MANAGEMENT REPORT
ON CONSOLIDATED FINANCIAL STATEMENTS
FISCAL YEAR 2010/11

1. Main events of fiscal year 2010/11

1.1. Orders picking up in the second semester, operating margin in line with guidance

After a trough in the first semester 2010/11, Alstom achieved a marked rebound of its commercial performance (+28% versus second half of last year excluding Grid) with several large projects booked in emerging countries. Consolidated order intake reached €19.1 billion (including €3.4 billion for Alstom Grid), increasing by 28% compared to last year on an actual basis and by 1% on an organic basis. The share of orders received in emerging countries amounted to 58% compared to 35% last year, highlighting the quick recovery of those regions.

Power's order intake increased by 5% compared to last fiscal year, driven by a substantial growth of Thermal Services and Renewables businesses and a gradual recovery of the thermal equipment activity over the second half. Several gas-fired combined cycle power plants were booked notably in Singapore and in India. In Brazil, Alstom was also awarded a contract for the supply of hydroelectric equipment for a very large 11 GW hydropower plant. Despite difficult commercial conditions on its historical market base, the Transport Sector achieved a sound commercial performance with large rolling stock projects booked in Eastern Europe (Russia and Kazakhstan) and in Morocco. Grid Sector delivered a sustained order inflow, notably in Asia and in the Middle East.

Alstom's backlog reached €46.8 billion, including Grid's €5.1 billion contribution, corresponding to 26 months of sales.

With Grid for €3.7 billion over 10 months, the Group's consolidated sales reached €20.9 billion, up 6% on an actual basis. On an organic basis, sales declined by 15%, as a consequence of the lower level of orders received during two years (from second half of 2008/09 to first half of 2010/11). Power's sales dropped by 19% on an organic basis, impacted by the decrease in Thermal Systems & Products and the completion of several large tickets for power plants in Europe and in the Middle East. Transport sales totalled €5.6 billion, slightly down (3%) compared to last year.

After the record level achieved last year, Alstom operational performance was hit by the lower volumes traded by Power and Transport. Income from operations decreased from €1,779 million to €1,570 million, while the operating margin stood at 7.5%, fully in line with the guidance given. Streamlining of costs and attention paid to proper execution of the sound backlog allowed this resilient performance. During the year, Power and Transport Sectors have announced measures to adapt their industrial footprint to the evolution of their markets, both in terms of products and of geographies, and to strengthen their competitiveness. These measures should start delivering their effects as early as next fiscal year.

Net profit (Group share) reached €462 million in 2010/11 versus €1,217 million in 2009/10. It includes non recurring costs such as restructuring provisions for €520 million and purchase price allocation effects (amortisation of the margin in backlog) and acquisition costs of Grid for €203 million.

Free Cash Flow was negative over the year at €(516) million, despite a €447 million improvement on the second half of the year. The Group net cash position of €2,222 million at 31 March 2010 turned to a net debt of €(1,286) million due to the financing of the acquisition of Grid for approximately €2.4 billion and the dividend payment of €364 million.

1.2. Paving the way for the future

1.2.1. Streamlining industrial footprint

Faced with a fast modification of its markets, in terms of both products and geography, Alstom took structural measures to maintain its competitiveness and to benefit from the momentum of emerging countries.

In October 2010, the Power Sector announced the reduction of around 3,000 permanent positions in the European and North American activities dedicated to new equipment for thermal power generation (coal, gas), as well as in the central functions of the Sector. In March 2011, the Transport Sector announced an adaptation plan focused on some industrial sites in Germany, Italy and Spain to address lower demand in these countries and to increase the competitiveness of its industrial base. The plan represents a reduction of 1,380 permanent positions. The non-renewal of temporary contracts in the concerned sites would be added. These measures are expected to start delivering their effects as soon as next year.

1.2.2. Expanding in growing markets

The Group supported its expansion in fast growing markets (Asia, Brazil and Russia) through selective investments and the development of several partnerships. In 2010/11, capital expenditure (excluding capitalisation costs) reached €504 million, including €125 million for Grid. They included an increasing share in these fast growing markets.

The main investments in Power reflect the Group's strategy towards the BRICs countries:

- In November 2010, Alstom inaugurated its largest hydropower manufacturing facility in Tianjin (China), representing an investment in excess of €100 million.
- In Brazil, Power is pursuing the construction of a wind turbine assembly factory located in the State of Bahia. Along with the Taubate factory for hydropower equipments, it will allow Alstom to further penetrate the renewable market in Latin America.
- In India, the Group, together with its partner Bharat Forge, is currently building a plant in Mundra for manufacturing steam turbines and generators.

The capital expenditures in Transport were focused on the modernisation of key products lines, on quality and productivity improvement and on new strategic sites development. Major investment programmes included:

- Modernization of sites involved in new-generation trains production: Savigliano for AGV™ and Pendolinos™ trains, Reichshoffen for CORADIA™ polyvalent,
- Investments to adapt to the growing demand on service markets: maintenance centre for Pendolinos™ in Liverpool (United Kingdom), maintenance centre for tramways in Reims (France), site in Braunschweig (Germany) specialized in maintenance and modernization of electric rolling stock,
- Building of a new rolling stock plant in Chennai (India) to enter the promising Indian market with the execution of the Chennai metro contract booked in September 2010.

Grid focused its capital expenditure programme on the expansion of its industrial footprint, including Power Transformer factories in China, India and Turkey, as well as Gas Insulated Switchgear (GIS) facilities in China and India. The Sector also adapted its asset base in order to capture growth by leveraging new technologies. Grid accelerated the upgrade of its High Voltage Direct Current (HVDC) Power Transformer manufacturing facilities in Brazil and finalized the construction of its new technology centre in Shanghai dedicated to Ultra High Voltage (UHV) equipment.

Regarding alliances and partnerships, fiscal year 2010/11 proved particularly fruitful.

In Russia, Alstom signed several strategic agreements with major Russian power generation and transmission companies in December 2010. In Hydro, cooperation with RusHydro includes the reconstruction and modernisation of the hydro installed base as well as joint research and development activities. In Nuclear, new agreements with Rosatom and Inter RAO will support the nuclear development in the country. In Thermal, cooperation with Inter RAO, Mosenergo, a Gazprom subsidiary, and Rostechnology will allow Alstom to better access the gas and steam power plants market in Russia. Lastly, the agreement signed between Alstom Grid and FSK, the Russian Grid federal operator, will focus on the modernization of the Russian electrical grid through the local supply of equipments and the introduction of advanced "Smart Grid" technologies. In the field of transportation, the partnership with Transmashholding (TMH), the Russian leading rail manufacturer, has broadened in June 2010 with an agreement with Kazakh Railways for the creation of a joint company to manufacture electric locomotives in Kazakhstan. A new manufacturing site will be in operation in Astana (Kazakhstan) in 2012.

In China, Alstom signed a Memorandum of Understanding in September 2010 with two companies, China Northern Locomotive & Rolling Stock Industry Corporation (CNR) and Shanghai Electric Group Company Limited (SEC), to form a strategic partnership and jointly develop new markets for mass transit and intercity equipments. Under the terms of the agreement, Alstom, together with CNR and SEC, will expand the capabilities and competitiveness of their existing two joint ventures, Shanghai Alstom Transport Company Limited and Shanghai Alstom Transport Electrical Equipment Company Limited. The collaboration will allow the parties to accelerate the development of rolling stock solutions and railway traction systems by the two JVs.

On 20 April 2011, Alstom and Shanghai Electric Group announced the signing of a letter of intent for the creation of Alstom-Shanghai Electric Boilers Co, a 50/50 joint company combining both partners' activities in the boiler market for power plants. Benefiting from both Shanghai Electric's competitiveness and strong positioning in China and from Alstom's extensive and longstanding relationship with the utilities worldwide as well as its leadership in clean coal power plants and its technologies, the joint company would be world leader, with estimated combined sales of about €2.5 billion in 2010. Alstom and Shanghai Electric expect to set-up the joint company once their agreements will be finalised and after the completion of the social and regulatory processes.

Regarding acquisitions, Power strengthened its services portfolio with the purchase of Amstar, a coating services company in the United States of America. In renewables, Alstom made a two-step investment of $130 million in Brightsource Energy, which is specialised in the design and building of tower-based solar thermal power plants and signed a partnership agreement to provide fully integrated solar thermal power plants. Grid reinforced its electrical grid management and Smart Grid capabilities through the acquisition of the American company Utility Integration Solutions and of the British company Psymetrix.

1.2.3. Sustaining and reinforcing technological leadership

During fiscal year 2010/11, the Group further intensified its research and development effort, investing €824 million (excluding capitalisation costs and amortisation effects) to strengthen its technological leadership and to improve its product offering, compared to €614 million last year.

In the Power Sector, Alstom continued to develop its technologies in Carbon Capture and Storage (CCS). The Group has a total of eleven demonstration projects in operation or actively being developed, using various technologies of post combustion and oxy-firing. In December 2010, Alstom's Chilled Ammonia Process was selected by the Romanian authorities for their first CCS demo project at the Turceni power plant.

In parallel, Alstom worked on the development of its range of gas turbines, including performance upgrade packages, combustion system improvements to reduce emissions and increase fuel flexibility. The design of the complete combined cycle has been reviewed incorporating improved steam turbines and heat recovery steam generators to increase reliability, operation flexibility, performance and create specific versions to support the Group expansion in fast growing markets in Asia. The steam turbine, generator and boiler portfolio has been reviewed and adapted to create standardised modules and reference plants to support the Group's moves to China and India. Market specific versions match local requirements of customers and are adapted to the manufacturing in the factories of the Group and its Joint Ventures in these regions, while relying on the Sector's global technology expertise.
To further strengthen the offering and differentiation in the area of Services, significant investments have been made into new and upgraded products for all major equipments served in the installed base.

To develop its renewable energy portfolio, Power launched an ambitious programme to create a 6 MW offshore wind turbine, specifically designed for the North Sea markets. In February

2011, the Group signed an agreement with LM Wind Power to develop the longest wind turbine blade ever produced in the world. The wind turbine prototypes will be tested on the Belgian coasts in 2011 and 2012, and series production will start in 2014. In addition, in March 2011, the Group teamed up with Rotem Industries Ltd and Gefen Biomed Investments — two Israeli firms specialising in cutting-edge technologies — in creating a joint venture to finance and support the growth of innovative start-ups in the field of renewable and alternative energy and energy-saving technologies.

Transport research and development programmes have pushed forward advanced technologies across its product range:

- in September 2010, Transport presented its latest very high-speed offering at the InnoTrans rail exhibition: the new one-level platform, named Speedelia, will reach 360 km/h commercial speed and will be completely interoperable with rail networks of different voltages and signalling systems in Europe,
- on 15 September 2010, the first body shell of the Regiolis[1] for the SNCF was symbolically welded at the Reichshoffen site,
- the first phase of the AGV™ certification process was completed on 12 December 2010 with the 330 km/h run on the Milano/Bologna very high speed line,
- Alstom's "Allegro" high-speed trains successfully entered into commercial operation on the Saint Petersburg – Helsinki line in December 2010, positively positioning the Group on Russia's high-speed market. These trains have a commercial speed of 220 km/h and can resist to extreme winter conditions,
- on February 2011, Alstom delivered to the city of Lyon the first of the CITADIS Dualis™ tram-trains, a train able to run from city centre to suburbs without requiring transfers.
- early April 2011, the Sector also announced the creation in partnership with RATP of Metrolab, a research laboratory dedicated to the automatic metro of the future.

Grid dedicated its research and development efforts to:

- develop new technologies, such as HVDC and UHV, which enable the efficient transmission of large amounts of power over long distances. Grid focused as well on its Smart Grids strategic priority, with programmes aiming at improving grid reliability, stability and efficiency while reducing CO_2 emissions;
- expand its current offering (e.g. increase voltage range on circuit breakers and gas insulated substations) and optimize its product portfolio.

1.3. Grid integration

On 7 June 2010, Alstom and Schneider Electric successfully completed the acquisition of Areva's Transmission and Distribution businesses (Areva T&D). With the acquisition of the transmission activities of Areva T&D, completed at the price of €2.3 billion (enterprise value), Alstom created a third Sector, named Alstom Grid, including all technologies primarily focused on high voltage activities.

[1] Regiolis is a trademark of SNCF

Alstom is working actively on the integration of Grid into the Group. The process aiming at separating Alstom Grid business from Schneider Electric Energy business has been carried out in a smooth and timely manner and is close to its end. As of 31 March 2011, carve out operations have been finalised in all countries but India, Turkey, China and Indonesia.

On 30 June 2010, Grid launched a performance plan with the objectives to boost its competitiveness and to reinforce its market positioning through innovation and differentiation. In December 2010, the Grid Sector redefined its organisation in order to put a stronger focus on customer intimacy, competitiveness and customer-valued innovation, its key strategic priorities. Effective 1 April 2011, the new organisation "OneGRID" is built around Regions, Product Lines and Functions.

1.4. Corporate responsibility

Environment, Health and Safety (EHS)

After having several EHS indicators audited in March 2010, Alstom now targets to have all its production sites of more than 200 people certified ISO 14001 by 2012.
Alstom also set several objectives to reduce its environmental impact across the globe. By 2015, the Group committed itself to reduce the intensity of water consumption by 20% in arid areas, to decrease by 10% the intensity of Volatile Organic Compounds (VOC) emissions and to have 80% of its wastes recycled. In the new Grid Sector, Alstom also targets to decrease its emission of SF6 by 3% each year.
In the Health and Safety Area, Alstom continued to focus on its programme "Zero Severe Accident", launched in 2008, and greatly reduced the number of work related accidents reaching an injury frequency rate of 1.9[2] after 2.3 in 2009/10 and 7.6 five years ago.

Ethics & Compliance (E&C)

The development of the integrity culture is a key priority for the Group. New initiatives are continuously taken to diffuse ethics and compliance instructions within the whole organisation. The Code of Ethics, existing in 21 languages, is distributed to all employees. To ensure a clear understanding of ethical principles, E&C Instructions are issued on specific topics such as gifts and hospitality, political contributions, charitable contributions and sponsorship, consulting companies and conflicts of interest. This comes in addition to the robust instruction and procedure for dealing with sales and marketing consultants. To reinforce the resources of the E&C Department, a community of approximately 200 E&C Ambassadors was created in May 2010. Training is a constant effort and more than 32,000 employees completed the e-learning module, e-Ethics, that was launched in March 2010. An impacting communication campaign, including posters displayed on all sites, brought support to all E&C initiatives.

[2] Number of accidents with time lost to injury per million hours worked

Ethics, Compliance and Sustainability Committee

The Board of Directors decided to set up a new Board Committee: the Ethics, Compliance and Sustainability Committee.
Comprised of three independent Directors, this Committee has the mission to examine and monitor the Company's policies with regards to ethics and compliance matters as well as the systems and procedures in place to implement them. It examines and also assesses the strategy, policies and procedures of the Company on issues related to corporate responsibility and sustainable development and provides the Board of Directors with its opinion on all these subjects.

2. General comments on activity and results

2.1. Consolidated key financial figures

The following table sets out the Group's key performance indicators for 2010/11.

in € million	Year ended 31 March 11	Year ended 31 March 10	% Variation Mar. 11 / Mar. 10 Actual	Organic
Order Backlog	46,816	42,561	10%	(2%)
Orders Received	19,054	14,919	28%	1%
Sales	20,923	19,650	6%	(15%)
Income from operations	1,570	1,779	(12%)	(26%)
Operating Margin	*7.5%*	*9.1%*		
EBIT	764	1,629	(53%)	
Net Profit - Group share	462	1,217	(62%)	
Free Cash Flow	(516)	185		
Capital Employed	5,356	1,944		
Net Cash/(Debt)	(1,286)	2,222		
Headcount	93,443	76,620	22%	(3%)

2.2. Key geographical figures

Total Group	**Year ended 31 March 2011**					
Actual figures, in € million	Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	7,357	2,510	1,996	4,983	2,208	**19,054**
% of contrib	*39%*	*13%*	*10%*	*26%*	*12%*	*100%*
Sales	9,353	2,571	1,731	3,788	3,480	**20,923**
% of contrib	*45%*	*12%*	*8%*	*18%*	*17%*	*100%*
Headcount	54,746	10,766	5,499	19,213	3,219	**93,443**
% of contrib	*59%*	*11%*	*6%*	*21%*	*3%*	*100%*

Total Group	**Year ended 31 March 2010**					
Actual figures, in € million	Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	**Total**
Orders Received	9,207	1,987	717	1,933	1,075	**14,919**
% of contrib	*62%*	*13%*	*5%*	*13%*	*7%*	*100%*
Sales	9,811	2,736	952	2,251	3,900	**19,650**
% of contrib	*50%*	*14%*	*5%*	*11%*	*20%*	*100%*
Headcount	48,207	9,179	4,376	13,127	1,731	**76,620**
% of contrib	*63%*	*12%*	*6%*	*17%*	*2%*	*100%*

3. 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 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.

The foregoing outlook are "forward-looking statements" and as a result they are subject to uncertainties. The success of the Group's strategy and action plan, its sales, operating margin and financial position could differ materially from the goals and targets expressed above if any of the risks described in the Risk section of the Annual Report / Document de Référence for fiscal year 2010/11 or other unknown risks, materialise.

4. Sector analysis

4.1. Power

The following table presents the key performance indicators for Power:

Power **Actual figures** **(in € million)**	**Year ended** **31 March 2011**	**Year ended** **31 March 2010**	% Variation Mar. 11 / Mar. 10 Actual	 Organic
Order backlog	22,169	23,318	(5%)	(5%)
Orders received	9,911	9,435	5%	1%
Sales	11,666	13,901	(16%)	(19%)
Income from operations	1,052	1,468	(28%)	(30%)
Operating margin	9.0%	10.6%		
EBIT	690	1,377	(50%)	
Capital employed	3,118	2,204	41%	

4.1.1. Orders received

In 2010/11, orders received by Power increased by 5% to reach €9,911 million compared to €9,435 million last year. After a low point in the first half of 2010/11, Power orders rebounded over the second half thanks to major successes in emerging countries where investments have resumed as electricity consumption is already well above pre-crisis levels. Services activities were very strong as customers chose to improve the performance of their existing plants or to expand their lifetime. CO_2 free technology also stepped up, supported by regulatory framework.

Orders received **Actual figures** **(in € million)**	**Year ended** **31 March 2011**	**Year ended** **31 March 2010**	% Variation Mar. 11 / Mar. 10 Actual	 Organic
Thermal Systems & Products	2,809	4,290	(35%)	(37%)
Thermal Services	5,192	4,018	29%	23%
Renewables	1,910	1,127	69%	65%
Power	**9,911**	**9,435**	**5%**	**1%**

Thermal Systems & Products order intake picked up during the second half of 2010/11 after a very low level of orders in the first half. The total yearly order intake amounted to €2,809 million, down 35% compared to fiscal year 2009/10. The low demand for new fossil fuel equipment in mature markets was only partially compensated by the opportunities seized in Asia/Pacific. Alstom notably signed contracts to provide three gas-fired combined cycle power plants in Singapore and one in India, as well as two steam turbines for a nuclear power plant in India.

Thermal Services booked €5,192 million of orders, 29% above the already sound level of last year. Largest orders received were in Europe and in Asia with the maintenance and renovation of steam turbines and generators for EDF's nuclear fleet in France, the retrofit of six turbine and generator units of the largest fossil power plant in Europe located in Poland, the maintenance of four combined cycled power plants in Spain and in Taiwan.

Orders received by Renewables soared by 69% reaching €1,910 million compared to €1,127 million last year with significant orders for hydroelectric equipment booked in Latin America, Switzerland, China, Malaysia and Vietnam. The Group also received orders for wind turbines in Brazil and in the United Kingdom.

Power					*% Variation Mar. 10/11*	
Actual figures, in € million	**Year ended 31 Mar. 11**	% of contrib	**Year ended 31 Mar. 10**	% of contrib	*Actual*	*Org.*
Europe	3,106	31%	5,124	54%	*(39%)*	*(40%)*
North America	1,443	15%	1,703	18%	*(15%)*	*(22%)*
South and Central America	1,187	12%	209	2%	*468%*	*483%*
Asia/Pacific	3,150	32%	1,549	17%	*103%*	*88%*
Middle East/Africa	1,025	10%	850	9%	*21%*	*14%*
Orders by destination	**9,911**	**100%**	**9,435**	**100%**	***5%***	***1%***

Europe accounted for 31% of the total orders received by Power at €3,106 million, down by 39% compared to last year. Services activity was particularly sustained with the booking of the retrofit of a coal fired power plant in Poland, the modernisation of the nuclear steam turbine fleet in France and operation and maintenance contracts in Spain. The Group also booked an order for a 300 MW hydro plant in Switzerland and the first orders of gas turbines GT13E2 in Russia.

Orders received in North America reached €1,443 million, decreasing by 15% compared to last year. Thermal Services realised a steady commercial performance in the region including good level of orders for the service of gas turbine built by other equipment manufacturers. North America represented 15% of the orders received by Power during this fiscal year.

In South and Central America, total order intake amounted to €1,187 million, almost six times the level of 2009/10. Power enjoyed major commercial successes in Brazil with the award of contracts to supply hydroelectric equipment for an 11,230 MW and a 1,820 MW hydropower plant as well as an order for a 90 MW wind farm complex. The Group also booked orders to supply turbine and generator sets for a new 320 MW hydro power plant in Chile and for a 400 MW hydro power plant in Colombia. Services orders also grew sharply, fuelled by an overall strong increase of utilisation and an attractive offering for this market.

Orders received in Asia/Pacific doubled versus last year to reach €3,150 million. Accounting for 32% of total orders received, Asia/Pacific was in 2010/11 the largest region for Power in terms of order intake. In Singapore, three combined cycle gas power plants were booked with some associated service agreements. In India, the Group was awarded a contract for a combined cycle power plant and the corresponding long term maintenance one, as well as the design and supply of two 800 MW and one 700 MW supercritical boilers and two steam turbines for nuclear power plants. In China, orders received include two 300 MW subcritical and two 350 MW supercritical boilers, nuclear equipments and turbine generator units for hydro power plants. The Group also extended an operation and maintenance contract in Taiwan which was expiring.

The order intake in Middle East/Africa accounted for 10% of orders received by Power, at €1,025 million, including a contract in South Africa for air quality control system for a steam power plant, a contract in Kuwait for a steam add-on on a gas power plant and gas turbines order in Nigeria.

The Power Sector received the following major orders during 2010/11:

COUNTRY	**Description**
Brazil	Five 370 MW Francis turbines and generators for a hydroelectric power plant
Brazil	Fifty-seven wind turbines for a wind farm complex in Bahia
Brazil	Seven 611 MW Francis Turbine and generator sets for hydroelectric power plant
Chile	Turbine and generator sets for a new 320 MW hydro power plant
China	Five emergency diesel generators (EDGs), supply gas stripping and evaporation unit equipments
Colombia	Supply and assembly of electromechanical equipment for a 400 MW hydro power plant
France	Rehabilitation and maintenance of steam turbines and generators for the nuclear fleet of EDF
India	Design and supply of two 800 MW and one 700 MW supercritical boilers
India	The majority of two turbines for nuclear power stations
India	Turnkey combined cycle power plant including a GT26™ gas turbine and a long term operation
Kuwait	Two steam turbines and five HRSG behind existing five GT13E2
Nigeria	2 GT13E2 gas turbines and 1 steam turbine
Poland	Retrofit of six turbine and generator units of a coal fired power plant
Singapore	3 turnkey combined cycle power plants and 3 long term service agreements
South Africa	Air quality control systems for a 6 x 800 MW coal-fired power plant
Spain	Operation and Maintenance contracts for three combined cycled power plants
Switzerland	Supply and assembly of electromechanical equipment for a 300 MW hydro power plant
Taiwan	Operation and Maintenance contract
United Kingdom	75 wind turbines for the extension of the largest onshore wind farm in Europe

4.1.2. Sales

As a consequence of the low volume of order intake for thermal new equipment over the past two years, Power sales decreased by 16% compared to last year with a 30% drop in Thermal Systems & Products. On the other hand, sales in Thermal Services remained stable. Sales in the Renewables business increased by 4%.

Sales **Actual figures** **(in € million)**	**Year ended** **31 March 2011**	**Year ended** **31 March 2010**	% Variation Mar. 11 / Mar. 10 Actual	 Organic
Thermal Systems & Products	5,446	7,746	(30%)	(32%)
Thermal Services	4,345	4,353	(0%)	(5%)
Renewables	1,875	1,802	4%	(1%)
Power	**11,666**	**13,901**	**(16%)**	**(19%)**

In 2010/11, sales in Europe decreased by 23% after the successful delivery of several turnkey power plants, notably in the United Kingdom, the Netherlands and Ireland. Europe accounted for 40% of total Power sales.

In North America, sales amounted to €1,866 million, 16% of total sales traded by Power. They were mostly generated by the execution of services contracts.

Power sales rose to €947 million in South and Central America, up by 41% compared to last year, as contracts for hydroelectric equipments and wind turbines in Brazil were executed.

Sales traded in Asia/Pacific reached €1,833 million, an increase of 6% compared to last year. Power delivered boilers in India, hydro equipments in Vietnam and China and steam turbines and generators for nuclear plants in China.

In Middle East/Africa, sales totalled €2,388 million, down 32% compared to the exceptional level recorded last year when several large turnkey power plant contracts in Tunisia, Algeria and the United Arab Emirates achieved major progress. In fiscal year 2010/11, large turnkey projects were executed in Saudi Arabia and South Africa.

Power **Actual figures, in € million**	**Year ended** **31 Mar. 11**	% of contrib	**Year ended** **31 Mar. 10**	% of contrib	*% Variation Mar. 10/11* *Actual*	 *Org.*
Europe	4,632	40%	6,033	43%	*(23%)*	*(24%)*
North America	1,866	16%	1,943	14%	*(4%)*	*(11%)*
South and Central America	947	8%	670	5%	*41%*	*31%*
Asia/Pacific	1,833	16%	1,726	13%	*6%*	*(2%)*
Middle East/Africa	2,388	20%	3,529	25%	*(32%)*	*(35%)*
Sales by destination	**11,666**	**100%**	**13,901**	**100%**	***(16%)***	***(19%)***

4.1.3. *Income from operations and operating margin*

Despite the positive mix effect of the high share of margin Services in the Sector's sales, the profitability was impacted by the drop of its volumes traded. Income from operations amounted to €1,052 million, down 28% compared to last year and operating margin stood at 9.0%, versus the record level of 10.6% reported last year.

4.2. Transport Sector

The following table presents key performance indicators for Transport.

Transport **Actual figures** **(in € million)**	**Year ended** **31 March 2011**	**Year ended** **31 March 2010**	% Variation Mar. 11 / Mar. 10 Actual	 Organic
Order backlog	19,516	19,243	1%	1%
Orders received	5,709	5,484	4%	2%
Sales	5,604	5,749	(3%)	(5%)
Income from operations	398	414	(4%)	(6%)
Operating margin	7.1%	7.2%		
EBIT	225	368	(39%)	
Capital Employed	445	(78)		

4.2.1. *Orders received*

Orders received by Transport during fiscal year 2010/11 reached €5,709 million, a 4% increase on actual basis compared to last year, due to large projects booked in emerging countries (locomotives in Russia and Kazakhstan, metros in India, signalling in China, turnkey projects in Latin America), the recovery of demand in North America and the progress of non rolling stock activities. While stimulus plans effects are fading in Western Europe, the Sector managed to seize opportunities out of its historical market base, thanks to its partnership strategy and the development of products adapted to these markets.

Transport **Actual figures, in € million**	**Year ended** **31 Mar. 11**	% of contrib	**Year ended** **31 Mar. 10**	% of contrib	*% Variation Mar. 10/11* *Actual*	 *Org.*
Europe	3,234	57%	4,083	75%	*(21%)*	*(21%)*
North America	766	13%	284	5%	*170%*	*145%*
South and Central America	450	8%	508	9%	*(11%)*	*(22%)*
Asia/Pacific	773	14%	384	7%	*101%*	*94%*
Middle East/Africa	486	8%	225	4%	*116%*	*115%*
Orders by destination	**5,709**	**100%**	**5,484**	**100%**	***4%***	**2%**

Despite a 21% decrease compared to last year, Europe remained the most important region for Transport with €3,234 million of orders intake, including two large contracts for passenger locomotives won in Kazakhstan and Russia in partnership with TMH. Alstom was also awarded the supply of 24 additional CORADIA™ Polyvalent trains to SNCF in France and of 12 CORADIA™ Nordic suburban trains for the Stockholm-Uppsala line in Sweden as well as the maintenance of

135 suburban trains in use in Stockholm. Confirming its competitiveness on tramways, Transport booked several contracts to deliver tramways for different French cities including Paris, Tours, Le Havre, Lyon and Nice. Europe represented 57% of Transport orders received over fiscal year 2010/11 versus 75% last year, which highlights the geographic diversification of the customer base.

Orders received in North America reached €766 million, an increase of 170% over last year driven by the economic recovery in the region. In Canada, Alstom was awarded contract to supply 468 metro cars in Montréal. In the United States of America, the Group won orders to modernise the entire metro fleet of 120 passenger cars operating between Philadelphia and Southern New Jersey and to provide high-tech rail control centre and signalling upgrades for the Metropolitan Atlanta Rapid Transit Authority.

In South and Central America, orders received were €450 million, 11% lower than last year. Transport won contracts to provide the first line of Panama metro and to supply 45 cars for Santo Domingo metro. In Brazil, Transport booked orders to supply 9 additional metros for the suburban network of São Paulo.

Orders received in Asia/Pacific increased by 101% to €773 million. Accounting for 14% of the orders received by Transport, Asia/Pacific is the second largest region in terms of orders. Main commercial successes in the region included the provision of 168 cars for the new metro of Chennai in India and of advanced traction, control and signalling system for Beijing metro in China.

In Middle East/Africa, €486 million of orders (8% of Transport's orders received) were booked during fiscal year 2010/11, an increase of 116% compared to last year. Alstom was awarded contracts to supply 14 double-deck very high-speed trainsets to Morocco national railway company. In Tunisia, Alstom received an order to provide 16 additional CITADIS^{TM} tramways for Tunis and maintenance service for the entire fleet.

The Transport Sector received the following major orders during 2010/11:

Country	**Description**
Brazil	Supply of 9 metros for São Paulo's suburban network
Canada	Supply of 468 metro cars to Société de transport de Montréal
China	Supply of advanced traction, control and signalling systems for Beijing metro
France	24 single-deck regional CORADIA^{TM} Polyvalent trains to SNCF
France	Supply of CITADIS^{TM} tramways for Paris, Tours, le Havre, Lyon, Nice
India	168 cars for the metro of Chennai
Kazakhstan	200 double freight and 95 passenger locomotives to Kazakh Railways
Morocco	14 double-deck (Duplex) very high-speed trainsets on the Tangiers-Casablanca route
Panama	Equip first line of Panama metro
Russia	200 EP20 passenger locomotives in partnership with TMH

Santo Domingo	45 cars for Santo Domingo metro
Spain	Contracts of maintenance for suburban trains and renovation of 350 trains to ease access to disabled passengers
Sweden	12 new CORADIA™ Nordic suburban trains; maintenance contract for suburban trains
Tunisia	16 additional CITADIS™ tramways for Tunis and maintenance service for the entire fleet
United States of America	Overhaul of 120 metro cars operated by the Port Authority Transit Corporation between Philadelphia and Southern New Jersey
United States of America	Delivery of high-tech rail safety upgrades, train's signalling and control system for Atlanta metropolitan

4.2.2. Sales

In 2010/11, Transport recorded sales of €5,604 million, 3% lower than last year on an actual basis.

Europe represented 67% of Transport sales, at €3,733 million, stable versus last year. Very high-speed trains contracts in France and in Italy achieved major progress during the year. Main contracts traded over the year also included regional trains delivered in France, Germany and Sweden, tramways and metros in France and in the Netherlands.

In North America, sales reached €352 million, 56% lower than last year, due to the end of metro cars contract for New York City.

Sales in South and Central America increased by 33% to €374 million, driven by the execution of contracts to supply urban rolling stocks mainly in Mexico and Brazil as well as signalling and control systems for the metro networks of São Paulo.

With 14% of the Sector's sales, Asia/Pacific amounted to €810 million, an increase of 54% over last year, as freight locomotives and regional trains components were delivered in China. In Australia, the supply of X'TRAPOLIS regional trains for the city of Melbourne achieved significant progress.

Finally, sales in Middle East/Africa reached €335 million, a 10% decrease compared to last year due to the completion of contracts to supply tramways in Algeria and locomotives in Morocco.

Transport					*% Variation Mar. 10/11*	
Actual figures, in € million	**Year ended 31 Mar. 11**	% of contrib	**Year ended 31 Mar. 10**	% of contrib	*Actual*	*Org.*
Europe	3,733	67%	3,778	66%	*(1%)*	*(2%)*
North America	352	6%	793	14%	*(56%)*	*(59%)*
South and Central America	374	7%	282	5%	*33%*	*19%*
Asia/Pacific	810	14%	525	9%	*54%*	*46%*
Middle East/Africa	335	6%	371	6%	*(10%)*	*(11%)*
Sales by destination	**5,604**	**100%**	**5,749**	**100%**	***(3%)***	**(5%)**

4.2.3. *Income from operations and operating margin*

Thanks to a continuous effort on cost control, the operating margin stood at 7.1%, close to last year record performance of 7.2%, despite the lower sales level. Income from operations amounted to €398 million.

4.3. Grid

The following table presents the key performance indicators of Grid Sector, for its first ten months of activity within Alstom (from 7 June 2010 to 31 March 2011).

Grid **Actual figures** **(in € million)**	**From 7 June to** **31 March 2011**
Order backlog	5,131
Orders received	3,434
Sales	3,653
Income from operations	218
Operating margin	6.0%
EBIT	35
Capital employed	2,057

4.3.1. *Orders received*

During fiscal year 2010/11, the transmission equipment market started its recovery after the 2009 slowdown due to the worldwide economic crisis. The market growth in volume was however partially offset by price erosion, due to increased competition in all regions. By end of 31 March 2011, orders received reached €3,434 million.

Grid **Actual figures, in € million**	**From 7 June to** **31 March 2011**	% of contrib
Europe	1,017	30%
North America	301	9%
South and Central America	359	10%
Asia/Pacific	1,060	31%
Middle East/Africa	697	20%
Orders by destination	**3,434**	**100%**

In Europe, orders intake reached €1,017 million, representing 30% of Grid orders received. Key projects were booked in Germany (offshore substations for wind farms), United Kingdom (special transformers), Italy (turnkey HVAC GIS substation for Malta-Sicily electric interconnection), Russia (turnkey special power supply for the aluminium industry) and Tajikistan (GIS for a 220 kV substation).

North America accounted for €301 million of orders received. Important orders were booked in this region in the Network Management Systems activity.

Orders received in South and Central America represented €359 million, 10% of Grid's orders intake. Orders received in this region were mainly driven by Brazil with an order booked in cooperation with the Power Sector for GIS and power transformer for an hydroelectric equipment.

Asia/Pacific accounted for 31% of total orders received by Grid, at €1,060 million. India and China were the most active markets in the region.

In Middle East/Africa, Grid booked orders for €697 million, corresponding to 20% of the total order intake. The region benefited from the continuous need for infrastructure investments. Main commercial successes in this region included contracts for seven 220 kV power supply substations in Libya, an oil refinery power supply substation in the United Arab Emirates and a turnkey capacitors project in Saudi Arabia. Given recent political events in the region, special attention will be paid to the execution of these projects.

The Grid Sector received the following major orders during 2010/11:

Country	**Description**
Brazil	GIS and power transformer for hydroelectric equipment
Egypt	Energy management system for the national power grid
Germany	Turnkey high voltage substation for offshore wind farm
Kuwait	Energy management and distribution system for the national power grid
India	Turnkey 2 x 600 MW electric balance of plant
Indonesia	Supply and installation of 60 power transformers (up to 10kV 60MVA)
Italy	Turnkey HVAC GIS substation for Malta-Sicily interconnection
Libya	7 x 220 kV GIS and 5 x 11kV AIS substations
Morocco	400 / 225 kV AIS substation and extension of 2 existing substations
Russia	Turnkey GIS for aluminium electrolysis
Saudi Arabia	Supply of capacitors for power factor correction
Sweden	Energy management system for the national power grid
Tajikistan	Replacement of an AIS 220 kV by a GIS for hydro power plant
United Arab Emirates	Turnkey GIS 132/220 kV for oil refinery
United Kingdom	3 x 400 kV 2,750MVA quadrature boosters

4.3.2. Sales

From 7 June 2010 to 31 March 2011, Grid's sales amounted to €3,653 million, reflecting a sustained volume of activity across all businesses.

In Europe, sales were at €988 million, representing 27% of Grid's sales. Activity was high in the United Kingdom and Germany with the execution of large HVDC and wind-farm substations, as well as power transformers and GIS projects booked in the previous periods.

Sales in North America reached €353 million, including sales for equipments in the United States of America and the execution of a contract for a 500/230 kV AIS substation in Canada.

South and Central America recorded sales of €410 million. Major contracts traded included two HVDC substations and twenty-eight HVDC Power transformers in Brazil and an HVDC project in Uruguay.

Asia/Pacific accounted for 31% of Grid's sales, at €1,145 million. The activity was sustained especially in India, China, Australia and Indonesia. Grid executed large projects booked in 2009 such as a 132/33 kV turnkey substation, 33 kV switchgear and kiosk substations in Australia and 150 kV conventional substations in Indonesia.

Sales in Middle East / Africa amounted to €757 million. The activity was mainly generated by the execution of a robust backlog of turnkey contracts for the supply of substations in Saudi Arabia, and United Arab Emirates.

Grid **Actual figures, in € million**	**From 7 June to 31 March 2011**	% of contrib
Europe	988	27%
North America	353	10%
South and Central America	410	11%
Asia/Pacific	1,145	31%
Middle East/Africa	757	21%
Sales by destination	**3,653**	**100%**

4.3.3. Income from operations and operating margin

Grid's income from operations reached €218 million, corresponding to an operating margin of 6%. The Sector focused on the good execution of its backlog and the control of its costs. Grid initiated a performance plan around two key objectives: boosting its competitiveness and reinforcing its market positioning through innovation and differentiation.

4.4. Corporate and Others

Corporate & Others comprise all units accounting for corporate costs, as well as the International Network.

The following table sets out some key financial data for Corporate & Others:

Corporate & Others (in € million)	Year ended 31 March 2011	Year ended 31 March 2010
Income from operations	(98)	(103)
EBIT	(186)	(116)
Capital Employed	(264)	(182)

Non-operating expenses are mostly related to Grid acquisition costs (for €(44) million) and Marine past litigations costs.

5. Operating and financial review

5.1. Income statement

Total Group			% Variation	
	Year ended	**Year ended**	Mar. 11 / Mar. 10	
(in € million)	**31 March 2011**	**31 March 2010**	Actual	Organic
Sales	20,923	19,650	6%	(15%)
Cost of sales	(16,938)	(15,982)	6%	(15%)
R&D expenditure	(703)	(558)	26%	(2%)
Selling expenses	(902)	(669)	35%	2%
Administrative expenses	(810)	(662)	22%	(11%)
Income from operations	**1,570**	**1,779**	**(12%)**	**(26%)**
Operating margin	7.5%	9.1%		

5.1.1. Sales

In fiscal year 2010/11, consolidated sales reached €20.9 billion, a 6% increase compared to the previous year. Grid's contribution amounted to €3.7 billion for 10 months of activity. On an organic basis, sales were down by 15%, mostly driven by the decrease in Power (-19%).

5.1.2. Research and development expenditures

Alstom raised its Research and Development expenditures to gross costs of €824 million in 2010/11 compared to €614 million last year. Including the impact of capitalisation and amortisation of development costs, R&D expenditures amounted to €703 million compared to €558 million last year. The amount of capitalisation of development costs increased from €209 million last year to €286 million this year, due to the greater maturity of the projects. Main R&D programmes included, for Power, the upgrade of steam and gas turbine technologies, further development of CCS technologies and the start of the development of offshore wind turbine. The programmes covered for Transport the improvement of technologies across its product lines with a focus upon very high-speed trains (AGV™) and for Grid, the development of HVDC and UHV technologies as well as smart Grid solutions.

5.1.3. Selling and administrative expenses

Selling and administrative (S&A) expenses amounted to €1,712 million for fiscal year 2010/11, compared to €1,331 million the previous year. On an organic basic, administrative expenses decreased by 11% compared to last year thanks to the strict control of costs, while selling expenses increased by 2% due to active tendering activities.

5.1.4. Income from operations

The Group income from operations decreased to €1,570 million for fiscal year 2010/11, 12% below the level of last year due to negative impact of lower sales volumes in Power and

Transport. The operating margin decreased from 9.1% to 7.5%, in line with the guidance previously given.

Total Group **(in € million)**	**Year ended** **31 March 2011**	**Year ended** **31 March 2010**	% Variation Mar. 11/ Mar. 10
Income from operations	**1,570**	**1,779**	**(12%)**
Restructuring costs	(520)	(96)	442%
Other income (expense)	(286)	(54)	430%
Earnings Before Interest and Taxes	**764**	**1,629**	**(53%)**
Financial income (expense)	(136)	(42)	224%
Income tax charge	(141)	(385)	(63%)
Share in net income of equity investments	3	3	0%
Discontinued operations		-	N/A
Non-controlling interests	(28)	12	N/A
Net income - Group share	**462**	**1,217**	**(62%)**

5.1.5. Earnings before interest and taxes (EBIT)

EBIT reached €764 million for fiscal year 2010/11, compared to €1,629 millions on the previous year. Beside the decline of the operating income, the variation is due to several non recurring costs including €203 million of Grid purchase price allocation effects (amortization of the margin in backlog) and Grid acquisition costs and €520 million of restructuring expenses related to the adaptation of the Group's industrial base.

5.1.6. Net financial income

Net financial income was negative at €(136) million at the end of March 2011 compared to €(42) million at the end of March 2010. Interest expenses reached €(86) million during fiscal year 2010/11 compared to €(7) million last year as the Group turned from a net cash to a net debt position following the acquisition of Grid.

5.1.7. Income tax charge

Due to lower pre-tax income and a favourable geographical mix, the income tax charge decreased to €(141) million for fiscal year 2010/11 (vs. €(385) million last year). It included a €(248) million current income tax charge (vs. €(199) million last year) and a €107 million deferred income tax credit (vs. a €(186) million of deferred income tax charge in 2009/10).

The effective tax rate was at 22% for the year (compared to 24% last year).

5.1.8. Net income - Group share

Net income (Group share) was €462 million, a 62% decrease compared to last year, due to the lower operational profit and the impact of non recurring charges, such as restructuring provisions and purchase price allocation effects (amortisation of the margin in backlog) and acquisition costs of Grid.

5.2. Balance sheet

Total Group **Actual figures** **(in € million)**	**At 31 March 2011**	**At 31 March 2010**	Variation Mar. 11/ Mar. 10
Goodwill	5,396	3,904	1,492
Intangible assets	1,934	1,453	481
Property, plant and equipment	2,651	1,958	693
Associates and available-for-sale financial assets	207	66	141
Other non-current assets	567	535	32
Deferred taxes	1,287	982	305
Non-current assets	**12,042**	**8,898**	**3,144**
Working capital assets	14,840	12,694	2,146
Marketable securities and other current financial assets	50	35	15
Cash and cash equivalents	2,701	4,351	(1,650)
Current assets	**17,591**	**17,080**	**511**
Assets	**29,633**	**25,978**	**3,655**

Total Group **Actual figures** **(in € million)**	**At 31 March 2011**	**At 31 March 2010**	Variation Mar. 11/ Mar. 10
Equity (Group share and minorities)	4,152	4,101	51
Provisions (non-current and current)	2,482	1,641	841
Accrued pension and other employee benefits	1,145	943	202
Financial debt (current and non-current)	4,466	2,614	1,852
Deferred taxes	88	113	(25)
Working capital liabilities (excl. provisions)	17,300	16,566	734
Liabilities	**29,633**	**25,978**	**3,655**

5.2.1. Goodwill and intangible assets

At the end of March 2011, goodwill amounted to €5,396 million due to €1,475 million of increase following the acquisition of Grid.

Intangible assets include acquired intangible assets and capitalised development costs. They increased to €1,934 million on 31 March 2011 (compared to €1,453 million on 31 March 2010). This movement is mainly due to the recognition of technology, order backlog margin and customer relationships as assets acquired in the Grid business combination for €512 million.

5.2.2. Tangible assets

Tangible assets increased to €2,651 million on 31 March 2011, compared to €1,958 million on 31 March 2010. Tangible assets from the acquisition of Grid amounted to €634 million.

Supporting the Group's strategy to increase its industrial presence in fast growing markets and to improve its production capacities, capital expenditures (excluding capitalised development expenses) reached €504 million. Power notably supported its expansion in the BRICs countries with the inauguration of hydropower manufacturing facility at Tianjin (China) and the construction of a new wind turbine assembly factory in the State of Bahia (Brazil). For Transport, capital expenditures were dedicated to the modernisation of its current manufacturing sites and the beginning of the construction of a rolling stock factory in India to serve the local market. For Grid, investments mainly aimed at expanding its industrial footprint in Asia.

Commitments to purchase fixed assets amount to €85 million at 31 March 2011. They notably arise from the construction of a facility in the United States of America for the manufacturing of steam turbines.

5.2.3. Other non current assets

Other non current assets amounted to €567 million at the end of March 2011, compared to €535 million at the end of March 2010. Financial non-current assets directly associated to a long-term lease of trains and associated equipment for a London Underground Operator in the United Kingdom slightly decreased from €450 million at the end of March 2010 to €429 million at the end of March 2011.

5.2.4. Working capital

Working capital (defined as current assets excluding cash and cash equivalents, as well as marketable securities, less current liabilities excluding current financial liabilities and including non current provisions) on 31 March 2011 was €(4,942) million compared to €(5,513) million on 31 March 2010. This degradation resulted notably from the low level of orders received over the first half of 2010/11 and the mix of the orders received over the year.

5.2.5. Deferred tax

Net deferred tax assets increased to €1,199 million at the end of March 2011, from €869 million a year before, mainly due to the integration of Grid.

5.2.6. *Current and non-current provisions*

The current and non-current provisions were €2,482 million on 31 March 2011, compared to €1,641 million on 31 March 2010, mainly due to the integration of Grid.

5.2.7. *Equity attributable to the equity holders of the parent and minority interests*

Equity on 31 March 2011 reached €4,152 million (including minority interests) compared to €4,101 million on 31 March 2010. It was mostly impacted by:

- net income from the fiscal year 2010/11 of €462 million (Group share) ;
- distribution of dividends of €364 million in 2010/11;
- pensions (net after tax actuarial loss of €(90) million)).

5.2.8. *Financial debt*

The gross financial debt increased from €2,614 million at the end of March 2010 to €4,466 million at the end of March 2011. This movement resulted from the increase of €500 million of two existing bonds combined with the issue of two new bonds totalling €1,000 million.

See Note 24 to the consolidated financial statements for further details regarding the financial debt.

5.3. *Liquidity and capital resources*

The following table sets out selected figures concerning the consolidated statement of cash flows:

Total Group **(in € million)**	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Net cash provided by operating activities - before changes in net working capital	974	1,766
Changes in net working capital resulting from operating activities	(743)	(960)
Net cash provided by /(used in) operating activities	**231**	**806**
Net cash used in investing activities	(3,081)	(636)
Net cash provided by /(used in) financing activities	1,180	1,114
Net increase/(decrease) in cash and cash equivalents	**(1,670)**	**1,284**
Cash and cash equivalents at the beginning of the period	4,351	2,943
Net effect of exchange rate variations	24	135
Other changes	(4)	(11)
Cash and cash equivalents at the end of the period	**2,701**	**4,351**

5.3.1. *Net cash provided by operating activities*

Net cash provided by operating activities was €231 million for fiscal year 2010/11, compared to €806 million for the year before.

Net cash provided by operating activities before changes in net working capital was €974 million in 2010/11. It represents the cash generated by the Group's net income after elimination of non-cash items (given that provisions are included in the definition of the working capital, provisions are not part of the elimination of non-cash items) and before working capital movements.

The Group's net working capital change resulting from operating activities was negative at €(743) million.

5.3.2. *Net cash used in investing activities*

Net cash used in investing activities was €3,081 million for fiscal year 2010/11, versus €636 million for the previous year, mainly due to the acquisition of Grid Sector for approximately €2,4 billion, capital expenditures (excluding capitalised development expenses) of €504 million and capitalised research and development costs of €286 million.

5.3.3. *Net cash provided by financing activities*

Net cash provided by financing activities was €1,180 million for fiscal year 2010/11, compared to €1,114 million the previous year, mainly due to the extension by €500 million of two existing bonds, the issue of two new bonds totalling €1,000 million and the payment of dividends for €364 million.

5.3.4. *Net cash position*

On 31 March 2011, the Group recorded a net debt level of €1,286 million, compared to the net cash position of €2,222 million at 31 March 2010.

Total Group		
(in € million)	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Net cash at the beginning of the period	**2,222**	**2,051**
Change in cash and cash equivalents	(1,670)	1,284
Change in marketable securities and other current financial assets	(57)	14
Change in bonds and notes	(1,500)	(1,475)
Change in current and non current borrowings	(33)	12
Change in obligations under finance leases	41	33
Net debt of acquired entities at acquisition date	(264)	-
Net effect of exchange rate and other	(25)	303
Net cash at the end of the period	**(1,286)**	**2,222**

Notes 23, 24, 25, 28 and 29 to the consolidated financial statements provide further details, respectively on:

- the analysis of pensions and other employee benefits;
- the nature and the maturity of the financial debt;
- the Group's policy regarding financial risk management, including currency, interest, credit and liquidity risks;
- off-balance sheet commitments and lease obligations.

5.4. Use of non-GAAP financial INDICATORS

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

5.4.1. Orders received

A new order is recognised as order received only when the contract creates enforceable obligations between the Group and its customer.
When this condition is met, the order is recognised at the contract value.
If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires to immediately eliminate the currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

5.4.2. Order backlog

Order backlog represents sales not yet recognised on orders already received.
Order backlog at the end of a financial year is computed as follows:

- Order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded in a previous year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation and to foreign currency translation effects.

5.4.3. Free cash flow

Free cash flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, free cash flow does not include the proceeds from disposals of activity.

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities, and a reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group **(in € million)**	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Net cash provided by /(used in) operating activities	**231**	**806**
Capital expenditure (including capitalized development costs)	(791)	(679)
Proceeds from disposals of tangible and intangible assets	44	58
Free Cash Flow	**(516)**	**185**

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

5.4.4. Capital employed

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, other non-current assets (excluding prepaid pension benefits and financial non-current assets directly associated to financial debt) and current assets (excluding marketable securities and other current financial assets, and cash and cash equivalents) minus current and non-current provisions and current liabilities (excluding current provisions and current financial debt).

Capital employed by Sector and at Group level is presented in Note 4 to the condensed consolidated financial statements as of 31 March 2011.

Capital employed is used both for internal analysis purposes as well as for external communication, as it provides insight regarding the amount of financial resources employed by a Sector or the Group as a whole, and the profitability of a Sector or the Group as a whole in regard to resources employed.

End of March 2011, capital employed reached €5,356 million, compared to €1,944 million at the end of March 2010, mainly due to the acquisition of Grid, to change in working capital and to capital expenditures.

Total Group **(in € million)**	**Year ended 2011**	**Year ended 2010**
Non current assets	12,042	8,898
less deferred tax assets	(1,287)	(982)
less non-current assets directly associated to financial debt	(429)	(450)
less prepaid pension benefits	(28)	(9)
Capital employed - non current assets **(A)**	10,298	7,457
Current assets	17,591	17,080
less cash & cash equivalents	(2,701)	(4,351)
less marketable securities and other current financial assets	(50)	(35)
Capital employed - current assets **(B)**	14,840	12,694
Current liabilities	19,316	17,989
less current financial debt	(629)	(242)
plus non current provisions	1,095	460
Capital employed - liabilities **(C)**	19,782	18,207
Capital employed (A)+(B)-(C)	**5,356**	**1,944**

5.4.5. Net cash

Net cash is defined as cash and cash equivalents, marketable securities and other current financial assets and financial non-current assets directly associated to financial debt, less current and non-current financial debt.

Total Group **(in € million)**	**Year ended 31 March 2011**	**Year ended 31 March 2010**
Cash and cash equivalents	2,701	4,351
Marketable securities and other current financial assets	50	35
Financial non-current assets directly associated to financial debt	429	450
less:		
Current financial debt	629	242
Non current financial debt	3,837	2,372
Net cash/(debt)	**(1,286)**	**2,222**

5.4.6. Organic basis

Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures have been given on an organic basis in order to eliminate the impact of changes in business composition and of variation of exchange rates between the Euro and the foreign currencies. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means by which to analyse and explain variations from one period to another. However these figures, provided on an organic basis, are not measurements of performance under IFRS.

To prepare figures on an organic basis, the figures presented on an actual basis are adjusted as follows:

– the actual figures for 2009/10 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for 2010/11, as used for preparing the Consolidated Financial Statements;
– in order to reflect the same scope of activity, the same indicators are adjusted both for 2009/10 (restatement of disposals) and for 2010/11 (restatement of acquisitions).

Figures on an organic basis are presented in the table shown next page.

ALSTOM

Alstom - ORGANIC FIGURES 2010/11

	Year ended 31 March 2010				Year ended 31 March 2011				
in € million	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope Impact	Organic figures	% Var Act. Mar. 11 / Mar.10	% Var Org. Mar. 11 / Mar.10
Power	23,318	17	-	23,335	22,169		22,169	(5%)	(5%)
Transport	19,243	51	-	19,294	19,516		19,516	1%	1%
Grid	-	-	-	-	5,131	(5,131)	-		
Corporate & Others	-	-	-	-	-		-	N/A	N/A
Orders backlog	**42,561**	**68**	**-**	**42,629**	**46,816**	**(5,131) -**	**41,685**	**10%**	**(2%)**
Power	9,435	395	-	9,830	9,911		9,911	5%	1%
Transport	5,484	123	-	5,607	5,709		5,709	4%	2%
Grid	-	-	-	-	3,434	(3,434)	-		
Corporate & Others	-	-	-	-			-	N/A	N/A
Orders Received	**14,919**	**518**	**-**	**15,437**	**19,054**	**(3,434)**	**15,620**	**28%**	**1%**
Power	13,901	545	-	14,446	11,666		11,666	(16%)	(19%)
Transport	5,749	147	-	5,896	5,604		5,604	(3%)	(5%)
Grid	-	-	-	-	3,653	(3,653)	-		
Corporate & Others	-	-	-	-	-		-	N/A	N/A
Sales	**19,650**	**692**	**-**	**20,342**	**20,923**	**(3,653)**	**17,270**	**6%**	**(15%)**
Power	1,468	35	-	1,503	1,052		1,052	(28%)	(30%)
Transport	414	9	-	423	398		398	(4%)	(6%)
Grid	-		-	-	218	(218)	-		
Corporate & Others	(103)	(2)	-	(105)	(98)		(98)	N/A	N/A
Income from Operations	**1,779**	**42**	**-**	**1,821**	**1,570**	**(218)**	**1,352**	**(12%)**	**(26%)**
Power	10.6%			10.4%	9.0%		9.0%		
Transport	7.2%			7.2%	7.1%		7.1%		
Grid	N/A			N/A	6.0%		N/A		
Corporate & Others	N/A			N/A	N/A		N/A		
Operating margin	**9.1%**			**9.0%**	**7.5%**		**7.8%**		
Sales	19,650	692	-	20,342	20,923	(3,653)	17,270	6%	(15%)
Cost of sales	(15,982)	(598)	-	(16,580)	(16,938)	2,889	(14,049)	6%	(15%)
R&D expenses	(558)	(8)	-	(566)	(703)	148	(555)	26%	(2%)
Selling expenses	(669)	(21)	-	(690)	(902)	200	(702)	35%	2%
Administrative expenses	(662)	(23)	-	(685)	(810)	198	(612)	22%	(11%)
Income from Operations	**1,779**	**42**	**-**	**1,821**	**1,570**	**(218)**	**1,352**	**(12%)**	**(26%)**