

Press release

31 March 2009

Alstom and the Russian rail manufacturer Transmashholding sign a strategic partnership agreement

Alstom and Transmashholding (TMH), the main rail rolling stock manufacturer in Russia, signed on 31 March 2009 a technological, industrial and financial strategic agreement. According to this agreement, which follows a letter of intent announced in October 2008, Alstom Transport will support the modernization of the manufacturing sites of TMH and the development of a new generation of rolling stock adapted to the Russian market. In addition, Alstom will acquire 25% (+ 1 share) of the capital of TMH holding company at a price which will be defined taking into account the financial results of TMH over the 2008-2011 period.

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The agreement includes firstly the support given by Alstom Transport in modernizing TMH's production facilities. Alstom Transport will provide technological and methodological support in terms of manufacturing processes and expertise and will appoint a Deputy General Manager to oversee TMH's internal operations. Already launched in March 2008, the upstream phase of this technological cooperation has already made it possible to plan the modernization of three TMH factories, at Demikhovo, Bryansk and Tsentrovarmash. It will be extended to TMH's other nine factories.

Alstom and TMH have also committed to creating a joint venture for the development of new models of rolling stock which will be based on Alstom Transport and TMH's latest technologies and adapted for the Russian rail market. Held in equal parts by Alstom and TMH, this company will be in charge of creating Russian centres of excellence incorporating the expertise of both parties for the design of new products.

The manufacturing by TMH of the new products aimed to the Russian and CIS¹ countries markets will be performed in Russia up to 75 to 80%. The first product launched by the new joint venture is to be manufactured at TMH's factory in Novotcherkassk. It will be an electric locomotive based on platform concept. The partners are planning to deliver the first locomotive by mid-2010.

⁽¹⁾ Commonwealth of the Independent States

Both companies also intend to continue their cooperation with the manufacturing of double-decker passenger cars. Alstom and TMH participated in October 2008 in a call for tenders launched by RZD for the design and manufacture in Russia of passenger cars and are currently in negotiations with the customer to reach a final agreement between the parties. This rolling stock will consist of double-decker cars, with sleeping and seating sections, equipped with a range of amenities (bar, restaurant, showers). They will be manufactured in the Tver region.

Russia's railway market is Europe's largest, with over 85,000 kilometres of track, 1.3 billion passengers annually and annual freight totalling 1.3 billion tonnes. In establishing this strategic partnership, Alstom Transport and TMH have committed to uniting their strengths – namely superior technological expertise and unparalleled knowledge of the Russian market – to best meet the needs of this market, contribute to its rapid modernization and, together, become the leader in Russian rail.

About Alstom Transport

With sustainable transport in mind, Alstom Transport develops and offers the most complete range of systems, equipment and services on the rail market. Alstom Transport can manage an entire transport system, from rolling stock to signalling and infrastructure, and offers turnkey solutions. Alstom Transport is present in over 60 countries and has 26,000 employees. In 2007-2008, Alstom Transport's turnover was €5.5 billion and its orders increased by 39% over the previous financial year.

Alstom has been present on the Russian rail market since September 2007, when it signed a contract with Karelian Trains (a joint venture composed of RZD and Finnish operator VR) for the supply of Pendolino high-speed tilting trains which will be put into service between Saint Petersburg and Helsinki from 2010.

About Transmashholding

Transmashholding is Russia's leading rail manufacturer. In particular it is known for its production of electric and diesel locomotives, converters, freight and passenger cars, suburban and metro cars, diesel engines for locomotives and diesel generators. In 2008 Transmashholding's sales reached €2.7 billion. The company employs over 65,000 workers.

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