

# ALSTOM & you

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#### CEO's message

Patrick Kron  
Chairman and CEO



Dear Shareholders,

As you know, Alstom's share price dropped by over 40% during our first semester 2011/12 (April to September 2011) while the CAC 40 declined by 25%. In my view, this evolution reflects neither the Group's performance during the period nor its long term perspectives.

It is true that the current uncertainties of the economy adversely impact our markets, mainly in the mature countries, but we have been able to record over €10 billion of orders during these last six months, confirming the commercial rebound I mentioned to you last May. So over the last twelve months we have, quarter after quarter, increased our backlog by getting more orders than the sales we delivered to our customers.

It is also true that these uncertainties and the financial crisis may postpone some projects in the developed markets, but the emerging ones are moving fast and give us numerous opportunities.

I have no doubt that the need for infrastructure worldwide will remain solid and that all our markets will eventually turn positive.

Concerning our operational performance, the low level of sales resulting from the weakness in orders has put our earnings under pressure, even if our actions on costs have limited the mechanical impact from the drop of volumes. Besides the short term priorities focussed on the booking of orders, the proper execution of our

projects in backlog, the quality of our products and the adaptation of our costs, we have also continued to implement structural actions to strengthen the company.

In Europe and North America, the restructuring plans announced last year are progressively being implemented. In emerging countries, the Group keeps strengthening its presence by establishing new partnerships. In the same time, research and development expenses are kept at a high level and dedicated to strengthening and enlarging Alstom's technological offering.

“ ...we have increased our backlog by getting more orders than the sales we delivered to our customers ”

For the short term outlook, the second half of the year should be characterised by an improved volume of sales, a higher operating margin, as well as a positive free cash flow. On this basis, the Group confirms the operating margin for March 2012 should stay between 7% and 8%.

I thank you for your support and your confidence.

## KEY FIGURES

ORDERS RECEIVED

€10.2  
billion

SALES

€9.4  
billion

INCOME FROM OPERATIONS

€627  
million

NET INCOME

€363  
million

## TRANSPORT

### Breakthrough in Indonesia



**A**lstom has signed a contract with the mining company PT Freeport Indonesia for the supply of a turnkey rail system to develop mining operations at the Grasberg mine, in the province of West Papua. Currently mined 4,000 meters high in the open air, Grasberg is the world's leading gold mine and third leading copper mine.

## SMART GRIDS

### Proactive consumers with "NiceGrid"

**A**lstom, together with other industrial partners, will contribute to the development of "NiceGrid", a demonstration project aiming at launching a new type of eco-district in Nice. The objectives of "NiceGrid" are to design several local microgrids with integrated renewable energy sources (mostly solar photovoltaic panels) and electricity storage. This will give each customer an active role in managing their electricity production and consumption thanks to local intelligence devices to regulate systems such as public lighting. This project will be deployed over four years and will directly involve 1,500 consumers.

## TECHNOLOGY

### Upgraded gas turbines

**I**n June and September 2011, Alstom successively launched its upgraded GT26 and GT24 gas turbines and the corresponding combined-cycle power plants, respectively for the 50 Hz (Europe, Asia and Middle East except Saudi Arabia) and 60 Hz markets (mainly North America). These optimised turbines offer not only very high output and efficiency, but also outstanding operational flexibility. With this comprehensive portfolio, Alstom will further benefit from the renewed demand for gas-fired power generation.



## ABOUT THE COMPANY

### A reorganisation to boost Alstom's development

**A**fter a period of strong growth, followed by the necessary adaptation to the tougher environment created by the crisis in 2009, Alstom has entered a new business phase.

The Company decided to adapt its organisation to better anticipate the structural changes in its business, accelerate its development and improve its operational efficiency. Effective since 4 July 2011, this new organisation includes the creation of a position of Deputy Chief Executive Officer in charge of strategy, sustainable development and international network, the reshaping of the operational activities of the Group into four Sectors (Thermal Power, Renewable Power, Grid and Transport) and the extension and renewal of the Executive Committee.

## OCEAN ENERGY

### Alstom rides the waves



**A**lstom has taken a 40% equity share in the Scottish renewable energy company AWS Ocean Energy, representing Alstom's entry into the wave energy market. The move complements the existing activities of Alstom's Ocean Energy business in Nantes, France, where the company is developing a 1 MW commercial-scale tidal turbine prototype. Wave energy is, as tidal energy, a CO<sub>2</sub>-free source of power, and has the greatest potential of all existing marine technologies with a worldwide resource estimated between 200 and 300 GW.

## ALSTOM IN RUSSIA

Alstom has been present in Russia for 35 years, taking part in key power generation, transmission and rail transport projects. During Alstom's crisis from 2003 to 2005, the company had to dispose of several worldwide product lines which substantially reduced its footprint in Russia as these sold businesses were strongly present in this country. In the more recent years, the Group accelerated its development in Russia through the establishment of major partnerships with key local players. Philippe Pegorier, Alstom Country President Russia, tells us about Alstom's strategy to become a key partner in the development of infrastructure for Russia and the Commonwealth of Independent States (CIS).



**PHILIPPE PEGORIER** started his professional career in Moscow 25 years ago, then served the French Foreign Trade Ministry for 20 years, alternatively in Moscow and Kiev, before joining Alstom in 2010.

“ Our goal is to establish an organisation truly close to its clients, with localised industrial capabilities... ”

**W**hat is Alstom's foothold in Russia today? **P. P.** Alstom opened its first representative office in Moscow in 1975 and has been the first foreign company to be invited to build a combined-cycle power plant in the country. Today, the Group is present through 13 locations and 6 engineering centres which employ nearly 700 people. This figure will surely change as the strategic partnerships we have recently established in our four Sectors strengthen.

### What is your strategy to seize opportunities offered by the Russian market?

**P. P.** The Russian market is very promising, both in terms of new equipments and modernisation of existing infrastructure. In order to grasp these opportunities, we have a clear roadmap. Our goal is to establish an organisation truly close to its clients, with localised industrial capabilities and to rely, whenever appropriate, on strategic partnerships.

### Can you tell us more about these partnerships?

**P. P.** Alstom has already created several joint ventures with leading Russian companies such as Rosatom for nuclear, Rusal for transmission activities or Transmashholding for rolling stock. We have recently established partnerships with major Russian energy companies such as Inter RAO, RusHydro, Federal Grid to jointly provide products and services for Russia's power

industry in the fields of nuclear thermal and power generation, hydropower and electricity transmission. During the first half of this fiscal year, we bought a 25% stake in the equity of Transmashholding (TMH), the leading rolling stock manufacturer in the CIS countries, in line with the cooperation agreements initiated in 2008. We also signed a joint venture agreement with Promelectronica to develop signalling systems and started collaborating together with KER Ltd and Soyuz Corporation to manufacture Grid products locally. The Russian market is a key focus for these partnerships but our ambitions go beyond!

### Does the industrial partnership with TMH include transfers of technology?

**P. P.** Actually, these industrial partnerships address co-design activities and co-development of new products in a spirit of win-win cooperation for Alstom and its Russian partners. Concretisation of this strategy was the unveiling last September of the EP20 passenger locomotive, the first joint production resulting from the strategic partnership between TMH and Alstom.

### Which projects will the Group take part to in the short to medium term in Russia?

**P. P.** In the next months, Alstom will take part to several projects. Opportunities in Transport are plentiful. Russia will develop high-speed line networks and reintroduce tramways in cities such as Moscow and Saint Petersburg, and Alstom is positioning itself on these projects alongside its partners. In Power, Alstom will provide equipment for the modernisation of a hydroelectric dam in the South of Russia through the creation of a joint manufacturing site in the Republic of Bashkortostan and will supply gas turbines for three power plants. In Grid, the Group will remain active in the high voltage transmission equipment markets, for public and private customers. Finally, Alstom will be participating to the Skolkovo project, which aims at building a new "Silicon Valley" near Moscow. The project includes urban transport, power generation and electricity management services as well as the development of R&D activities in some of Alstom's high-tech businesses. That's a perfect synthesis of Alstom's presence and development in Russia.



The EP20 passenger locomotive, the first joint production resulting from the strategic partnership between TMH and Alstom

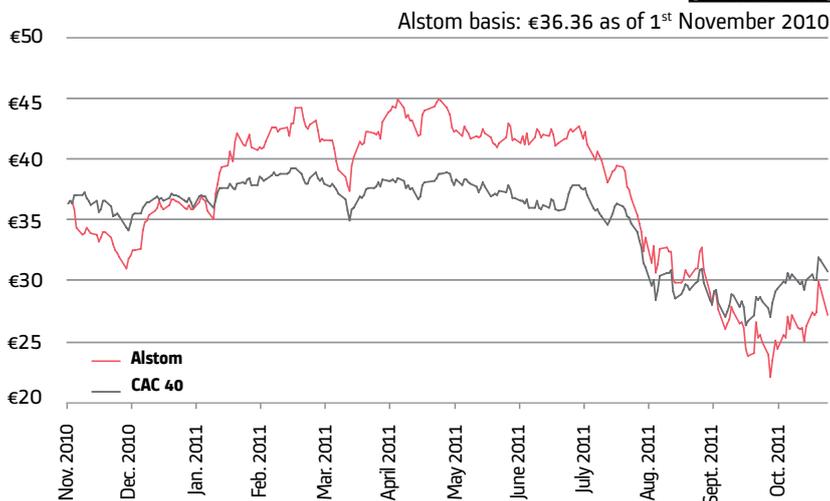
# SHAREHOLDERS INFORMATION

## CORPORATE GOVERNANCE

### Alstom's Integrity Programme certified by the ETHIC Intelligence agency

**E**thic Intelligence international agency certified Alstom's Integrity Programme following an audit in around ten countries. Alstom is the first company in the CAC40 to receive this certification, which confirms its past and current efforts to strengthen and develop its ethics policy to the best international standards.

## SHARE PRICE



**Place of listing:** Euronext Paris – Compartment A  
**ISIN Code:** FR0010220475  
**Mnemonic:** ALO  
**Reference Index:** CAC 40, SBF 120, Euronext 100  
**Eligible for PEA:** Yes  
**Eligible for differed settlement service:** Yes

## YOUR EVENTS

### SHAREHOLDERS INFORMATION MEETINGS AND SITE VISIT

#### Shareholders information meetings CLIFF-FCCI

**Lille:** 12 December 2011

**Nantes:** 4 June 2012

**Nancy:** 27 November 2012

#### Site visit

**Valenciennes:** 12 December 2011



Shareholders Meeting  
Paris - 28 June 2011

## NEXT PUBLICATIONS

19 January 2012

Orders and Sales

First nine months - 2011/12

4 MAY 2012

FULL 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](http://WWW.ALSTOM.COM)

in the Investors/Individual Shareholders section.

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