



“WE ARE CONFIDENT TO BE ABLE TO PURSUE OUR STRATEGY COMBINING GROWTH AND PERFORMANCE IMPROVEMENT AND WE CONFIRM OUR OPERATING MARGIN ESTIMATE FOR MARCH 2010 AT AROUND 9%”

Dear shareholders,

After being steadily among the top performers of the Paris Stock Exchange over the past years, Alstom's share price has sharply declined during the recent weeks. Clearly, the financial crisis and its expected adverse impact on the global economy have hit the stock market in general, and the capital goods sector in particular, with concerns about a potential decrease in future demand.

But is it not a paradox to see the Company's value reduced by a quarter over the month of October while Alstom is delivering healthy figures for the first half of the current fiscal year?

Even if no company can be fully immune from a deterioration of its economic and commercial environment, Alstom benefits from strong assets which allow it to address the present uncertainties. Firstly, we have a strong cash position and available bonding lines. Our record high backlog provides us with a much better visibility than other companies and will give us time to adapt to a downturn in demand if any. In addition, most of our customers are financially very strong and thus less exposed to credit limitations. And, importantly, the long term drivers of our markets both in power generation and rail transportation remain solid, financial crisis or not.

But let's come back to the results of the first half 2008/09 which illustrate once again the success of our strategy of profitable growth.

During this first semester, Alstom set a new commercial record with order intake exceeding €15 billion, up by 20%, which has brought the backlog at the end of September to €47 billion corresponding to two and a half years of sales. Over the same period, sales amounted to €9 billion, showing a substantial increase of 12%.

The Group's operational performance continued to improve with the operating margin reaching 7.8% compared to 7.2% last year. As a result of this improvement and the positive financial income, the net profit increased by 36% at €527 million.

Our financial situation has been further strengthened by the generation of a high free cash flow of €1.2 billion during this first semester. We have a net cash position of €1.9 billion, twice the March 2008 level.

We are confident to be able to pursue our strategy combining growth and performance improvement and we confirm our operating margin estimate for March 2010 at around 9%. Simultaneously, we are taking the necessary steps to monitor the evolution of our economic and commercial environment and will be as reactive in the future as we have been in the past.

I thank you for your support and trust during this challenging period.

Patrick Kron
Chairman & CEO

Orders received
€15.4
billion
up by **20%**

Sales
€9
billion
up by **12%**

Income from operations
€697
million
up by **22%**

Net result
€527
million
up by **36%**

Free cash flow
€1.2
billion



Renovation of generators at EDF nuclear plants in France

Alstom has signed a 10-year framework agreement, totalling over €140 million, with the French utility company EDF for the renovation of 900 MW and 1,300 MW generators in its nuclear power plants. Power Service Sector teams, which have unique expertise in equipment maintenance for nuclear power plants, will provide comprehensive project management, including conceptual design, part supply and site work. The first generator rewinds are planned for 2010 at the Belleville and Chooz nuclear power plants.

Through this contract, EDF demonstrates its confidence in Alstom, recognising the Group's skills and expertise in nuclear power services.

Alstom in Russia

Power generation and rail transport are two priority sectors for Russia.

Alstom has been present in this country since 1975 and intends to strengthen its activity through strategic partnerships with local companies.

In nuclear, the Group signed in 2007 a major strategic partnership with Atomenergomash to jointly meet the growing demand in nuclear power plants in Russia.

Within this framework agreement, a joint venture, Alstom Atomenergomash LLC, has been created to provide conventional islands for nuclear power plants built in Russia.

Alstom Atomenergomash LLC has won its first engineering contract on the turbine islands, based on the Alstom's Arabelle technology, for the Seversk plant in Siberia.

In the field of rail transport, Alstom signed a contract in September 2007 to supply Pendolino high speed trains to operate between Saint-Petersburg and Helsinki in 2010. These trains will allow the journey time between these two cities to be reduced from 5.5 hours to 3 hours.

More recently, Alstom also signed a memorandum of understanding with Russian group Transmashholding (TMH), the main supplier of the Russian rail transport operator,



RZD. This memorandum provides for technical cooperation between the two firms and the possibility for Alstom to buy a 25% stake in TMH equity.

In addition, Alstom and TMH have decided to create a joint venture, known as TMH-Alstom DV, in order to respond to a call for tenders launched by Russian railways (RZD) for double-deck passenger cars.

NEWS

THE FIRST CARBON CAPTURE PILOT UNIT IS PUT INTO OPERATION

The first carbon capture pilot plant based on oxy-combustion technology developed by Alstom was put into operation in Germany on 9 September at the Vattenfall's Schwarze Pumpe power plant. For the Group, this 30 MW pilot project marks a major achievement in the field of carbon capture and storage. The plant is planned to run for at least ten years, with the CO₂ captured being used to enhance

gas recovery and storage at Altmark, the second largest gas field in Europe.

The pilot unit will also serve as a technical reference for the construction of a larger demonstration power plant of around 250 MW, by 2015.

Let's team up for the planet

In November 2007, the Group created the Alstom Corporate Foundation for the Environment.

With a yearly budget of one million euros, this foundation aims to support projects linked to the protection of the environment.

The projects are put forward by employees of the Group and developed in partnership with local or national organisations.

Last September, the foundation's Board of Directors selected the first 11 projects to be supported, which included:

- the creation of a National Park in the Yunnan Province of China;
- the design and construction of an "ecological" orphanage in India;
- a plantation of 40,000 mangrove trees in the Philippines;
- a training programme on protecting the environment for handicapped youngsters in Argentina;



- the building of a bridge across river Cenranae, Indonesia, to facilitate the mobility of the Sengkang's population;
- the supply of solar panels to "Nazareth Homes", housing for mentally handicapped persons in Florida, USA;
- an environmental education programme for children from underprivileged communities in South Africa.



FOCUS ON



> SITE VISITS

On 1st October 2008, around 30 shareholders visited the Alstom site at Aytré-La Rochelle. This is the centre of excellence for high-speed and very high-speed trains, and notably where the TGV Duplex is constructed. From now on it will also be responsible for the design and building of the fourth generation of very high-speed train, the AGV. The visit started with a presentation of the Group and the activities of the Transport Sector. The shareholders then visited the workshops, where they discovered the assembly lines of both the TGV Duplex and the Citadis trams.

If you would like to participate in one of our future site visits, please do not hesitate to contact us.

> INFORMATION MEETINGS

Since the beginning of 2008, Alstom has met with individual shareholders at a regional level. The Group has participated in meetings organised by the French Federation of Investment Clubs (Fédération Française des Clubs d'Investissement) and CLIFF (the French Investor Relations association) in Marseille and in Rennes.

NEWS

SUPPLIER OF THE YEAR

German rail operator Deutsche Bahn (DB) named Alstom its "supplier of the year" in the rolling stocks category at Innotrans, the international rail exhibition. Among the criteria evaluated are reliability, responsiveness, contractual commitment, cost reduction and improvement of processes, as well as under-

standing of customers goals and expectations. This award was also a tribute to the work Alstom's team performed in the delivery of 27 Coradia regional trains, which will go into service on the German regional network in December 2008.



DIARY



> 20 JANUARY 2009

First 9 months orders and sales for fiscal year 2008/09

> 24 MARCH 2009

Information meeting in Strasbourg, France

> 5 MAY 2009

Annual results for fiscal year 2008/09

> 23 JUNE 2009

Shareholders' annual general meeting

Share information

Place of Listing: **Euronext Paris – Compartment A**

ISIN code: **FR0010220475**

Mnemonic: **ALO**

Index: **CAC40**

Eligible for PEA: **yes**

Eligible for deferred settlement service: **yes**

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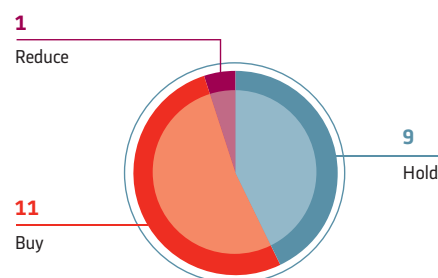
* Calls to this number will be charged at your operator's standard international rate.

Analysts' recommendations

Analysts' views

Despite the turbulences that have arisen over the stock exchanges during the past few months and the drop in the share value in September and October, the majority of analysts' opinions on Alstom remain favourable:

- 52% give a positive recommendation,
- 43% a neutral recommendation,
- and only 5% a negative recommendation.



Source Alstom based on analyst reports received as of end of October 2008.

Share Price



On 22 September, the Alstom share has been added to the Dow Jones Euro Stoxx 50 index, which includes the euro zone's top 50 market capitalisations.