

Letter to shareholders



“WE EXPECT SALES FOR THE FULL FISCAL YEAR 2007/08 TO GROW BY APPROXIMATELY 15% ON AN ORGANIC BASIS, WHILE THE OPERATING MARGIN SHOULD BE AT AROUND 7.5%.”

Dear Shareholders,

The first half results 2007/08 were marked by a strong growth and an improved performance both in our Power and Transport activities.

Between 1st April and 30th September 2007, the Group recorded an excellent level of orders, up 33%, as it has booked a high number of large contracts in Power, notably in gas, conventional islands of nuclear power plant and hydro, as well as in Transport, mainly in very high speed trains and mass transit. During the semester, sales, at €8 billion, have increased by 21%.

To support and extend this growing activity, efforts on recruitment, capital expenditure and research & development have intensified during the semester. Indeed, in the last 18 months, 13,500 people have been hired, of which half are engineers and managers, in order to achieve the ambitious growth objectives which we have set.

Since 1st April 2007, the Group finalised several acquisitions, such as Wuhan Boiler Co. in China and Ecotècnia in Spain.

Higher sales from a healthier backlog combined with a constant focus on project management and cost reduction, led to a further improvement in performance.

Consequently, the operating margin grew from 6.3% for the first semester 2006/07 to 7.2% for the first half 2007/08. Net profit amounted to €388 million, up 49%.

During the semester, the Group generated a very high free cash flow of €1,248 million, which allowed it to turn cash positive. Net cash amounted to €901 million at 30th September 2007, compared to a net debt of €64 million at 31st March 2007.

With this favourable first semester, we expect sales for the full fiscal year 2007/08 to grow by approximately 15% on an organic basis, while the operating margin should be at around 7.5%.

I would like to thank you for your continuous support. You can trust Alstom to do its utmost to reach its targets and thus ensure optimum shareholder rewards.

Patrick Kron
Chairman and CEO

€12.8
billion
orders,
up 33%

€8
billion
sales,
up 21%

€573
million
income from
operations,
up 39%

€388
million
net income,
up 49%

€1,248
million
free cash flow,
up 67%

Grenoble



Citadis – 10 years, 25 cities and 1,000 tramways later...

In Transport, Alstom reached yet another milestone, this time for its Citadis design. After 10 years since the signing of its first contract, Alstom was proud to announce both its 25th city served, Istanbul, Turkey, and 1,000th tramway which has been sold to Lyon, France. These records confirm the success of Alstom's unrivalled long-term partnership approach due to its ability to adapt its products to changing customer demands.

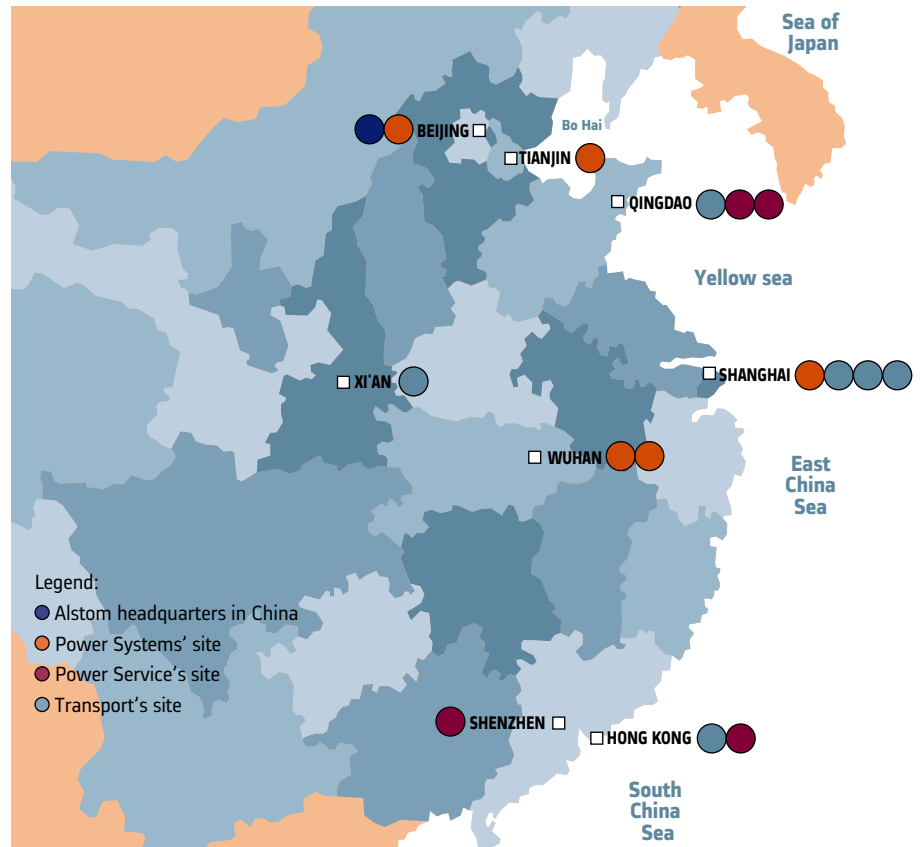
The designs of the Citadis permit towns and cities to personalise its fleet by up to 20%. Not only do the tramways offer advantages in terms of mobility, but also bring new dynamism to urban spaces, whilst simultaneously preserving architectural heritage. As an example, the trams in Bordeaux do not have overhead catenaries.

The Citadis Dualis, a new model reflecting a number of Citadis' features, can travel both on tramway networks and on regional tracks. The first Citadis Dualis trainset should enter service in January 2010 on the Nantes network.



Melbourne

Reinforcing Alstom's presence in China



Since its first project 50 years ago, Alstom is continuing to strengthen its presence in China, which represents a very important market both in power generation and rail transport.

Population accounts for 1.3 billion people and GDP growth is expected to exceed 11% in 2007. Urbanisation in China is increasing at a rapid rate with now 57 cities having more than 1 million inhabitants.

This development triggers a very high demand for power generation. The main technologies used to produce this electricity are coal

and hydro, as China is already the largest producer of coal and has a huge potential capacity for hydro.

Alstom is the world's leading provider of clean power solutions and is therefore very well positioned to capitalise on opportunities in this Chinese market. Alstom Hydro – the joint venture between Alstom and Bouygues – is the world leader in hydro power, and its largest facility is in Tianjin.

In coal, Alstom has built a strong local presence in manufacturing steam turbines and generators,

UPDATE ON OUR MARKETS

The power market shows a positive evolution as it is now expected to reach an average level of 185 GW per year over the 2007-2011 period, i.e. significantly higher than the previous forecast, and than the average level of 150 GW per year recorded during 2005 and 2006. New investment plans are anticipated in Europe, North America and Russia. The other markets should remain strong notably in Asia.

The service market for power plants should continue to be healthy, notably in Europe and the United States.

Finally, **the transport market should also show a favourable trend** in all its segments worldwide.

On these growing markets, the Group benefits from its worldwide presence, broad range of technologies and large installed base in order to efficiently serve them.

through the Alstom Beizhong Power JV (ABP). The recent acquisition of Wuhan Boiler Company, which has a 10% market share in the boiler industry in China, will consolidate the Group's position.

In service, Alstom has increased its size with the acquisitions of Qingdao Sizhou and Strongwish (1,300 employees in Qingdao and Shenzhen).

In rail transport, China anticipates a 40% expansion of the mainline railway network within the next 15 years, and a large development in mass transit. Alstom has built a strong local presence through the creation of several joint ventures with Chinese partners to serve this market: CASCO for signalling systems, SATCO for mass transit rolling stock, and SATEE for traction equipment...

Both in Power and Transport, Alstom aims to not only strengthen its position in the Chinese market, but also to use its units in China as an export base.



Beilungang power plant

Renewable energy: Ecotècnia



On 25th June 2007 Alstom signed an agreement to buy the Spanish wind turbine company Ecotècnia, for €350 million, and to enter the wind power market. This operation consolidates Alstom's position as the company with the broadest and most complete range of products and services in power generation, including gas, coal, hydro, conventional islands for nuclear power plants and now wind.

Ecotècnia, headquartered in Barcelona, has 5 factories in Spain with a total of 765 employees. It serves mainly the domestic Spanish market but also exports to other European countries (accounting for half of its sales). Ecotècnia currently designs, assembles and installs a wide range of onshore wind turbines spanning from 640 KW to 2 MW, and is currently developing new wind turbines with a capacity of up to 3 MW.

Since its foundation in 1981, the company has installed more than 1,500 wind turbines in 72 wind farms; corresponding to a total capacity of 1,450 MW, or 2% of the global installed base.

FOCUS ON



> SITE VISITS

During the first semester of fiscal year 2007/08, shareholders had the opportunity to visit the Belfort site and the French association of investment clubs "Hommes et Femmes de Valeurs" visited the Group's facility of La Rochelle in France. Site visits are regularly organised to allow shareholders to get to better know Alstom's activities. They also provide a good opportunity for us to meet and discuss with our individual shareholders.

> INFORMATION MEETINGS

Since the 1st April 2007, Alstom has participated in 3 information meetings in Orléans, Bordeaux and Lyon in France. These meetings, organised by the French Investment Club Federation (FFCI) and the French Investor Relations Association (CLIFF), bring together several listed companies, which each present their group's activities and strategies to shareholders.

The production of wind energy is currently concentrated in just a few countries, with Germany, the USA and Spain representing more than 60% of worldwide production. There should be double-digit annual growth for this market over the next 10 years, and this acquisition therefore shows Alstom's ambitions for strategic growth.

EUROSTAR

On 4th September, Eurostar recorded a new rail achievement by linking Paris and London in just 2 hours 03 minutes and 39 seconds.

This record was attained following Alstom's delivery of the final infrastructure sections (tracks and overhead lines) of the high speed line Paris-London, linking



Ebbsfleet (Kent) with St Pancras station in London. Travel times from London will now be only 2 hours 15 minutes to Paris, 1 hour 50 minutes to Brussels, and 1 hour 20 minutes to Lille. Eurostar transported over 7.85 million passengers in 2006.

DIARY



> 15 JANUARY 2008

Orders and sales for the first nine months of the fiscal year 2007/08

> 7 MAY 2008

Annual results for fiscal year 2007/08

> 24 JUNE 2008

Annual General Meeting

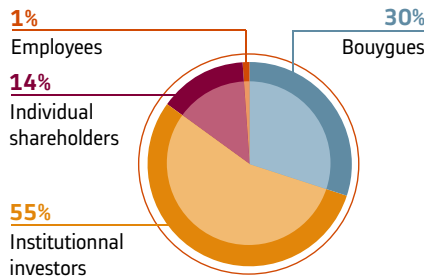
Capital structure

On 5th October 2007, Bouygues announced that it had acquired further shares, with its participation in Alstom's capital therefore increasing to approximately 30% at this date.

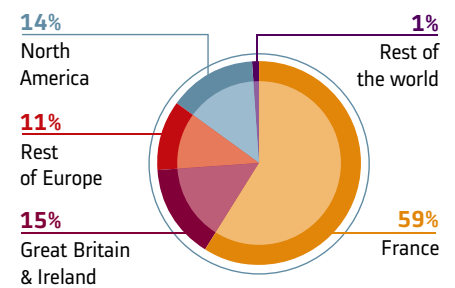
Bouygues entered Alstom's capital in April 2006, buying the French State's stake of 21.03% held since July 2004.

CAPITAL STRUCTURE ON 5TH OCTOBER 2007*

By share ownership



By region

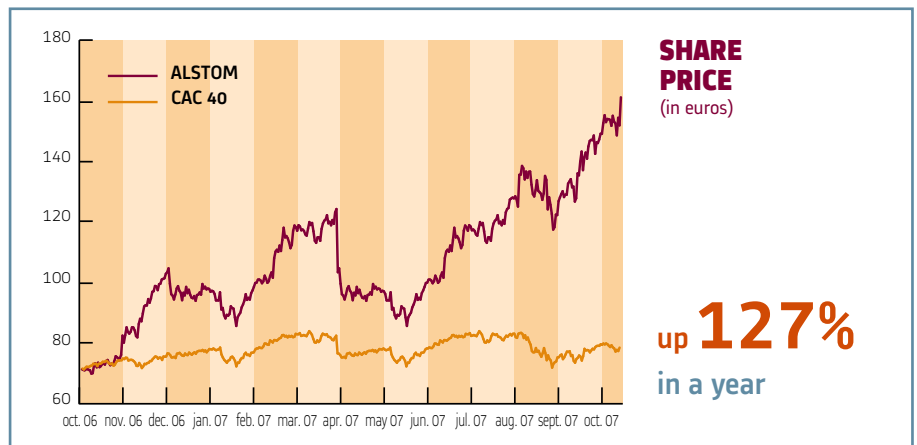


* estimates

Alstom share information

From 12th September, Alstom has been included in the FTSEurofirst 80 Index, which is designed to represent the performance of the companies resident and incorporated in the countries included in the Monetary European Union.

It provides investors with an index that measures the performance of the 80 largest capitalised Eurozone companies.



CONTACTS

ALSTOM
Investor Relations

By post:
3 avenue André Malraux
92309 Levallois-Perret Cedex
France

By telephone:
In France, a free-phone number is available to shareholders from Monday to Friday, 9am to 7pm:

N° Vert 0 800 50 90 51

From abroad: +33 (0)1 45 30 85 75*

By e-mail:
investor.relations@chq.alstom.com

Internet:
www.alstom.com

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