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Record commercial activity, strong improvement in results
**Alstom reviews upwards its medium-term forecasts
 following an excellent fiscal year 2007/08**

Following the high level of orders registered last year, Alstom set a new record between 1 April 2007 and 31 March 2008 with order intake growing by 23%. On the back of this strong commercial activity, sales grew by 19% over the previous year. During the same period, a new improvement in performance led to an increase in income from operations by 35%, with an operating margin rising from 6.7% in 2006/07 to 7.7% in 2007/08. Alstom recorded a net result of €852 million and an all-time high generation of free cash flow, making the company strongly cash positive in March 2008. Alstom will propose in its next Annual General Meeting to double the dividend to be paid to €1.6 per share.

Key figures

(in € million)	31 March 2007	31 March 2008	% Variation March 08 / March 07
<i>Actual figures</i>			
Orders received	19,029	23,472	+23%
Sales	14,208	16,908	+19%
Income from operations	957	1,295	+35%
Operating margin	6.7%	7.7%	-
Net income	547 ¹	852	+56%
Free cash flow	745	1,635	+119%

“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 cash generation illustrate once again the success of our profitable growth strategy. The sharp rise in net result allows us to propose to our shareholders to double the dividend. The level and quality of the backlog, combined with a continuous focus on project execution, give us confidence to review upwards our operating margin estimate for March 2010 to around 9%. To support this positive trend, the Group will continue the recruitment of the talents it needs, its effort in research and development to stay ahead in innovation and its investments to selectively increase its capacity”, said Patrick Kron, Alstom’s Chairman and Chief Executive Officer.

¹ Restated following a change in accounting for pensions

Strong commercial activity in all Sectors

During fiscal year 2007/08, the Group booked €23.5 billion of new orders, a 23% increase from the high level of the previous fiscal year, bringing its backlog to €39.2 billion (+21%), which represents 28 months of sales. All Sectors contributed to this growth in order intake: +21% in Power Systems, +8% in Power Service and +39% in Transport.

Leveraging its strategic strengths, the Group fully benefited from strong demand in power and transport markets. Power Systems booked a record 38 gas turbines, 18 of which were GT26, mainly in Europe and the Middle East/Africa, as well as a major contract for steam turbines and generators in a coal power plant in South Africa. The Sector also received an order for four conventional islands in Chinese nuclear power plants, as well as several hydro projects in Brazil, China, Vietnam and Uganda. Power Service signed 10 operation and maintenance contracts, mainly related to gas-fired power plants, and registered a large number of small and medium sized orders, notably in Europe and the USA. Transport achieved a very high level of order intake including a major contract for very high speed trains in France, Pendolino high speed trains for the Helsinki-St Petersburg line, metros in New York and in a number of other cities, tramways in Dublin and Rotterdam, regional and suburban trains in Spain, Australia and Germany, a signalling system in Belgium and a maintenance contract in the UK.

On the back of the growing backlog, sales reached €16.9 billion in fiscal year 2007/08 compared to €14.2 billion for fiscal year 2006/07, representing a 19% increase (in both actual and organic² terms). Sales grew in all Sectors: +37% in Power Systems, +13% in Power Service and +4% in Transport .

Supporting organic growth

To execute the large backlog, the Group put strong emphasis on human resources management, notably through the recruitment and integration of 10,500 new employees in 2007/08.

To optimise the industrial base, capital expenditure increased by 34% in 2007/08, amounting to €374 million. 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 factory to manufacture turbines in the USA.

Simultaneously, the Group continued its efforts in research and development with expenses increasing by 21% in 2007/08. Strategic programmes have shown significant progress: the new generation of very high speed trains (AGV) was unveiled at La Rochelle (France) on 5 February 2008; and the programme on CO₂ capture solutions using post-combustion and oxy-combustion technologies was intensified, notably through new pilots.

During 2007/08, the Group finalised a number of acquisitions (Wuhan Boiler Co. in China, Ecotècnia in Spain) and partnerships (with Atomenergomash in Russia to build conventional islands for nuclear power plants, Balfour Beatty to serve the UK and Irish signalling markets and RENFE in Spain in the field of train maintenance).

² Same scope (retreatment of disposals and acquisitions) and exchange rate

Sharp rise in profitability

In fiscal year 2007/08, income from operations amounted to €1,295 million, up 35% from €957 million in the previous year and operating margin improved from 6.7% to 7.7%. The operating margin of Power Systems grew from 3.5% to 5.3%, driven by the better quality of its backlog along with a constant focus on project execution and cost control. Power Service increased its operating margin from 15.9% to 16.4% in combination with a double-digit top line growth. In Transport the operating margin increased from 6.6% to 7.2%, as a result of high selectivity in orders taken over the recent years, better project management and cost reductions related to its platforming strategy.

Net profit increased by 56%, amounting to €852 million compared to €547³ million in fiscal year 2006/07. This increase resulted mainly from improved operational performance and lower restructuring and financial charges.

Record level of free cash flow

Free cash flow amounted to €1,635 million for fiscal year 2007/08 compared to €745 million in fiscal year 2006/07. This strong cash flow generation was achieved through a combination of better profitability, a further significant improvement of the working capital, partly related to the high level of order intake, as well as a decrease in restructuring cash outflow and financial expenses.

Thanks to this very high free 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 related to acquisitions and the dividend distributed in July 2007.

The solid financial structure of the Group on 31 March 2008 and its leading positions in both power and transport markets, allowed it to obtain an investment grade rating of BBB+ and Baa1 to be published respectively by Standard & Poor's and Moody's.

Dividend policy and split

The Board of Directors has decided to propose to double the dividend to €1.6 per share and to split the shares by two at the next Annual General Meeting which is to be held on 24 June 2008. If approved, the dividend will be distributed on 1 July 2008 and the split launched on 7 July 2008.

Outlook

Alstom will continue to select the most profitable orders to further improve the quality of its backlog. It will also focus on the execution of its contracts by strengthening project management throughout the Group, continuously develop its human resources and optimise its industrial footprint.

Given the strong and healthy backlog, the operating margin of the Group in March 2010 should exceed the previous forecast and reach around 9%, with an operating margin for the combined Power Sectors between

³ Restated following a change in accounting for pensions

10% and 11% and for the Transport Sector between 7% and 8%. Based on current market conditions and trends, the operating margin should further increase beyond March 2010.

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The Group activity and the consolidated financial statements can be found on Alstom's website at www.alstom.com.

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