

## Mitsubishi Heavy Industries and Siemens provide a compelling proposal for Alstom

Mitsubishi Heavy Industries, Ltd (MHI) and Siemens AG today announced that they have joined forces and provided a proposal for the French multinational conglomerate, Alstom. Pursuant to this, MHI and Siemens propose several transactions in order to preserve Alstom's current perimeter in almost all its activities, enhance its industrial sustainability, strengthen its position as a diversified global player in energy and transport, and strengthen its financial structure, while remaining a major French listed group. The proposal is also very beneficial for Alstom employees. Furthermore it will foster job creation in France.

- MHI intends to form a broad industrial alliance with Alstom and create three joint ventures by acquiring 40 per cent of Alstom's Steam and Nuclear business, 20 per cent of Alstom's Grid business and 20 percent of its Hydro business. As a result of these transactions, MHI will inject into Alstom Euro 3.1 billion in cash. MHI also intends to become a stable and long-term shareholder of Alstom by offering to acquire up to 10 per cent stake from Bouygues SA. With these transactions and multiple value-creating cooperation agreements MHI contemplates a far-reaching industrial alliance with Alstom.
- Siemens intends to acquire 100 per cent of Alstom's gas business including related service contracts for Euro 3.9 billion in cash. Siemens intends to offer a job guarantee for three years in France and Germany for the transferred

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business after closing of the transaction. The company also intends to explore with Alstom to utilize the opportunities of both companies in order to create a European mobility champion. Siemens plans to establish its European Headquarters for the combined gas service business in France.

**MHI and Alstom to create three joint ventures; MHI to become a shareholder of Alstom**

MHI intends to acquire 40 per cent of Alstom's Steam and Nuclear business to form a joint venture with Alstom. MHI also intends to hold 20 per cent of Alstom's Grid business and 20 percent of its Hydro business. MHI would enter the grid business and intends to contribute to its global expansion, including Japan. As a result of these transactions, MHI injects into Alstom Euro 3.1billion in cash.

The alliance formed by Alstom and MHI, two highly competitive thermal power generation companies, will have a worldwide coverage and benefit from the combination of MHI's strong operating base in Asia and Alstom in Europe, Middle East and Africa.

This alliance will enable the creation of more than 1,000 jobs in France.

MHI would enter into various cooperation agreements with Alstom in the following possible areas:

- R&D: joint development of new efficient products, leveraging our respective technologies;
- Common procurement: shared worldwide procurement capabilities, joint sourcing of mission-critical components;
- Manufacturing: best practice in manufacturing technology, quality control and safety, shift of workload to Belfort when possible;

- Products and Services: promotion of Alstom's technologies in Japan, cross-selling of Alstom and MHPS products, shared after-sales service network;
- EPC: joint bidding approach to large projects

MHI also contemplates becoming a shareholder of Alstom through an acquisition of Alstom shares from Bouygues which would seal MHI's commitment to Alstom's future growth and give a strong and stable industrial anchorage to Alstom.

### **Siemens to acquire Alstom's gas business**

Siemens intends to acquire 100 per cent of Alstom's gas business including related service contracts for Euro 3.9 billion in cash. Siemens intends to offer a job guarantee for the transferred gas business employees for three years in France and Germany after closing of the transaction. Siemens will secure the supply and services to all customers through its professional and global service network.

Alstom's main product lines are largely already allocated to specific sites today which would facilitate the integration into Siemens' activities.

After closing of the MHI and Siemens transaction in Power and after joint considerations of regulatory implications, Siemens intends to discuss diligently and in good faith solutions which create a strong European Champion with global reach and sustainable business strategies going forward in the fields of Mobility in the best interest of all parties involved. Siemens would then also be prepared to becoming a long-term anchor shareholder in a combined Transport business.

### **Alstom to remain a strong independent energy and transport player**

The MHI and Siemens proposal would strengthen the Alstom brand considerably as a sustainable player in energy and transport. The transaction would also provide

additional financial flexibility to Alstom and would strengthen its balance sheet. The proceeds from the transaction could secure future growth and would allow investments in innovative technologies. Alstom would remain listed in France and focused on almost all its current activities. These businesses would be under Alstom's leadership.

Shunichi Miyanaga, President and CEO of Mitsubishi Heavy Industries: "We have been in successful alliance with the French company, Areva, within the nuclear power field. I believe our collaboration with Alstom in the turbine business will give birth to another Japan-France alliance with superior technological expertise, which will be able to address the needs of emerging nations. In thermal power generation, utilization of high-efficiency combustion technology of globally abundant low-grade coal is poised to grow. In environment, with respect to measures addressing particulate matter (PM) 2.5, significant technological synergies are expected. Investment in grid would better position MHI for the possible power deregulation as well as the separation of power generation from transmission/distribution. We believe that this proposal will create a partnership for our long term co-prosperity based on mutual trust".

"This move would be a win-win solution for all related parties. Alstom would remain an independent energy and transport player with a strong brand. Its energy business would be strengthened through the partner MHI and we intend to explore opportunities with Alstom to create a European rail champion for the world market", said Joe Kaeser, President and CEO of Siemens. "This transaction would further enhance our value chain of electrification by expanding our installed base in gas. This fits well into Siemens – Vision 2020 to strengthen our core activities."

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**Mitsubishi Heavy Industries, Ltd.** (MHI), headquartered in Tokyo, Japan, is one of the world's leading heavy machinery manufacturers, with consolidated sales of 3,349.5 billion yen in fiscal 2013, the year ended March 31, 2014. MHI's diverse lineup of products and services encompasses four business domains, "Energy & Environment", "Commercial Aviation & Transportation Systems", "Integrated Defense & Space Systems" and "Machinery, Equipment & Infrastructure." For more information, please visit the MHI website below:

<http://www.mhi.co.jp/en/index.html>

**Siemens AG** (Berlin and Munich) is a global powerhouse in electronics and electrical engineering, operating in the fields of industry, energy and healthcare as well as providing infrastructure solutions, primarily for cities and metropolitan areas. For over 165 years, Siemens has stood for technological excellence, innovation, quality, reliability and internationality. The company is one of the world's largest providers of environmental technologies. Around 43 percent of its total revenue stems from green products and solutions. In fiscal 2013, which ended on September 30, 2013, revenue from continuing operations totaled €75.9 billion and income from continuing

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**by Mitsubishi Heavy Industries and Siemens**

operations €4.2 billion. At the end of September 2013, Siemens had around 362,000 employees worldwide on the basis of continuing operations. Further information is available on the Internet at: [www.siemens.com](http://www.siemens.com).

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens’ management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect Siemens’ operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information—Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter C.9.3 Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter C.7 Risks and opportunities of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC’s website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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