



“A rebound of orders may be expected in the second semester.”

Dear Shareholders,

During the first semester 2009/10, Alstom recorded a sound operational performance, despite the low order intake due to the economic downturn.

Order intake declined to €7.1 billion from the record level of the same period last year, which included several very large contracts. Customers in power generation continue to delay their investments in new power plants, whilst order intake in Transport has been impacted by the phasing of large contracts.

However, the backlog remains healthy, representing 27 months of sales, and continues to provide strong visibility. Project execution, which remains our main priority, is overall under control, as illustrated by the good progression in both volume and profitability.

During the semester, sales were up 8% at €9.7 billion and income from operations increased by 19% at €828 million with the operating margin growing from 7.8% to 8.6%. This improved operational performance resulted in a net profit of €562 million, up by 7%. Alstom's financial situation remains strong. Despite the fluctuations of working capital, which deteriorated over the period due to the low order intake, the Group generated a positive free cash flow at €77 million.

As indicated in the May edition of this letter, Alstom has implemented measures to improve its efficiency and control its costs in order to adapt to the more challenging market conditions. These initiatives are starting to bear fruits, as illustrated by the reduction of selling and administrative costs from 7.4% of sales in September 2008 to 6.9% in September 2009.

Concerning the outlook over the coming months, I wish to share my analysis with you. Predicting the future level of order intake is obviously difficult by nature; nevertheless, a rebound of orders may be expected in the second semester. I also confirm that the operating margin of the Group for the full year should be at around 9%.

Finally, as you may know, Alstom, together with Schneider Electric, is interested in acquiring Areva T&D; the process is on-going. If successful, I believe this could be a positive move for both Areva T&D and our Group.

I thank you for your continued loyalty.

Patrick Kron
Chairman and CEO

KEY FIGURES

Orders received

€7.1
billion,
down **54%**

Sales

€9.7
billion,
up **8%**

Operating margin

8.6%

Net profit

€562
million,
up **7%**

Free cash flow

€77
million

CORPORATE NEWS



Prima II, a new generation of locomotives

In June, Alstom unveiled the prototype of a new generation of locomotive, the Prima II. Scheduled to come into service in Morocco in 2010, the locomotive is currently undergoing a series of dynamic tests to obtain its certification. This new generation is based on the use of standardised equipment while allowing for great modularity to meet specific customer requirements, be it in freight or passenger transport.

The Prima II locomotive benefits from the latest technological developments which guarantee a high level of reliability and a reduction in energy consumption, whilst also benefiting from Alstom's expertise in the area of safety. Beyond technical performance, the Prima II locomotive offers a full range of options that improve driver comfort. From its conception, Alstom engineers have taken into account the parameters that limit maintenance costs and the risk of obsolescence, notably thanks to the standardisation of the structure and its main components. The Prima II is 95% recyclable, adhering to the Alstom environmentally friendly approach.

Alstom in Brazil

Brasilia, the capital city of Brazil, will become the first city in South America to be equipped with a modern tramway. Through this project, Alstom will provide 16 Citadis tramways and construct an eight-kilometre stretch of track, including more than one kilometre that will use Alstom's APS ground-level power supply technology. With this new project, the Group confirms its strong presence in the Brazilian rail transport market. Alstom is already involved in the modernisation of urban transport in the country, with projects such as Brasilia's metro and the modernisation of its signalling system. Alstom is also supplying 16 trains for the São Paulo metro and an automatic train control system. The Group has two centres of excellence in the country for its Transport activities, both in the outskirts of São Paulo: Bandeirantes for signalling systems and Lapa for the manufacture of metro carriages.

The Group is also a major player in the field of power generation in Brazil. As the world leader in hydroelectric equipment, Alstom has completed over 100 projects in the country during the last decade. The Group will provide equipment for the new hydroelectric power plants of Jirau and Santo Antônio, both of

which are located on the River Madeira in the Rondônia region in the North-West of the country. Alstom benefits from a centre of excellence at Taubaté, which is one of the Group's main manufacturing centres in the hydroelectric field. The site has the ability to build a full range of products: turbines of different sizes, generators and hydro-mechanical equipment. Not only does Taubaté serve the Brazilian and Southern American hydraulic markets, but it also uses its skill and considerable expertise in export projects, such as the Three Gorge Dam in China, or at Sunbasiri in India.

In 2008, Alstom decided to form a partnership with Bardella, a Brazilian capital goods company, to create a 50/50 joint venture, Indústria Metalúrgica e Mecânica da Amazônia (IMMA). IMMA has invested in the construction of a factory at Porto Velho in the North-West of Brazil, which will provide hydro-mechanical equipment for the hydro power plants located on the River Madeira.

Alstom employs around 4,000 people in Brazil, distributed equally between the Transport and Power Sectors.



INAUGURATION OF A NEW IRON FOUNDRY IN POLAND

On 25 June, Patrick Kron inaugurated the new nodular iron foundry located in Elblag, Poland, one of the production sites for Alstom's Power activities.

The new foundry is located next to the Group's existing one that has been in operation since 1971. The extension of the Elblag foundry will have an annual production capacity of 6,000 tons for components

weighing between 15 and 60 tons and will employ 75 people. It gives Alstom a major advantage in its manufacturing strategy, as it provides complete independence in all casting processes for major gas, steam and hydro turbine projects.



CORPORATE NEWS

Alstom and Energias de Portugal Renovaveis inaugurate the first wind farm to be equipped with the Eco100



With a power output of 3 MW, the Eco100 is the most powerful onshore wind turbine on the market. At 140 metres high, the equivalent of a 50 storey building, and with a rotor diameter of 100 metres, in which could fit the wingspan of an Airbus A380, the Eco100 is a new asset for Alstom in the field of renewable energy.

The Portuguese operator Energias de Portugal Renovaveis has chosen to install this turbine on its new wind-energy farm at the site of Vieux Moulin, near Pithiviers in France. Operational from mid-October 2009, this wind farm equipped with 6 turbines will meet the needs of 12,000 homes and avoid the production of 42,000 tonnes of CO₂ per year. Thanks to its power output and its reduced ground coverage, the Eco100 will limit the

number of installed turbines on a given land area whilst producing more electricity.

The global production capacity of wind powered electricity stands today at more than 120 GW. Wind is ranked second in renewable energies behind hydroelectric power, and avoids the emission of more than 100 million tonnes of CO₂ every year throughout the European Union. According to the International Energy Agency (IEA), global wind power output will increase fivefold during the next decade. Alstom has been present in the wind market since 2007 with its acquisition of Spanish manufacturer Ecotècnia. To date, the Group has installed 1,630 turbines in 88 wind farms, which represents around 2% of total world capacity.

Alstom enters the ocean energy market

Alstom has signed a licensing cooperation agreement with Clean Current Power Systems Incorporated, a Canadian company specialised in the design and testing of tidal energy technology. This technology transforms the kinetic energy of tidal currents into electricity.

In addition to its power production potential, tidal stream power technology presents numerous advantages to the environment. It is clean, natural, invisible, and does not emit any greenhouse gases. Moreover, being a 100% predictable and inexhaustible energy source, it represents a sustainable new energy supply to respond to growing electricity demand.

This agreement includes an exclusive worldwide license for ocean and tidal stream applications using Clean Current's patented technology. Both parties are working in close cooperation in order to further develop technology and deploy demonstrator units. Alstom is willing to become both an equipment and a turnkey provider for tidal stream farms, and plans to commercialise its first tidal stream products by 2012.



INAUGURATION OF A TESTING AND VALIDATION CENTRE FOR BOGIES

This September, Alstom opened a new testing and validation centre for complete train bogies at its site in Neuhausen, Switzerland. This centre can bench test a complete bogie, with its chassis, suspension, transmission and engines, a world premiere.

With this new tool, technical teams can test the bogies in conditions practically identical to those of commercial operation. Thus, before being put into service, an

Alstom bogie will have been subjected to 10 million fatigue cycles, which in only four to six months of testing will have allowed the simulation of nearly 30 years of commercial service. This test centre allows Alstom to capitalise on its technical expertise, to accelerate the adjustment process of its products and to make its commissioning more reliable.



DIARY

- > **3 DECEMBER 2009**
Information Meeting CLIFF/
FFCI at Avignon (France)
- > **14 JANUARY 2010**
Orders and Sales
for the first 9 months
of the fiscal year 2009/10
- > **4 MAY 2010**
Annual Results
for the fiscal year 2009/10
- > **22 JUNE 2010**
Annual General
Shareholders' Meeting

Alstom Share

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

ISIN Code: **FR0010220475**

Mnemonic: **ALO**

Reference Indices: **CAC 40,
SBF 120, Euronext 100,
DJ Euro Stoxx 50**

Eligible for PEA: **yes**

Eligible for differed
settlement service: **yes**

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to shareholders by email?**

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Site Visits

At Belfort, Alstom shareholders discover the Arabelle turbine from the Flamanville EPR nuclear power plant

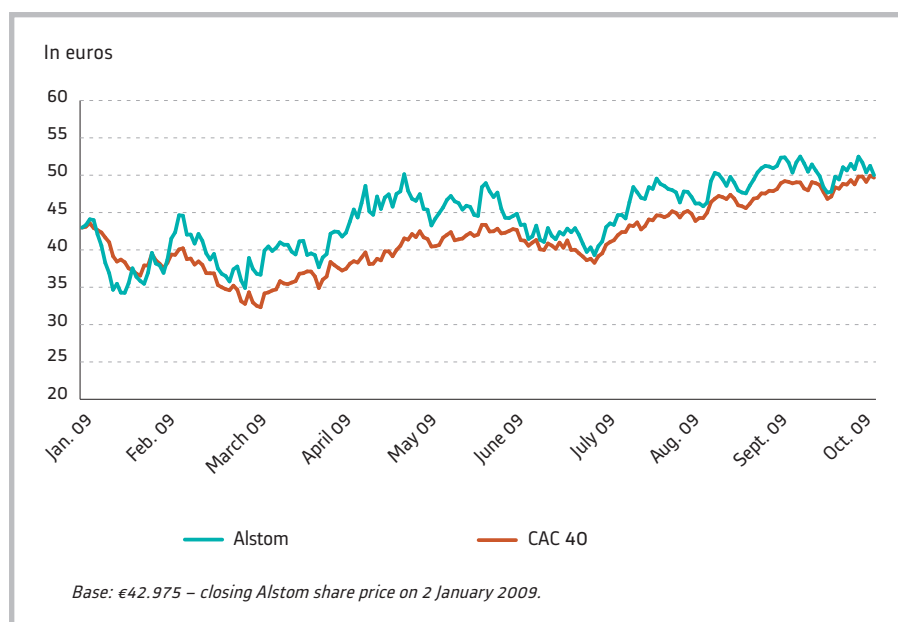
On 17 September, 40 shareholders visited Alstom's factory at Belfort, in an initiative organised by the Investor Relations department. They took a guided tour and was able to find out more about many of the Group's activities: locomotives, steam turbines, generators under construction, and in particular diverse elements of the Arabelle turbine which will equip the Flamanville EPR nuclear power plant.

Individual shareholders, who hold around 7% of the share capital of the Group, are regularly invited to discover Alstom's activities at different French sites.



If you are interested in these visits, please do not hesitate to contact us on the toll free number **N°Vert 0 800 50 90 51** or by email: investor.relations@chq.alstom.com.

Share Price



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, 9 am to 7 pm:

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.