OF THE RESOLUTIONS

All the information that must be published within the framework of this Shareholders' Meeting pursuant to Article R 225-73-1 of the French Commercial Code will be made available to the shareholders within legal time limits on the Alstom internet website (www.alstom.com / Investors / Shareholders Meeting). The text of the resolutions, which is available on the Alstom internet website, is also included in the Preliminary Notice of Meeting relating to this Shareholders' Meeting published in the French Bulletin des *Annonces Légales et Obligatoires* on 13 May 2013. As indicated below, additional information will also be given notably in the Notice of Meeting and in the Alstom Registration Document for fiscal year 2012/13 ("Registration Document 2012/13"), which will be made available soon on the Alstom internet website.

On the ordinary part of the Shareholders' Meeting

Approval of Alstom's financial statements and proposal for the allocation of net income (proposed dividend: €0.84 per share)

(First to third resolutions)

The shareholders will be asked, after reviewing the Board of Directors and Independent Auditors' reports, to approve respectively the transactions and statutory and consolidated financial statements for the fiscal year ended 31 March 2013 as presented to them.

The fiscal year ended 31 March 2013 records a profit which amounts to €67,186,173.39. After allocation to the legal reserve of €3,359,308.67 and taking an amount of €195,025,961.12 from the amount previously carried forward, it is proposed to distribute a dividend of a total amount of €258,852,825.84, corresponding to € 0.84 per share of €7 nominal value, to be paid on 9 July 2013.

The shares would trade ex-dividend as of 4 July 2013 and the record date would be on 8 July 2013.

The shareholders are reminded that the following dividends were distributed in respect of the previous fiscal years:

Fiscal Years	**2011/12** *(in €)*	**2010/11** *(in €)*	**2009/10** *(in €)*
Dividend per share [(1)]	0.80	0.62	1.24
[(1)] *Amount eligible for the tax reduction of 40% resulting from Article 158-3-2 of the French General Tax Code.*			

Related party agreements

(Fourth resolution)

The Shareholders will be requested in the **fourth resolution** to approve the Independent Auditors' special report on the related party agreements and commitments established pursuant to article L. 225-40 of the French Commercial Code.

This report relates on the one hand to a new related party agreement to which article L. 225-38 of the French Commercial Code relates, which has been authorised during the fiscal year but not already submitted to the Shareholders' Meeting, namely the underwriting and placement agreement concluded on 1 October 2012 between the Company and a group of banks, among which BNP Paribas and Société Générale, related to the share capital increase through a private placement for a total amount of around a €350 million, issue premium included, completed by the Company on 4 October 2012, the signature of which was authorized by the Board of Directors on 1 October 2012.

This report also relates to related party agreements and commitments previously approved and continued during the fiscal year amongst which the commitments discussed in Article L. 225-42-1 of the French Commercial Code, undertaken with regard to the Chairman and Chief Executive Officer authorised by the Board and approved by the Shareholders' Meeting held on 26 June 2012. These commitments concern, as in the past, the potential entitlement to the supplemental collective retirement pension scheme composed of a defined contribution plan and a defined benefit plan which covers all persons exercising functions within the Group in France whose base annual remuneration exceeds eight times the annual French social security ceiling within the Group and the upholding, in the event of termination of his mandate as initiated by either the Company or himself, of only the rights to exercise the stock options and the rights to the delivery of the performance shares, that will have been definitively vested as of the end of his term of office following the fulfillment of the conditions set forth by the plans.

Information pertaining to these related party agreements and commitments are provided in the Chairman's Report included in the Registration Document 2012/13 (section Corporate Governance) and in the Independent Auditors' special report which will be provided in the Notice of Meeting.

The appointment of Mrs Amparo Moraleda as a Director

(Fifth resolution)

The Board of Directors acknowledged the decision taken by Mr. Jean-Paul Béchat to put an end to his term of office as Director, a position he exercised for twelve years, in order to allow for his replacement by an Independent Director and to maintain the ratio of independent Directors within the Board of Directors. The term of office will terminate following this General Shareholders' Meeting.

Therefore, in this **fifth resolution,** the shareholders are requested by the Board of Directors upon recommendation of the Nominations and Remuneration Committee, to approve the appointment of Mrs Amparo Moraleda as a Director for a four-year period until the end of the Ordinary General Meeting which shall approve the accounts for the fiscal year ending on 31 March 2017.

This proposed nomination meets the Board of Directors' permanent objective to reinforce the diversity and complementarity of its required skill sets, to include more international members, and to increase the ratio of women in the Board.

The Board of Directors 'meeting of 6 May 2013 performed its annual review of the independence of its members on the basis of all the criteria recommended by the AFEP-MEDEF Code of corporate governance and concluded that Mrs Amparo Moraleda, answers all the criteria of the Code allowing to qualify her as an independent Director.

If her appointment is approved, the proportion of women in the Board would increase from 21% (3/14) to 28% (4/14). In addition, the Board of Directors would remain comprised of nine independent members out of fourteen (64%).

Additional information pursuant to Article R.225-83 of the French Commercial Code pertaining to Mrs Moraleda are presented in the Notice of Meeting.

Determination of the amount of the Directors' fees

(Sixth resolution)

The Shareholders' Meeting dated 22 June 2010 had set the overall annual amount to be distributed among Directors at €900,000. It is proposed that the shareholders raise the maximum amount to €1,000,000 from the fiscal year beginning on 1 April 2013.

This increase in the overall amount set three years ago is aimed at taking into account the evolution of the frequency of Board of Directors and Committees' meetings, as well as the new terms and conditions affecting the allocation of Directors' fees applicable since 1 October 2012.

Acquisition by the Company of its own shares (maximum purchase price: €70 per share)

(Seventh resolution)

The Shareholders' Meeting of 26 June 2012 authorised the Board to acquire the Company's shares for eighteen months. This authorisation was not used during the course of the past fiscal year and will expire on 26 December 2013.

It is proposed to renew this authorisation so that the Company remains allowed to purchase its shares at any time. This authorisation shall be valid for eighteen months as from this Shareholders' Meeting.

This authorisation may be used:

- with the purpose to cancel the shares acquired (within the conditions laid down by law and notably within the framework of the Shareholders' Meeting's authorisation requested in the eighth resolution),
- with the purpose of allocating or selling shares to employees, former employees or corporate officers of the Company and its affiliated companies as defined in Articles. L. 225-180 and L. 233-16 of the French Commercial Code, in particular through employee purchase schemes, stock option plans or free allocations of shares under the conditions specified by law,
- in order to hold the shares purchased, or sell, transfer or exchange the shares purchased as part of or following any external growth transactions within the limit set forth in the 6th paragraph of Article L. 225-209 of the French Commercial Code,
- in order to deliver shares upon the exercise of rights attached to securities giving access to the share capital,
- to ensure the liquidity of the market and to lead the Company's market through an authorised investment services provider within the framework of a liquidity contract complying with a code of ethics agreed upon by the French Stock Market Authority ("AMF"),
- as well as in order to implement any market practice that could potentially be allowed by the *Autorité des marchés financiers* and, more generally, to carry out any other transaction in compliance with applicable regulations.

The purchase, sale, transfer or exchange of these shares may be effected, in accordance with the rules set by the relevant regulatory bodies, on regulated markets or off the market, including multilateral trading facilities (MTFs) or via a systematic internaliser, by any means, including through block transfer or the use or exercise of any financial instruments, derivative products, particularly through optional transactions such as the purchase and sale of options and at any time within the limits set forth by laws and regulations excluding during any take-over period on the Company's share capital.

The maximum purchase price per share remains fixed at €70. The number of shares which may be purchased pursuant to the present authorisation cannot exceed 10% of the share capital as of 31 March 2013, i.e. a theoretical maximum number of 30,815,812 shares of €7 par value and a theoretical maximum amount of €2,157,106,840 based upon the maximum purchase price set above.

The description of the share purchase programme is set forth in the Registration Document 2012/13, section Additional Information.

On the extraordinary part of the Shareholders' Meeting

Reduction of the share capital by cancellation of shares purchased

(Eighth resolution)

The **eighth** resolution is intended to authorise the Board of Directors, for a period of twenty-four months, to reduce the share capital of up to 10% of its amount by cancelling all or part of the shares that would be purchased by the Company within the scope of any share buyback authorisation granted by the Shareholders' Meeting, and in particular the seventh resolution of this Meeting submitted for your approval.

It would replace the authorisation given by the Ordinary and Extraordinary Shareholders' Meeting of 28 June 2011, in its eleventh resolution which is expiring on 28 June 2013 and has been used during fiscal year 2011/12 to cancel a total of 200,000 shares purchased on the market within the scope of the share buyback authorisation granted by the same Shareholders' meeting.

Renewal of the authorisations to grant free shares and conditional stock options

(Ninth and tenth resolutions)

The table below summarizes the authorisations to increase the share capital, to grant stock options or free shares outstanding as of 6 May 2013 and their use during the fiscal year 2012/13. The authorisations relating to share capital increases with cancellation of the preferential subscription right and private placement, free allocation of performance shares and conditional stock options have been used during this fiscal year. The additional reports of the Chairman and Chief Executive Officer and of the Independent Auditors related to this capital increase completed through a private placement are included in the Notice of the Meeting.

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during expired fiscal year	Available amount	Expiry/ Duration
Issuance of securities				
Delegation of competence to issue shares and securities giving access to the share capital with preferential subscription right and/or by capitalization of reserves (AGM 26 June 2012, resolution No. 9)	Share capital: €600 million (corresponds to 29.1% of the share capital) (1) (6) Debt securities: €2 billion (2)	None	Share capital: €508,067,544 (corresponds to 23.6% of the share capital)(8) Debt securities: unchanged	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares and securities giving access to the share capital with cancellation of the preferential subscription right and option to offer a priority right (AGM 26 June 2012, resolution No. 10)	Share capital: €300 million (corresponds to 14.6% of the share capital (6), less any capital increase with cancellation of the preferential subscription right and private placement and any capital increase in consideration of contributions in kind issued by virtue of resolutions No. 11, 12 and 13)(1) (3) Debt securities: €1.5 billion (2)	None	Share capital: €208,067,544 (corresponds to 9.6% of the share capital)(8) Debt securities: unchanged	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares and securities giving access to the share capital with cancellation of the preferential subscription right and private placement (AGM 26 June 2012, resolution No. 11)	Share capital: €300 million (corresponds to 14.6% of the share capital (6), less any capital increase with cancellation of the preferential subscription right and public offer and in consideration of contributions in kind issued by virtue of resolutions No. 10, 12 and 13)(1) (3) Debt securities: €1.5 billion (2)	Share capital: € 91,932,456	Share capital: €208,067,544 (corresponds to 9.6% of the share capital)(8) Debt securities: unchanged	26 August 2014 (duration: 26 months)

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during expired fiscal year	Available amount	Expiry/ Duration
Delegation of competence to the Board of Directors to increase by 15% the amount of the initial issue with maintenance or cancellation of the preferential subscription right (AGM 26 June 2012, resolution No. 12)	Not to exceed 15% of the initial issuance, and to be deducted from the maximum amounts authorised by the delegations of authority under which the initial issuance is carried out (resolutions No. 9, 10 and 11) (1) (3)	None	Maximum nominal amount authorised	26 August 2014 (duration: 26 months)
Delegation of authority to increase the share capital by up to 10% of the share capital in consideration of contributions in kind (AGM 26 June 2012, resolution No. 13)	10% of the share capital to be deducted from the overall limits set in resolutions No. 10 and 11 (1) (3)	None	Maximum nominal amount authorised	26 August 2014 (duration: 26 months)
Offerings to employees and executives				
Delegation of authority to issue shares and other securities granting rights to the share capital reserved for members of a Group savings plan (AGM 26 June 2012, resolution No. 14)	2% of the share capital at the date of the Shareholders' Meeting, less any amount issued by virtue of resolution No. 15 (1) (4)	None	Maximum nominal amount authorised	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares for the benefit of a category of beneficiaries (AGM 26 June 2012, resolution No. 15)	0.5% of the share capital at the date of the Shareholders' Meeting, to be deducted from the overall limit set in resolution No. 14 (1) (4)	None	Maximum nominal amount authorised	26 December 2013 (duration 18 months)
Authorisation of free allocation of existing or new shares to employees (AGM 22 June 2010, resolution No. 17)	1% of the share capital at the date of the Shareholders' Meeting, to be deducted from the overall limit set in resolution No. 18 (5)	781, 540 shares i.e. 0.25% of the share capital as of the attribution date (7)	614,450 shares i.e. 0.20% of the share capital (8), to be deducted from the overall limit set in Resolution No. 18	22 August 2013 (duration: 38 months)
Authorisation to grant stock options to subscribe or purchase shares (AGM 22 June 2010, resolution No. 18)	2.5% of the share capital at the date of the Shareholders' Meeting, less any amount issued by virtue of resolution No. 17 (5)	1,312,690 options i.e. approx. 0.43% of the share capital as of the attribution date (7)	3,435,235 options less any amount issued by virtue of Resolution No. 17,resulting in a remaining balance available of 1,108,795 options i.e. 0.36% of the share capital (8)	22 August 2013 (duration: 38 months)

(1) Global limitation of the capital increases resulting from these seven authorisations to €600 million corresponding to 29.1% of the share capital as of 31 March 2012 (before any adjustments).

(2) Global limitation of the amount of debt securities resulting from these authorisations to €2 billion.

(3) Global limitation of capital increases resulting from these four authorisations to €300 million corresponding to 14.6% of the share capital as of 31 March 2012 (before any adjustments).

(4) Global limitation of capital increases related to employee shareholding resulting from these authorisations to 2% of the share capital (before any adjustments).

(5) Global limitation of capital increases resulting from these authorisations to grant stock options and free shares to 2.5% of the share capital as of the Shareholders' Meeting (before adjustments). This amount does not reduce the global amount of €600 million.

(6) On the basis of the share capital as of 31 March 2012.

(7) Corresponding to the long term incentive plan (LTI No. 15) implemented on 6 November 2011 entirely subject to achievement of the Group's performance targets over three fiscal years (See Registration Document 2012/13, section Corporate Governance / Interests of the officers and employees in the share capital and see Note 21 to the consolidated financial statements as of 31 March 2013).

(8) On the basis of the share capital as of 31 March 2013.

It is hereby proposed to renew the authorisations to grant free performance shares and conditional stock options granted by the Shareholders' Meeting of 22 June 2010 which will expire during fiscal year 2013/14 (**ninth** and **tenth resolutions**) with an overall ceiling set unchanged for both of these authorisations at 2.5% of the share capital on the date of the Shareholders' Meeting.

The potential total dilution that may result from performance share plans and conditional stock options in force (including free allocation of shares within employee shareholding plans) is equal to 3.38% of the share capital as of 31 March 2013 (subject of the fulfillment of all the performance conditions linked to fiscal years 2013/14 and 2014/15).

The **ninth resolution** is a proposal to cancel the previous authorisation granted by the combined General Shareholders' Meeting dated 22 June 2010 for the unused balance of shares, and to grant a new authorisation to the Board of Directors valid for a period of thirty-eight months, enabling it to carry out allocations of free shares, either existing or to be issued, up to a limit of a number of shares representing 1% of the share capital of the Company on the date of this Shareholders' Meeting, for the benefit of persons it shall select from among eligible employees and corporate officers (*mandataires sociaux*) of the Company and of the companies or economic interest groups related to it in the meaning of Article L. 225-197-2 of the French Commercial Code, whether they are located in France or outside of France.

Within this ceiling, the potential allocations granted to corporate officers (*mandataires sociaux*) of the Company would remain limited to 0.02% of the share capital on the date of the Shareholders' Meeting (before adjustments), as in the current authorisation.

It is hereby specified that the par value amount of the shares freely allocated under this authorisation would be deducted from the share capital increase ceiling referenced in the **tenth resolution** relative to the proposed allocation of stock options, such that the amount of the share capital increase that could potentially result from free allocations of shares and stock option allocations under the **ninth** and **tenth resolutions** is capped at 2.5% of the share capital of the Company on the date of the Shareholders' Meeting. In the event of an issue of new shares, the use of this authorisation would require the Company to secure reserves that could be added to the share capital, as the case may be.

This authorisation would be used notably:

- within the framework of Long-term Incentive Plans (LTI) which combine the allocation of stock options with the free allocation of shares and subject the exercise of all stock options and delivery of all shares to identical performance conditions;
- within the framework of free share allocations of shares for the benefit of a larger amount of employees through employee savings transactions such as the free share allocation plan "Awards for All" carried out in 2006 for the benefit of all Group employees; or
- within the framework of capital increases reserved for the Group employees such as the Alstom Sharing 2007 and Alstom Sharing 2009 employee shareholding plans, in which the employer matching contribution offered in France was replaced, with respect to those subscribers located outside of France, by a free share allocation in which the acquisition of the shares was subject to a vesting period.

In accordance with the policy applied by the Company, for those grants carried out within the context of the LTI plans, grants of free shares would all be subject to the fulfillment of one or several performance conditions to be determined by the Board of Directors, upon proposal of the Nominations and Remuneration Committee, measured over a minimum time frame of three fiscal years as is currently the case for ongoing plans.

In accordance with current practice, these objectives would be consistent with the published guidance of the Group. As is currently the case for ongoing plans, such objectives would be based on operating margin achieved by the Group. The number of definitively acquired shares would be determined relative to the levels of operating margin achieved by the Group in each of the three fiscal years of the reference period. In addition, in the event of negative free cash flow in a given fiscal year of the reference period, no performance share can be effectively delivered in respect of such fiscal year. The Board of Directors, upon proposal of the Nominations and Remuneration Committee, has the option to use other demanding, internal or external performance criteria considered more appropriate that would reflect the performance objectives and operating and strategic priorities of the Group.

To illustrate this, for the last long term incentive plan granted during fiscal year 2012/13, the number of performance shares to be finally delivered is calculated subject to the achievement of predetermined Group operating margin levels, which are set to improve gradually over the three- fiscal year period (the "reference period") and include the guidance of a Group's operating margin then expected to be at around 8% for fiscal year 2014/15. The number of performance shares finally vested will vary according to the level of operating margin achieved in respect of each fiscal year of the reference period. In addition, with the aim to be coherent with the Group's three-year guidance, this performance condition has been complemented by a free cash flow condition according to which in the event of a negative Group's free cash-flow in a given fiscal year of the reference period, no performance share will be delivered in respect of such fiscal year whatever the level of operating margin achieved in respect of this fiscal year.

The policy followed, the performance criteria used and their fulfillment are exposed in detail in the Registration Documents of the Company and in particular in the Registration Document 2012/2013 (please refer to the Chairman's Report provided for under Article L. 225-37 of the French Commercial Code and the section "Corporate Governance/Interests of the officers and employees in the share capital" and Note 21 to the consolidated financial statements for fiscal year 2012/13).

However, the Board of Directors will have the ability to carry out free allocations of shares that are not subject to performance conditions (this will not apply to allocations to corporate officers or members of the Executive committee of the Company) provided they are made through operations offered to a majority of the Group's employees such as the 2006 Awards for All plan (offered to approximately 57,000 beneficiaries and bearing on 0.5% of the share capital as of the date of the allocation decision) or the allocations to subscribers outside France of the Alstom Sharing 2007 and Alstom Sharing 2009 employee shareholding plans offered to almost all of the Group's employees, and up to a limit of a number of shares representing a maximum of 0.5% of the share capital on the date of the Shareholders' Meeting (before adjustments) (it being specified that this limit is deducted from the 1% share capital ceiling mentioned above).

In accordance with the law, the allotment of the shares to the beneficiaries would only be final at the end of an acquisition period to be determined by the Board of Directors, the minimum duration of which we would suggest you fix at two years. The term of the beneficiary holding period, also fixed by the Board of Directors, could not be shorter than a minimal term that we suggest you fix at two years from the final allotment of the shares. In practice, the final allotment cannot take place prior to the confirmation of fulfillment of all performance conditions. We also propose you decide that the acquisition period may be for a minimum term of four years with in this case, the ability to eliminate the holding period for these shares. We finally propose that you authorise the early allotment of shares in case of a second or third category disablement of the allottee's beneficiary as per Article L. 341-4 of the Social Security Code and to allow protection measures for the beneficiaries in case of operations affecting the share capital.

The total number of shares that can be created with respect to outstanding free performance share allocation plans as of the date of the Shareholders' Meeting (subject to meeting all of the performance conditions linked to fiscal years 2013/14 and 2014/15) represents 0.59% of the share capital as of 31 March 2013.

In addition, the total number of shares not subject to performance conditions that could potentially be allocated to employees of the Group's foreign subsidiaries that subscribed to the Alstom Sharing 2007 and Alstom Sharing 2009 employee shareholding plans offered to the Group's employees represents 0.07% of the share capital as of 31 March 2013.

The **tenth resolution** is a proposal to also cancel the existing authorisation granted by the Shareholders' Meeting of 22 June 2010, for its unused part, and to grant to the Board a new authorisation for a period of thirty-eight months from this date, to grant to the beneficiaries it will designate from amongst the employees and corporate officers of the Company and of companies or economic interest groups affiliated to the Company under the conditions set out in Article L. 225-180 of the Commercial Code, stock options giving rights to subscribe new shares to be issued by the Company, or to purchase existing shares in the Company, up to a total number of options granted pursuant to this authorisation, which may not give the right to subscribe or purchase a number of shares exceeding 2.5% of the share capital at the date of the Shareholders' Meeting.

The shares freely allotted pursuant to the **ninth resolution**, if any, shall be deducted from this overall global limit.

Within this ceiling, allocations made to corporate officers *(mandataires sociaux*) of the Company cannot represent more than 0.10% of the share capital on the date of the Shareholders' Meeting (before adjustments), as in the current authorisation.

In accordance with the policy applied by the Company, grants of stock options carried out within this proposed authorisation would subject the exercise of all stock options to the fulfillment of one or several performance conditions to be determined by the Board of Directors, upon proposal of the Nominations and Remuneration Committee, measured over a minimum time frame of three fiscal years as is currently the case for ongoing plans.

In accordance with current practice, these objectives would be consistent with the published guidance of the Group. As is currently the case for ongoing plans, such objectives are based on operating margin achieved by the Group. The number of exercisable stock options would be determined relative to the levels of operating margin achieved by the Group in each of the three fiscal years of the reference period. In addition, in the event of negative free cash flow, in a given fiscal year of the reference period, no stock options can be exercised in respect of such fiscal year. The Board of Directors, upon proposal of the Nominations and Remuneration Committee, has the option to use other demanding, internal or external performance criteria considered more appropriate that would reflect the performance objectives and operating and strategic priorities of the Group.

To illustrate this, for the last long term incentive plan granted during fiscal year 2012/13, the final numbers of stock options finally exercisable is calculated subject to the achievement of predetermined Group operating margin levels, which are set to improve gradually over the 3- fiscal year period (the "reference period") and include the guidance of a Group's operating margin then expected to be at around 8% for fiscal year 2014/15. The number of stock options exercisable will vary according to the level of operating margin achieved in respect of each fiscal year of the reference period. In addition, with the aim to be coherent with the Group's three-year guidance, this performance condition has been complemented by a free cash flow condition according to which in the event of a negative Group's free cash-flow in a given fiscal year of the reference period, no stock option will be exercisable in respect of such fiscal year whatever the level of operating margin achieved in respect of this fiscal year.

The policy followed, the performance criteria used and their fulfillment are exposed in detail in the Registration Documents of the Company and in particular in the Registration Document 2012/2013 (please refer to the Chairman's Report provided for under Article L. 225-37 of the French Commercial Code and the section "Corporate Governance/Interests of the officers and employees in the share capital" and Note 21 to the consolidated financial statements for fiscal year 2012/13).

The subscription or purchase price of the shares may not be less than the average of the prices listed during the twenty trading days preceding the day on which the options are granted. Furthermore, the purchase price of existing shares may not be less than the average price at which the shares were purchased by the Company. Hence, no discount would be allowed in compliance with the Company's policy.

The options are generally exercisable at the expiry of a vesting period of three years as from the grant date subject to the fulfillment of the performance conditions.

The total number of options that can potentially be exercised (subject to the fulfillment of all the performance conditions linked to fiscal years 2013/14 and 2014/15), with respect to all the existing plans, represented 2.72% of the share capital as of 31 March 2013.

<u>Reminder of the policy followed by the Company relative to the allocation of conditional stock options and performance shares:</u>

Generally, every year, the Board of Directors sets up, in France and abroad, a Long-term Incentive Plan (LTI) which, as indicated above, since fiscal year 2007/08 combines the allocation of stock options with the free allocation of shares and subjects the exercise of all stock options and the delivery of all shares to identical performance conditions and attendance requirements. These plans are decided by the Board of Directors upon the proposal of the Nominations and Remuneration Committee, which reviews all terms of these plans, including the granting criteria.

The awards are made with a regular frequency, at the end of September each year except when the Agenda of the Board does not allow it according to French law (it was the case for Plans 2010 and 2012). Since 2004, the beneficiaries represent approximately 2% of total Group's employees (1,763 people for the plan granted during fiscal year 2012/13 among which 1,763 beneficiaries of performance shares and 538 beneficiaries of conditional stock options).

The respective proportions of conditional stock options and performance shares allocated vary according to beneficiaries' level of responsibility, it being specified that the proportion of stock options increases as responsibility levels increase. With respect to the lowest hierarchical positions, only performance shares are generally allocated within LTI plans since fiscal year 2008/09.

The plans granted represent generally approximately 0.70% of the share capital as of the grant date. The long term incentive plan (LTI No. 15) granted during the fiscal year bears on a total amount of conditional stock options and free performance shares corresponding to respectively 0.43% (1,312,690 stock options granted) and 0.25% (781,540 allocation rights granted) of the share capital as of the grant date.

The members of the Executive Committee (including the Chairman and Chief Executive Officer, who is the only corporate officer "mandataire social dirigeant") generally receive less than 20% of the total annual allocation (corresponding to around 18% of the total allocation for the LTI plan granted during fiscal year 2012/13).

Since 2006, all the options and performance shares granted are conditional and submitted to the achievement of demanding and pre-determined internal performance conditions measured over three fiscal years. The performance condition retained since 2006 is the future operating margin level of the Group, which is the same criterion used for the objectives of the Group. For the long term incentive plan (LTI No. 15) granted during fiscal year 2012/13, the achievement of predetermined Group's operating margin levels for fiscal years 2012/13, 2013/14 and 2014/15 improving gradually over the 3-year period consistent with the Group's three-year guidance, has been complemented by requirement of the absence of negative free cash flow in respect of each fiscal year (See Note 21 to the consolidated financial statements for fiscal year 2012/13).

The options are exercisable at the expiry of a vesting period of three years as from the grant date subject to the fulfillment of the performance conditions. In France, as per current tax law, beneficiaries shall also keep the shares subscribed up until the expiry of a four-year period following the grant date of the plan.

Generally speaking, the performance shares are allocated following an acquisition period of around 3 years following the date upon which the Board of Directors allocated the shares in France, or 4 years outside of France, subject to satisfying performance requirements. The definitive allocation is also subject to conditions associated with the beneficiary's presence within the Group, save in exceptional cases as provided for in the plan.

Principles applicable to the allocations to the Chairman and Chief Executive Officer:

The Company complies with the provisions of the AFEP-MEDEF Code.

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board of Directors upon proposal of the Nominations and Remuneration Committee, applies the following principles to allocations for the Chairman and Chief Executive Officer:

- the IFRS 2 value of any allocation shall be capped at one year of fixed and targeted variable remuneration, the latter of which corresponds to the remuneration obtained when accomplishments are strictly compliant with set objectives;
- the aggregate amount of annual allocations granted to corporate officers of the Company (*mandataires sociaux*) cannot exceed 2.5% of the overall amount authorised by the General Shareholders' Meeting for grants of stock options and free shares within the Group, or 5% of the aggregate annual allocation (calculated, as the case may be, based on stock option equivalents in the event of a combined allocation of stock options and performance shares);
- in consideration of any new allocation of performance shares, the corporate officer must undertake the acquisition of a number of shares equivalent to 25% of the performance shares effectively delivered.

In accordance with the law and the AFEP-MEDEF Code, since 2007 the Board of Directors sets, for each allocation, the number of shares that the Chairman and Chief Executive Officer must hold until he no longer exercises his duties. The Board of Directors has, in addition, extended this holding requirement by making it applicable to all the members of the Executive Committee. Within the framework of the plans granted since 2007, the Chairman and Chief Executive Officer shall comply with a requirement to hold shares resulting from the exercise of stock options and/or final allocation of free shares until the expiry of his duties. Such requirement bears on a number of shares corresponding to 25% of the theoretical net gain (after taxes and social security withholdings) calculated on each date of exercise of stock options and on the effective date of allocation of the free shares.

In addition, the Chairman and Chief Executive Officer has committed himself to refraining from using hedging instruments, for his entire term in office, to cover the risks associated with the stock options or performance shares allocated to him.

The policy followed by the Company and all of the characteristics of the allocations are exposed in the Registration Document 2012/13 (please refer to the Chairman's report provided for by Article L. 225-37 of the French Commercial Code, and the section "Corporate Governance/Interests of officers and employees in the share capital").

Formalities

(Eleventh resolution)

Finally, the purpose of the **eleventh** and last resolution is to enable the performance of legal formalities following the Shareholders' Meeting.