

May 2011

LETTER TO SHAREHOLDERS

ALSTOM & you

GROUP NEWS

Partnerships, inaugurations,
research & development

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RESULTS

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Dear Shareholders,

After the unprecedented worldwide economic crisis, growth resumed in 2010 as illustrated by the rebound in orders between the first and the second half of 2010/11. The strong increase in demand has come mainly from emerging markets, while activity in the developed economies remains sluggish.

Still affected by the economic crisis, the results of fiscal year 2010/11 were in line with expectations.

Following the geographical shift of demand, the Group has decided to adapt its worldwide presence and widen its offering to capture the upcoming opportunities whilst strengthening its competitiveness.

During fiscal year 2010/11, Alstom continued to build up its industrial footprint in emerging countries where several strategic partnerships were signed. On 20 April, the Group announced the project of creating a 50/50 joint-venture with Shanghai Electric to become jointly the world leader in boilers for coal-fired power plants. The Group also spent over €500 million in capital expenditures to continue to upgrade its global footprint and to launch new investments in these key markets. Simultaneously, Alstom launched restructuring plans to address overcapacity in

some sites in Europe and North America. These plans impacted Power Thermal activities, affected by the lower demand for gas and coal plants, and some European Transport sites.

To keep the lead in innovation, Alstom maintained its research and development expenses at a high level. The main programmes concerned "clean power" technologies, super and smart grids as well as development of rail products fit for the specific needs of the emerging markets.

“ The strong increase in demand has mainly come from emerging markets ”

Encouraged by the commercial recovery of the second half 2010/11, the Group confirms that the operating margin of fiscal year 2011/12 should stay within the 7% to 8% bracket.

I thank you for your support and count on your confidence in the new business phase Alstom is entering.

Patrick Kron
Chairman and CEO

CEO's message



KEY FIGURES

ORDERS RECEIVED

€19.1
billion

SALES

€20.9
billion

OPERATING MARGIN

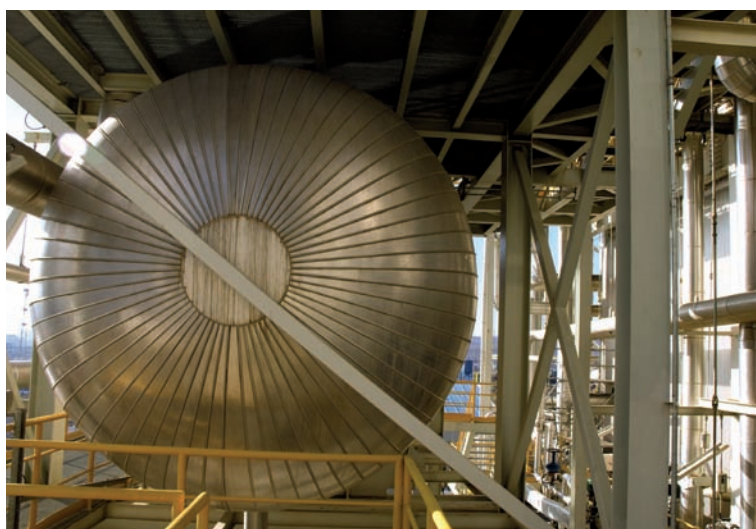
7.5%

NET INCOME

€462
million

ALLIANCE

Creation of the world leader in boilers



Alstom and Shanghai Electric signed a letter of intent on 20 April 2011 for the creation of Alstom-Shanghai Electric Boilers Co., a 50/50 joint company combining both partners' activities in the boiler market for coal power plants. World leader on this market, the joint company would supply new boilers. Alstom-Shanghai Electric Boilers Co. will give Alstom a major advantage to develop its positions on the Chinese market, the largest market in the world, and to reinforce its competitiveness.

RESEARCH & DEVELOPMENT

The Grid Sector opens a Technology Center in Shanghai

On 18 March 2011, the Grid Sector opened its new ultra-high voltage technology centre in Shanghai, China. The facility is an advanced centre for designing and development of ultra-high voltage transmission equipment and electrical network management solutions. This centre is a key move in a strategic region for the Group.

STRATEGIC AGREEMENT

Russian energy market

In December 2010, Alstom signed several important agreements with Russian companies to jointly provide power generation products and services in hydro, thermal and nuclear power generation as well as electricity transmission. Russia is playing an increasingly important role in the global economy and is looking to modernise and increase its power generation capacity to meet its growing demand. Alstom's technology and after market expertise, when combined with local partners' manufacturing and service capabilities, offers an ideal solution for securing the energy needed in the future.

URBAN TRANSPORT

RATP and Alstom create Metrolab



On the occasion of the 59th International Association of Public Transport World Congress and Exhibition in Dubai in April 2011, RATP and Alstom announced the creation of Metrolab, a research laboratory dedicated to the automatic metro of the future. The two Groups will combine their experience in public transport to develop innovative automated metro solutions which market appears particularly promising.



RENEWABLES

Offshore wind energy

Alstom and EDF Energies Nouvelles signed an exclusive agreement in January 2011 to respond jointly to a call for tenders that the French government is planning to launch for offshore wind projects. The agreement covers the supply of offshore turbines manufactured by Alstom to equip offshore wind farms that will be developed by EDF Energies Nouvelles and its partners.

Alstom posted operational results for 2010/11 **in line with guidance** and achieved a marked increase of orders during the second half of the year

ORDERS RECEIVED IN 2010/11

+28%

compared to 2009/10, including Grid. After a trough in the first semester, a marked rebound of orders was achieved in the second one.

GEOGRAPHIC SPLIT

AROUND 60%

of the orders booked were registered in emerging countries in 2010/11, compared to 35% in 2009/10.

OUTLOOK

While fully focused on extending the encouraging commercial performance of the recent months, Alstom continues to concentrate its operational priorities on excellence in product quality and proper project execution as well as on strict cost control.

Encouraged by the commercial recovery of the second half 2010/11, the Group confirms that the operating margin of fiscal year 2011/12 should stay within the 7% to 8% bracket.

DIVIDEND

€0.62

per share

The Board of Directors will propose a dividend of €0.62 per share at the Annual General Meeting to be held on 28 June 2011, compared to a dividend of €1.24 paid last year. It corresponds to a payout ratio of around 40%, compared to the one of the previous years at approximately 30%. If approved, the dividend will be distributed on 5 July 2011.

STRONG REBOUND OF ORDERS DURING THE SECOND SEMESTER

During fiscal year 2010/11, Alstom registered €19.1 billion of orders. At 31 March 2011, the backlog amounted to €46.8 billion, corresponding to 26 months of sales.

In the Power Sector, the Thermal Systems & Products business notably received orders for gas plants in Singapore, India as well as Middle East, and for nuclear equipment in China. Thermal Services activity showed a very strong performance over the year, with €5.2 billion of orders received, including large Operation & Maintenance contracts in Singapore, Spain and Taiwan. The Renewables segment recorded hydro projects in South America and Switzerland as well as wind contracts in Brazil and the United Kingdom. Transport also registered orders for locomotives in Russia and Kazakhstan, regional trains in France and Sweden, very high speed trains in Morocco, metros in Canada, Santo Domingo, Panama, India and Brazil as well as tramways in France and Tunisia. Finally, the Grid Sector secured a large volume of small to medium-sized contracts across technologies, including sub-stations in Western Europe, Russia and Brazil, and orders for network management systems in Europe and the Middle East.

SALES

+6%

OPERATING MARGIN

7.5%

NET RESULT

€462

million

OPERATIONAL PERFORMANCE IN LINE WITH GUIDANCE

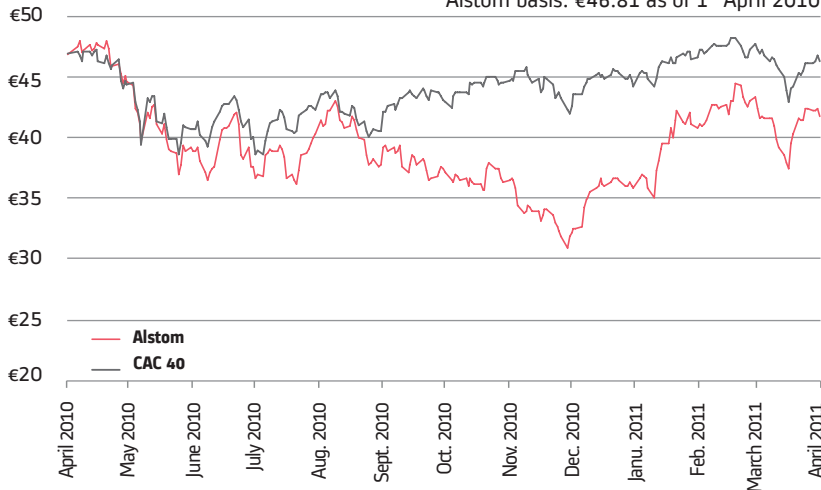
After the record level registered in 2009/10, the Group operational performance was hit by the effect of the slowdown of sales, on a comparable scope, mainly linked to the lower activity in Power. However, it remains solid and the operating margin is in line with guidance, thanks to strict cost management and proper execution of the backlog.

Net profit, which included a specific after tax negative impact of €158 million linked to the acquisition of Grid, amounted to €462 million compared with the record result of €1,217 million last year. This evolution came mainly from the high restructuring charges corresponding to the full impact of the adjustment plans launched this year.

SHAREHOLDERS INFORMATION

SHARE PRICE

Alstom basis: €46.81 as of 1st April 2010



Place of listing: Euronext Paris – Compartment A

ISIN Code: FR0010220475

Mnemonic: ALO

Reference Index: CAC 40, SBF 120, Euronext 100, DJ Euro Stoxx 50

Eligible for PEA: Yes

Eligible for differed settlement service: Yes

YOUR EVENTS

INFORMATION MEETING AND SITE VISIT



During the second semester, Group's shareholders from Tours region attended an information meeting organised by the French Association of Investment Clubs.

Alstom presented its activities as well as its recent events and answered to the questions of 300 participants in the International Congressional city center.

Last March, a group of 20 shareholders visited Alstom's Belfort site. Birthplace of Group, this site hosts steam turbines and generators manufacturing facilities, as well as TGV and fret locomotive assembly lines.

Should you wish to attend one of the events you can register by clicking on the mailing list button on our web site: www.alstom.com, in the Investors/Individual Shareholders section.

DIARY

28 JUNE

ANNUAL GENERAL MEETING IN PARIS AT SALLE WAGRAM

20 July

Orders and sales
First Quarter 2011/12

15 September

Information meeting CLIFF-FFCI in Nice.
To obtain an invitation, contact us by email

4 November

Half-year results 2011/12

Should you wish to receive our press releases or the shareholders letters by email, you can register on our mailing list via the website:

WWW.ALSTOM.COM

in the Investors/Individual Shareholders section.

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