

May 2008

ALSTOM & YOU

Letter to shareholders



“The current level and quality of the backlog give us confidence to review upwards our operating margin estimate for March 2010 to around 9%.”

Dear shareholders,

The fiscal year 2007/08 was marked by a record level of orders in both our Power and Transport activities, highlighting our good positioning in the growing infrastructure markets. The strong increase in sales, the substantial improvement of our performance and the high level of cash generation illustrate once again the success of our profitable growth strategy.

To support this high growth, the Group has put strong emphasis on human resources management, notably through the recruitment of 10,500 new talents. The Group increased its capital expenditure by one third in 2007/08 in order to optimise its industrial base. These investments notably include capacity increases in a foundry in Poland and in hydro activities in China as well as the start of the construction of a new site to manufacture turbines in the USA.

Simultaneously, the Group continued its efforts in research and development with expenses increasing by more than 20% in 2007/08. Key strategic programmes have shown significant progress. The new generation of very high speed trains (AGV) was unveiled at La Rochelle in February 2008 and the programme on carbon dioxide (CO₂) capture solutions was intensified.

The Group also finalised a number of strategic acquisitions in boilers (in China) and in wind, and created joint ventures in Russia, UK and Spain.

In the future, the Group will further focus on order selectivity and project execution in order to continue to grow profitably. The current level and quality of the backlog give us confidence to review upwards our operating margin estimate for March 2010 to around 9%. Based on current market conditions and trends, the operating margin should further increase beyond March 2010.

At the next Annual General Meeting to be held on 24 June 2008, you will be proposed to approve the doubling of the dividend to €1.6 per share and the split of the share by two. If accepted, the dividend will be distributed on 1 July 2008 and the split launched on 7 July 2008.

Once again, I would like to thank you for your loyalty and trust, and look forward to seeing you at our Annual General Meeting.

Patrick Kron
Chairman and CEO

Orders
received

€23.5 billion
up 23%

Sales

€16.9 billion
up 19%

Operating
margin

7.7%

Net
income

€852 million
up 56%

Free
cash flow

€1,635 million
up 119%

ALSTOM

CORPORATE NEWS



Alstom unveils the AGV

570 guests attended the unveiling of the AGV, the fourth generation of very high speed trains, at the Transport factory in La Rochelle, France, on 5 February, by the President of the French Republic Nicolas Sarkozy. This train combines an innovative design and the highest level of technology in the rail industry. It is capable of covering 1,000 km in less than three hours at a commercial speed of 360 kph. 160 researchers and engineers worked on the project for five years.

This new offering reinforces Alstom's leading position in the fast growing very high speed rail market. The new Italian private operator NTV has chosen the AGV for its future very high speed prestige service.

Alstom joined the Global Compact

In March 2008, Alstom joined the Global Compact United Nations initiative, which regroups companies committing to embrace, support and enact a set of core values in the areas of human rights, employment standards, the environment and business ethics. In Alstom, these commitments are part of the principles set out in the Group's Code of ethics and actions programme.

Annual results 2007/08

Alstom reviews upwards its medium-term forecasts following an excellent fiscal year 2007/08.

Record commercial activity

Leveraging its strategic strengths, the Group fully benefited from a strong demand in power and rail transport markets. Fiscal year 2007/08 was marked by a record level of orders at €23.5 billion, up 23% compared to the already high level of last year. All Sectors contributed to this growth in order intake: +21% in Power Systems, +8% in Power Service and +39% in Transport. The backlog reached €39.2 billion representing 28 months of sales.

On the back of the growing backlog, sales reached €16.9 billion, with a 37% growth in Power Systems, 13% in Power Service and 4% in Transport.

Strong improvement in results

In fiscal year 2007/08, income from operations amounted to €1,295 million. The operating margin improved from 6.7% to 7.7% as a result of a high selectivity in order intake, as well as a constant focus on project execution and cost control.



COMMERCIAL NEWS 2007/08...

POWER

- A record 38 gas turbines booked, of which 18 GT26
- In coal, major contracts awarded in South Africa for turbine islands of 9.6 GW
- In nuclear, "Arabelle" technology chosen in USA and China

- Large hydro contracts awarded in Vietnam, Uganda, Brazil and China
- Significant contract for the retrofit of a nuclear steam turbine in Mexico
- 10 operation & maintenance contracts in Italy, Ireland, UK, Morocco, Brazil, UAE ...



All Sectors contributed to this improvement. Net profit increased by 56%, amounting to €852 million compared to €547 million* in the previous fiscal year. This positive evolution resulted mainly from better operational performance and lower restructuring and financial charges.

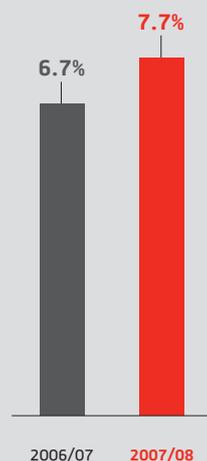
Very high cash flow generation

Free cash flow reached the record level of €1.6 billion. This strong cash flow generation was achieved through a combination of better

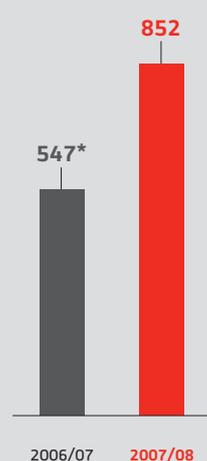
profitability, a further significant improvement of the working capital, partly due to the high level of order intake, as well as a decrease in restructuring cash outflow and financial expenses.

Thanks to this very high cash flow, the Group turned cash positive during fiscal year 2007/08, from a net debt of €64 million on 31 March 2007 to a net cash of €904 million on 31 March 2008, after payments relating to acquisitions and dividends distributed in July 2007.

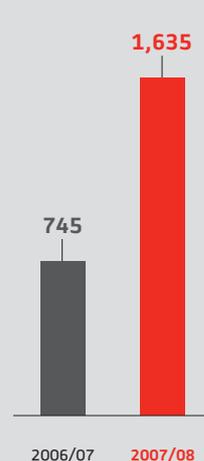
Operating margin



Net result (in million euros)



Free cash flow (in million euros)



Net debt/cash (in million euros)



* Restated following a change in accounting for pensions.

continued...

TRANSPORT

- Large order for TGVs in France
- Contract for PENDOLINO trains for Helsinki-St Petersburg line
- METROPOLIS chosen in USA, Brazil, Turkey, France and China

- Contracts for CITADIS tramways in Ireland, France, Turkey, and the Netherlands, and for DUALIS tram-trains in France
- Success of regional and suburban trains in Germany, Spain and Australia
- Order for a signalling system in Belgium and maintenance contracts in UK and Spain



DIARY



> 24 JUNE 2008

Annual General Meeting at the Carrousel du Louvre, Paris (France)

> 16 JULY 2008

First quarter 2008/09 Orders and Sales

> 25 SEPTEMBER 2008

Shareholder information meeting in Rennes (France)

> 6 NOVEMBER 2008

Half-year results 2008/09

Questions & Answers

WHY DOES ALSTOM INTEND TO LAUNCH A SPLIT?

Alstom intends to launch a split to make its shares more affordable for individual shareholders. The share price has strongly increased over the last three years and it is now among the highest of the CAC40 index. Therefore, a split would mechanically lower the price of each share and increase liquidity of the shares.

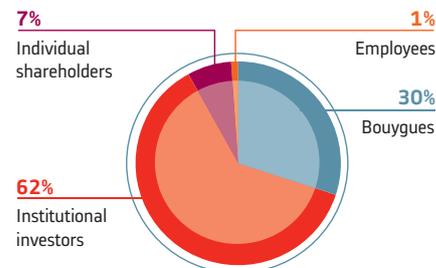
WHAT CHANGES WOULD THIS OPERATION MAKE TO MY PORTFOLIO?

Alstom proposes to exchange 1 existing share to 2 new shares. The market price of the new share will be automatically divided by 2. However, this operation will not affect the value of your portfolio as you will hold twice as many shares.

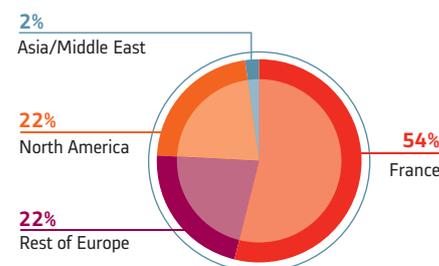
Capital structure

on 31 March 2008

By share ownership



By region



Share information

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

ISIN code: **FR0010220475**

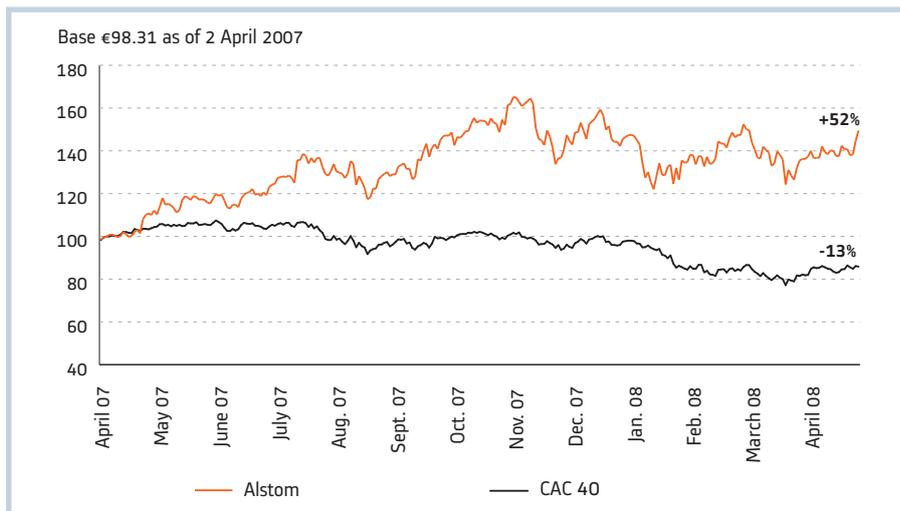
Mnemonic: **ALO**

Index: **CAC40**

Eligible for PEA: **yes**

Eligible for differed settlement service: **yes**

Share price



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