



“Our strengths as well as the visibility provided by the backlog allow us to confirm our operating margin estimate for March 2010 at around 9%.”

## Dear Shareholders,

Alstom once again posted healthy results in the fiscal year 2008/09, with a solid performance in both the Power and Transport Sectors. Alstom maintained a strong commercial activity, with orders up by 5% and sales up by 11% from the record levels of the previous year. A substantial rise in profitability allowed the net income to reach more than one billion euros, up by 30% compared to last year. The Group’s financial situation was further strengthened by the cash generation of €1.5 billion over the year.

However, the brutal downturn in the world’s economy has created uncertainties in our markets. We expect demand for rail transportation to remain sustained, notably thanks to the stimulus packages launched in many countries; demand for new equipment in the power market should drop as some future projects may be postponed, while demand for service is expected to be less volatile.

Alstom benefits from strong assets to face this challenging environment: a competitive industrial positioning worldwide, a solid customer base, a sound financial structure and a record backlog. Nevertheless it has to adapt to the current uncertain economic environment. An internal plan has been launched to get a stricter control on costs and, while making available the resources needed for the execution of its backlog, the Group will keep its flexible structure to adapt to future evolutions of demand.

The capital expenditure programmes launched to reinforce Power’s industrial base in Asia and the USA as well as to strengthen Transport’s competitive positions in Europe will be completed, while future investments are strictly prioritised. In addition, research and development expenses will be maintained to keep the lead in clean power and in Transport to continue the implementation of standardisation as well as the consolidation of its strong positions in key areas such as very high speed trains. Finally, Alstom will pursue its strategy to address high growth markets through partnerships and targeted acquisitions.

Our strengths as well as the visibility provided by the backlog allow us to confirm our operating margin estimate for March 2010 at around 9%.

In the current situation and considering the healthy results announced, we would like to increase our shareholders’ reward by proposing a dividend of €1.12 per share at the next Annual General Meeting to be held on 23 June.

I wish to thank you for your loyalty.

Patrick Kron  
Chairman and CEO

<b>Orders received</b> <b>€ 24.6</b> billion up 5%	<b>Sales</b> <b>€ 18.7</b> billion up 11%	<b>Income from operations</b> <b>€ 1.5</b> billion up 19%	<b>Net income</b> <b>€ 1.1</b> billion up 30%	<b>Free cash flow</b> <b>€ 1.5</b> billion
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**CORPORATE NEWS**



**Reorganisation of Power activities**

During the fiscal year 2008/09, Alstom's power generation activities were managed through two Sectors: Power Systems, which addressed power plants, new equipment and retrofit, and Power Service, which addressed the after-sales market, from up-grades to spare parts delivery and field service.

In March, Alstom announced the merger of these two Sectors into a single Power Sector. This new organisation has been set up to meet two main objectives. Firstly, Alstom faces growing demand in the installed base and thus needs to optimise its offering to draw the best of the opportunities from the market. Secondly, this organisation will allow to optimise Alstom's sales efficiency as well as manufacturing and supply chains, while fully coordinating research and development efforts and better controlling fixed costs.

This new organisation will give a new momentum to the Group and will constitute a decisive step towards improving its overall efficiency.

**Annual results 2008/09**

**Alstom pursues its growth and improves once again its profitability**

**Strong commercial activity**

During the fiscal year 2008/09, the Group booked €24.6 billion of new orders, a 5% increase from the already very high level of the previous fiscal year, bringing its backlog to €45.7 billion, up by 16%, which represents close to 2.5 years of sales. Both activities contributed to this growth in order intake: +3% in Power Sector and +9% in Transport Sector. The progressive delivery of the large backlog led to a further growth in sales. They rose by 11% as compared to last year, amounting to €18.7 billion in 2008/09. Sales grew by 15% in Power and by 3% in Transport.

**Further rise in profitability**

In the fiscal year 2008/09, income from operations amounted to €1,536 million, up 19% from €1,295 million in the previous year and the operating margin improved from 7.7% to 8.2%. The operating margin of Power grew from 8.9% to 9.6%, driven by the better quality of contracts booked over the recent periods combined with volume increase and continued focus on project execution. In Transport, the operating margin remained stable at 7.2% in spite of higher spending on new manufacturing platforms.

Net profit amounted to €1,109 million, an increase by 30% as compared to the previous fiscal year. This evolution came mainly from improved operational performance and a positive financial income.

**Sound financial structure**

Free cash flow amounted to €1,479 million for the fiscal year 2008/09 compared to €1,635 million in the fiscal year 2007/08. An improved profitability associated with a favourable working capital evolution, largely driven by a book-to-bill ratio above 1.3, explains this strong cash flow generation.

Thanks to this very high free cash flow, Alstom has a net cash position of €2,051 million at 31 March 2009, after payment of the dividend. Equity increased from €2,245 million at 31 March 2008 to €2,884 million at 31 March 2009, as a result of the strong net income.

**COMMERCIAL NEWS 2008/09...**

**POWER**

- Contract to build stage 3 of Shoaiba power plant in Saudi Arabia
- Major combined-cycle power plant project associated to a maintenance contract and supply of boilers for a 1,600 MW coal-based power plant in the Netherlands

- Orders to equip Santo Antônio and Jirau hydro power plants in Brazil
- Supply of advanced clean coal combustion technology to RWE power plant in Germany
- Retrofit of the Koeberg nuclear power plant in South Africa



## CORPORATE NEWS

### Strategic partnership with Transmashholding

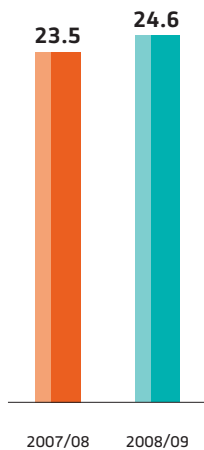
On 31 March 2009, Alstom and Transmashholding (TMH), the main rail rolling stock manufacturer in Russia, signed a strategic partnership. According to this agreement, Alstom will support the modernisation of TMH's manufacturing sites and the development of a new generation of rolling stock adapted to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



Within this partnership, Alstom will provide technological and methodological support in terms of manufacturing processes and expertise to modernise TMH's 12 factories in Russia. In addition, a joint venture, held in equal parts by Alstom and TMH, will develop new models of rolling stock adapted for the Russian rail market.

This market is Europe's largest, with over 85,000 kilometres of track, 1.3 billion passengers and freight totalling 1.3 tonnes annually. In establishing this strategic partnership, Alstom and TMH are uniting their strengths to contribute to its rapid modernisation, and, together, become the leader in Russian rail.

Orders received  
(in €Bn)



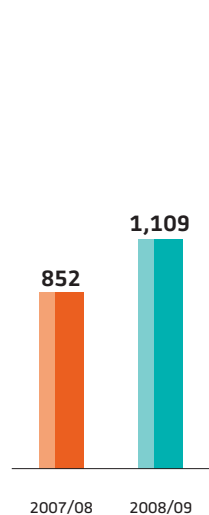
Sales  
(in €Bn)



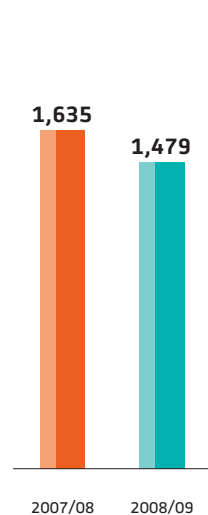
Operating margin



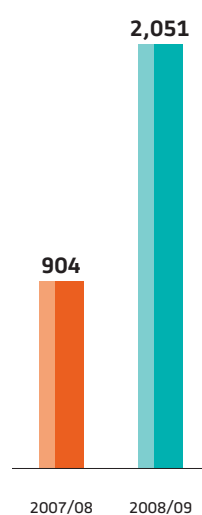
Net income  
(in €M)



Free cash flow  
(in €M)



Net cash  
(in €M)



## continued...

### TRANSPORT

- Supply and maintenance of Pendolino high speed tilting trains in United Kingdom
- Supply and maintenance of 25 AGV very high speed trains in Italy
- Order for an additional 242 subway cars for the City of New York
- Contract for Citadis tramways equipped with the catenary-free (APS) technology in Dubai
- Supply of electromechanical equipment for the new line 12 of Mexico City metro
- Major contract to supply a fully automated system for lines 1, 2 and 3 of São Paulo metro in Brazil



DIARY



- > **23 JUNE 2009**  
Annual General Meeting at the Carrousel du Louvre, Paris
- > **16 JULY 2009**  
First quarter orders and sales 2009/10
- > **12 OCTOBER 2009**  
Information meeting CLIFF/FFCI at Annecy (France)
- > **29 OCTOBER 2009**  
Half year results 2009/10

# Alstom share

Place of listing: **Euronext Paris – Compartment A**  
 ISIN code: **FR0010220475**  
 Mnemonic: **ALO**  
 Indexes: **CAC 40, SBF 120, Euronext 100, DJ Euro Stoxx 50**  
 Eligible for PEA: **yes**  
 Eligible for differed settlement service: **yes**

CONTACTS

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## Question & answer

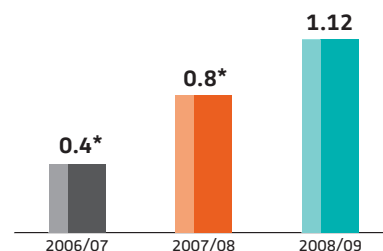
### HOW CAN I PARTICIPATE TO THE NEXT ANNUAL GENERAL MEETING?

To participate in the Annual General Meeting to be held at the Carrousel du Louvre (Paris) on 23 June at 2 p.m., or to vote by post, you must contact your financial intermediary if you are a bearer shareholder to request an attendance card or a voting form. If you do not receive your attendance card before 18 June, you will have to request a statement of participation from your financial intermediary.

If you are a registered shareholder, you must return the voting form mentioning your choice of participation (vote by mail or attend in person) to BNP Paribas Securities Services – GCT Emetteurs – Service Assemblées – Immeuble Tolbiac – 75450 Paris cedex 09 – France.

In order to be taken into account, voting forms must be received by BNP Paribas Securities Services by 22 June at 3 p.m. at the latest.

## Evolution of the dividend



*\*The dividend distributed for fiscal years 2006/07 and 2007/08 has been adjusted after the split of the nominal value of Alstom's shares by two in July 2008.*

The €1.12 per share dividend for fiscal year 2008/09 proposed at the next Annual General Meeting, to be held on 23 June, represents a 40% increase as compared to the dividend of last year. If approved, the dividend will be distributed on 30 June 2009.

## Rating

**BBB+**  
**Baa1**

Standard & Poor's and Moody's reiterated their credit rating in May 2009.

## Share price

