



*We are shaping the future**

ALSTOM

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REGISTRATION DOCUMENT **2011/12** ANNUAL FINANCIAL REPORT



The original French version of this Registration Document was filed with the *Autorité des marchés financiers* (AMF) on 25 May 2012 in accordance with Article 212-13 of its General Regulation.

It may be used in connection with an offering of securities if it is supplemented by a prospectus ("*note d'opération*") for which the AMF has issued a visa.

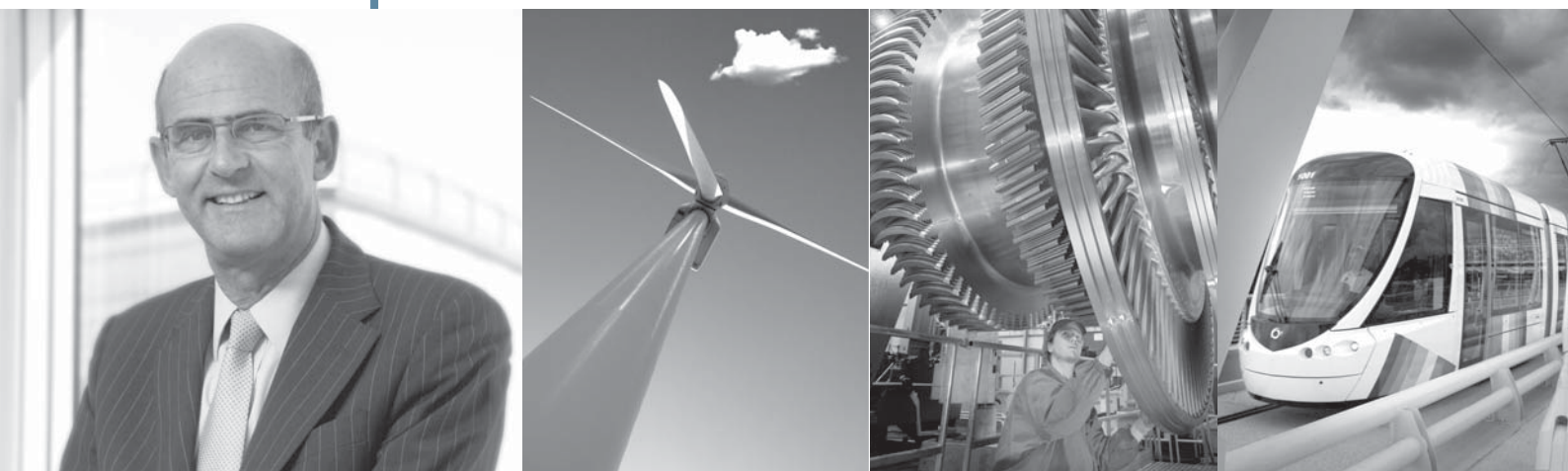
This document has been prepared by the issuer under the responsibility of its signatories.

This Registration Document includes all elements of the Annual Financial Report specified by Article L. 451-1-2 of the *Code monétaire et financier* and Article 222-3 of the AMF's General Regulation. A table of reconciliation is provided on page 295.

This Registration Document is available on our website: www.alstom.com.

MESSAGE OF THE CHAIRMAN

PATRICK KRON - Alstom Chairman and CEO



WHEN YOU RELEASED YOUR RESULTS FOR FINANCIAL YEAR 2011/12, YOU STRESSED THAT THE GROUP'S PERFORMANCE HAD MET ITS GUIDANCE.

Yes, we met our goals, and that was by no means a foregone conclusion in this economy.

Order intake increased by 14%, and sales rebounded gradually throughout the financial year. Operating margin improved during the second half and reached 7.1% for the year, in line with the guidance provided in 2010. Free cash flow turned around and was well into positive territory in the second half. Our employees worked very hard to achieve these results, and I want to thank them here.

Alstom also continued to prepare for the future, as we have in previous years, by investing in a number of areas: adding production capacity, modernising our manufacturing base and continuing to invest in research and development. Throughout the crisis, we have never sacrificed the future for the sake of short term demands.

LAST YEAR, YOU STRESSED THAT WE HAD ENTERED A "TWO-TIER WORLD." DO YOU STAND BY THAT ANALYSIS?

Absolutely. Continuing the trend from last year, some 60% of our €21.7 billion in orders came from emerging countries, which are growing at a much higher rate than the industrialised countries.

We have continued to make the most of our global reach and our partnership strategy, which we have worked hard to strengthen.

We also finalised a number of major contracts in our traditional markets, particularly in Transport, but it is also true that these markets generally continue to reflect the prevailing wait-and-see attitude of economic players.

ORDERS BEGAN TO TURN AROUND IN 2010/11. IS THAT A LONG-TERM TREND? WHICH SECTORS WILL DRIVE ALSTOM'S SALES?

There is still a huge need to build new infrastructure and modernise existing ones.

Naturally, there is short term uncertainty in some segments, but orders should keep moving in the right direction over the next three years. Developing countries continue to present plenty of opportunities and the industrialised countries should show positive signs, particularly in offshore wind and high-tech power transmission, with HVDC and smart grids.

Over the next three years, we expect sales growth in all four of our Sectors: Thermal Power, Renewable Power, Grid and Transport.



“ Throughout the crisis, we have never sacrificed the future for the sake of short term demands ”

ARE ENVIRONMENTAL CONCERNS BECOMING A GROWTH DRIVER FOR ALSTOM?

Environmental concerns – and the regulations that go along with them – have been and will continue to be a growth driver for us. They spur demand for higher-tech products and more complex services. And that is precisely what sets us apart.

When we and our partners win a huge tender for offshore wind power in France with the most efficient turbine on the market, our offer naturally responds to environmental concerns and simultaneously gives us a competitive edge.

The same is true when we invest in smart grid technologies, because these grids are now essential in integrating wind and solar power, which are inherently intermittent, and in managing the increasingly complex balance between power generation and power consumption as intelligently as possible.

IS THAT ALSO TRUE FOR POWER FROM THERMAL SOURCES? AND FOR TRANSPORT?

Naturally that is also true for Thermal Power – for example, when the Sector wins a large number of contracts to provide environmental protection systems or to retrofit existing power plants.

But in thermal power, meeting environmental challenges also means offering more efficient power plants that burn less fuel to generate the necessary amount of power.

When we launch improved versions of our GT26, GT24 and GT13 turbines, as we did in 2011, we offer equipment that is more powerful, more flexible and more efficient. These are advantages from an economic standpoint, but they also benefit the environment.

As for rail transport, from an environmental standpoint, our offer clearly presents the best possible solutions to the problems of urban congestion and intercity mobility.

In 2011/12, we booked orders for very high speed trains in France, locomotives in Russia, trams in the United Kingdom and metros in Singapore. All of these contracts are investments in social responsibility.

SOME WORDS ON THE OUTLOOK FOR ALSTOM?





As I have said, we expect continued progress in business development and in sales, which should grow by more than 5% annually over the next three years.


This sales growth, combined with continued cost-control efforts, should produce gradual improvement in operating margin, which should reach around 8% in March 2015.

At the same time, we continue to focus actively on generating free cash flow, which should be positive for each financial year in the immediate future.

PATRICK KRON
Alstom Chairman and CEO

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The Content of the Annual Financial Report is identified in the summary table with the help of a pictogram 

As part of a major reorganisation of the Company announced on 15 June 2011, the former Power Sector has been split into two Sectors: Thermal Power and Renewable Power. This allows to simplify the functioning of both entities and to better address their specific markets.

THERMAL POWER SECTOR

Offering

Thermal Power Sector's offering is derived from a deep understanding of power markets and customer needs. It is organised around three levers driving Alstom's product and portfolio development strategy in order to maximise returns of customer's assets over the entire life cycle by:

- reducing cost of electricity generation, to ensure assets competitiveness,
- lowering environmental footprint, to make these assets increasingly eco-friendly, and
- increasing flexibility and dependability, to ensure assets can respectively
 - adapt to fluctuating electricity and fuel markets conditions, and
 - generate the required electrical load through maximised availability, reliability, and maintainability.

The Thermal Power Sector offers solutions for new plants:

- integrated power plants: steam power plants, combined cycle power plants;
- engineered packages: power island, steam add-on;
- stand-alone equipment: steam turbines, generators, boilers, gas turbines, HRSG, emission control systems, auxiliaries like air preheaters, mills for coal and minerals grinding, CO₂ capture and storage systems;
- automation and control solutions for equipment and power plants.

To support customers keeping their power plants competitive throughout their lifecycle, the Thermal Power Sector also provides a complete range of services on a global scale on its own products but also on some other original equipment manufacturers' products, including:

- power plant management: tailored service packages including Operation and Maintenance (O&M) agreements for plants' full life cycles;

- consulting, advice and support: emissions and performance analysis, technical services, training, monitoring and diagnostics, performance analysis;
- solutions for emissions reductions, performance and flexibility improvements: modernisation, retrofitting, upgrades and lifetime extension;
- field implementation and field service: outage management, field repairs, erection, commissioning, construction and supervision;
- spare parts, improved parts and component repairs and reconditioning.

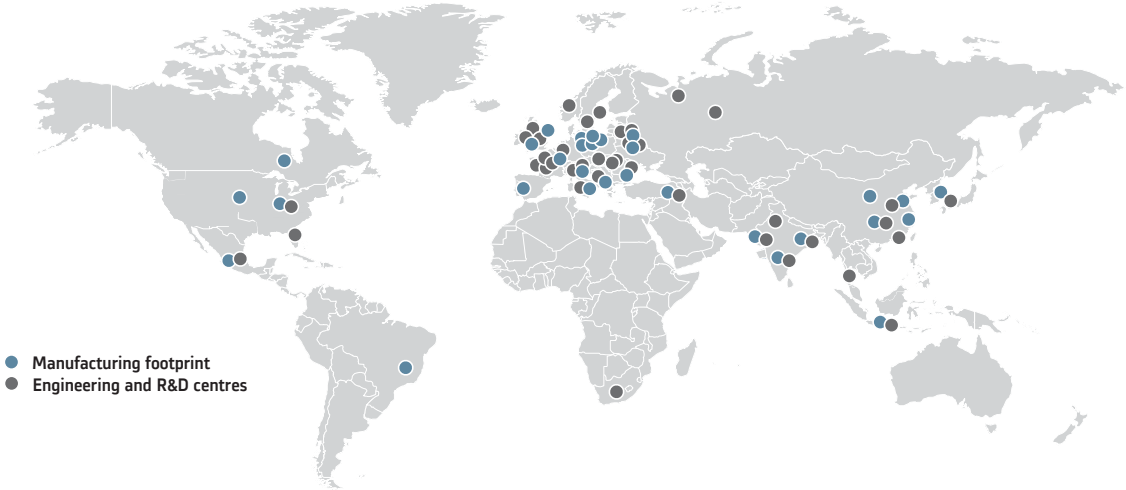
Through technologies derived from the power industry, the Thermal Power Sector also provides solutions and equipment in selected non-power related industrial applications.

The Thermal Power Sector operates in all geographic markets and is present in over 70 countries with a worldwide manufacturing footprint.

The industrial footprint is being reinforced worldwide with the construction of a manufacturing site for steam turbines and generators in India in partnership with Bharat Forge. On the same site, the joint venture will also manufacture heat exchangers for the Indian market. In steam auxiliaries, a new elements manufacturing line for air preheaters was opened at the existing Shahabad site (India).

The Thermal Power Sector is also active in all continents through its engineering and/or research and development centres operating in over 50 locations.

MANUFACTURING FOOTPRINT, ENGINEERING AND R&D CENTRES



● Manufacturing footprint
● Engineering and R&D centres

- | | | | |
|-----------------------|--|-----------------------|---|
| USA | ● Chattanooga, Concordia, Wellsville (auxiliaries) | USA | ● Jupiter, Chattanooga, Knoxville, Wexford, Lisle/Naperville, Richmond, Wellsville, Windsor |
| Brazil | ● Vinhedo (auxiliaries) | Mexico | ● Morelia |
| Japan | ● Kobe (auxiliaries) | Japan | ● Kobe |
| Mexico | ● Morelia | Malaysia | ● Kuala Lumpur |
| France | ● Belfort | Austria | ● Wien |
| Germany | ● Berlin, Bexbach, Mannheim, Neumark, Kassel | France | ● La Courneuve, Massy, Meudon, Levallois, Belfort |
| Italy | ● Sesto | Germany | ● Stuttgart, Kassel, Mannheim, Wiesbaden |
| Portugal | ● Setubal | Italy | ● Milan |
| India | ● Durgapur, Mundra, Shahabad | Norway | ● Oslo |
| China | ● Beijing, Sizhou, Wuhan, Shanghai (auxiliaries) | Sweden | ● Norrköping, Växjö |
| Indonesia | ● Surabaya | Poland | ● Wroclaw, Warsaw, Elblag, Lodz |
| Switzerland | ● Birr | Romania | ● Bucharest |
| United-Kingdom | ● Rugby, Stafford | India | ● Dehli, Shahabad, Kolkatta, Vadodara |
| Croatia | ● Karlovac | China | ● Beijing, Wuhan, Shenzhen |
| Poland | ● Elblag, Wroclaw | Indonesia | ● Surabaya |
| Romania | ● Bucharest | Switzerland | ● Baden, Birr |
| | | United-Kingdom | ● Derby, Knutsford, Rugby |
| | | South Africa | ● Sandton |
| | | Croatia | ● Karlovac |
| | | Czek Republic | ● Brno |
| | | Hungary | ● Budapest |
| | | Russia | ● Moscow, Saint-Petersbourg |

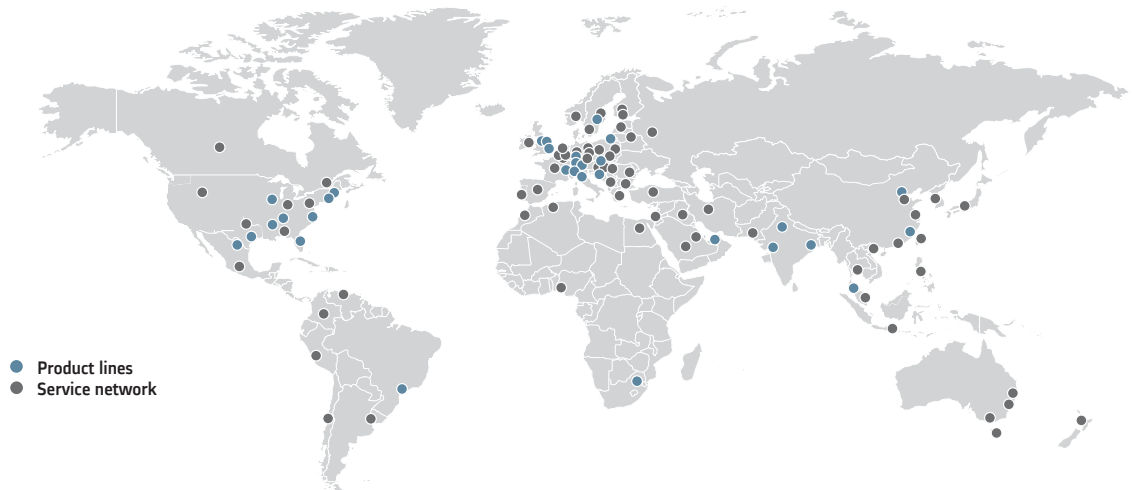
Source: Alstom

GROUP DESCRIPTION OF ACTIVITIES

Thermal Power Sector

With a network of over 200 locations in 70 countries and over 30 centres of technical expertise, Thermal Power benefits from a strong field service organisation worldwide.

WORLDWIDE PRESENCE IN THERMAL SERVICES

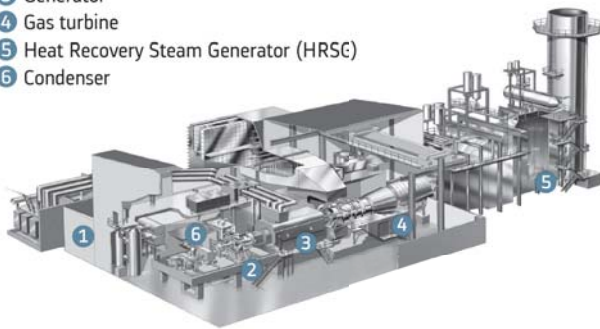


Source: Alstom.

GAS

COMBINED CYCLE POWER PLANT

- 1 Control systems
- 2 Steam turbine
- 3 Generator
- 4 Gas turbine
- 5 Heat Recovery Steam Generator (HRSG)
- 6 Condenser



Alstom Thermal Power has leading experience and knowledge in gas-fired simple and combined cycle power projects based on Alstom technology for gas turbines and all other key plant components. Alstom gas power plants are fully adapted to power markets requiring more and more flexibility and are designed for both base-load and part-load operation, as well as for daily cycling (stop/start). Whatever the operating configuration is, Alstom gas power plants are designed to minimise the environmental impact. Today, Alstom-built gas fired power plants produce over 150 GW of power for various applications including cogeneration, district heating and desalination, as well as for special industrial applications like aluminium and steel making industry.

With a comprehensive portfolio of reference plants, Alstom can rapidly assess the most appropriate configuration and propose proven solutions.

(1) Gross figures, performance for 1-on-1 configuration.

(2) Gross figures, performance for 2-on-1 configuration.

INTEGRATED SOLUTIONS

Today, simple cycle power plants are used whenever power generation capacity needs to be built rapidly and/or for peaking operations. Alstom offers simple cycle reference power plants with a high degree of customisation to meet wide-ranging customer requirements.

For customers who look for efficient, flexible and competitive power generating capacity, Alstom proposes combined cycle power plant designs with optimised installation times, high-performance, low emissions, high operational and fuel flexibility features. The Alstom-made reference power plants are adaptable to various site conditions.

Alstom combined cycle plants are also ideal solutions for energy intensive industries like aluminium and steel.

Alstom's project capabilities and references also encompass the transformation of simple cycle into combined cycle power plants (add-ons), and the conversion of steam power plants into combined cycle power plants.

PRODUCTS

Gas turbines

Alstom's high performing, low emissions, operationally and fuel flexible gas turbines are successfully operating in simple and combined cycle power plants, in pure power generation and cogeneration applications around the world.

With the revival of the gas-fired power generation market, Alstom has boosted the gas turbine product portfolio to offer two upgraded gas turbines for global electricity markets: the next generation GT26™ and its associated KA26 (500 MW)⁽¹⁾ combined cycle plant for the 50 Hz markets and the next generation GT24™ and its associated KA24 (700 MW)⁽²⁾ combined cycle plant for the 60 Hz markets.

With these upgrades, Alstom allows these products to deliver:

- higher operational flexibility to support the development of power generation from renewable sources;
- higher base-load and part-load output and efficiency; and
- lower emissions.

Alstom's gas turbine products range from 113 MW to more than 320 MW:

- GT26™ (>320 MW) for 50 Hz;
- GT24™ (>230 MW) for 60 Hz;
- GT13™E2 (200 MW) for 50 Hz;
- GT11™N2 (113 MW) for 50 Hz and (115 MW) for 60 Hz (also available for low calorific fuels like blast furnace gas as GT11™N2LBtu).

Steam turbines

In combined cycle power plants with advanced gas turbines, the thermal design of Alstom steam turbine achieves highly efficient heat recovery cycle and excellent operational flexibility:

- STF30C: (150–400 MW);
- STF15C: (100–250 MW).

Turbogenerators

Alstom provides a full range of turbogenerators based on leading technologies for simple cycle and combined cycle gas power plants:

- TOPGAS™ covers a power output range from 300 MW to 530 MW at 50 Hz and from 250 MW to 450 MW at 60 Hz;
- TOPAIR™ covers a power output range from 150 MW to 400 MW at 50 Hz and from 90 MW to 300 MW at 60 Hz. As a leader in air-cooled technology, Alstom has set the trend with TOPAIR™ by designing a simple, robust and highly reliable air-cooled turbogenerator resulting in low life cycle costs for its customers. The largest air-cooled turbogenerator in operation is a TOPAIR™ at 340 MW;
- TOPACK™ covers a power output range from 40 MW to 150 MW at 50 Hz and from 40 MW to 90 MW at 60 Hz.

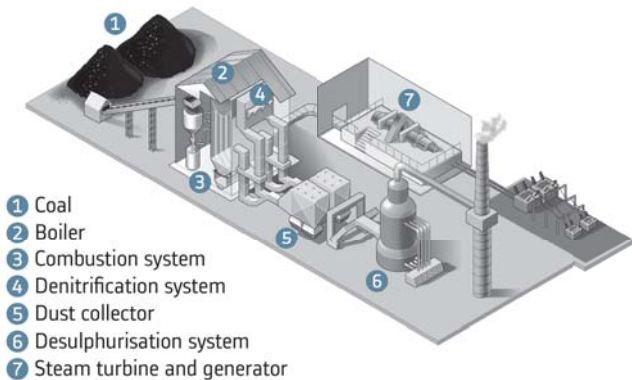
These turbogenerators are the result of continuous, evolutionary development that has pushed the limits of power output while maximising efficiency. At the same time, they are characterised by simplicity and ease of operation and maintenance.

HRSG (Heat Recovery Steam Generator)

Alstom offers a complete range of HRSG, optimised for cycling and constructability that provide high performance in all modes of operation. More than 600 HRSG behind gas turbines of 50 MW and above have been supplied from Alstom's own manufacturing facilities, including drum-type and once-through HRSG, thus providing Alstom with unparalleled experience in this field (source: Alstom).

STEAM

COAL POWER PLANT



With experience of over a century in building coal-fired power plants, Alstom has gained the expertise, technology and the product portfolio to meet its customers' specific requirements, combining fully integrated and optimised high performance solutions with reliability and total environmental compliance.

Alstom has the largest installed base, with approximately 30% of boilers installed worldwide using Alstom technology, totaling around 850 GW (source: Alstom). Alstom's experience includes subcritical and supercritical steam parameters as well as a broad range of fuels including all types of coal, oil and biomass. Alstom has developed firing systems for both suspension firing and fluidised bed that have been proven to offer the lowest emission levels with high combustion efficiency. Alstom drives technology improvements to increase efficiency and reliability while reducing all emissions including NO_x, SO₂, particulates and greenhouse gases.

Alstom manufactures, delivers, installs and services steam turbine generator sets from 15 MW to 1,200 MW. Today, Alstom's fleet represents more than 20% of the world's installed steam turbine capacity (source: Alstom). Alstom steam turbines for power generation solutions are available as back-pressure or condensing turbines with and without controlled steam extractions for a wide range of applications, including steam turbine power plants, combined cycle power plants, cogeneration power plants as well as renewable applications.

INTEGRATED SOLUTIONS

Alstom's Plant Integrator™ approach makes use of proven solutions tailored to meet each customer's specific needs. Alstom provides a comprehensive range of flexible integrated solutions for the full range of required output. The steam power plants can efficiently operate in single or multi-unit arrangements, and with different types of boilers.

Due to the combination of different elements and technologies used in coal-fired power plants, these projects are inherently complex and require specialist expertise. Alstom manages large-scale and complex projects, providing the entire range of services from technical engineering and sub-contracting to construction and commissioning.

Thermal Power Sector

Alstom's technology provides optimum performance for all steam cycles from 100 MW to the largest plants in service today. Its cutting-edge expertise with ultra-supercritical technologies ensures high efficiency. Alstom's position as a leading supplier of environmental control systems significantly reduces the environmental impact of the power plants. Moreover, Alstom's new steam power plants can be now designed to be CO₂ capture ready.

PRODUCTS

Large steam turbines

Alstom offers a comprehensive portfolio of highly reliable, efficient and operationally flexible steam turbines for all fossil-fired power plant applications, with outputs up to 1,200 MW.

In fossil-fired steam plants, Alstom steam turbines are compatible with the highest ultra-supercritical steam parameters:

- STF100: 700-1,200 MW;
- STF60: 500-900 MW;
- STF40: 250-700 MW;
- STF25: 100-350 MW.

In cogeneration power plants, Alstom steam turbines enable highly flexible operation between power and heat demand and efficiently accommodate wide variations in process steam flows:

- COMAX™: 100-400 MW.

Boilers

Alstom offers a broad range of high performance utility boilers and related equipment for an extensive range of fuels, providing highly efficient, reliable and operational flexibility combined with low emissions. This equipment range includes:

- suspension-fired boilers, up to 1,200 MW today, using advanced pulverised coal firing technologies, with an installed base of around 580 GW;
- circulating fluidised bed (CFB) boilers, up to 660 MW with supercritical steam cycles, particularly efficient in burning a wide variety of low-grade fuels;
- oil and gas fired boilers, up to 800 MW;
- boiler auxiliary equipment including air preheaters, coal mills and ash handling systems as a part of the boiler package as well as individual components.

Alstom's expertise in boiler technologies and in firing systems provides the perfect blend of knowledge and experience to ensure that each fuel burns cleanly. Alstom has designed a family of low-NO_x tangential and wall-fired combustion systems to significantly abate emissions, such as nitrogen oxides.

Turbogenerators

Alstom provides a full range of turbogenerators based on leading technologies for steam power plants:

- GIGATOP™ 2-pole covers a power output range from 400 MW to 1,400 MW at 50 Hz and from 340 MW to 1,100 MW at 60 Hz. Alstom's GIGATOP™ 2-pole has demonstrated extremely high reliability in operation resulting in low life cycle costs for Alstom's customers;
- TOPGAS™ covers a power output range from 300 MW to 530 MW at 50 Hz and from 250 MW to 450 MW at 60 Hz;
- TOPAIR™ covers a power output range from 150 MW to 400 MW at 50 Hz and from 90 MW to 300 MW at 60 Hz. As a leader in air-cooled technology, Alstom has set the trend with TOPAIR™ by designing a simple, robust and highly reliable air-cooled turbogenerator resulting in low life cycle costs for its customers. The largest air-cooled turbogenerator in operation is a TOPAIR™ at 340 MW;
- TOPACK™ covers a power output range from 40 MW to 150 MW at 50 Hz and from 40 MW to 90 MW at 60 Hz.

These turbogenerators are the result of continuous, evolutionary development that has pushed the limits of power output while maximising efficiency. At the same time, they are characterised by simplicity and ease of operation and maintenance.

Pumps

Alstom is one of the world's leading specialists in custom-built large centrifugal pumps, with over 6,000 large pumps installed in more than 70 countries (source: Alstom).

Alstom's product portfolio includes:

- concrete volute pumps or vertical turbine pumps for cooling water;
- multi-stage barrel pumps for condensation extraction;
- vacuum pumps.

Auxiliary components

Alstom provides a full range of auxiliaries for both power generation plants as well for other industrial applications, like petrochemical, chemical and the metallurgical area. These include:

- regenerative rotating heat exchangers:
 - air preheaters for coal and oil fired boilers;
 - gas-gas heaters for use on FGD systems;
- heat transfer solutions;
- mills: All types of grinding equipment, covering bowl mills, beater wheel mills, tube mills, roller mills and impact mills for hard coal, lignite, limestone and most other minerals for the use in power stations.

ENVIRONMENTAL CONTROL SYSTEMS

Alstom is the world-leading supplier of air quality control systems for power generation and many other industrial applications (source: Alstom). The wide range of post-combustion solutions addresses all customers' existing and future emission-compliance needs for all traditional pollutants:

- control of sulphur dioxide (SO₂): above 99% reduction;
- control of nitrogen oxide (NO_x): up to 95% reduction;
- control of particulates: 10 mg/Nm³ or lower and PM 2.5 compliant;
- control of mercury emissions: above 90% reduction;
- control of other pollutants such as SO₃, HCl, HF, dioxins and furans.

The next challenge will be the capture of carbon dioxide (CO₂). Alstom is testing and demonstrating various oxy-combustion and post-combustion solutions. Alstom is now proceeding with the industrialisation of these technologies.

CO₂ CAPTURE AND STORAGE (CCS)

Power generation today represents more than 40% of global CO₂ emissions. In 2035, two thirds of the global power generation will still come from fossil fuel power plants, and CCS is the only option to mitigate these emissions during the transitional period to 2050 in order to meet the CO₂ reduction target. According to the International Energy Agency (IEA), decarbonising power by 2050 will be 70% more expensive without CCS. The development of CCS technologies is therefore crucial but it requires a long time frame which started several years ago and is now reaching its final phase.

Alstom currently has several pilot projects running using CO₂ capture solutions that give the best energy efficiency for an acceptable installation and maintenance cost for the operator. Alstom focuses mainly on post-combustion and oxy-combustion technologies as these applications cover both new built power plants as well as the existing fleet. The availability and efficiency of these technologies are promising and they should allow the capture of CO₂ emissions from commercial scale power plants from around 2015/16.

Post-combustion capture technology separates CO₂ from the exhaust gases using a solvent. Alstom has prioritised two technologies: advanced amines and chilled ammonia. These technologies can be applied to both coal-fired and combined cycle gas-fired power plants. The various pilot projects and industrial demonstrations already under way will enable the scale up of the technology, validation of energy use and confirm their economic advantages.

The oxy-combustion method burns the fuel in a mixture of oxygen and recycled CO₂ instead of air. This combustion produces a concentrated stream of CO₂ which can be easily separated and stored. Conditions for retrofitting existing fleets with oxy-combustion technology are currently being studied. Second generation technologies are also being looked at, such as chemical looping, a new and promising form of oxy-combustion currently undergoing large scale bench tests.


Alstom has already signed several agreements with utilities and oil companies to develop pilot CO₂ capture plants using both oxy-combustion and post-combustion methods.

In 2009, Alstom acquired the Wiesbaden engineering office of the former Lummus Global, a leading provider of technology for the hydrocarbon processing industry, in Germany. The unit, renamed Alstom Carbon Capture GmbH, is now integrated into Alstom's CO₂ Capture Systems activity. Alstom Carbon Capture GmbH has extensive experience in numerous fields of chemical processing applications, especially for the oil and gas, petrochemical and chemical processing industries. This acquisition greatly strengthens Alstom's capacity to execute front end engineering studies and large-scale carbon capture projects.


PARTNERSHIPS

Alstom and Schlumberger sealed a joint agreement to conduct CCS readiness studies for coal and gas power plants. These innovative studies will include a technical analysis of a power plant to identify how it should be adapted to accommodate an Alstom capture system. The studies will also include identification of suitable CO₂ storage sites for the power plant, as well as an initial cost estimate for future CO₂ transport and storage. The offer is designed to facilitate the future conversion of power plants to CCS, the securing of environmental permits, optimisation of time-to-market and associated costs. Other partnerships are also under discussion. Alstom thus intends to take a global leadership position in the future CO₂ capture market.

Carbon Capture and Storage pilot projects

Tests completed	AEP Mountaineer USA	58 MWth	Chilled ammonia - coal
	Dow Chemical Co. USA	2 MWth	Advanced amines - coal
	EoN Karlshamn Sweden	5 MWth	Chilled ammonia - fuel oil
	WE – Energie USA	5 MWth	Chilled ammonia - coal
Operating	Vattenfall Schwarze - Pumpe Germany	30 MWth	Oxy-combustion - lignite
	Total Lacq France	30 MWth	Oxy-combustion - gas
	Alstom Labs Växjö Sweden	0.25 MWth	Post-combustion - multi purpose
	Alstom BSF Windsor USA	15 MWth	Oxy-combustion - coals
	DOE/Alstom Windsor USA	3 MWth	Chemical looping - coal
	RFCS EU Darmstadt Germany	1 MWth	Chemical looping - coal
Under construction	TCM Mongstad Norway	40 MWth	Chilled ammonia - gas
	EDF Le Havre France	5 MWth	Advanced amines - coal
Large-scale projects under development	 PGE Belchatow Poland	260 MWe	Advanced amines - lignite
	Drax United Kingdom	426 MWe	Oxy-combustion – coal
	Getica - CET Turceni Romania	>250 MWe	Chilled ammonia - lignite
	Datang China	350 MWe 350 MWe	Oxy-combustion - lignite Post-combustion - coal

 NER300: Applied for European Emissions Trading System New Entrant Reserve funding

 Selected for receiving European Energy Programme for Recovery funding

NUCLEAR

Alstom is the world's leading supplier of steam turbine generators to the nuclear power plants market: 40% of the world nuclear power stations operating today use Alstom made equipment (source: Alstom).

Alstom is committed to meet the customer needs by providing reliable, proven and state-of-the-art technology. The turbines with the highest output in the world are four high-power ARABELLE™ turbines now in operation in EDF plants in France: Chooz B1 and Chooz B2; Civaux 1 and Civaux 2. These turbines have already notched up 250,000 operating hours and boast an outstanding reliability rate close to 100%.

Another example is the Alstom's latest nuclear references in operation, the units 3 & 4 of Ling Ao II power plant in China. These units entered in commercial in operation 2010 and 2011 with a significant performance improvement compared to Ling Ao I, thanks to the use of ARABELLE™ half-speed technology. In addition, its guaranteed output and efficiency are not only met but even better than planned.

NUCLEAR SOLUTIONS

Alstom offers integrated turbine islands as well as a wide range of nuclear specific products. Alstom is an experienced turbine manufacturer able to fully design, engineer and manufacture all

the main conventional equipment of a turbine island for any type of nuclear reactor.

Alstom's core competencies cover all phases of implementation of the power conversion systems, starting from turbine island basic and detail design, including general layout, civil work interfaces studies, supply of mechanical and electrical equipment, as well as instrumentation and control systems, project documentation and training, erection up to commissioning and performance testing.

PRODUCTS

STEAM TURBINES

Widely acknowledged as the most advanced in the market, the "half-speed" ARABELLE™ turbine offers outstanding power output (1,000 to 1,800 MW) and uses exclusive welded-rotor. The ARABELLE™ technology ensures unparalleled efficiency, reliability and highest availability, resistance to stress corrosion cracking, longevity (60 years) as well as optimal operation and maintenance regimes.

TURBOGENERATORS

With an output range from 900 MW to 1,800 MW, in both 50 and 60 Hz markets GIGATOP™ 4-pole, the turbogenerator behind Alstom's proprietary ARABELLE™ steam turbine, sets the benchmark for reliability and efficiency. Alstom's GIGATOP™ 4-pole is the world largest turbogenerator in operation today.

HEAT EXCHANGERS

Alstom also offers a comprehensive range of heat exchange equipment for all kinds of power plants, steam, gas, geothermal and, of course nuclear.

Alstom's heat exchanger equipment sizes for up to 1,800 MW units, with an installed base of over 450 GW worldwide (source: Alstom).

The heat exchange offering comprises three major product clusters: surface condensers, moisture separation/reheating equipments and heater systems.

PUMPS

Alstom is one of the world's leading specialists in custom-built large centrifugal pumps, with over 6,000 large pumps installed in more than 70 countries.

Its outstanding pumps portfolio of products for nuclear power plants includes:

- concrete volute pumps for cooling water
- multi-stage barrel pumps for condensation extraction
- tailor-made design of metallic volute pumps for feedwater pumps
- metallic volute pumps, single suction and double suction, including:
 - essential cooling pumps;
 - residual heat removal pumps;
 - intermediate cooling pumps;
 - open loop cooling pumps;
- vacuum pumps; and
- vertical turbine pumps.

AUXILIARIES FOR NUCLEAR ISLANDS

Emergency Diesel Generators (EDG)

In the last ten years, Alstom has installed over 40% of the world's integrated EDG packages for nuclear reactors, covering the whole emergency power range required, from 3 to 10 MW (source: Alstom). With a track record of 300 starts without a single failure, Alstom EDG packages are totally reliable reflecting Alstom's in-depth expertise in power plant technology and extensive experience in power plant engineering.

Liquid Purification Systems (LPS)

As a pioneer of clean energy, Alstom has developed leading-edge solutions for treating waste emanating from a nuclear power plant. The Alstom liquid radio-active waste treatment systems and the boron recycling system are leading-edge solutions to ensure that nuclear power stations are clean, safe power generation plants. They benefit from unique Alstom-developed and manufactured technology such as the Alstom jet-tray gas stripper. Alstom has supplied such system for French and Chinese nuclear power plants.

POWER AUTOMATION AND CONTROL SOLUTIONS

The Power Automation and Controls business is dedicated to the delivery of solutions for the automation and control of a power plant, or a portfolio of power plants, using all generation fuels: steam, gas, nuclear and renewables. It is a major component of the Plant Integrator™ and Clean Power offering of Alstom.

These solutions aim at optimising the efficiency, quality, availability and security of power generation plants and fleet, thus providing the means to get the best output from power plants, the right amount of power at the right time and the desired voltage or frequency in a protected and secured environment.

Alstom Thermal Power control solutions are adapted to all power generation challenges:

- efficiency: solutions adapted to each plant that ensure a power generating unit is running at optimal performance at all times. These include distributed control systems (DCS), machine controlling solutions such as turbine governing and generator excitation, instrumentation and electrical balance of plant equipment. For availability and security, Alstom's automation and controls solutions embed proven security code and cyber-security technologies with a high-level of redundancy, guaranteeing a high level of availability. Alstom's site security solutions ensure secured access to the power plant and its equipments while monitoring and diagnostics solutions enable plant employees to work in a safe environment;
- optimisation: in order to achieve best performance of a plant, monitoring of key equipment is of the essence. Alstom provides plant lifecycle and maintenance management solutions, as well as monitoring and diagnostic systems for rotating and non-rotating equipments of the plant. In addition, Alstom's portfolio includes advanced process control software and simulation tools to train plant operators, as well as test production scenarios for plant production scheduling optimisation. When the performance of an entire fleet needs to be enhanced, Alstom provides advanced

Thermal Power Sector

decision-making solutions for fleet performance management, fleet scheduling, fleet asset management and power generation risk and trading to help the customers find the best use of their power generation assets;

- flexibility: the electricity network needs to be served with the right amount of energy at the right time and at the expected quality in order to guarantee its stability. This in turn has considerable consequences on the power generating equipment that needs to be able to constantly adapt to this tailored generation. Alstom's solutions allow to quickly adapt to lower or higher demand;
- services: Alstom offers a full range of products and services adapted to all needs for the installation and the maintenance of automation and controls solutions, starting from engineering, manufacturing, testing and system integration, through to training, lifetime extension or retrofit.

Today, the ALSPA® Series 6 products line includes a full range of products, systems and service solutions covering the entire control room with plant management operation and optimisation tools, plant and machine automation, asset management and online or remote monitoring and diagnostic systems.

THERMAL SERVICES

FULL AND DEDICATED SERVICE PROVIDER ACROSS THE ENTIRE PLANT

Having supplied equipment present in 25% of the global installed base (gas turbines, steam turbines, generators, boilers, air quality control systems, balance of plant and instrumentation and control), Alstom has the experience and offering to best support customers' needs throughout the lifecycle of the plant, enabling power plants to remain competitive in a changing market (source: Alstom).

Its service and performance improvement solutions, adapted to all types of equipment and power plants, enable power plants to achieve competitive cost of electricity while ensuring safe and reliable operation, improved performance, reduced emissions, and extended operating lifetimes.

Through the acquisition and integration of various technologies, Alstom delivers effective solutions both for its own fleet and the fleet of other equipment manufacturers. This leads Thermal Services to a unique technology position which is further developed through significant and dedicated service research and development investment, with a particular focus on higher efficiency and output, minimal emissions and environmental impact and improved operational and fuel flexibility.

STRONG LOCAL PRESENCE

With more than 14,000 employees present globally through a network of over 200 locations in 70 countries with more than 30 centres of technical expertise, 30 dedicated service factories, reconditioning centres, service workshops and mobile workshops

Alstom has the largest organisation in the industry dedicated to servicing the installed base.

Alstom's footprint and broad industry expertise enable it to support customers with strong technology and product portfolio, local service and engineering capabilities and quick access to expertise centers.

INTEGRATED SOLUTIONS

Power plant emissions, performance and flexibility depend on very complex interactions between all components and systems. In depth plant knowledge, experience and expertise in product and component integration enable Alstom to offer solutions at plant level to support customers throughout the complete lifecycle.

- plant assessments: technical and economical assessments of existing plants taking into account market drivers and customers improvement strategy to help optimise investment decisions and improve competitiveness;
- plant products: modular "add-on" plant improvement products focusing on performance, environmental impact and flexibility; and
- plant retrofit: key technologies optimising the entire plant in a retrofit project rather than just the original components (all of them are in-house).

PRODUCTS FOR ALL FUELS AND ALL EQUIPMENTS

Alstom offers services for all types of equipment in gas, steam, nuclear and industrial plants. With a large installed base covering all technologies, dedicated service research and development and investments and the large and dedicated footprint and capabilities for service, Alstom has a comprehensive service and modernisation offer for its own and other manufacturers' equipments:

- Alstom gas turbines: benefiting from the experience of an installed fleet of more than 700 gas turbines, Alstom engineers deliver cutting-edge solutions to improve performance, reduce cost, extend lifetime and minimise emissions. Mastering application of well-proven and new technologies, Alstom's plant support centre, local expertise and workshops support customers to optimise their asset performance with customised service contracts, integrated plant services, state-of-the-art reconditioning, field services and solution packages for parts or upgrades;
- other manufacturers' gas turbines: with a dedicated footprint and products, Alstom provides re-engineered and improved parts, field services, reconditioning, upgrades and emission reduction solutions and long-term agreements for F-class, E-class and B-class turbines and combined cycle plants;
- steam turbines: Alstom has the capability to perform steam turbine service and retrofits with "impulse" (ITB) or "reaction" (RTB) turbine blading technology. With advanced solutions to improve performance and extend lifetime, Alstom is the global leader in steam turbine retrofits. Regardless of the original manufacturer

and the existing turbine technology, Alstom broad technology expertise allows to customise solutions to match plant operating strategy independently of technology;

- generators: Alstom has accumulated and developed the broadest technical product portfolio and expertise enabling customer to benefit from upgrades and rewind solutions of Alstom and other manufacturers' generators – whether hydrogen, water or air-cooled. Alstom's leading stainless steel technology, monitoring and inspection solutions ensure safe and reliable operation with minimal downtime;
- boilers: with the largest installed capacity in the world, Alstom offers a full scope of technical and engineering services – from

parts to outages and repairs to component upgrades and engineered solutions – meeting today's growing environmental and economic demands for the world's ageing installed base. Alstom provides products and services for both Alstom and Alstom – licensed fleets worldwide;

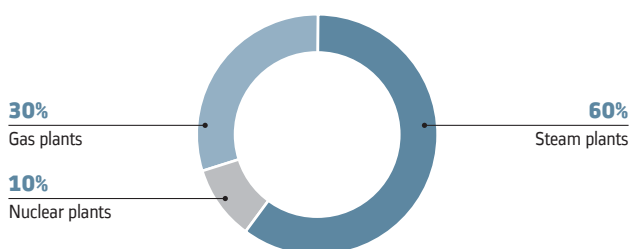
- Air Quality Control Systems: Alstom has the complete range of solutions for electrostatic precipitators (ESP), fabric filters (FF), flue gas desulphurisation (wet FGD and dry FGD), selective catalytic reduction (SCR) including advanced controls and inspection solutions.

Industry characteristics

Despite the current economic and regulatory uncertainties, the long-term drivers for thermal power investments remain strong. In most industrialised countries, the ageing fleet is pushing the need for retrofit, replacement and environmental concerns remain a key driver in most parts of the world. But most importantly, many emerging economies still require urgent thermal peak and base load capacity to meet the booming demand. Asia and emerging countries are likely to remain the largest markets for new thermal power plants over the years to come.

The world's thermal installed power generation capacity in 2011 was estimated at around 3,900 GW, representing 75% of total installed base.

THERMAL POWER INSTALLED BASE, 2011



Source: Alstom

MARKET EVOLUTION

Like the economy, the market evolution for thermal power generation equipment has been two folded in over the last 3 years. The challenging market conditions witnessed in Europe and North America in 2009-10, continued throughout 2011, with rather low market activity. The drop in electricity consumption caused by the financial and economic problems left many key markets with over

capacity, and demand has remained weak for new thermal power equipment. Due to these comfortable reserve margins and added regulatory uncertainties in Europe and in North America, utilities continued to delay the decision to invest in new plants. By sharp contrast, emerging countries growth, driven predominantly by China and India, was quick to rebound and electricity consumption started to grow rapidly. The demand for new power plants was especially apparent for thermal power in Asia (coal, gas and nuclear). On a more positive note, the installed base market has yet again proven to be much more resilient than the market for new build. The ageing fleet and environmental concerns have continued to push the need for retrofit and replacement, particularly in Europe and North America.

Globally in 2011, the new build thermal power market has declined compared with 2010.

The Fukushima tragedy shook the nuclear world: as an immediate consequence, nuclear new build market has been temporarily "frozen" in 2011 and new built forecast significantly revised down compared with the pre-Fukushima considered nuclear renaissance. But apart from Germany, very few countries with an existing nuclear fleet have actually decided to fully withdraw from the technology, and some recent developments highlight that investment in new nuclear power could re-start progressively: the United-States, China, India and Russia. As for the existing nuclear fleet, a sustainable retrofit market is still expected, and "stress test" performed worldwide could even drive a significant additional spending for safety enhancement.

Coal plant market overall declined compared with 2010, driven by lower demand in China and India as a result of lower investment from Power generating companies squeezed by high coal price and low electricity tariffs. Outside China and India, the steam market was smaller but resilient in the Middle East, South-East Asia and in Europe. The Air Quality Control System market rebounded as expected driven by new power plant, in East Asia and growing demand for retrofit in the USA.

GROUP DESCRIPTION OF ACTIVITIES

Thermal Power Sector

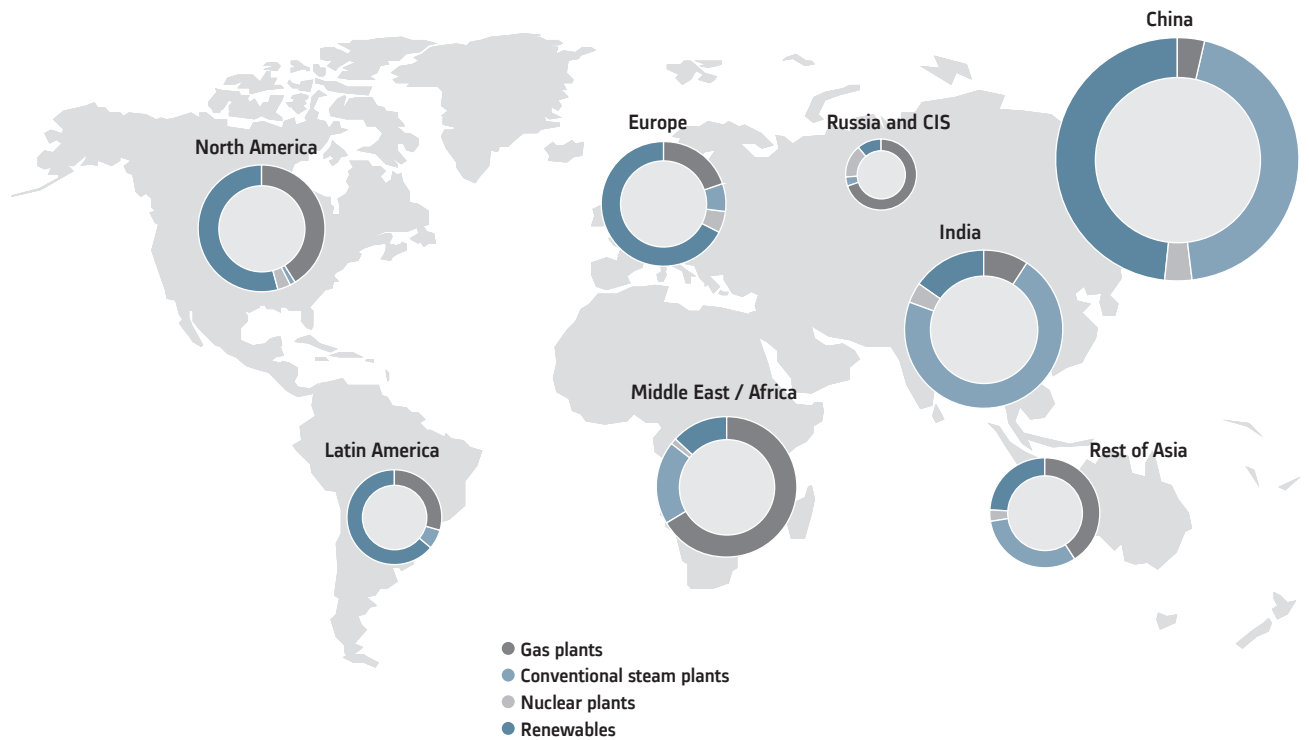
Gas plant market showed the most positive signal among all thermal technologies, with a rebound driven by emerging countries, especially in Asia.

Over the years to come, the new build growth is expected to be supported by demand for gas power plants. Investment in new

nuclear should re-start progressively in a number of countries – in China especially. As for new coal plants, investment should globally moderate but will keep the biggest share in the global thermal market for the years to come, driven by continuous need of growing capacity addition in Asia.

MEDIUM TERM GLOBAL POWER MARKET FORECAST

AVERAGE 240/280 GW P.A.

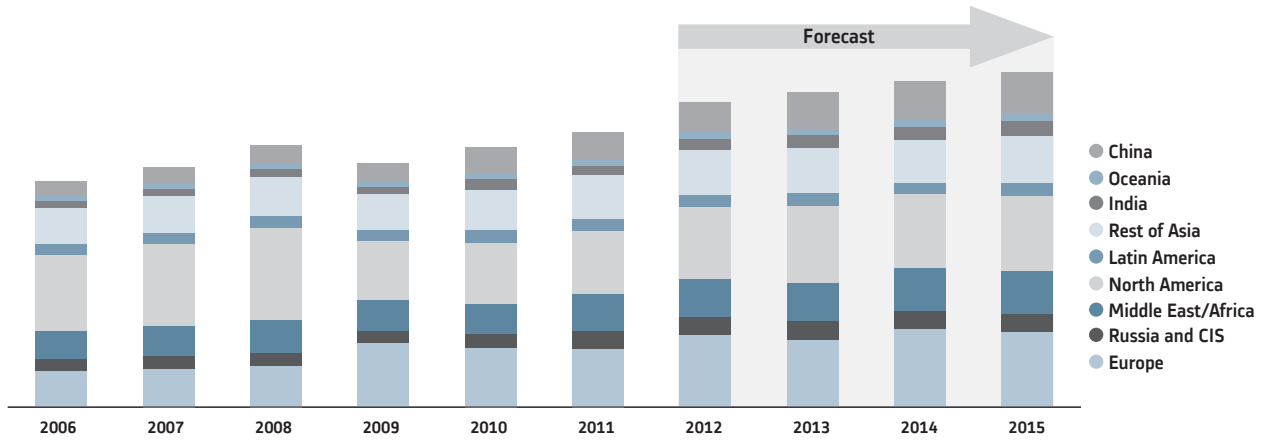


Source: Alstom

The service market drivers remain strong, notably in Europe and North America, as ageing installed base increases the requirement for regular equipment maintenance, lifetime extension and performance upgrade. Environmental products and retrofit markets should offer

growing opportunities in developed countries, mainly driven by more stringent regulations and ageing of the installed base. In developing markets such as China, India or the Middle East, the growing number of new power plants will progressively boost service needs.

THERMAL SERVICE AND RETROFIT MARKET



Source: Alstom

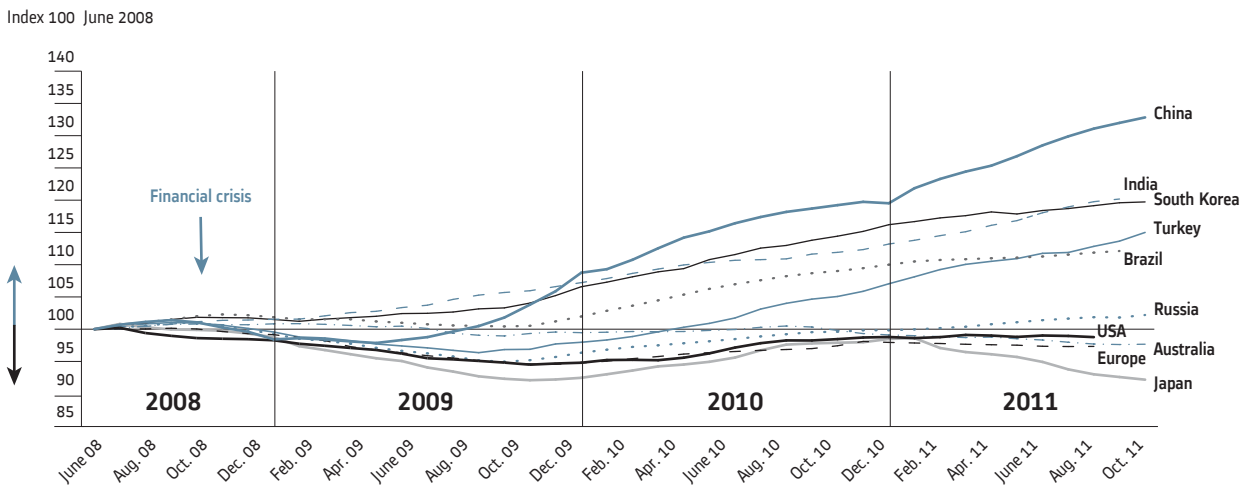
MARKET DRIVERS

ECONOMIC GROWTH

There is a strong correlation, especially in developing markets, between power consumption and Gross Domestic Product (GDP) since economic development is driving consumption of electricity. In developed countries, the ratio of electricity consumption to GDP, known as electricity intensity, is progressively declining due to a shift to a more service based economy and increasing efforts in energy efficiency, but new power plants are replacing aging ones becoming uncompetitive or no more able to meet operating regulations. After the decline of electricity consumption in 2009, it rebounded in 2010

in most countries in the world. This rebound was quicker and stronger in emerging countries while advanced economies have experienced sluggish recovery with electricity consumption still below pre-crisis level. The outlook for European power remains uncertain as economic prospects may be jeopardised by the high level of public debt in some countries. The USA currently appears to be looking less recession prone than other mature markets, but the longer-term outlook is also clouded by the burgeoning sovereign-debt problem. Growth in emerging markets, particularly in China and India is expected to continue in the short to medium term but may be impacted downward by the impact of sluggish mature economies on their exports. Alongside the two speed economic growth, power generation across most of Asia is expected to continue to increase substantially.

ELECTRICITY CONSUMPTION (TWH 12 MONTHS MOVING AVERAGE)

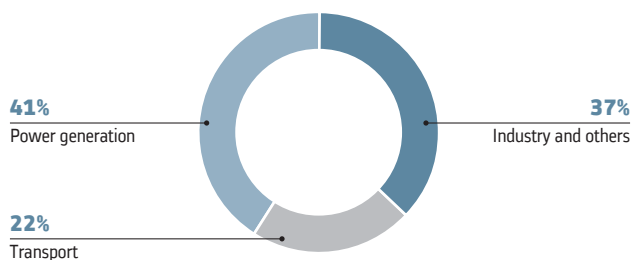


Source: Alstom

Thermal Power Sector

ENVIRONMENTAL CONCERNS

Everywhere, environmental concerns highlight the need for lower emissions in both existing and new power plants and a real change in behaviour is clearly visible. Furthermore, fossil fuel prices, which are expected to remain structurally high in the coming decades, are also contributing to the demand for improvement of efficiency rates. This will have a long-term effect in all parts of the world, although at different speeds.

CO₂ EMISSIONS FROM FOSSIL FUEL COMBUSTION

Source: IEA – World Energy Outlook 2011

There is a growing consensus on the need for urgent action to tackle climate change: the IEA World Energy Outlook 2011 was very clear about the dire consequences of lock-in into a high carbon infrastructure. International discussions within the United Nations Framework Convention on Climate Change (UNFCCC) and following COP 15 “Copenhagen Agreement” that prompted voluntary commitments to cut emissions by a significant number of both developing and developed countries, progressed in 2011 at COP 17 into the “Durban Platform”, whereby all countries agreed to cut emissions by 2020 which may result in a global agreement in the next few years. COP 17 also saw the significant developments of inclusion in the Clean Development Mechanisms (CDM) of projects which reduce CO₂ emissions by applying carbon capture and storage and on the establishment of the Green Climate Fund that was announced two years ago. All these initiatives will push demand for cleaner solutions, will it be gas or coal.

In 2012, the UN’s “International Year of Sustainable Energy for All” should put emphasis on the related issue of access to clean technologies in both developed and developing markets.

REGULATIONS

Country specific regulations are also creating both uncertainty and opportunities for the thermal power market. One prominent example is Germany’s decision to abandon nuclear power, following the tragic accident at the Fukushima nuclear plant in Japan. A second example is the regulatory turmoil witnessed in a number of mature economies regarding coal fired power generation, both for the installed capacity and new projects. These regulations as well as the access to fuels,

such as availability of non-conventional gas will play a major role in the energy mix in each country.

Alongside the importance of de-carbonising the industry, there is also a global push for stricter environmental regulations on conventional pollutants such as SO₂, NO_x, particulate matters (PM) and mercury.

In Europe, the most prominent legislation is the Large Combustion Plant Directive (LCPD), which is a European Union directive that aims to reduce acidification, ground level ozone and particulates by controlling the emissions of sulphur dioxide, oxides of nitrogen and dust from large combustion plants. Looking forward, the LCPD will be replaced by the Industry Emissions Directive (IED), which is designed to bring a number of separate pieces of EU legislation on industrial emissions, such as SO₂, NO_x and particulates, under one directive.

In the USA, the Environmental Protection Agency (EPA) has rolled out two major new power focused regulations: the Cross-State Air Pollution Rule (CSAPR) on one hand, expected to replace the former Clean Air Interstate Rule CAIR, controlling SO₂ and NO_x and on the other hand Mercury and Air Toxics Standard (MATS) controlling mercury, acid gases, PM and dioxins and furans. These regulations are still in debate but implementation of such new environmental guidelines will finally proceed in the USA, driving a significant market for Air Quality Control System retrofit.

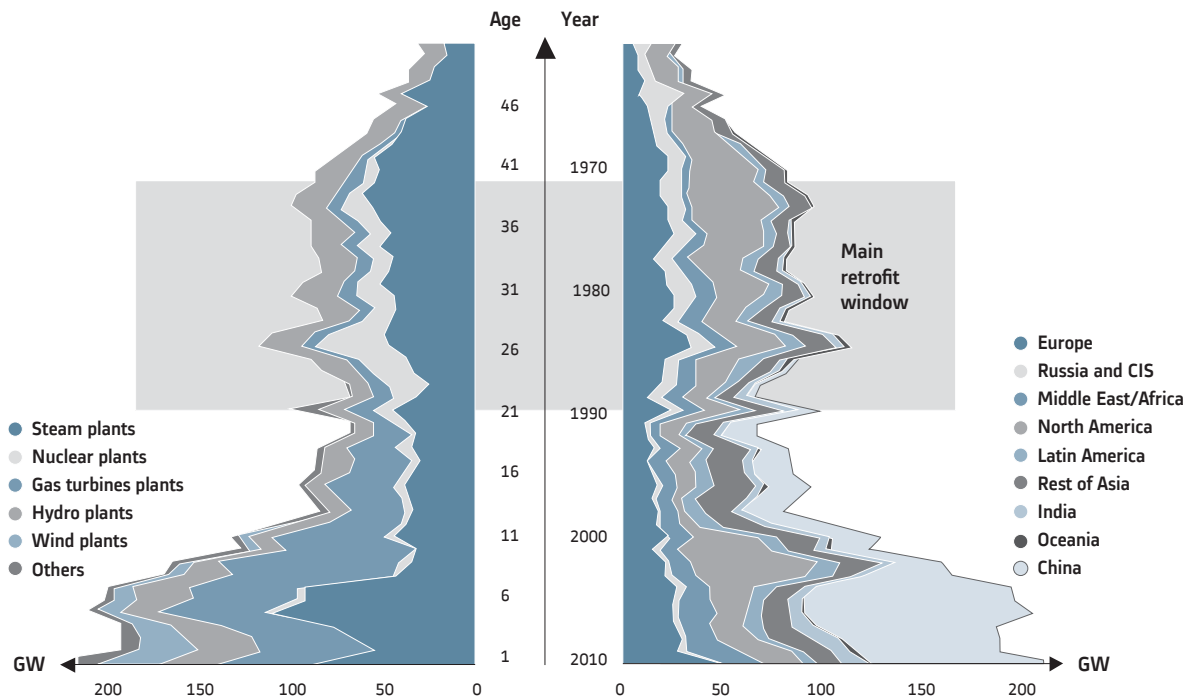
In the rest of the world, positive developments in markets that traditionally may have been slower to implement more stringent regulations are witnessed. In China, the Ministry of Environmental Protection issued new emission standards for new and existing thermal power plants. The new regulations took effect on January 1, 2012 and placed more stringent limits on emissions of particulate matter, SO₂, and NO_x, as well as set new limits for emissions of mercury and other chemical compounds. The emission standards in India are behind European standards, but also here are observed stricter rules emerging, as exemplified by the recently enhanced regulations for emissions of particulate matter.

INSTALLED BASE: AGEING OF POWER PLANTS AND INTERMITTENT POWER PENETRATION

The ageing installed base along with stricter environmental regulations and increased fuel prices should lead to a higher demand for retrofit and modernisation solutions. In recent years, demand for maintenance and refurbishment has been strengthened by a general trend among power producers to seek increased performance, lower operating costs and extended lifetimes of their existing plants. This increase in demand to upgrade and retrofit facilities could benefit power plant manufacturers such as Alstom. The growing number of old plants reaching retirement age will continue to drive the market for servicing and retrofits as utilities strive to replace components to maintain current levels of installed capacity, or take the opportunity to increase the capacity of power plants to simultaneously address rising power demand.

AGE PYRAMID OF WORLD INSTALLED CAPACITY

5,200 GW IN 2011



Source: Alstom

Competitive position

The Thermal Power Sector holds leading positions in all of its businesses worldwide.

In turnkey fossil plants, Alstom competes with Siemens, Mitsubishi Heavy Industries (MHI), Hitachi, Ansaldo, Hyundai, Doosan, several Chinese EPCs as Sepco III, BHEL in India and Chinese, Japanese and Korean trading houses.

In gas turbines, the Sector is facing competition from three major global groups: General Electric, Siemens and Mitsubishi Heavy Industry.

In steam turbines, the Sector competes with General Electric, Siemens, Mitsubishi Heavy Industries, Doosan and Toshiba as well as with manufacturers from emerging countries, such as Shanghai Electric, Harbin and Dongfang from China and BHEL in India.

In the utility boilers segment, the main competitors are Mitsubishi Heavy Industries, Babcock & Wilcox, Babcock Hitachi, Foster Wheeler, Doosan and the above-mentioned suppliers from China and India.

In emissions control systems for electrical power producers, the main competitors are Babcock & Wilcox, Babcock, Hitachi, BPI, Doosan, BHEL in India and the Chinese suppliers.

In power plant control systems, the main competitors are ABB, Siemens, Emerson, Yokogawa and Invensys.

Besides Alstom, the following companies are present in the service for installed base market:

- the Original Equipment Manufacturers (OEMs) of power generation equipment, concentrating mainly on servicing their own machines;
- independent service providers offering varied service products to OEM customers, including some reverse-engineered replacement parts;
- many local field service companies with activities mostly limited to maintenance planning and execution.

The competitive strengths of the Alstom Thermal Power Sector include:

- its leadership positions in various areas (steam turbine and generators, conventional islands of nuclear power plants, retrofit solutions,) with a global presence and references;

Thermal Power Sector

- its unique capability to supply both optimised turnkey plants by integrating all major components from in-house technology (turbine, generator, boiler, condenser, environmental systems, electrical and control systems), sub-systems (power trains) or components;
- its extensive experience in all types of boiler technologies, including clean coal combustion;
- its extensive experience in heavy duty and mid-range gas turbines;
- the largest installed base of OEM equipment in operation within power plants worldwide (source: UDI-Alstom).

Research and development

The Thermal Power Sector has a long-term research and development (R&D) programme to create and/or acquire the best available technologies that will provide optimum efficiency, environmental and commercial benefits to power plant operators worldwide, now and in the future.

Alstom's R&D efforts are driven by market needs in its product areas. The R&D organisation of Thermal Power and its partners includes more than 1,800 people and is dedicated to close to 80 critical technologies. The "R&D execution" centres are present in 17 locations through Europe, Asia and North America. In addition to its internal resources, Alstom actively seeks links with leading academic institutions to access facilities, expertise and research talents across the world. The Group has established relations with some forty universities where active R&D collaboration is underway.

Over the past years, the Thermal Power Sector has extensively worked on the development of the GT24™, GT26™ and GT13™E2 gas turbines, including performance upgrade packages, combustion system improvements to reduce emissions and increase fuel flexibility, and features to allow further enhancement of the operational flexibility of these gas turbines and the integrated combined cycle plants into which they are built. The latest ratings of the GT26™ and GT24™ were announced in 2011 following the validation and test programs, and give increased performance for the 50 Hz as well as the 60 Hz North American markets.

The Thermal Power Sector is involved in development projects, partly funded by the European Union and the US Department of Energy, to develop and validate technologies that could increase the efficiency and reduce the emissions from coal fired plants. It also focuses on manufacturing integration and lead time with methods and tools for the design and manufacture of steam turbines and generators. As an example, the Neurath (Germany) power plant with the largest and latest boiler, turbine and generator technology for efficient use of lignite coal has come into service.

Alstom has been carrying out an intensive R&D programme over the past years to meet the technological and economic challenges of capturing the CO₂ created by fossil fuel-based electricity production. The development has progressed well in 2011, the pilot scale testing of the three main technologies under development at Alstom all met their objectives. The next phase is large-scale demonstrators. Alstom is actively involved in many of the demonstration programmes around the world. By 2015 the Group will be able to offer solutions for all fossil fuel-based power plants to capture CO₂ emissions on a commercial basis.

In the field of nuclear, Alstom's latest turbine and generator at Ling Ao 4 (China) have demonstrated the increased performance expected and delivered more MW for a given reactor output.

In the Power Automation and Control Business, Alstom Thermal Power focuses on the implementation and extension of the new ALSPA® Series 6, in Distributed Control Systems to cover very large plants control like Medupi or Kusile in South Africa as well as Monitoring and Diagnostics: the ALSPA® Care.

In Thermal Service, R&D programmes focus on a wide range of upgrade designs for plant components (gas and steam turbines, generators, boilers, environmental systems); a unique set of inspection technologies, based on advanced in-house competencies in inspection robotics; the development of a comprehensive range of monitoring and diagnostics systems; methods and technologies to reduce outage duration and related cost for the benefits of its customers; technologies to increase plant efficiency and improve lifecycle management.

Strategy

The Thermal Power strategy is organised around three pillars: growth, technology and operational excellence.

GROWTH

Thermal Power growth encompasses five objectives:

FURTHER EXPAND SERVICE OF THE INSTALLED BASE

Thanks to its large base of installed equipment, Alstom Thermal Power has a unique position to support the power generators with a broad range of service and retrofit solutions. Growth will be sustained by taking the full share of Alstom OEM fleet servicing; expanding the scope of service to existing service customers by providing them an increased value out of their equipment operation; and supporting customers operating equipment not provided by Alstom.

DEVELOP COMPONENT SALES WHILE KEEPING TURNKEY CAPABILITIES

Alstom Thermal Power provides a full range of contractual options to meet customer needs from turnkey plants to engineered packages or components. Stand-alone components (steam turbines, generators, gas turbines, auxiliaries, etc.) give the opportunity to each customer to have access to the Alstom original technology or have elements integrated by a third-party of its choice.

INCREASE PRESENCE ON THE 60 HZ MARKET

Historically, Alstom Thermal Power presence has been stronger in the 50 Hz market. As the 60 Hz new plants market is supported by the raising gas market in North America, sound steam market in Saudi Arabia, growing opportunities in Korea, Taiwan and the northern part of South America, the Sector is working to increase its footprint and market share. Leveraging its existing portfolio and expanding it where relevant will be key success factors to grow on this 60 Hz market.

EXPAND ALSTOM'S PRODUCTS PORTFOLIO

Currently, Alstom Thermal Power has the broadest thermal portfolio of technologies in the market. To sustain its position, the Sector intends to develop its offering to emerging segments or equipment range where it was not present before (specific auxiliaries for instance).

STRENGTHEN PRESENCE IN ASIA AND RUSSIA

On Asian markets, Alstom Thermal Power plans to strengthen its position thanks to a strategic footprint and strong partnerships with key regional players.

Alstom and Shanghai Electric intend to join forces to create the world leader in boilers for coal-fired power plants. Alstom Thermal Power is also investigating with potential partners the best way to enter the emerging Chinese domestic gas market.

In India, Alstom and Bharat Forge set up joint-ventures for power plant equipment manufacturing in Mundra (Gujarat).

The Russian thermal market enjoys a solid growth with sound long-term perspectives. Alstom Thermal Power intends to build-on its current position to address raising market demand, especially in nuclear and conventional thermal.

TECHNOLOGY

Technology is a vital part of both the current and the future success of Alstom. Through technology and the continuous development of its products, Alstom Thermal Power continuously improves its competitiveness which ultimately drives short and long-term growth.

The Sector will further enhance the existing gas turbines to address the changing gas market demand and explore the entry in new segments, while sustaining its technological leadership in fossil steam turbine generators for both the gas and the coal markets. Ultra supercritical boilers will also be an area of focus for Alstom Thermal Power, with the objective of increasing the steam parameters and ultimately improve heat rate and efficiency for the end-users.

Regarding carbon capture and storage technology, the focus will be put on continuing to selectively develop applications for Power in steam and gas, as well as on the industrial applications.

In nuclear, the Sector will further leverage the ARABELLE™ advantages and develop the equipment and offering to address the post-Fukushima market demand.

In Automation, the Sector will develop the existing control system offering in order to cover the full power plant automation and control scope.

Eventually, offering to a wider range of equipment and solutions in service will be key for the Sector.

OPERATIONAL EXCELLENCE

Alstom Thermal Power wants to be recognised by its customers for its operational excellence and will put its main focus being on quality and safety at work at manufacturing, engineering and project levels. As far as quality is concerned, a thorough quality improvement plan was initiated across Alstom Thermal Power leveraging 5S and 6 Sigma methodologies. With regards to employees and contractor's safety, a top priority for Alstom, stringent rules are implemented and a specific severe accident prevention initiative was launched. Other areas of focus are the lead time reduction for delivery of all main equipment and typical projects with a target between 15% to 40% reduction; the improvement of cost competitiveness, and modularisation and standardisation needed to enhance the constructability of Alstom Thermal Power solutions.

RENEWABLE POWER SECTOR

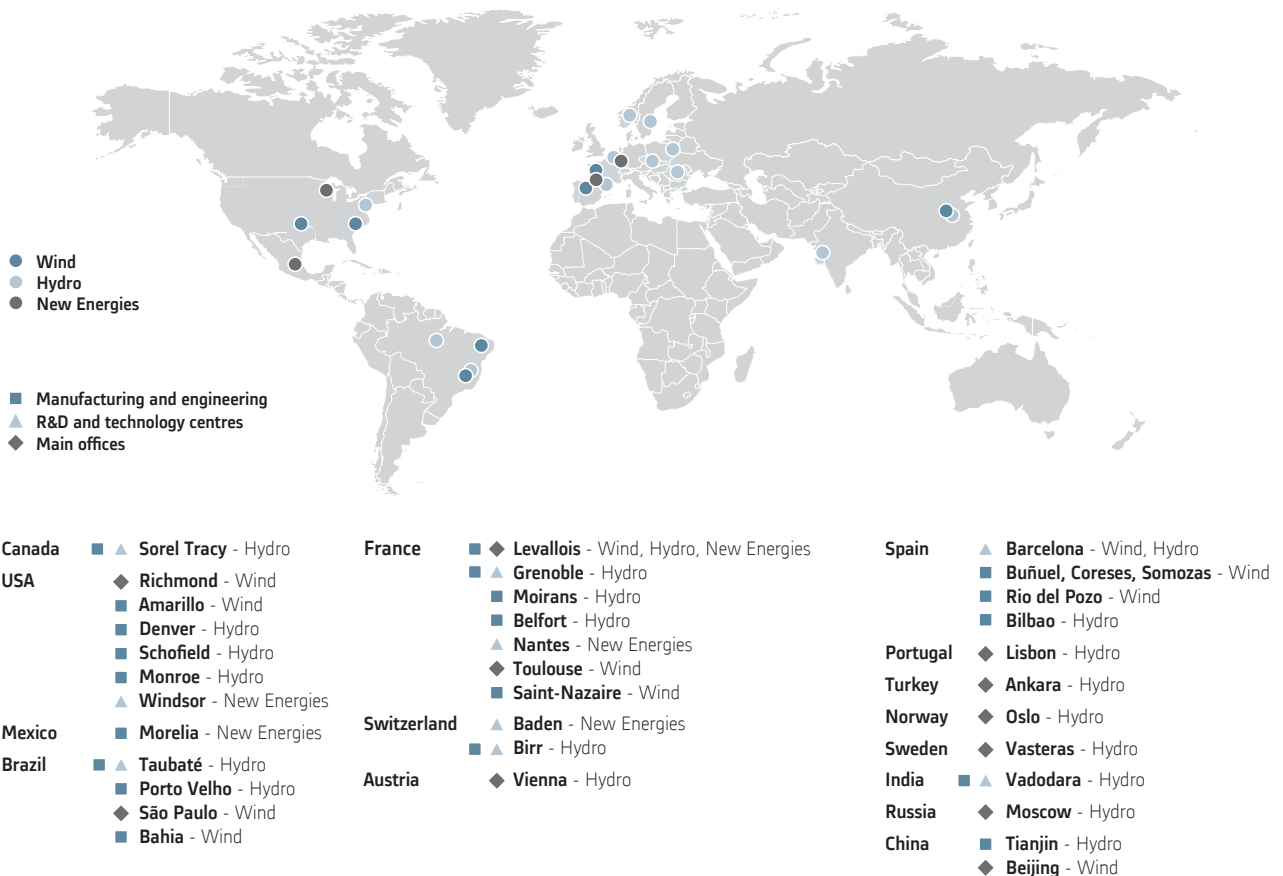
The Renewable Power Sector offers the most comprehensive range of renewable power generation solutions from integrated power plants for hydroelectricity, wind, geothermal, biomass, solar and all types of turbines, generators, to a full range of services, including plant modernisation, maintenance and operational support.

Offering

Renewable Power Sector's offering is derived from a deep understanding of power markets and customer needs. It is organised around three levers driving Alstom's product and portfolio development strategy in order to maximise returns of customer's assets over the entire life cycle by:

- reducing cost of electricity generation, to ensure assets competitiveness,
- lowering environmental footprint, to make these assets increasingly eco-friendly, and
- increasing flexibility and dependability, to ensure assets can respectively
 - adapt to fluctuating electricity and fuel markets conditions, and
 - generate the required electrical load through maximised reliability, availability and maintainability.

MAIN INDUSTRIAL, ENGINEERING AND R&D CENTRES



Source: Alstom

HYDRO POWER

Alstom Hydro is the worldwide market leader for hydropower solutions and services, with around 25% of the global hydropower installed capacity (source: Alstom). Today, Alstom Hydro business employs over 8,000 people.

Leveraging its 100-year experience and global network, Alstom offers unique solutions based on proven state-of-the-art technology and project-specific research and development (R&D). Alstom technology is central to many record-breaking hydropower plants including Three Gorges (22.7 GW) in China, La Grande (13.8 GW) in Canada and Itaipu (14.8 GW) in Brazil/Paraguay.

LARGEST PORTFOLIO

Hydropower is the most important source of renewable energy in the world, representing over 16% of the global electricity production, while using only one third of the potential economic global hydropower capacity. Alstom offers the most comprehensive range of power generation services and equipment and has the largest reference list. Alstom's expertise indeed covers all hydropower schemes from designs to services, from small to large, from run-of-river to pumped storage power plants, from individual equipment to complete turnkey solutions, for new and for retrofit projects.

FULL PROJECT MANAGEMENT

Alstom is recognised for its project management competence. Alstom offers a single point-of-contact to coordinate and interact with all related parties (consulting engineering, civil engineering, etc.) and can act as the consortium leader for major projects, taking full responsibility for the project and its optimisation. As an engineering, procurement and construction (EPC) provider, Alstom has a unique perspective for the optimisation of the full Hydro mechanical and electro mechanical lots as an integrated system.

BE WHERE CUSTOMERS ARE

Alstom's global footprint includes research and development capabilities, engineering, manufacturing and project management around the world close to its customers. Hydro global technology centres are located in Grenoble (France – the lead centre), Birr (Switzerland), Sorel-Tracy (Canada), Vadodara (India) and Taubate (Brazil). Using common platforms for product development across all facilities promotes effective international collaboration. With the support of local service centres, Alstom can adapt to local customers specific needs and deliver timely efficient hydropower solutions and services all over the world.

RANGE OF PRODUCTS AND SERVICES

Its comprehensive range of products enables Alstom to provide cost effective hydropower solutions for any application for both new and installed power plants. Combining reliability and very high efficiency, Alstom hydropower plants convert more than 90% of available energy into electricity.

TURBINES AND GENERATORS

Alstom provides a full range of Hydro turbines, with maximum power capacities of 1,000 MW. This range includes Francis, Kaplan, Pelton, bulb and pump turbines to meet all customers' needs and applications.

Depending on the type of hydropower application, Alstom's generators can produce up to 1,000 MVA. The range includes large, medium and small hydro generators, bulb generators, motor-generators, ring motors and excitation systems.

With a market share of more than 30% (source Alstom), Alstom is the leader in pumped storage plants (turbines and generators). Pumped storage will play an important role in tomorrow's energy market due to the development of intermittent energy production sources (wind, solar...) which increases the need for storage. In that area, the new variable speed technology is especially significant with the increase in intermittent energy sources like solar and wind feeding the grid.

HYDRO-MECHANICAL EQUIPMENT

Alstom designs and manufactures hydro-mechanical equipment for hydro power plants as well as for waterways and irrigation systems.

BALANCE OF PLANT AND CONTROL SYSTEMS

Alstom's core competencies in control systems span over all types of hydro power plants to optimise power production. In this field of strategic products for power generation applications, Alstom has developed and qualified specific control system solutions as well as dedicated machine control equipment, in order to guarantee safe, optimised power plant operations.

SERVICES

Alstom maximises customer investment throughout the equipment's entire lifecycle with its PlantLife™ programme, which segments operation and maintenance into three service modules adapted to the age and condition of each plant: assess, secure and extend, reset and upgrade. As service and maintenance is not dependent on the origin of the components, all Alstom's solutions are offered for Alstom and non-Alstom equipments.

WIND POWER

Alstom believes in wind as a viable source of clean power to help meet energy challenges and aims to become a major player in this field. The acquisition in 2007 of the Spanish wind turbine company Ecotècnia provided Alstom the perfect foothold to enter this activity. Today, Alstom is an important international wind turbine manufacturer.

Alstom Wind designs, assembles, installs and commissions a wide range of onshore wind turbines. In 2011, Alstom launched the Haliade™ 150 – 6 MW – the first new generation large offshore wind turbine. The first Haliade™ 150 has been installed in March 2012 in France.

Alstom has installed or is installing more than 3,100 MW of wind power in 122 wind farms (in Spain, the UK, France, Portugal, Ethiopia, Morocco, Italy, Brazil, USA, Turkey, Japan and India).

Renewable Power Sector

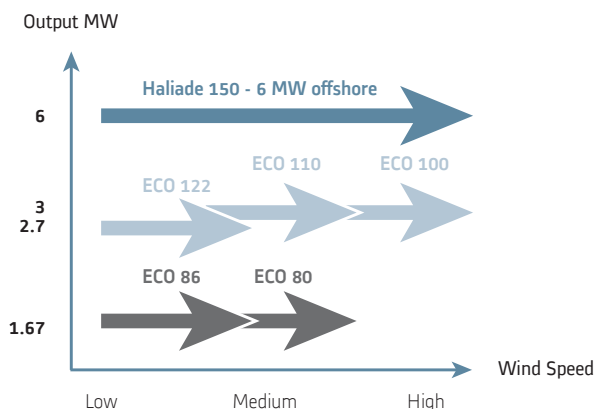
SOLUTIONS

Alstom offers integrated wind farm solutions, covering site development activities, system or key component design and manufacturing, assembly, installation and services.

PRODUCTS

The Alstom portfolio offers the appropriate choice of wind turbines to match different wind farm locations and wind speeds.

ALSTOM WIND: A COMPREHENSIVE PORTFOLIO



Source: Alstom

All Alstom's wind turbines feature the unique mechanical design concept ALSTOM PURE TORQUE™. Its design separates deflection forces arising from wind buffeting from the pure rotor torque required for power generation. It protects the drive train and, in particular, the gearbox, ensuring higher reliability of the turbine and reduced maintenance costs.

Onshore products, ranging from 1.67 MW to 3 MW turbines, are divided into the ECO 80 and the ECO 100 platforms:

- in the ECO 80 platform, Alstom offers a wide range of 1.67 MW to 2 MW wind turbines for wind speeds ranging from low to medium/high, with rotor diameters of 74 m (ECO 74) to 80 m (ECO 80) and 86 m (ECO 86);
- the ECO 100 platform offers three products in the 3 MW-range, with three rotor diameters: 100, 110 and 122 metres. With these products, Alstom offers a solution for all wind classes. ECO 100, a 3 MW onshore wind turbine has already been installed in several wind farms since 2008, and is a commercially proven machine. The first unit of ECO 110 was installed in 2009, and wind farms are under construction;
- to date, the ECO 100 and ECO 110 have logged more than 452,000 operating hours and more than 330 MW have been installed or are under construction;
- the ECO 122, introduced in 2011 is a 2.7 MW wind turbine. It offers a unique combination of high power and high capacity factor.

With more than 30-year experience in wind turbine design, manufacturing and operation, Alstom is now well positioned to become a leader in offshore wind technology by producing the Haliade™ 150, a 6 MW offshore wind turbine with direct drive technology.

Early 2011, Alstom and EDF Energies Nouvelles signed an exclusive agreement covering the 3 GW call for tenders from the French Government for the launch of offshore wind projects. In April 2012, the consortium led by EDF Energies Nouvelles, including DONG Energy, Nass&Wind Offshore, wpd Offshore and Alstom has been awarded a total of three sites (Saint-Nazaire, Courseulles-sur-Mer and Fécamp). This announcement has allowed Alstom to confirm its industrial plan building four new factories (two in Saint-Nazaire, Loire-Atlantique and two in Cherbourg, Manche) to manufacture the key components of the turbines supplied by the consortium. This represents the first step towards creating a French industry able to set the standard in offshore wind power and bolsters Alstom's growth strategy in wind technology.

With the integration of Areva's Transmission activities under Alstom Grid in June 2010, Alstom also benefits from experience in electrical infrastructure for offshore wind.

NEW ENERGIES

GEOHERMAL

Alstom has built a total geothermal capacity of more than 350 MW to date.

Alstom can provide tailored plant configurations for both 50 Hz and 60 Hz electricity markets, starting with its smallest plant layout of approximately 20 MW. Alstom offers steam turbine and generator, condenser, hotwell pumps, instrumentation and control systems. In the medium size range of 25-35 MW, Alstom can provide a modular plant based around its well-proven single-flow turbine module. For larger steam fields with proven steam resources, Alstom offers plant sizes in the 35-60+ MW range based around a double-flow turbine configuration, which offers both excellent performance and economies of scale.

In addition, Alstom offers service contract to cover the day-to-day running and scheduled maintenance of the plant. As a leading global provider Alstom can tailor a package to exactly suit its customer's plant and business strategy.

SOLAR THERMAL

Solar Thermal (or Concentrated Solar Power - CSP) is becoming a key part of the renewable solutions for power generation.

Alstom sold its first steam turbines for solar thermal power plants in the late eighties. Alstom's state of the art power blocks can be used for the three main technologies of Concentrated Solar Power: parabolic trough, linear fresnel and tower. Each concentration method, requiring direct radiation from the sun, is capable of producing high temperatures and correspondingly high thermodynamic efficiencies, but they vary in the way that they track the sun and focus light.

Alstom provides a comprehensive range of flexible integrated solutions based on its in house turbine and generator technology and its proven engineering, procurement and construction skills.

Alstom has invested in BrightSource Energy Inc., an American solar company in 2010 and 2011 and signed a partnership agreement with this company in August 2010.

BrightSource's technology employs thousands of mirrors to reflect sunlight onto a central receiver atop a tower to produce high temperature steam at the highest levels of solar efficiency. The steam is then piped to a steam turbine and generator, which produce electricity. Alstom turnkey power plant solutions and steam turbine and boiler expertise, combined with BrightSource Energy's solar technology know-how complement each other perfectly, enable to offer highly efficient solar thermal power plants.

BIOMASS

As governments and stakeholders continue to drive environmental regulation levels upward, the need for cleaner sources of thermal energy becomes increasingly important. Biomass, the burning of wood and wood wastes, paper and cardboard, agricultural wastes and crops produced for use as bio fuels, is becoming an increasingly popular way for customers to reduce their CO₂ emissions, whether it is a 100% biomass power plant or biomass co-firing plant.

Alstom provides customised industrial turbines and generators adapted to the demands of biomass firing. In 2011, the Group secured two contracts in the United States of America on the 44 MW Plainfield and the 50 MW South Boston power plants.

In addition, Alstom specialises in dedicated biomass co-firing systems for large coal power plants. Alstom is also working with clients on 100% biomass conversion on utility class boilers. In 2008, Alstom secured the contract for the Drax Power Station in North Yorkshire (United Kingdom) to provide the main processing works associated with the 1,5 million tonnes per year biomass co-firing facility at the 4,000 MW plant. Drax employs co-fired renewable materials with coal and has set itself the target of producing 10% of its output from co-firing. This will reduce its CO₂ emissions by more than 2 million tons each year.

TIDAL STREAM ENERGY

Tidal stream energy is one of the technologies under development in Alstom Renewable Power. It refers to extracting electrical energy from tidal currents, generated by the gravitational pulls of the moon and the sun.

Tidal stream turbines are governed by the same basic principles that apply to traditional wind turbines but take into account the fact that water is about 800 times denser than air. During its lifetime, a tidal turbine would generate electricity with zero greenhouse gas emissions, a modest footprint on the bottom of the ocean and negligible impact on marine life. Another major advantage is the complete predictability of this source of renewable energy.

BELUGA™ 9, intended for very powerful currents, will be Alstom's first tidal turbine generator with a capacity of up to 1 MW. It will be suited to high energetic sites with depths of 30 metres and more. First tests are planned in 2013 in the Bay of Fundy, Canada. BELUGA™ 9 will be followed by ORCA™ 7, designed for less powerful currents.

WAVE ENERGY

Amongst the marine renewable energies, wave has one of the greatest potential with between 200 and 300 GW available resources closed to densely populated regions of Europe and North America. As tidal stream energy, it is a CO₂ free and predictable source of energy.

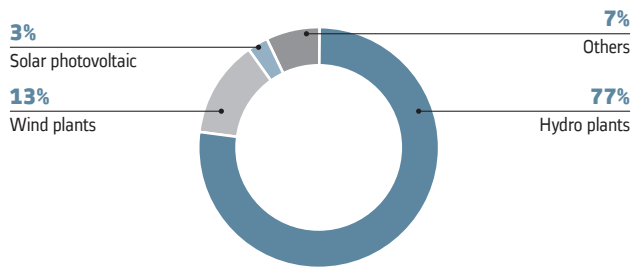
Complementing its existing ocean product portfolio, Alstom entered the wave market by acquiring a 40% equity share in the Scottish AWS Ocean Energy company in June 2011. The technology developed by AWS is 2.5 MW output wave energy converters (AWS-III), which comprises an array of 12 cells, of flexible membrane absorbers which convert wave power to pneumatic power through compression of air within cells that are inter-connected. Turbine-generator sets are provided to convert the pneumatic power to electricity. The AWS-III will be slack moored in water depths of 65 to 150 meters using standard mooring spreads.

Full scale component testing will begin in 2012 and the first commercial scale prototype is planned to be deployed in 2014. Together with SSE Renewables, Alstom will develop the largest wave farm planned today off the coast of Orkney in Scotland, with a capacity of up to 200 MW.

Industry characteristics

The world's renewable installed power generation capacity in 2011 was estimated at around 1,320 GW, representing 25% of total installed base.

RENEWABLE INSTALLED BASE, 2011



Source: Alstom

MARKET EVOLUTION

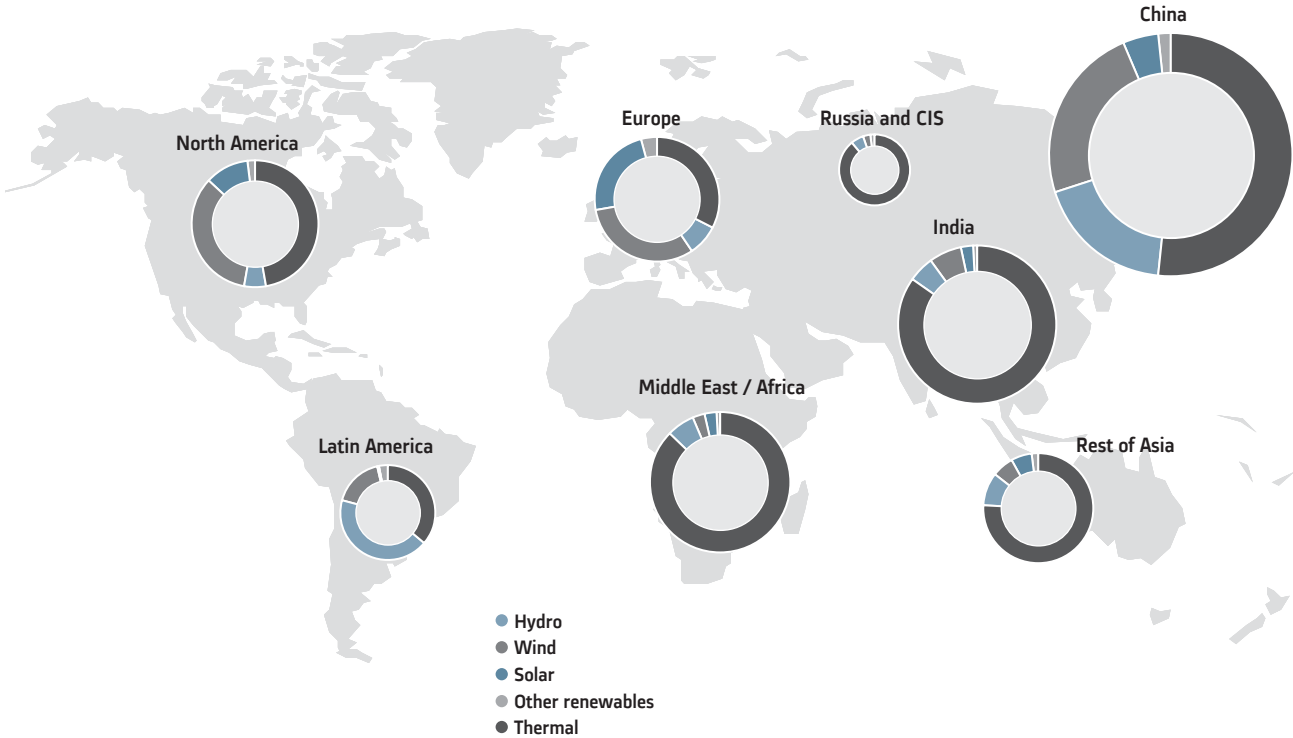
Renewable markets have been growing strongly over the past decade and are forecasted to represent 40% to 45% of the new power plants (in GW) to be ordered over the next decade.

In 2011, the new build hydro market increased but at a slower pace than expected due to postponement of large projects in China. Americas saw a strong increase, mainly driven by the very large Belo Monte project in Brazil. In the following years, China should continue to be the largest market, representing approximately half of the global Hydro investment in gigawatts followed by Latin America and other countries in Asia. Europe should also remain an important market, with a solid outlook for pumped storage projects.

The wind market has also been resilient in 2011, but with strong competition putting pressure on turbines prices. The growing share of emerging countries in the global market was confirmed, with more than half of the market being outside Europe and North America. China remained the biggest market, followed by Europe that stayed solid despite the current financial crisis. Americas were also quite strong, despite on-going uncertainties on clean energy mechanisms renewal in the USA. The overall wind market is expected to see continuous growth over the next decade, with most growth in market value driven by offshore.

The new energies market is expected to show the strongest growth. Indeed 2011 has been a significant growing year compared with 2010, with Concentrated Solar Power (CSP) projects materialising in North America, Europe and taking off in North Africa/Middle East and India, as well as geothermal projects in Asia-Pacific and the USA. Biomass market has been growing also, especially driven by strong demand in the Americas. Global solar photovoltaic market in 2011 saw a record of more than 25 GW connected to the grid of which 75% in Europe. However despite continuous growth, manufacturing over capacity has led to a dip in prices on the photovoltaic market which made most of the industrial players highly unprofitable. Whilst European markets have always outpaced the rest of the world, this will presumably no longer be the case in the years to come. China, with a recent target increased to 15 GW by 2015, will probably be one of the main markets.

MEDIUM TERM GLOBAL POWER MARKET FORECAST
AVERAGE 240/280 GW P.A.



Source: Alstom

MARKET DRIVERS

Demand for power generation equipment tends to be increasingly driven by environmental concerns, subsidies and incentives schemes, as well as ageing of the installed base. Other factors such as economic growth (especially for large hydro plants), fuel prices and availability, as well as energy management are also key elements shaping the power market. The unprecedented interest in renewable energy, particularly solar and wind energy, adds additional complexity but also great opportunities to this equation.

Harnessing renewable energy is a complex matter. For renewable power, in order to experience long-term sustainable growth, developers must eventually target what is commonly referred to as grid parity, which is achieved when electricity produced by solar, wind or any renewable energy equals the price of electricity from the grid. In fact, in remote or particularly favorable areas, electricity from

geothermal energy, solar or wind can already be cheaper than building new distribution lines to connect them to the main transmission grid supplied with conventional sources of electricity. But in most cases and for most technologies, this is not yet the case and can for now only be achieved through support schemes, such as feed-in tariffs or tax incentives.

The second challenge lies in the intermittent nature of most renewable energies. Typical examples are low solar radiation during cloudy days and varying wind patterns. The intermittency of renewables is pushing energy providers to look at ways of storing energy to guarantee stable supply or to have back up power ready if weather conditions change. This characteristic of renewable energy becomes more evident as the share of grid connected renewables increases, spurring challenges and developments in both energy management and grid infrastructure.

Renewable Power Sector

CLIMATE CHANGE CONCERNS AND POLITICAL TARGETS

Discussions within the United Nations Framework Convention on Climate Change (UNFCCC) COP 15 in Copenhagen in 2009, COP 16 in Cancun in 2010 and COP 17 in Durban in 2011 confirmed

the growing consensus on the urgency of action towards climate change. In parallel, a number of countries have announced targets for domestic greenhouse gas emissions (GHG) reduction, with usually a role to be played by generating power from renewable sources:

Country/Regions	Targets and timeline
EU	Reduce GHG by 20% in 2020 compared to 1990 level and reach 20% of renewable in energy consumption by 2020
Russia	Reduce GHG by 20%-25% in 2020 compared to 1990 level and reach 4% of renewable in the energy mix
Turkey	Reach 30% of renewable in the energy mix by 2023, including 20 GW of wind
Egypt	Reach 20% of renewable in the energy mix by 2020, including 12% from wind
Morocco	Reach 42% of renewable in the energy mix by 2020
Algeria	Reach 30% of renewable in the energy mix by 2030
South Africa	Reach 1 GW of renewable energy by 2013 and 7 GW within 20 years
Saudi Arabia	Reach 15% of renewable in the energy mix by 2020
Brazil	Reduce CO ₂ emissions by 36-39% by 2020 compared to business as usual baseline, and dedicate 30% in its 10-year plan to renewables
Mexico	Reach 35% of renewable in the energy mix by 2024 (i.e. 28 GW)
China	Improve carbon intensity by 40-45% by 2020 compared to 2005 level and have 100 GW of wind installed by 2015
India	Improve carbon intensity by 20-25% by 2020 compared to 2005 level
Australia	Cut carbon emissions by 5% by 2020 from 2000 level

In addition, other countries have taken initiatives supporting this trend. In the United Arab Emirates, MASDAR city project in Abu Dhabi will rely entirely on solar energy and other renewable energy sources. In USA there are still no federal laws that set a specific target for renewable power; however mandated State Renewable Portfolio standard (RPS) policies play a similar role and in Canada ambitious – while nonbinding – renewable targets are set at provincial level.

CLEAN ENERGY MECHANISMS

The success of so called “new renewable” energy (mainly wind and solar- but not accounting large hydro that is one of most proven and economical ways of generating electricity) in the Power Sector differs greatly between Nations, more because of the policy context in each country than the actual natural potential. Many nations, predominantly in the EU and the USA, have had generous incentives, which have led to fast expansions of new renewable capacity, sometimes, even outpacing the targets set by governments. With the rapid cost reductions witnessed for some technologies, nations are now adjusting their incentives schemes downwards; the costs of generating electricity from these technologies can progressively reach grid parity, thus, making incentives less and even no more needed.

There are several types of renewable incentives schemes. The first can be defined as investment-based, which provides awards for the initial investment, regardless of how much electricity is generated. Common types are investment tax credits, loan guarantees or accelerated depreciation. The second is production-based, which provides an award that is proportional to the actual power generated. Feed-in tariffs and production tax credits are common examples. The Feed in Tariff (FiT) has been a particularly successful way for policy makers to introduce renewables. With FiTs, governments step in to insure an inflated price is paid for clean megawatt hour generated from wind, solar, or any other renewable energy project. The difference between what would have been the market price and the FiT price is usually ultimately covered by taxpayers. Additionally, in the USA there are also Renewable Portfolio Standards, which is a requirement that a certain proportion of power comes from renewable sources by a given date. Another way for countries to engage in renewable programs can be through dedicated auctions and tenders organised by governmental entities that invite developers to bid with a price ceiling per megawatt hour.



AGEING INSTALLED BASE OF POWER PLANTS

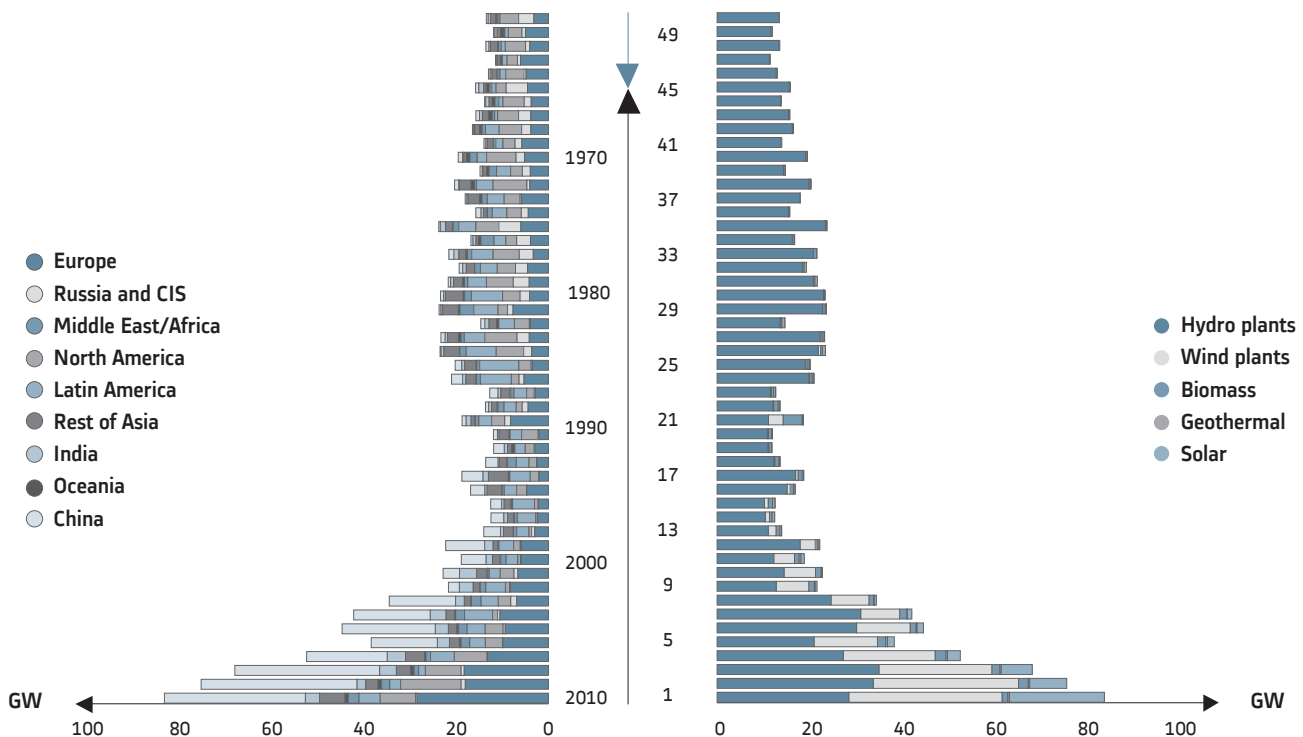
The ageing installed base and increased fuel prices should lead to a higher demand for retrofit. This is not only the case for the thermal power market, but is also beginning to become a growing part of the renewable power market. The retrofit business window has been around for decades in the hydro business and has benefited power plant manufacturers such as Alstom. The Group believes that its large worldwide installed base will be a significant source of future growth for its power generation activities, especially in Europe and in the USA, but also increasingly in other regions such as Asia.

The growing number of old plants reaching retirement age will continue to drive the market for servicing and retrofits as utilities strive to replace components to maintain current levels of installed capacity, or take the opportunity to increase the capacity of power plants to simultaneously address rising power demand.

By carrying out an integrated analysis of power plant equipment, operation and maintenance, individual plants can be improved to run more efficiently, thus cutting fuel costs, enhancing performance and reducing emissions.

AGE PYRAMID OF RENEWABLE INSTALLED BASE -

1,320 GW IN 2011



Source: Alstom

Competitive position

In hydroelectric power generation, the main competitors are Voith-Hydro, Andritz Hydro, Toshiba as well as Harbin, Dongfang and BHEL.

Alstom Wind's main competitors are Vestas, General Electric, Gamesa, Suzlon/REpower, Enercon and Siemens.

In geothermal power generation, Alstom faces competition in turbine and component supply from Japanese suppliers such as Mitsubishi Heavy Industry, Toshiba and Fuji.

In Solar Thermal power, Alstom competes with Abengoa, Solar Millenium, Siemens and e.Solar.

The competitive strength of the Alstom Renewable Power Sector includes its strong global presence and references, a broad portfolio of existing and under development renewable energy technologies, continued investment into R&D and product development, project execution expertise and strong relationships established with all key power producers. Alstom Renewable Power technologies allow an improved availability and increased efficiency of energy conversion as well as lowered construction and maintenance costs. Its integration and control solutions also offer the ability to manage renewables within a complex fleet.

Research and development

Alstom Hydro dedicated R&D organisation is continuously improving product development in order to better meet customer needs. Global technology centres create in-house Alstom Hydro product designs. They contribute to breakthroughs in the fields of environmental solutions, variable speed technologies, and high efficiency turbine and generator designs adapted to the market's new requirements. Five global technology centres are today in operations: Grenoble (France), dedicated to turbine technology, Birr (Switzerland) focusing on generators, Baroda (India) dedicated to Pelton turbines and sand erosion solutions, Tracy (Canada) dedicated to rehabilitation and Taubate (Brazil) to Kaplan turbines.

As part of its R&D plan, it has also initiated the development of wind offshore technology with the aim of entering the French, German and the United-Kingdom markets. Alstom Wind focuses on developing a large 6 MW direct drive offshore wind turbine specially designed to meet these countries' requirements, the Haliade™ 150. The first offshore turbines are planned to be available in 2012 for series production to start in 2014.

The turbine Haliade™ 150 incorporates dedicated offshore technology in collaboration with some of the industry's leading component suppliers.

- the ALSTOM PURE TORQUE™ design protects the generator and improves its performance by diverting unwanted stresses from the wind safely to the turbine's tower through the main frame;
- with no mechanical gearbox coupled to the generator, the turbine consists of fewer rotating parts, increasing reliability, maximising turbine availability and reducing maintenance costs. The use of a Permanent Magnet Generator (PMG) leads to better generation efficiencies and even greater overall mechanical reliability. The innovative "Advanced High Density" direct drive PMG, supplied by power conversion specialist Convertteam, is a more compact

and lightweight design compared to earlier generation direct drive systems;

- using 73.5 metres turbine blades jointly developed with LM Wind Power, the 150 metres rotor diameter combined with 6 MW rated power maximise the capture of energy. The turbine generates up to 40% more electricity per kg of material used than today's offshore machines (source: Alstom).

Since its investment in BrightSource Energy in 2010, Alstom has actively pursued several R&D programs pushing the boundaries of solar technology and using the experience Alstom has in traditional power generation technologies. Alstom with BrightSource is developing the largest solar receiver steam generator (boiler) 250 MWe for the next generation of solar plants and which is adaptable for other applications including thermal storage and integration with thermal plants. Alstom is actively working on enhancing its turbine and turbogenerator offering designed for the specific conditions of solar thermal power plants aligned with the latest advances in the solar receiver steam generator.

Always at the forefront of the technological innovation, Alstom is investing in new energies. Alstom is developing and industrialising the tidal technology from its fully dedicated site in Nantes in France. Alstom produced the main parts of the first commercial scale prototype of BELUGA™ 9, which is due to be installed and grid-connected next year. A second prototype of a larger diameter is currently in development, and is planned to be tested in Brittany.

To develop wave energy technology, Alstom has 40 full-time staff dedicated to R&D alone at its unit in Nantes. AWS Ocean Energy, a Scottish company in which Alstom owns 40% stake, is working towards a full-scale 2.5 MW prototype of its Wave Energy Converter named AWS III. A full-scale demonstrator is planned to be tested in 2014, with commercialisation to follow.

Strategy

The Renewable Power Sector strategy is based on two pillars: an important program of investments in leading edge renewable technologies and the development of an international set-up based on a strong sustainable growth based on a leading position in renewable energies markets. Alstom intends to leverage overall its existing leader position in hydroelectricity while developing strongly other energy sources.

REMAIN A LEADER IN HYDRO

Hydropower is the largest source of renewable power worldwide and Alstom is a leader in that market. In Hydro, Alstom intends to leverage on its global production footprint, with production facilities in all key

regions of the world, while adapting its offer to the specific demand of each particular market and striving to have the most competitive cost structure. Alstom has an undisputed track record and ability to execute large and complex Hydro projects.

Within Hydro, Alstom is also the number one in pump storage, the only mature technology allowing large and CO₂ free energy storage and quick load variation to compensate wind and solar variability. This segment should grow substantially in the coming years.

In hydropower, technological development is focused on continuous improvement of the performance and reliability of the current product portfolio as well as the development of new technologies. Performance of turbines and generators will involve efficiency,

stability and reliability. New developments such as variable speed pump turbines and permanent magnet generators should allow Alstom to keep its technology leadership. Environmental design is also an important axis of improvement with the development of green solutions such as fish friendly turbines, oil free components or dissolved oxygen.

Alstom will develop its tests capacities closer to key markets such as China, Canada (rehabilitation), Brazil (Kaplan turbines) and India (Pelton turbines) with the global centres of technology to strengthen and consolidate its positions in these markets. Growth opportunities will rely on Russia where a new set-up under the form of a joint venture and cooperation with RusHydro, will be operational this year and the re-development of the small and mini hydro activities.

DEVELOP WIND OFFERING

Alstom is also one of the leading players in the wind industry worldwide. From its historical base in Europe, it expanded in 2011 into Brazil and USA by building local production facilities.

On the onshore market, Alstom has already obtained a significant share of the market in Brazil and will continue in 2012 its development strategy into these areas, while leveraging its recent commercial successes in Africa. With one of the most demonstrated 3 MW platform for onshore applications, Alstom can address new wind markets in all wind conditions. The range is being extended with a new high capacity factor low wind turbine, the ECO 122 which will be deployed next year.

In parallel, the offshore wind market should become a key area of growth for the Group.

The signature with a consortium led by EDF EN of an exclusivity agreement for answering the first call for tender for 3 GW offshore wind launched by the French Government has been a key milestone. Following the award in April 2012 of 3 zones to the consortium (Saint-Nazaire, Courseulles-sur-Mer et Fécamp for a total of around 240 wind turbines), Alstom confirmed four facilities (nacelles, generators, blades and towers) will be set up in France. The Sector is also targeting other large European offshore wind markets (Germany, United-Kingdom) and expects to position itself as a leader of this growing part of the renewable energy mix.

The Haliade™ 150 turbine based on cutting edge technologies such as the largest rotor ever designed and a direct drive permanent magnet generator should help Alstom to capture a significant share of the promising offshore market.

GROW IN NEW ENERGIES

To sustain emerging technologies development, a "New Energies" business has been created within the Renewable Power Sector. Development of prototypes, demonstration and commercial activities will be the key priorities for marine energies (tidal stream and wave). Regarding Geothermal, priorities are focused on achieving a full product portfolio in order to fully cover the market by 2015.

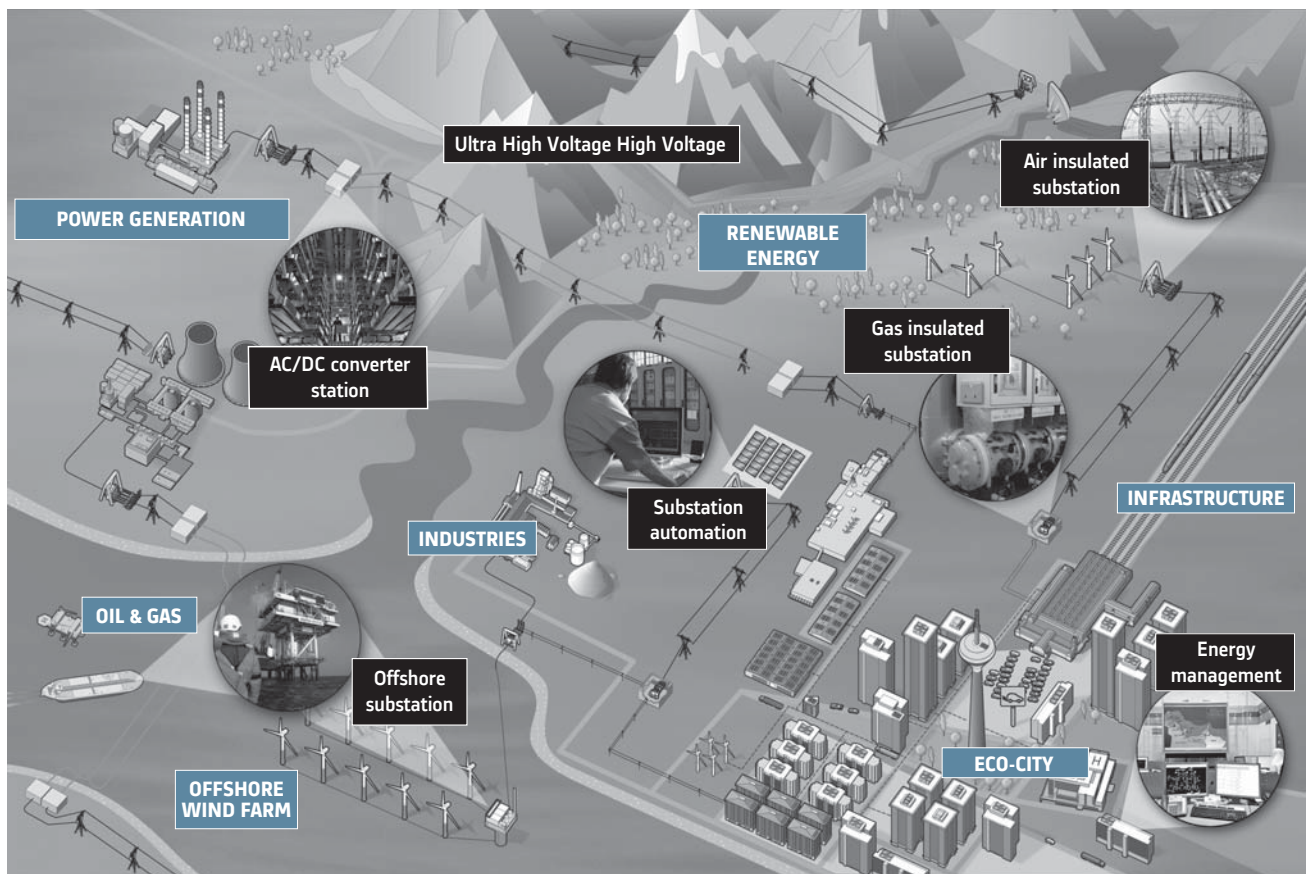
New Energies business strategy also relies on the development of an international set up. Small steam turbines production and supply chain activities will be focused on BRICs and Eastern Europe. Geothermal will develop its Asian footprint with the creation of an Asian office based in Jakarta (Indonesia) and a specific supply chain for this market. Alstom also plans to create a project office for solar projects in the Middle East, and to address the "Sun Belt region" in the USA.

GRID SECTOR

Alstom Grid has been supplying electrical equipment and solutions to its customers around the world for more than 130 years and has played a key role in the development of the electrical transmission and distribution grids. The Grid Sector designs and manufactures equipment and provides engineered solutions to manage power grids and transmit electricity from the power plant to the large end-user, be it a transmission, a distribution utility, an industrial process or a production facility or an infrastructure. Based on its technical expertise and global experience, Alstom Grid is continually innovating to deliver solutions that help its utility customers operate power grids more reliably, securely and in an environmentally-friendly manner. It also provides turnkey power supplies for industrial customers around the world. All of these solutions are designed to maximise energy efficiency while reducing greenhouse emissions.

Alstom Grid's customers range from large utilities and transmission system operators (TSO) to local power authorities and distribution system operators (DSO) while also serving a large array of specialised industries and infrastructures. The power generation market has greatly diversified recently with the introduction of renewable energy suppliers such as solar, wind or biomass. In addition, large and small industries and infrastructures have very specific energy requirements for their individual infrastructure or manufacturing plants. Alstom Grid has a wide range of solutions for segments including oil and gas, mines and metal, rail, municipalities, infrastructures, as well as for the power generation market itself. Alstom Grid's customers rely on its local service centres to maintain and renew their installed base, whether the equipment is provided by Alstom or by a third party.

A COMPLETE PORTFOLIO



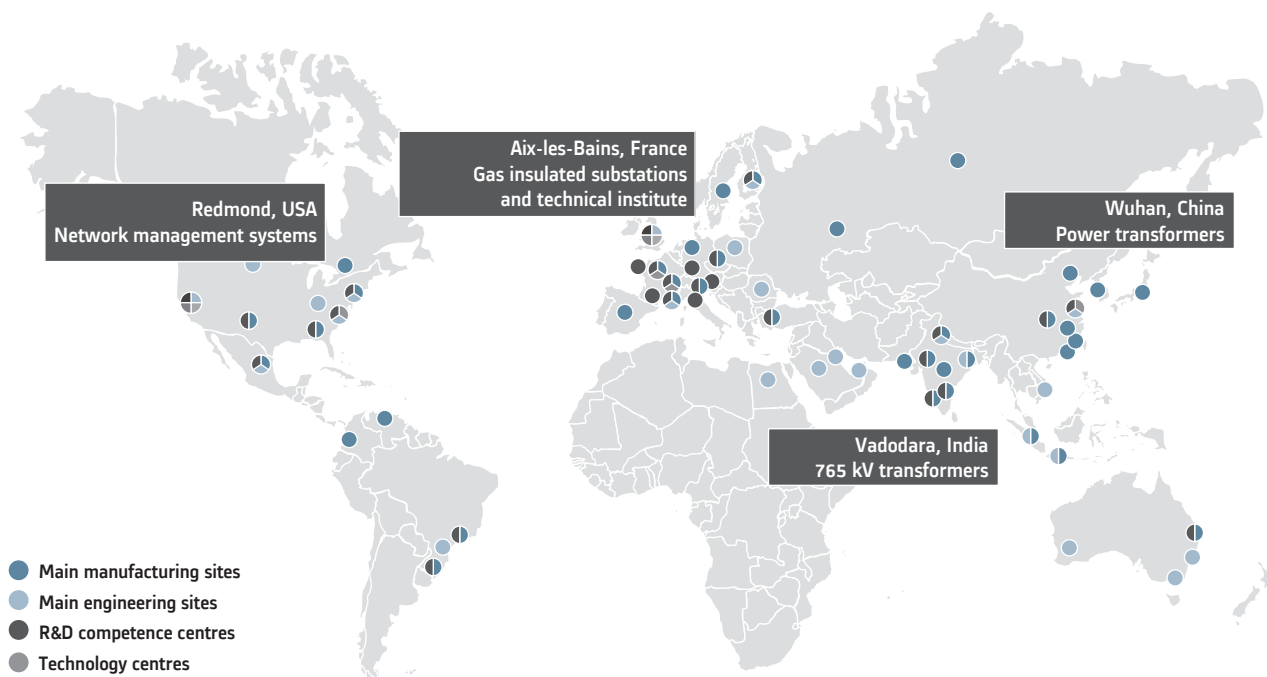
Source: Alstom

Offering

Alstom Grid is one of the world's leading global providers of large engineered turnkey transmission and industrial power supply projects, such as high voltage alternative current (HVAC) substations, specialised power electronics-based energy supplies (high voltage direct current known as HVDC) and grid interconnection solutions.

Geographically, Alstom Grid is active on all continents, with over 90 manufacturing or engineering sites worldwide. This international manufacturing base, located close to the customers, enables global competitiveness and solutions adapted to the customers' specific requirements and needs.

OVER 90 MANUFACTURING AND ENGINEERING SITES WORLDWIDE



Source: Alstom

With 50 local service centres and 16 technical institutes in over 30 countries, Alstom Grid continues to expand its services activities and implementation in China, India, Indonesia, USA, Russia, Saudi Arabia, Morocco and Algeria.

ENGINEERED SOLUTIONS, PRODUCTS AND SERVICES

Alstom Grid grew and developed as a high voltage transmission products and equipment manufacturer. The company now provides complete turnkey engineered solutions ranging from network studies and analysis, solution design, engineering, procurement, civil works, installation, testing and commissioning and asset management. Whether for transmission customers or industrial partners, the Sector has a strong background in providing quality, reliable and cost-effective energy solutions. Combining the talents and know-how of equipment procurement and construction specialists (EPC) with high voltage AC or DC engineering experts, Alstom Grid has become one of only three companies worldwide to work in this highly specialised field.

Grid has 36 engineering and project delivery centres worldwide, and has built over 4,000 substations around the world (source: Alstom).

HIGH AND ULTRA-HIGH VOLTAGE AC SUBSTATIONS (UP TO 1,200 KV)

The large substations, applying either air or gas-insulated switchgear, are the important nodal points for large transmission networks. They direct the movement of energy away from large power generation plants or serve as the interconnection points between regional or country networks.

Alstom Grid consolidates its leadership position in the 765 kV substations (having won 17 out of 40 projects ordered till date in India). Major success came through Power Grid, Sterlite or RRVPNL. Commissioning of Lanco's Anpara C 765 kV, with all indigenous 765 kV products, was a great landmark of 2011.

The growth of the wind power generation in the past 10 years has created an important new market: collector and transmission substations for renewable energies. Alstom Grid is now a worldwide leader in the offshore substations domain with a large installed

Grid Sector

base in the waters off the United Kingdom and Germany coasts (source Alstom). Alstom Grid has pioneered a 'floating, self-installing substation' that does not require expensive offshore cranes to be erected.

POWER TRANSFORMERS

Power transformers connect electrical networks or systems of different voltages to allow power exchange between them.

Alstom Grid has dedicated production facilities for power transformers in four continents, with a current production capacity of more than 130,000 MVA for medium and large power transformers. Alstom Grid delivers yearly up to 1,000 new transformers. As a key player and pioneer in transformer technology, Alstom Grid designs and manufactures all types of power transformers and reactors for power generation, power transmission, electro-intensive industries and rail applications.

In 2011, Alstom Grid has made significant investments in its power transformers factories: Stafford (United Kingdom) and Rocklea (Australia) with new equipment, Canoas (Brazil) with a state-of-the-art UHVDC testing facility, and Saint-Jean sur Richelieu (Canada) with increased production capacities.

An important cooperation agreement with China Electric Power Equipment and Technology Co. Ltd (CET) has been signed for the development of ultra-high voltage direct current power transmission systems. The cooperation is on 800 kV and 1,100 kV converter transformer technology development and manufacturing.

In December 2011, Alstom Grid achieved a major milestone with the successful factory acceptance test of the first-manufactured 600 kV DC converter transformer in the frame of the Rio Madeira (Brazil) project.

For all applications (AC/DC) Alstom Grid bushings represent a cost-effective solution to facilitate the electric stress control of power transformers, including:

- epoxy resin bonded paper up to 36 kV for generators;
- oil-impregnated paper (OIP) for voltages up to 1200 kV for power transformers and through-wall applications;
- SF₆ insulated up to 800 kV for GIS, GIL and through-wall applications;
- Resin-impregnated Paper (RIP) bushings for power transformers.

In 2011, the bushings competence centre in Milano, successfully completed the type tests of an 820 kV DC wall bushing prototype. This major step in HVDC bushings' development confirms Alstom Grid engineering knowledge in electric science, material properties and production technology.

DISCONNECTORS

Disconnectors are the functional separation of an electrical line for service or maintenance purposes. Alstom Grid is the world's number one manufacturer of disconnectors, having delivered and installed over 150,000 units in more than 130 countries around the world (source: Alstom).

Disconnectors are among the most customisable switchyard equipment, able to match a variety of substation footprints and space requirements. Alstom Grid's highly experienced team of engineers and technicians can provide expert advice and support in defining the most appropriate solutions.

The product line moved forward with two new technological breakthroughs: the 765 kV SPVL mega-switch for AEP, USA, and the 2SPO 1,200 kV disconnector for Power Grid, India, both of these products are essential equipments to the growth of the energy market.

INSTRUMENT TRANSFORMERS

As an essential link for the safe and efficient operation of transmission networks, instrument transformers provide accurate and reliable current and voltage measurements for secondary equipment such as meters, protection relays and bay computers.

With more than 210,000 instrument transformers in operation and over 100 years of experience, Alstom Grid offers a comprehensive choice of advanced, but field-proven technologies. It has the most comprehensive range up to 1,200 kV: top of the range current transformers, voltage transformers, capacitor voltage transformers, combined metering units and non-conventional instruments transformers.

In 2010, Alstom Grid launched its patented COSI range of digital instrument transformers - "Compact Optical Sensor Intelligence". This technology enables full IEC 61850 implementation for Alternating Current (AC) and Direct Current (DC) applications, including very high current DC applications, such as large scale aluminium electrolysis plants. This technology is central to the digital substation required by future "smart grids".

CIRCUIT BREAKERS

Circuit breakers interrupt the electrical power flow quasi instantly thus optimising the power flow in the grid by redirecting the power to where the demand occurs, and by protecting the network in case of an electrical failure. More than 125,000 Alstom Grid circuit breakers with thermal-assisted interrupters and spring operating mechanisms are in service worldwide and another 8,000 new solutions (72 kV to 800 kV) are being commissioned every year.

Alstom Grid is the worldwide circuit breaker supplier leader with its Live Tank (GL range), Dead Tank (DT range) and compact modules, ranging from 72 kV to 1200 kV (source Alstom). Alstom Grid's complete product portfolio enables it to respond to any customer need, including power generation with its generator circuit breakers.

GAS-INSULATED SWITCHGEAR AND LINES (GIS AND GIL)

GIS is the complete, compact substation using SF₆ insulation. It includes the functions of circuit breakers, instrument transformers and disconnectors.

With 18,500 GIS bays in over 2,350 substations up to 800 kV and over 150 km of single-phase gas-insulated lines in service, Alstom Grid's track record is a guarantee of reliability.

During its four decades of operational experience with high voltage GIS, Alstom Grid has maintained a prominent position in the market thanks to its continuous objectives of meeting the most demanding operational criteria.

Alstom Grid has also made a number of technical advances. For example, over the last forty years, the size of GIS has decreased fivefold, dramatically reducing the volume of SF₆ gas used and consequently the products environmental footprint. This is particularly important as there is a growing need for GIS in space-constrained urban locations. Today, the compactness of its GIS is an important differentiator for Alstom Grid in the market.

SERVICES

Alstom Grid offers sustainable and high quality service to optimise electrical infrastructure, heighten equipment's return-on-investment and prolong asset lifecycle, with solutions for both Alstom and third-party electrical equipment.

Alstom Grid's 1,300 service employees work in the field close to their customers and provide customised service solutions:

- from network design to asset maintenance and evolution;
- from punctual interventions to long-term partnerships;
- from emergency support to predictive maintenance.

As a product manufacturer, Alstom Grid is best placed to provide lifetime support on high voltage equipment whether initially delivered by Alstom Grid or not, or on entire networks from annual inspections through to minor and major maintenance.

This also includes substation condition assessment and condition monitoring, with support in decision-making processes and solutions for renovation, modernisation and extension for the equipment requiring improved performance or to resolve obsolescence issues.

Alstom Grid's technical institute offers a comprehensive range of training courses in electrical grid safety, operations, maintenance, protection, control and management. This high value-added selection of training courses encompasses all aspects of electricity, with an offer ranging from fundamentals to competence management.

SMART GRID SYSTEMS, NETWORK MANAGEMENT SOLUTIONS AND SUBSTATIONS AUTOMATION SOLUTIONS (FOR TRANSMISSION AND DISTRIBUTION GRIDS)

Alstom Grid launched its commercial offering on integrated Smart Grid systems – packaged solutions integrating digital equipments and software from Grid's various product lines - combining them into customised systems for transmission and distribution operators.

Smart Grid systems, already deployed with some of Alstom Grid's biggest customers (PJM Interconnection, Energinet.dk, Eskom, RTE...) significantly enhance the operational performance of existing grid infrastructures by adding a digital information technology layer to the power network. This allows the operator to receive in real-time

specific data on the power flow (quality, measurements, oscillations, meters, etc.) in all lines, substations and equipments, while also permitting integration of large quantities of intermittent renewable energy sources (wind and solar farms) into their generation portfolio, balancing their base load with additional renewable power. Finally, the two-way, real-time interconnection between grid operators at control-room level, and the smart power equipments, allows Grid's customers to optimize instantly the energy dispatch on their network, through automated responses to digital control systems and protection relays at substation level:

- renewable control room: the renewable control room allows Energinet.dk in Denmark to integrate over 30% of renewable power sources (more than 5,000 wind farms) into its grid, analysing the wind forecast and balancing the thermal power load with the additional wind power during its daily operations;
- online stability solutions: combining Phasor Measurement Units (PMU) deployed across a transmission grid and online stability software, this system allows Grid customers such as Manitoba Hydro (Canada) or Eskom (South Africa) to instantly detect abnormal power oscillations on their lines, initiate interventions and reduce blackout risks;
- Integrated Distribution Management System (IDMS): dedicated to distribution grid at city or county levels, the IDMS allows customer utilities such as Duke Energy (USA) not only to pilot in real-time their entire distribution grid and minimise the network losses, but also integrate Distributed Energy Resources such as electrical vehicles, smart buildings, or small-scale renewable sources;
- demand-response management: opening a true communication bridge between end-consumers and distribution utilities, demand-response helps the operator manage the peaks in the overall electricity consumption for a city or region, by working with residential or commercial customers to adjust their individual electricity use at specific times based on financial incentives.

The two main technologies driving Alstom Grid's Smart Grid solutions are the world-leading network management solutions and substation automation solutions.

NETWORK MANAGEMENT SOLUTIONS

Alstom Grid's Network Management Solutions (NMS) product line makes the Company number one in the world in energy management and energy market systems. The cornerstone, technology known as e-terra™ global energy solutions, is used by utilities in their control centres to manage generation, transmission, distribution and trading of electric energy. These mission-critical systems are the "brains" behind a utility's grid and ultimately keep the light on for its customers.

Alstom designs, develops, delivers and supports software solutions for transmission and distribution of electrical utilities, market systems operators and energy market participants. These solutions are delivered either as a software package, as an integrated information technology system or as a full-turnkey project depending on the customer needs and business models. In an ever-evolving energy landscape, these solutions are playing a central role in Alstom Grid's

Grid Sector

Smart Grid development to address the world's energy infrastructure challenges by creating sustainable solutions to help increase overall grid reliability and efficiency, at the same time managing new distributed generation and renewable energy sources being introduced on electrical grids.

In addition to its software solutions, Alstom Grid also offers a full suite of telecom solutions for utilities, integrating high bandwidth services into utilities telecom backbone and offering a high level of performance and reliability in a competitively-priced package that ensures low cost of ownership. The product line is also experiencing success in the oil and gas pipeline field in gas, liquid and product pipeline management and control systems.

In 2011, acquisitions were completed to strengthen and reinforce Alstom Grid's technical expertise and technology leadership in electrical grid control rooms:

- Psymetrix, acquired in February 2011, enhances online stability and grid defence plan solutions. The integration of software platforms will lead to the development of next generation software applications for expanded grid security and situational awareness for operators in transmission and distribution networks;
- UISOL, acquired in March 2011, with its world-leading demand response software application, DRBiznet, will help Alstom Grid position to capture this fast-growing market segment where consumers are able to reduce their energy consumption during peak hours. This Demand-Response (DR) management system allows integration of load management and advanced metering infrastructure technologies while simplifying the overall Demand-Response management.

SUBSTATION AUTOMATION SOLUTIONS

Alstom Grid is among the top suppliers of high-performance, mission-critical solutions that protect, control and manage electrical substations and grids for utilities and electro-intensive industries. Alstom Grid covers the complete substation automation range, offering full IEC61850 compliance, ready for Smart Grid applications and Digital Substation Automation.

Alstom MiCOM IED (Intelligent Electronic Device) range of IEC 61850 compliant protection relays and measurement devices monitor, control and protect motors, generators, feeders, transformers, bus systems and transmission lines. In January 2012, Alstom Grid has launched the MiCOM P40 Agile range of IEDs, which provide an integrated feeder management solution for complete protection, control and monitoring of electrical power systems.

Alstom Grid also provides digital control systems for AC and DC electrical utilities substations and industrial installations. These interoperable and IEC 61850 compliant solutions allow achieving high level availability and reliability of the substation equipment. It also permits full integration with the control room network monitoring and Smart Grid applications such as stability, wide area protection plans, and online condition monitoring.

Alstom Grid's substation automation solutions range is crucial to the development of smart grid technologies, Alstom reinforces its Smart Grid centre in Montpellier (France) at the end of 2011. The new site will strengthen Alstom's know-how in digital technology, supporting its strategy of developing the substations of the future in the Smart Grid.

SUPER GRID SOLUTIONS: POWER ELECTRONICS

Alstom Grid has been in the Power Electronics business for over 50 years and has contributed to some of the most important interconnections around the world.

The Super Grid of the 21st century has more complex requirements than it did in the 1960s. The major evolution now aims to:

- connect renewable energy sources efficiently to the grid;
- improve regional grid interconnections, optimising available resources;
- build energy highways that will move more energy over long distances from resource-based generation points (hydro and wind – particularly offshore wind farms, for example) to distant load centres;
- improve existing AC transmission networks with power electronics-based solutions;
- allow the connection of battery stored energy to the grid via DC-DC converters;
- import enough energy to mass-charge electric vehicles.

HIGH VOLTAGE DIRECT CURRENT (HVDC) SOLUTIONS UP TO 800 KV

Alstom Grid's Voltage Source Converter (VSC), the HVDC MaxSineTM, was launched in 2010. This technology is ideally suited for the connection of offshore wind farms to the grid and multi-terminal applications. Customers can observe the VSC technology in operation at the 25 MW VSC demonstrator and simulator located at Alstom Grid's global HVDC development centre in Stafford (United Kingdom). This is the same technology that will be used to build the South-West Link project for Svenska Kraftnät in Sweden, a point-to-point HVDC interconnection between two cities; this will provide a multi-terminal link for a future programme to interconnect the grid between Sweden and Norway.

Alstom Grid and Russia's KER Ltd, a contractor in the field of electrical engineering, signed the final agreement to form a joint venture (JV) for engineering and project execution of HVDC projects for the Russian market. The joint company will be 50% held by Alstom and 50% by KER. The objective is the localisation of expertise in Russia by creating a direct current engineering centre in Saint Petersburg. HVDC technology will support the modernisation of the Russian electricity sector by adding long distance transmission interconnections that increase the grid stability, reliability and efficiency.

FLEXIBLE ALTERNATING CURRENT TRANSMISSION SYSTEMS (FACTS)

FACTS are the power electronics-based solutions that support and improve long-distance AC transmission systems as well as certain AC industrial solutions. This technology, in which Alstom Grid is one of the global specialists, dramatically improves transmission reliability and realise a very quick return-on-investment for the customer.

Among Alstom's various FACTS solutions, the SVC MaxSine™ is a compact D-STATCOM system that ensures grid code compliance for onshore wind-farms, or, when placed in an industrial production power supply, improves the balance of reactive power thus reducing disturbances in the AC power supply. Fixed series capacitors and Static VAR Compensators (SVC) are two important products for Alstom Grid as they dramatically improve long-distance AC transmission networks.

SPECIAL POWER SUPPLIES

Electro-intensive industries such as electrolysis plants (aluminium, zinc, copper, chlorine, etc.) rely on Alstom Grid's special power supplies and power quality support. Reliable direct current supply to production facilities ensures efficient manufacturing.

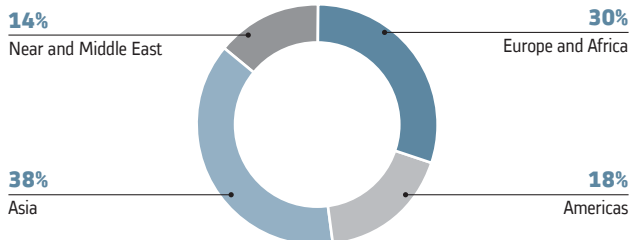
Alstom Grid's rectifier-based power solutions for aluminium electrolysis processes position it as a world leader. Trusted by the world's largest metal producers, its solid experience in coordinating multi-national projects means that its high quality systems keep production facilities running.

Either through Grid-sponsored R&D projects, by collaborating with industry associations, or in consortium with industrial partners, Alstom Grid is one of the leading companies driving the progress of Super Grid development to strengthen and improve today's existing grid.

Industry characteristics

MARKET EVOLUTION

MARKET BY REGION(*)



Source: Alstom

(*) Excluding Service and adjacent Smart Grid markets.

In Europe, there are large prospects of growth thanks to the investment in renewable energy (more specifically off-shore wind farms), the development in Super Grids and the implementation of the Smart Grid concept.

The European transmission infrastructure evolution is mostly being driven by the 20/20/20 commitment (-20% of greenhouse gas emissions, 20% of EU energy to come from renewable generation and by 20% improvement in energy efficiency). Major renewable generation projects have been launched creating the need for new transmission capabilities like high voltage equipment to be integrated into the existing grid and traditional transmission equipment to be modernised.

Some political decisions can substantially change the energy mix, such as in Germany, where the exit of nuclear power decision drives large investments into the grid to allow power highways to flow the offshore wind energy down to the South where consumers stand.

In Russia, major efforts are provided to reinforce the AC network and at least one major HVDC interconnection will be installed in the next few years to provide reliable electricity to growing industrial and urban activity.

In China, the transmission market is seen to be stable from 2011 onward, with additional major HVDC projects to be planned.

In India, there are important efforts on ultra-high voltage (765 kV) and HVDC following the need to reinforce the electrical network.

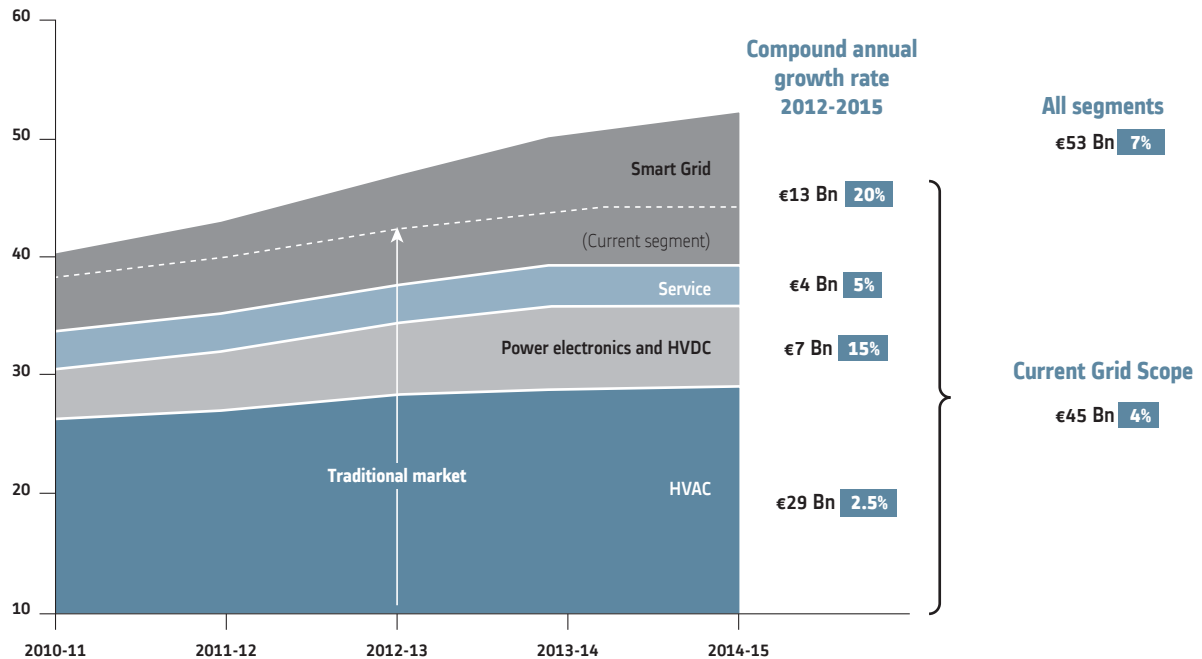
In the rest of Asia Pacific region, the prospect of volume growth is importantly driven by modernisation in Australia and electrification projects in most of the Eastern Asian countries and restructuring of Japanese Grid after the tsunami.

In North America, the traditional market is getting impacted by the infrastructure renewal programmes which are taking off at a steady pace. On top of this, many renewable generation programmes, such as offshore wind production on the East Coast and connections to hydro capacity available in Canada, are creating opportunities for large HVDC projects.

In Latin America, the market is driven by very large infrastructure projects for hydropower, long distance HVDC interconnections to stabilise the continental network or long distance HVDC connections between large power sources and remote points of consumption.

MARKET BY PRODUCT LINE

IN € BN



Source: Alstom

The transmission market is expected to grow mainly in HVDC and Smart Grid over the coming years. The traditional transmission alternative current market will grow at a lower pace.

MARKET DRIVERS

The electrical industry is currently facing significant changes: economic development, market growth, technological advances and consumer, industry players and governments behavioural evolutions.

Four main drivers are behind the foreseen market growth in volume over the medium term. The first two are driving the general volume growth of the industry:

- economic growth, which brings with it the need for electrification in emerging countries; and
- renewal and upgrade of existing networks in mature countries.

The second two drivers are not only bringing market growth, but also fuelling significant technology changes, namely:

- integration of low carbon energies, which is driving the need for efficiency, stability, to ultimately build the Smart Grid and the evolution towards broader, larger Super Grid; and
- more stringent requirements for power supply reliability, security and efficiency.

Each of these factors will contribute to the medium and long-term growth of the transmission market.

GLOBAL ECONOMIC GROWTH AND ELECTRIFICATION IN EMERGING COUNTRIES

The link between electricity consumption per capita and Gross Domestic Product growth has been demonstrated numerous times, especially in emerging countries such as China, India and Brazil. These are examples where there is massive investment in the extension of electrical grids to ever broader parts of the country, both to sustain industrial production and to improve access to electricity for the entire population. For example, in India, the second most populous country, there is a great challenge to bring electricity to some 40% of the population, who have no access today.

Increase in electricity production will directly impact the transmission market growth. The need to transport growing quantities of electricity over longer distances will also drive the development of ultra-high voltage AC and DC grids (so far up to 1200 kV AC and 800 kV DC with a 1100 kV DC prototype launched in China).

INFRASTRUCTURE RENEWAL AND MODERNISATION IN DEVELOPED COUNTRIES

In many developed countries, electrical grid infrastructure is coming to the end of its operational lifespan following the strong investment in the 1970s. It is time to progressively renew the installed base and modernise the grids. Additionally, new environmental constraints due to ageing equipment need to be anticipated as opportunities for equipment suppliers such as Alstom Grid. There is a demand for even more efficient products, with less impact on the environment and for more digital equipment using open communication protocols.

INTEGRATION OF LOW CARBON ENERGIES DRIVING THE DEVELOPMENT OF SMART GRID AND SUPER GRID

Today, over 40% of the current power is generated from coal-fired plants and only 3% come from wind or solar. But by 2035, these latest sources will account for more than 15% of all power generation.

Renewable energy sources have less impact on the environment, but their variable nature means that integrating their output into the network is not easy. These energy resources, more and more decentralised and small scale, are often associated with demand response and energy storage and make the distribution networks more complex.

SMART GRID: THE INFORMATION TECHNOLOGY ERA OF THE GRID INDUSTRY

An increasing number of power generators and electrical utilities worldwide are seeing the need for smart grid systems—installing digital equipment on their existing infrastructures to interconnect all assets and optimise the control of their network. The new technologies brought by the Smart Grid will allow more efficient ways of operating electricity flows.

Since the beginning of the 1990s, environmental policies have evolved into an ambitious development plan for low carbon and renewable intermittent electricity sources. Hence, the smart technologies are particularly suited to ensuring the stability of the electrical grid when it receives intermittent supply of electricity.

Consumption modes are changing today, with end-users more and more interested in playing an active role and controlling their own electricity consumption and services. In addition, as distributed energy deployment is gaining pace, there are moves towards energy autonomy by consumers, who increasingly decide to connect solar panels and wind turbines to their buildings, thereby making energy positive. Additionally the rollout of electric cars is progressively starting to introduce entirely new ways to store and use electricity.

SUPER GRID: EVOLVING TOWARDS STRONGER NETWORKS

In the early 1960s in Europe, it became clear that it would be more efficient to link regions and ultimately country networks. This was the beginning of what we call today “Super Grid” – networks unconstrained by regional, country and often continental boundaries. This development continues to be strengthened by higher fossil fuel costs and increasing demand for highly reliable power supplies. There are currently several very ambitious collaborative projects at continental and multi-continental levels.

Other trends are also emerging at continental level. In order to strengthen the AC electricity grid as it is today, to incorporate more and more electro-intensive consumer electronics, large data centres requiring seamless power supplies, electrical cars charging batteries, operators are now moving towards building full AC-DC meshed grids. These meshed grids will permit the flexibility of AC grids with the strength and control of DC grids.

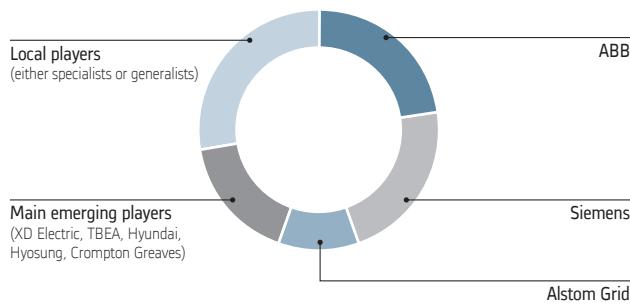
In addition, the grid could span over a continent because of the characteristics of DC, namely to be the best way to transport electricity over long distances and to interconnect asynchronous networks. The Super Grid of the future will have to be more efficient, less expensive to maintain and allow more autonomy of energy for a continent by harvesting renewable energy sources, such as solar power or offshore wind.

MORE STRINGENT REQUIREMENTS FOR POWER SUPPLY RELIABILITY, SECURITY AND EFFICIENCY

Reliable electricity supplies are vital for activities like hospitals or air traffic control, while some industries, like steel-making, depend on large amounts of power to function; a major blackout can cost over \$1 billion in direct costs.

Competitive position

COMPETITIVE ENVIRONMENT



Alstom Grid is one of the three global leaders in the transmission market with ABB and Siemens. These top main players cover more than half of the transmission market, while emerging players from Korea, China and India are extending their offer coverage and geographical reach.

Alstom Grid has a number of fundamental advantages high quality products, expertise in engineered solutions, an ambitious innovation policy and an international footprint – allowing deep market coverage.

Research and Development

Innovation plays a major role in Alstom Grid's strategy. Investment in research and development is an essential way to keep its product portfolio competitive, differentiate from competitors and control its own technology.

Alstom Grid's five technology centres and their teams of technical experts are involved in long/medium term research and development programmes to prepare for the future needs of electrical networks. The technology centres are located in Stafford (United-Kingdom), Redmond (USA), Villeurbanne and Massy (France) and Shanghai (China).

On 19 December 2011 Alstom Grid started to build its new Smart Grid Excellence Centre in Montpellier, France. This centre is a critical factor in the equipment and solutions development needed for a rapidly evolving electricity infrastructure.

The site in Massy (France), is Alstom Grid's Smart Grid Excellence Centre for Power Electronics applications. The research and development teams regularly produce working prototypes. This year two new Smart Grid applications were unveiled: DC Converters, which will be the liaison between large battery storage facilities and the network, and a full scheme application for High Voltage Shore Connection (HVSC). This permits large ships to quickly and efficiently connect to shore power, shutting down the ship's fuel engines. This is a very important step forward as it will rapidly reduce pollution levels in major ports.

Other research and development activities are realised in more than 40 specialised competence centres located worldwide. Collaborative relationships are maintained with approximately 40 leading universities and research laboratories in Europe, Asia and North America.

Some examples of research carried out by Alstom Grid's global research and development network are:

CIRCUIT BREAKERS' INNOVATIONS

Extensive R&D lead to development of key product line elements during the year including:

- the VL109 Vacuum Circuit Breaker with on-site customer testing in France;
- the development of the FKGA2 generator circuit breakers rated at 100 kA, 14,000 A;
- the development of the DT1-362 Dead Tank circuit breaker with one-chamber and spring operating mechanism;
- the launch of the CABA compact air-insulated breaker assembly. This 145 kV solution combines circuit breaker, disconnecter and instrument transformer and is primarily targeting the US market;
- the development of the GL317 NXCT Live Tank circuit breaker for 550 kV applications, which combines a circuit breaker and optical current transformer on a common base.

ENVIRONMENTALLY FRIENDLY SOLUTIONS

Alstom Grid's "green" solutions offer significant environmental benefits, including better product performance across up to seven "green" criteria, and covering the three phases of the product life cycle:

- manufacturing: reduced consumption of natural resources;
- operation: lower CO₂ emissions, limitation of environmental risk, noise reduction, space savings and energy efficiency;
- end of life: recycling capabilities of products.

As example, the latest gas-insulated substations show significant environmental improvements compared to the previous generation, such as reduction of quantity of materials (aluminium mass of enclosure has been reduced by 36%), reduction of the quantity of SF₆ by 13%, reduction of sealing length by 11% to reduce the SF₆ leakage

risk, reduction of the resistance of a typical B105 bay by 26% (this represents an economy of 42 MWh per bay on 40 years of use), increase of the recyclability rate to 95%.

ULTRA-HIGH VOLTAGE

As urban and industrial centres develop, the need to transmit large amounts of power over long distance is increasing. One solution is to maximise the efficiency of the transmission and reducing losses. Transmission at ultra-high voltages, up to 1,100 kV DC and 1,200 kV AC, is a technological challenge. Meanwhile, the world market for power transmission has been evolving from 500 kV to 800 kV.

Since 2011, Alstom Grid has been working on a common development project for 1,100 kV DC with State Grid China's CET subsidiary. This is due for completion in 2012. Alstom Grid is also developing the dry bushing solutions needed to accompany the transformers previously proven for service in UHVDC applications; the dielectric tests have been already successfully passed for 800 kV.

INTEGRATING RENEWABLE ENERGY SOURCES

In addition to the AC to DC converters based on VSC technology which bring the solution for connecting huge off-shore wind-farms the AC networks STATCOM solutions are being developed to help operators to better monitor AC network efficiency. Solutions for connecting e-storage systems are also being investigated in collaboration with partners. As part of the drive for integration of larger scale renewable energy sources, the next generation of smart VSC HVDC technology is under development. This new patented multifunctional converter will provide, in addition to AC to DC conversion, some further functionalities (e.g.: blocking current) in order to support the AC network under DC fault conditions. The direct connection of large-scale renewables to multi-terminal DC grids is also a major R&D goal and is therefore the theme of several lines of development. Such systems will be supported by a family of protection solutions dedicated to systems with high levels of renewable energy sources and for systems that can be considered self-healing, in that they automatically re-configure to avoid fault conditions, thus maintaining power quality and system efficiency. Control room solutions are also being developed for managing high levels of renewable inputs technically and for managing the market aspects, for instance where there is multiple ownership and diverse levels of availability. Meanwhile the scenarios for longer-term functional requirements are being developed, including the functional building-blocks that will be needed for grids (and microgrids) that incorporate high levels of renewables.

INTELLIGENT SOLUTIONS

Following successful development and trials, Alstom Grid has introduced a solution for dynamic line rating (DLR), which is implemented in relays for generator protection. In this approach, the maximum allowable flow of power in an overhead line is constantly adapted to the climatic conditions (wind, temperature), rather than being fixed at a constant, pre-determined and lower level. This enables variable renewable generation sources to be dispatched and exploited to the maximum possible extent.

Furthermore, Alstom Grid became an active player in the collaborative "Twenties" project funded by the European Union. The objective is to significantly advance the development and implementation of new technologies, which allow the consolidation of wind power generation into the European electricity network.

The Grid Sector is also very active in developing the "next generation" substation that will be fully digital, making the substations safer and more reliable, smaller with lower life cycle cost.

SMART GRID

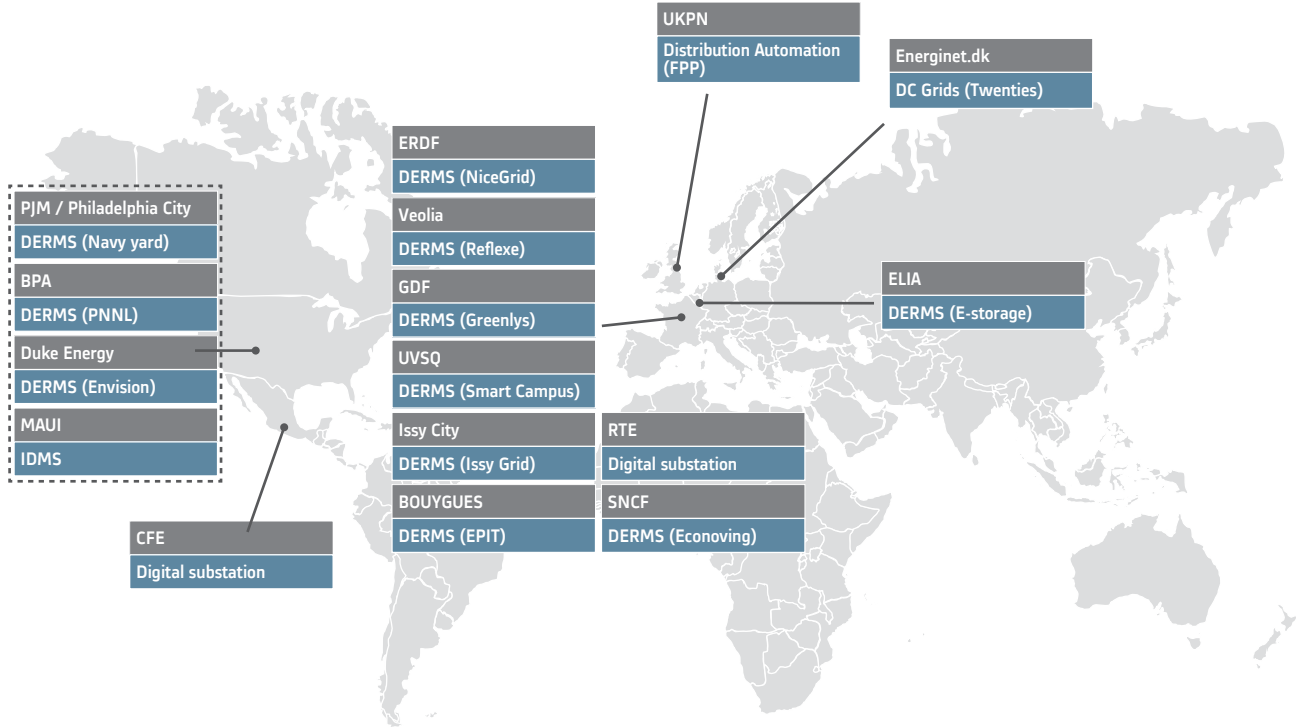
Alstom Grid develops and tests new smart grid systems and combinations of solutions through a number of demonstration projects worldwide, effected in the field with customers and public authorities. The Group is a worldwide leader in this particular domain, with 16 Smart Grid demonstration projects currently underway in 2011/12. Among the most visible this year have been the two newest eco-city projects:

- *IssyGrid (France)*: currently under deployment in an existing business district in the Paris suburbs, the IssyGrid project is piloted with Alstom/EMBIX™ smart grid platform for eco-cities, interconnecting and piloting a variety of energy resources in the district such as homes with smart meters, smart commercial buildings and electrical vehicles;
- *NiceGrid (France)*: set in the city of Nice in the French Riviera, the NiceGrid project relies on the IDMS (Integrated Distribution Management System)/DERMS (DER Management System) smart grid platform which interconnects smart homes, smart buildings, energy storage and an important quantity of solar photovoltaic panels, gathering them into a single integrated microgrid. This project allows a better energy consumption management of the microgrid, and connects it to the main distribution network.

GROUP DESCRIPTION OF ACTIVITIES

Grid Sector

ALSTOM SMART GRID DEMONSTRATORS



Partner
Technology (demonstrator)

DERMS: Distributed Energy Resource Management System
 IDMS: Integrated Distribution Management System

Source: Alstom

Additionally, Alstom Grid's R&D labs are working on the next generations of smart grid solutions to complement the smart grid systems already commercialized, both at transmission and distribution levels, as illustrated by the two key examples below.

- Electric vehicle fast-charging: Alstom Grid is working on the elaboration of future converters for the faster charging of electric cars, covering both the physical grid connection constraints and the integration of these chargers (and additional electrical loads) into the smart grid and smart city control rooms;
- Grid-connected batteries: Alstom Grid is looking into several storage technologies and their potential impact for transmission and distribution grids as well as eco-cities. Among the technologies considered is the connection of specific power converters for batteries, in order to integrate them into the electrical network and into the smart grid control architecture.

Strategy

While Alstom Grid intends to continue to improve its market penetration in the traditional AC transmission segment, it will put a strong emphasis on high growth segments such as smart grid, HVDC and service. To respond to very dynamic and evolving market conditions, Alstom Grid will also drive its global strategy with a strong focus on operational excellence.

ACCOMPANYING EXISTING CUSTOMERS ON NEW SMART GRID DEPLOYMENTS

Alstom Grid has now established itself as a visible and significant player in the global smart grid market. More than ever, Alstom views smart grid as a crucial business evolution and potential market for the coming decade. The Group has a significant competitive advantage in this domain thanks to its presence across the energy value chain, from power generation to transmission and distribution equipment, and down to eco-city projects. Alstom offers an integrated approach, based on combinations of hardware equipment and software solutions, to deploy smart grid systems on energy transmission and distribution networks. With its 130-year experience of pioneering and developing the energy infrastructure, Alstom is ideally positioned at the heart of the electrical grid, able to bring solutions with immediate benefits to its customers, whether they are energy producers, utilities, industries or end-users.

As part of its smart grid innovation strategy, Alstom Grid maintains and nurtures an eco-system of partners involving technology suppliers, universities, energy system experts, as well as strategic customers. These partners bring complementary expertise and returns of experience to Alstom's smart grid strategy in fields as varied as smart buildings, electrical vehicles, IT integration or electricity storage through numerous commercial projects and demonstrators.

Alstom Grid's smart grid strategy will continue to rely on accompanying its strategic customers worldwide, but in particular in the USA, European and Asian markets, in the progressive deployment of smart grid systems on their existing infrastructures. Systems such as wide-area stability plans, digital substations or micro-grids for eco-districts are progressively being implemented by electrical utilities at transmission and distribution level, and Alstom Grid intends to maintain its positions in this market, providing smart grid systems and accompanying customers in their deployment.

DEVELOP OFFERING IN THE SUPER GRID

The Super Grid of 21st century has complex challenges. The major evolutions now aim at harvesting renewable energy sources by connecting them to the grid, whether they are located onshore or offshore, and developing energy highways that will move more energy over long distances from resource-based generation points (hydro, for example) to distant load centres.

Another challenge is to increase the level of interconnection of large regional grids and improve their stability, thus optimising available resources, and to create a strong and reliable grid structure to match the challenges of changing load and generation profiles.

There are numerous Alstom Grid initiatives already in development in this area, such as UHVDC (1100 kV) and UHVAC (1200 kV) programmes in China and India, the planning and deployment of a meshed offshore grid in the Baltic/North sea "Twenties" project, the connection of very large hydro generation capability in Brazil, as well as the longest DC transmission line in the world; the development of a DC interconnection in North America based on the latest Voltage Source Converter (VSC) technology.

PROMOTE SERVICES

Alstom Grid closely stands by its products all along their lifecycle. Alstom Grid's asset management experts provide innovative, reliable, high quality service solutions to support customers throughout their asset lifecycle. Service solutions have become a highly differentiating factor for customers around the world. Alstom Grid's services cover spare parts supply, maintenance and repair, renovation, modernisation, extension and retrofit to increase customer's assets lifetime, reliability and performance. Alstom Grid has global engineering and reverse-engineering capabilities to manage obsolescence and third party equipment support.

Alstom Grid grows its local capabilities worldwide to deliver responsive and globally consistent services. Alstom Grid also develops remote services to increase the asset performance with predictive services based on condition monitoring. Alstom Grid brings added value services, such as long term operations and maintenance including on third party equipment, network consultancy, asset fleet management, renovation and modernisation of full substation, customised training as well as competence management in partnership with its clients to any application including power utilities, infrastructures, electro-intensive and oil & gas industries.

REACH OPERATIONAL EXCELLENCE

Operational excellence is expected in everything performed at Alstom Grid. Cost control is a priority with focused actions on sourcing and product cost improvements. Quality and reliability are also key not only in products, equipment and solutions but also in all processes. The aim is to deliver on time, on budget and as specified by customers.

The Sector is also committed to ensure the health and safety of all employees, as well as agency workers, contractors and visitors coming to the sites and to reduce the environment impact of the operations.

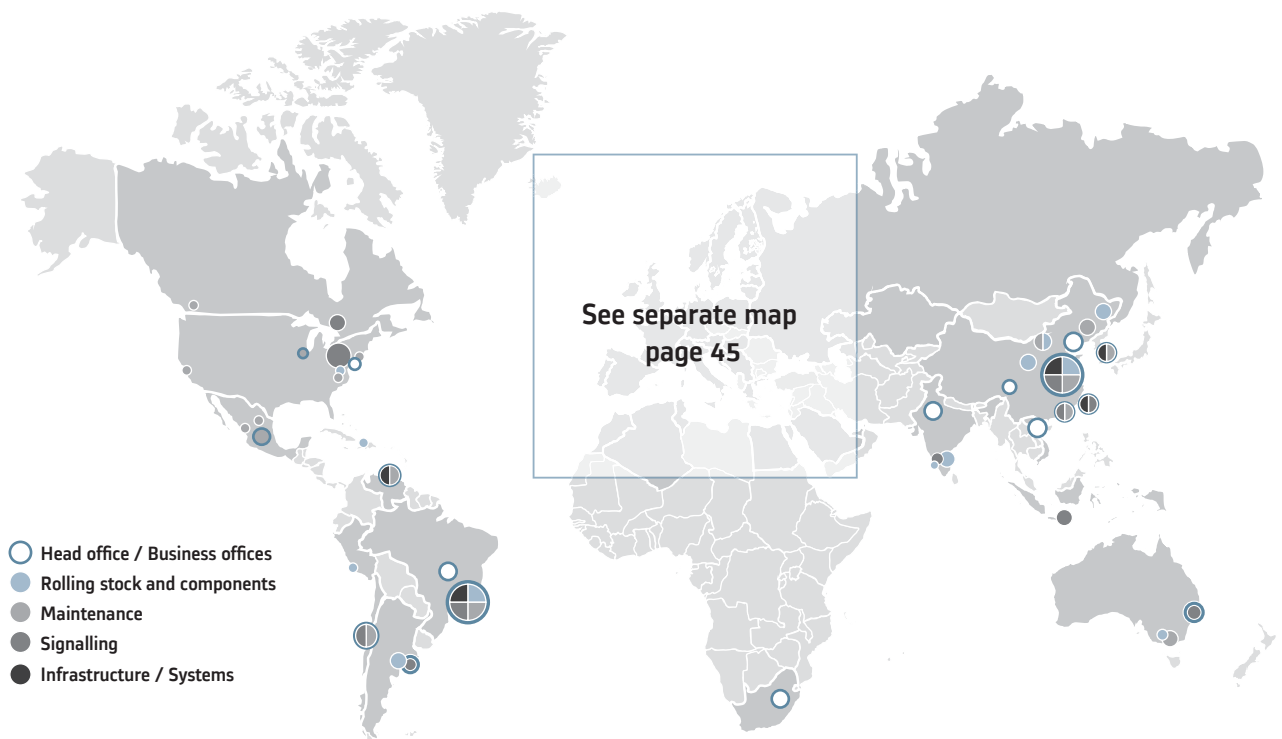
TRANSPORT SECTOR

The Transport Sector serves the urban transit, regional/intercity passenger travel markets and freight markets all over the world with rail transport products, systems and services. Alstom designs, develops, manufactures, commissions and maintains trains, and develops and implements system solutions for rail control. It also designs and manages the creation of new railway lines, and offers maintenance and modernisation programmes to keep customers' assets safe and productive. The Sector markets each of these as stand-alone offerings or combined within turnkey system solutions, according to each customer's requirements.

Offering

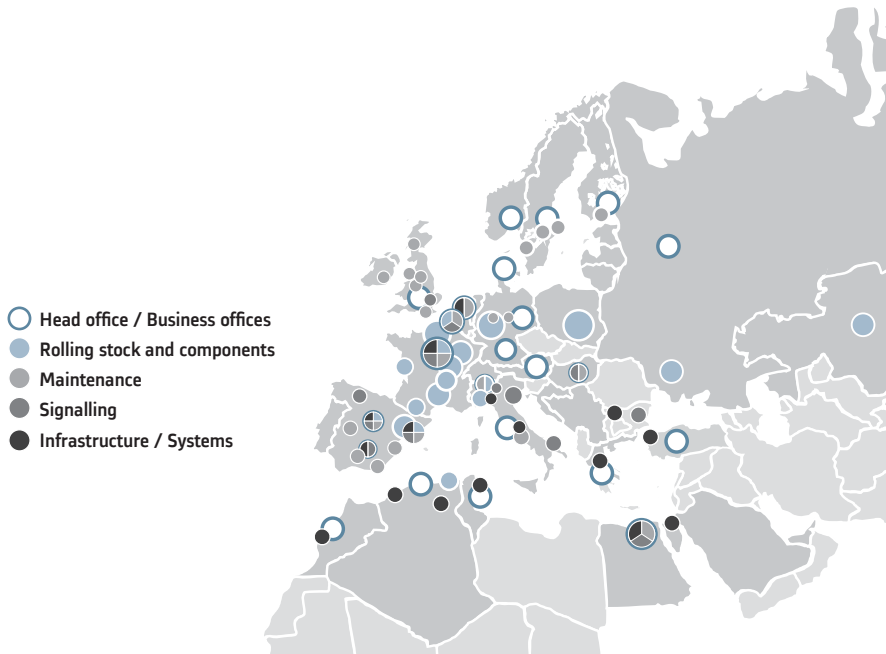
Alstom Transport has a global presence through its offices, engineering and manufacturing sites.

MAIN BUSINESS AND INDUSTRIAL LOCATIONS



Source: Alstom

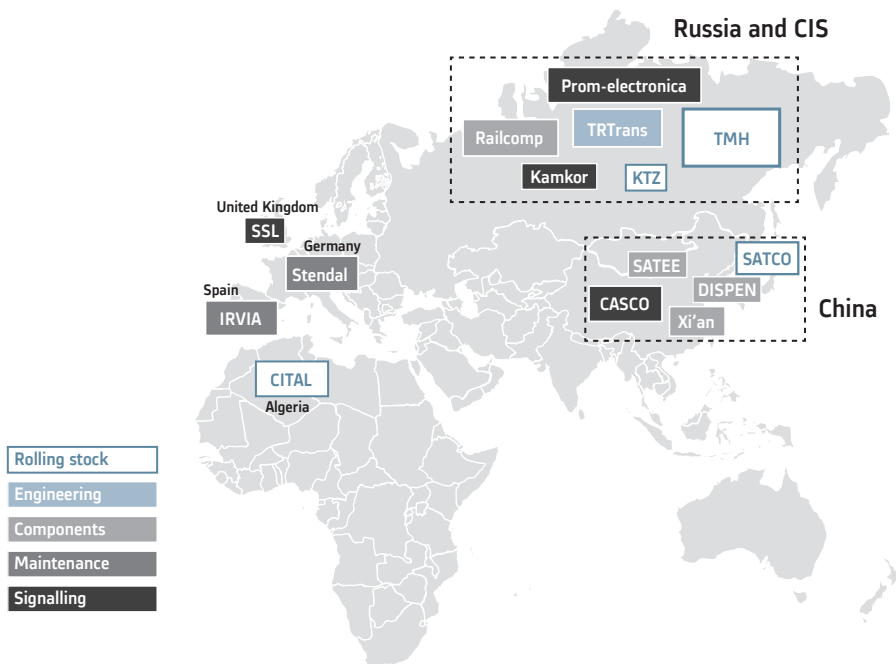
MAIN BUSINESS AND INDUSTRIAL LOCATIONS – EUROPE, MIDDLE EAST/NORTH AFRICA, RUSSIA AND CIS



Source: Alstom

With 15 partnerships settled in Europe, Asia and now CIS, and covering a large scope of activities (rolling stock, signalling, services, components), Alstom Transport has built throughout the years a well-established efficient network of partners. These partnerships allow to comply with customers' growing demand for localisation whilst developing adapted products.

PARTNERSHIPS



Source: Alstom

TRAINS (ROLLING STOCK)

Alstom addresses all segments of passenger rail transport worldwide from tramways to very high-speed trains with customised solutions configured from standard platforms. Alstom serves the freight-by-rail segment with locomotives, rail control systems and parts as well as maintenance support.

The rolling stock product line includes eleven manufacturing centres and five engineering centres as listed below:

- very high speed trains based in La Rochelle (France): design centre for trains that operate at speeds over 250 kph, including the TGV⁽¹⁾. The two main platforms are the double-deck trains and the AGV™ very high-speed train. EURODUPLIX™, the 3rd generation of very high speed double-deck trains built to run in France, Germany, Luxemburg and Switzerland, was put into service by SNCF on the LGV Rhin-Rhône on December 11, 2011;
- intercity trains based in Savigliano (Italy): design centre for PENDOLINO™ tilting trains, CORADIA™ MERIDIAN and X'TRAPOLIS™. These trains operate at speeds ranging from 140 kph to 250 kph;
- regional trains based in Salzgitter (Germany): design centre for the CORADIA™ family of electrical and diesel multiple units as well as the double-deck trains. These operate at speeds ranging from 100 kph to 180 kph;
- urban trains based in Valenciennes (France): design centre for the new generation of CITADIS™ tramways including the CITADIS™ Dualis™ Tram-Train as well as the METROPOLIS™ metros;
- locomotives based in Belfort (France): design centre of all locomotives, including the new generation of PRIMA™.

Manufacturing centres of excellence are present across all continents.

RAILWAY INFRASTRUCTURE (TRACK AND ELECTRIFICATION)

Alstom addresses both urban and main line rail transport infrastructure segments. This encompasses:

- the design and construction of new railway lines;
- the design and construction of extensions to existing lines;
- the modernisation of existing railway lines.

Alstom brings expertise and project management to these segments in:

- track work, with design and installation on concrete or ballast beds;
- line electrification and power supply, including sub-stations and specific power supply feeding system for tramways to suppress catenaries;
- station utilities including electrical and mechanical equipment;
- maintenance of all these items of railway infrastructure.

RAIL CONTROL SYSTEMS (RAILWAY SIGNALLING AND INFORMATION SOLUTIONS)

Alstom provides control and information solutions to rail transport operators and infrastructure managers, supplying on-board and way-side equipments that allow safe and efficient operation, as well as passenger information and entertainment.

In the main line railway segment, the Group offers customers a complete range of products. It is organised around the following engineering centres:

- main line train control solutions in Charleroi (Belgium) and Rochester (USA);
- freight train control solutions in Charleroi (Belgium), Rochester (USA) and São Paulo (Brazil);
- track products and interlocking systems in Bologna (Italy) and Rochester (USA);
- integrated control centre solutions in Bologna (Italy) and Saint-Ouen (France);
- passenger information and security systems in Montreal (Canada);
- embedded train control, monitoring systems and electronic modules in Villeurbanne (France).

Alstom markets these products either as single products or as integrated system solutions that meet either European standards such as ERTMS (European Railway Traffic Management System) with Alstom's ATLAS™ solution or American standards such as PTC (Positive Train Control).

In the urban segment, including tram and metro lines, the offering ranges from basic operations control to driverless systems. These systems take advantage of telecommunication-centered architectures such as the mass transit train control systems (URBALIS™) implementing a CBTC (Communication Based Train Control) technology.

Signalling systems are complemented by other related information-based systems and services, such as:

- passenger information systems, on board trains and on platforms;
- security systems (CCTV - Closed Circuit TV, emergency telephony...);
- integrated control centres.

The offering also covers maintenance services ranging from simple spare parts supply and repairs to availability-based maintenance contracts.

(1) TGV is a trademark of SNCF.



LIFETIME SERVICE SUPPORT FOR TRAINS AND RAIL INFRASTRUCTURE

For trains, railways and rail control systems, Alstom supports its customers with:

- advanced logistic services for the supply of the spare parts;
- comprehensive maintenance programmes;
- modernisation services;
- technical support and assistance with documentation management.

The trend of railway market liberalisation around the world, combined with the underlying dynamic of increased private financing in railway ventures, is triggering long term growth rates in rail transport markets. Alstom continues to lead the industry by supporting operators in boosting their performance through faster supply chains, modernised rolling stock and optimised fleet availability.

FULL-INTEGRATED SYSTEM SOLUTIONS

The Systems business offers complete turnkey solutions. Alstom addresses these DBOM (Design Build Operate Maintain) or PPP (Public Private Partnership) opportunities as either a consortium leader or as a consortium partner in turnkey project management. The Sector addresses urban transit (tramway or metro) as well as main line railways (including very high speed rail projects). The management of such projects includes design, building, commissioning, maintenance programmes and coordination of financial, administrative and technical project domains. The Sector's core competency consists of the development and supply of an optimised and integrated rail transport system, comprising rolling stock, information solutions, infrastructure and lifetime maintenance.

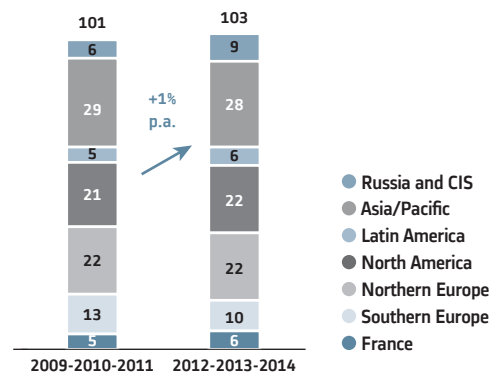
Industry characteristics

MARKET EVOLUTION

For the years 2009-2011, Alstom Transport's market has been estimated to a total of €101 billion p.a. In the coming years, the market is expected to grow slowly, reaching an average of €103 billion p.a. over the 2012-2014 period.

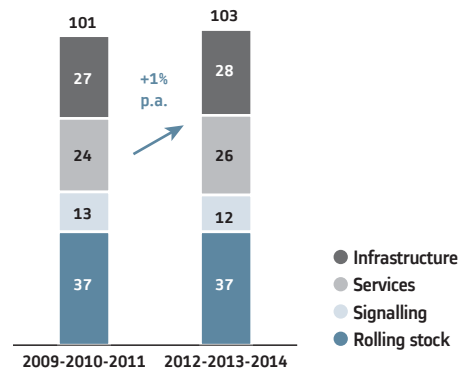
- In Europe, France should grow in line with overall market. Southern Europe is expected to decrease from €13 billion p. a. to around €10 billion p. a. over the next 3 years, notably due to budget constraints on public spending. Northern Europe should stabilise at around €22 billion p.a. with growth in some segments, e. g. regional trains, counterbalanced by an expected lower market in others, such as rail control systems.
- North America should continue to grow moderately.
- Asia (excluding China), Latin America and CIS are still expected to register the highest growth rates over the period. After massive investments in its railway system, the Chinese market has reached €13 billion p. a. on average during 2009-2011. It is expected at a slightly lower level (~€12 billion p.a.) over the next 3 years. Overall, out of these €103 billion p.a., close to two thirds are expected to come from non-rolling stock activities.

RAIL TRANSPORT MARKET GROWTH BY REGION (AVERAGE ANNUAL VALUE IN BILLION EUROS)



Source: Alstom - UNIFE

RAIL TRANSPORT MARKET GROWTH BY PRODUCT LINE (AVERAGE ANNUAL VALUE IN BILLION EUROS)



Source: Alstom - UNIFE

MARKET DRIVERS

The railway market benefits from favorable fundamental drivers, the combination of which is expected to drive market growth in the long run.

DEMOGRAPHIC GROWTH

According to the United Nations world population projections, the world's population is expected to reach 9.3 billion people by 2050, up by one third as of today. Much of this increase is expected to come from 39 high-fertility countries in Africa, Asia, Oceania and Latin America, whose populations are supposed to more than triple, passing from 1.2 billion today to 4.2 billion by 2050.

INCREASING URBANISATION

With continued demographic and economic growth, the level of urbanisation, i.e. the share of the world's population living in cities, is expected to rise from 50% today to 70% in 2050.

With the growing need for mobility in urbanised areas, cars are becoming increasingly unwelcome in cities around the world. Consequently, alternative efficient transport solutions must be offered to bring full satisfaction to city planners and inhabitants. Both expect minimum environmental impact from the rail system, which should be the least intrusive possible and provide seamless interchange between transport modes.

A direct consequence of this evolution is the development by Alstom of innovative technologies. An example of such technology is a catenary-less tram solution, called APS. To this day, Alstom remains the only supplier to offer a service and safety-proven solution that allows catenary-less electrical power supply. Transport also offers a battery-based solution, already in service in Nice (France), and is testing super capacitor-based technology.

Beyond this extensive tramway offering, the Sector also provides other solutions to address the needs of rail transport in urban areas through its metro, suburban and tram-train ranges. These various solutions can be developed into an integrated transport network including intermodal nodes. In addition, Alstom provides a unique way to customise the design of its products to best match the "spirit" of each city: its integrated design & styling studio.

INFRASTRUCTURE SATURATION

Airport and road infrastructures are increasingly saturated in urbanised areas. Consequently, authorities are seeking to develop rail infrastructures, especially in emerging countries such as China or India, for both urban and intercity transportation, where the focus is placed upon expanding the network so that passengers and goods can travel more efficiently.

In developed economies, rail infrastructures are generally mature, with the exception of the very high-speed network which continues to expand in track kilometres. Alstom offers a complete portfolio of solutions that helps maximise throughput on both new and existing networks, including:

- high-performance signalling systems, such as European standard ERTMS (mainline) or CBTC (urban) systems to allow for reduced headways and interoperability;
- high capacity double-decker rolling stock (very high speed, regional or suburban) and high and very high-speed rolling stock (PENDOLINO™, AGV™) to offer additional throughput;
- solutions to maximise availability of rolling stock, such as Alstom's TRAINTRACER™ preventive maintenance system which minimises turn-around time; and
- track and infrastructure modernisation to allow increased speeds and more reliable operations on existing lines.

ENVIRONMENTAL AWARENESS

Public opinion is becoming increasingly conscious of environmental risks, climate change and the significant disturbances caused by the growing need for global mobility: congestion in cities, noise and greenhouse gas emissions. Rail transportation is a way to address these concerns.

Alstom is committed to contributing to the environmental performance of rail systems, focusing on lower energy consumption (motor efficiency, weight reduction, new materials or recovery of braking energy), reduced internal and external noise and limited global impact throughout its product life.

For instance, the Sector already offers the option to send a significant amount of electricity back to the grid during the braking phase and has launched a trial of super-capacitors installed on a tramway in commercial service, in order to recover the braking energy and to run without catenaries between two stops.

Competitive position

In Transport, in 2011/12, Alstom continued to benefit from its global presence, its technology leadership on many products and its capability to offer industry's broadest portfolio of products and services, from individual spare parts to complete turnkey projects (source: Alstom), key competitive advantages in the global market.

Alstom Transport's main competitors worldwide are Bombardier and Siemens. Over the last years, the competitive environment has evolved with an increasing role of Asian and Russian players still mainly focused on their large domestic markets, but starting to look abroad. At the same time, tier two players (Talgo, CAF, Stadler,

Ansaldo, PESA, Skoda, Rotem) have grown outside their home bases and won market shares.

Competitive advantage in products and services is demonstrated through products such as AGV™, PENDOLINO™ tilting trains, ATLAS™ signalling system, CBTC URBALIS™, APS catenary-less tramway, and services such as TRAINTRACER™. This strength is also visible through the customer-centric, service-and-assistance-focused organisation supported by a strong global network of engineering, manufacturing and service locations.

Research & development

In 2011/12, the Transport Sector continued to strengthen its product portfolio through the following R&D programmes:

- **AGV™**: new generation for very high-speed trains. The brand new AGV™.italo for first customer NTV was unveiled on 13 December 2011 at the new, purpose-built maintenance depot in Nola, Italy. First trains have entered commercial service on the Torino-Salerno and Rome-Venice routes in April 2012;
- **CORADIA™ Polyvalent**: new generation of regional trains for French regions. Final developments on this modular, full low floor train which comes in electrical or bi-mode (diesel and electric) versions have been conducted during the year. Commercial service is planned for 2013;
- **CITADIS™ New Generation**: next generation of CITADIS™ trams, including a compact (20 m) tram for medium-sized cities, for which a first contract was signed with the French city of Aubagne;
- **PRIMA™ II**: new generation of locomotives, whose homologation programme is ongoing in France, Germany, Benelux. Homologation process will then be extended to Poland, Italy and Eastern countries;
- **2ES5**: new "Double BoBo" freight locomotive for Russia; tests started in November 2011;

- **Hybrid shunting locomotives**: a nickel cadmium (NiCd) battery pack for a diesel powered shunting locomotive allows the use of a smaller diesel engine, therefore reducing diesel fuel consumption by circa 40%;
- **SiC (Silicon Carbide new power components)**: starting the development of SiC-based new traction drives and auxiliaries, aiming to reduce drastically their weight and size;
- **METROPOLIS™ Stainless Steel NG**: development of a new metro for on-going Brazilian and Indian projects allowing the improvement and integration of the secondary structure (allowing an off-line preparation, weight saving) and an easier transferability;
- **PTC (Positive Train Control)**: signalling solution to address US mainlines signalling market;
- **3D room**: among the range of digital tools developed by Alstom is the 3D room in Alstom Transport Headquarters in Saint-Ouen, a tool which makes it easier and faster for Alstom to validate, with its clients, the train design and onboard technological options. Thanks to the virtual rendering; designs, ergonomics and engineering options can be visualised almost exactly as they will feature in the final project. The 3D room is also revolutionising the working methods of Alstom Transport engineers.

Strategy

Alstom Transport has defined three strategic priorities.

PURSUE GEOGRAPHICAL EXPANSION AND TAKE ROOT IN TARGETED STRATEGIC MARKETS

Whilst consolidating its positions in its traditional domestic markets, Alstom Transport is taking actions to become a local player in targeted strategic markets. This can be achieved either through partnerships,

joint ventures, local empowerment and expertise or set-up of new hubs/local bases. In France, its home market, Transport's objective is to keep its leadership position on all market segments by developing products tailored to the needs of its French customers, while in Northern Europe, the Sector intends to leverage its local bases and grow its market share in the booming regional market. In Denmark, the recently awarded large signalling orders will lead to the creation of a new local hub for signalling expertise. In Russia and CIS, Alstom

Transport Sector

plans to leverage its partnership with Transmashholding (TMH) on all product lines, including services.

In Southern Europe, Alstom is consolidating its position in its traditional home markets, Italy and Spain, and intends to further increase its presence in MENA through the further development of its joint venture CITAL in Algeria, additional partnerships and the creation of local bases.

In North America, further localisation and new product developments are investigated to strengthen Alstom's foothold in this large market, while in South America, Transport looks to leverage its local site to win new metro and signalling contracts and to participate in the growing market for urban turnkey systems with local civil works partners.

In Asia, Alstom intends to further develop through its JVs and new partnerships: In China, the focus is on JVs, notably SATEE for traction components and CASCO for signalling systems; while in India Transport is currently setting-up its manufacturing site for metros in Chennai and will pursue to develop its signalling engineering center in Bangalore.

KEEP HIGH LEVEL OF RESEARCH AND DEVELOPMENT AND IMPROVE COMPETITIVENESS OF EXISTING PRODUCTS

In order to ensure long term profitable business in the global marketplace, Alstom will keep a high level of investment in innovative products and technologies and has set itself objectives to increase competitiveness of its products and solutions across all product lines. While rolling stock is still capturing most of the R&D budget, a specific effort is being made on non-rolling stock activities (especially signalling and green products).

ROLLING STOCK

Alstom intends to remain a key player in the full low floor tram market through new developments within its CITADIS™ product range. In the metro market, Transport's objective is to remain number one, while in the regional market its focus is on improving its best-sellers of the CORADIA™ range. After its recent success in Poland, Alstom intends to further establish its PENDOLINO™ trains as a standard for high speed rolling stock in Europe and to sell its very high speed AGV™ and EURODUPLIX™ on export markets. On locomotives, the focus will be on the homologation of the PRIMA™ II locomotive for the European market and the continued development and ramp-up of manufacturing in Russia and CIS.

NON-ROLLING STOCK

Transport intends to develop its business in the rail signalling market by consolidating existing home bases, entering new markets through homologation of existing products and extending its product portfolio. A significant amount of research and development is earmarked for the renewal of core technology platforms and the development or enhancement of products and solutions.

In train life services, Alstom plans to further develop in the maintenance market with a new offering portfolio for its own fleet and third-party fleets, improving integration with operators and maintainers. Furthermore, Transport intends to grow its parts and repairs business through long term frame agreements and modernisation with pre-defined modernisation packages and energy savings solutions. The extension of local service centre network is planned to support the business development.

Alstom intends to further develop its infrastructure and turnkey business supported by new developments for the electrification and mainline track markets, as well as urban turnkey platforms. New local bases in various geographies are planned to strengthen competitiveness.

REACH EXCELLENCE IN OPERATIONAL PERFORMANCE

Excellence in operational performance is a must to increase satisfaction of Alstom's customers – its most valuable asset. Alstom has launched initiatives to improve engineering efficiency, achieve a step-change in quality ("first time right"), build a world-class supply chain, improve project execution, and strengthen the process of continuous improvement.

In order to increase engineering efficiency, today's scattered engineering resources will be regrouped in one global rolling stock and components engineering entity. This will enable the Sector to further strengthen harmonisation of methods and tools (e.g. Catia v6) and increase standardisation in the design phase. Since higher design quality is one way to improve finished product quality, the Sector will continue to roll-out its quality action plan defined last year in this area.

The Ascot (Alstom Suppliers COLlaborative Teamwork) platform to facilitate exchanges with suppliers is one example of how the Sector improves its external supply chain. Internally, one of the challenges is to significantly reduce throughput time, e. g. by integrating testing activities upstream instead of performing them at a later stage in the production process. Finally, in order to sustain operational excellence, the Sector is systematically implementing performance indicators and further strengthening the culture of continuous improvement. One of the tools Alstom Transport uses to foster maturity development and best practices is its proprietary Alstom Transport Production System (APSYS), which is implemented in its manufacturing sites.



2

MANAGEMENT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FISCAL YEAR 2011/12

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MAIN EVENTS OF FISCAL YEAR 2011/12

Sustained level of orders received for all Sectors, sales starting to recover on the second semester and profitability reaching 7.1% over the year

During fiscal year 2011/12, the Group booked €21.7 billion of orders, 14% above last year on an actual basis and 12% on an organic basis, confirming the rebound in the last semester of 2010/11. The share of emerging countries in Alstom's order intake reached 59%, stable compared to last year.

Order intake for Thermal Power rose by 17% compared to last fiscal year, at €9.4 billion, thanks to large contracts in steam (Malaysia and Eastern Europe), gas (Singapore, Iraq and Russia) and nuclear (Russia). Renewable Power booked €2.0 billion of orders (up 5% compared to last year), including large wind projects in Brazil and Ethiopia and a hydropower project in India. Grid realised a sound performance with €4.0 billion of orders received including a strategic High Voltage Direct Current (HVDC) contract in Sweden. Transport's order intake rose by 11% compared to last year, at €6.3 billion, thanks to large orders booked in Western and Eastern Europe (France, Poland, Germany and Russia).

Thanks to this commercial rebound, Alstom's backlog came up to €49.3 billion, which represents 30 months of sales.

After a decrease in the first half of 2011/12, sales started to recover during the second semester as contracts booked during the commercial rebound over the past 18 months progressively began to trade. Thanks to this recovery, Group sales stood at €19.9 billion in fiscal year 2011/12, down 5% on an actual basis and 6% on an organic basis.

In connection with the evolution of sales, income from operations, at €1,406 million in fiscal year 2011/12, showed a marked improvement over the second half but on a yearly basis went down 10%. The operating margin decreased from 7.5% to 7.1%.

Net profit (Group share) increased by 58% to €732 million in fiscal year 2011/12, compared to €462 million in fiscal year 2010/11 when significant restructuring provisions had been booked (€520 million in 2010/11 *versus* €83 million in 2011/12).

After a large cash outflow in the first half of 2011/12, the free cash flow turned positive at €341 million in the second half, supported by the progressive recovery of sales and the sound level of orders. For the full year, the free cash flow amounted to €(573) million.

Following the payment of the dividend of €183 million, the acquisition of 25% of Transmashholding and the negative free cash flow, the Group's net financial debt reached €2,492 million *versus* €1,286 million at the end of the fiscal year 2010/11.

At 31 March 2012, Alstom had a cash in hand and cash equivalent position of €2,091 million. In addition, a syndicated revolving credit facility of €1.35 billion with a 5-year maturity was signed to renew and extend an existing line of €1 billion. During the year, Alstom also issued two bonds, one €500 million bond with maturity 2016 and one RMB 500 million (around €60 million) bond with maturity 2015.

Strengthened presence in the most dynamic economies, improved competitiveness

INVESTMENTS

During fiscal year 2011/12, Alstom invested €521 million in capital expenditures (excluding capitalised development costs) to strengthen its presence in growing markets (Asia, Brazil) and modernise its production facilities.

In India, Thermal Power, in partnership with Bharat Forge, pursued the construction of a manufacturing plant for steam turbines and

generators. In Shahabad, the Sector opened a new boiler auxiliary components facility. To support its growth in the region, Renewable Power strengthened its manufacturing capabilities in its hydropower equipment facility in Vadodara. Finally, Transport is building a new rolling stock plant to execute the large metro contract it was awarded last fiscal year for the city of Chennai.

In China, the Group started the second phase of the construction of its hydropower manufacturing facility in Tianjin.

In Brazil, where Alstom was awarded two significant contracts for wind farms, the Group unveiled its first wind turbine plant in November 2011. Located in Bahia, the factory will have an output capacity of 300 MW per year.

India, China and Brazil were also at the heart of Grid capital expenditure programme. The Sector is developing its industrial base addressing high-growth segments such as HVDC transformers and Ultra High Voltage (UHV) breakers.

In Europe, Transport continued the modernisation of the Reichshoffen site (France) for CORADIA™ Polyvalent and of the Tarbes site (France) for traction blocs. In Poland, Alstom is increasing its body shells capacity. Thermal Power made significant investments in the existing Belfort factory (France) to improve competitiveness in large turbine and generator manufacturing.

ACQUISITIONS AND PARTNERSHIPS

During fiscal year 2011/12, the Group's expansion, especially in Brazil, Russia, India and China (BRICs), came along with the conclusion of several partnership agreements.

In Russia, all Sectors went through decisive steps to build on their existing partnerships and to reinforce their local presence. In May 2011, Transport finalised its partnership agreement with Transmashholding (TMH), the leading Russian railway manufacturer, by acquiring a 25% stake (plus one share) of the Company as agreed when the cooperation started in 2008. In September 2011, the EP20 locomotive, first product resulting from this strategic partnership was unveiled, announcing the gradual construction of a range of common products. Besides, in November 2011, Alstom and TMH signed an agreement with the city of Saint Petersburg to develop a modern tramway network able to resist the region's weather conditions. In the signalling business, Alstom and Promelectronica announced in September 2011 their intention to develop a partnership to commercialise signalling equipment in the Russian and CIS markets. On the power side, Alstom and RusHydro, Russia's largest hydropower generation company, extended their existing partnership to thermal power generation. The two companies also formed a 50/50 joint venture which will operate a greenfield hydropower manufacturing facility which will notably provide equipment for the modernisation of the Kubansky Cascade hydropower plant. Besides, Thermal Power signed a framework agreement with the Renova Group to create and localise state-of-the-art power generation equipment for applications in thermal power plants. Finally, Grid signed agreements with Soyuz to produce high voltage switchgear products and with KER to develop an Engineering Centre dedicated to the High Voltage Direct Current technologies.

In China, Alstom and Shanghai Electric Group signed in April 2011 a letter of intent to create a 50/50 joint company, Alstom-Shanghai Electric Boilers Co. Benefiting from Shanghai Electric's cost base and strong positioning in China and Alstom's technological edge and experience with the utilities worldwide, the joint company would be the world leader in boilers for coal-fired power plants, with combined sales of about €2.5 billion in 2010. At 31 March 2012, discussions are on-going. In Carbon Capture and Storage (CCS), Alstom signed a memorandum of understanding with Datang Corporation in September 2011 to form a long-term strategic partnership and jointly develop demonstration projects in China. The feasibility study agreement for a first CCS Demo Project in Daqing was signed in November 2011. Finally, Grid signed a cooperation agreement with China Electric Power Equipment and Technology and with Power Grid Corporation in India to develop ultra-high voltage technologies.

The Group also entered the wave energy market by acquiring a 42.3% equity share in AWS Ocean Energy, a Scottish renewable energy company. Following this operation, Alstom signed in January 2012 a joint venture agreement with SSE Renewables, the leading Scottish developer of marine energy, to co-develop the world's largest wave farm using a technology currently under development by AWS Ocean Energy Ltd. Grid finalised the acquisition of UISOL in the United States of America and of Psymetrix in the United Kingdom in order to expand its Smart Grid capabilities. Finally, in February 2012, Transport completed the acquisition of Osvaldo Cariboni Lecco Spa, of which it already owned 70%. This Italian company designs, develops and manufactures railway and tramway infrastructures, as well as bus-bars for power plants.

ADAPT TO DEMAND

In October 2010, the Thermal Power Sector announced the reduction of around 3,500 permanent positions in the European and North American activities dedicated to new equipment for thermal power generation, as well as in the central functions of the Sector. This plan is now largely completed.

In March 2011, an adaptation plan to reduce 1,380 permanent positions in Germany, Italy and Spain was launched by the Transport Sector in order to address the lower demand in these countries and to increase the competitiveness of its industrial base. End of March 2012, more than half of the total planned adjustments had been implemented.

Enhanced competitive technological edge

During fiscal year 2011/12, the Group invested €780 million in research and development (excluding capitalisation and amortisation) to extend its existing product offering and to develop new technologies.

In particular, Alstom introduced several improvements across its gas turbine range reflecting its commitment to continue building on its gas-fired generation product portfolio to take advantage of the growing interest in natural gas as a cleaner fuel for thermal power generation. The Group unveiled the latest upgrades of its GT26™ and GT24™ gas turbines in June and September 2011 respectively, with the associated KA26 and KA24 combined-cycle power plants for the 50 Hz and 60 Hz electricity markets. These allow significantly lower production costs of electricity thanks to better efficiency and increased flexibility. In March 2012, Alstom announced an upgraded version of its GT13™E2 gas turbine with higher output and improved efficiency. In fiscal year 2011/12, the Group registered a strong order intake for the GT13™E2, including 6 engines in Russia alone. In parallel, Alstom continued its research and development efforts in the field of Carbon Capture and Storage. Currently the Group has 12 pilot and demonstration projects on-going around the world. In June 2011, it announced that carbon capture technology was considered proven and would be cost effective and competitive compared to all other CO₂-free technologies.

To enter the offshore wind market, Renewable Power is developing a 6 MW offshore wind turbine combining robustness, simplicity and efficiency in order to improve the competitiveness of offshore wind power. The first pilot turbine was installed onshore in March 2012 in France and will be followed by series production in 2014. This turbine was used by Alstom, EDF Energies Nouvelles and Dong Energy to bid jointly for the recently launched 3 GW French offshore wind tender. Alstom and its consortium partners have been selected by the French government for which Alstom will be the executive supplier of 240 wind turbines. For low wind areas, Alstom developed a new turbine (ECO 122) with improved yield thanks to high power and high capacity factor. To keep its technological edge in hydropower, Alstom is investing in two new Global Technology Centres, one in Canada dedicated to retrofit processes and technology and one in Brazil focused on Kaplan solutions. Finally, Renewable Power opened a new research Department in Ocean energy in Nantes (France). This centre designs and tests a new generation of bi-directional submarine turbines, called ORCA and BELUGA that will produce electricity thanks to tidal currents. The BELUGA turbine will be immersed in 2013 to carry out installation and operation in real life conditions.

Grid increased its research and development efforts over 2011/12 in order to better address the evolution of its markets:

- in the HVDC range, Grid accelerated the industrialisation of its Voltage Source Converter (VSC). Hybrid 800 kV DC bushings and voltage transformer were developed enabling Grid to propose a comprehensive offer around its 800 kV DC converter transformer. A new development was launched to increase performances up to 1100 kV;
- Smart Grid remained a major focus and new milestones were reached in Integrated Demand Response Systems;
- Grid also devoted part of its research and development efforts to improve the competitiveness of its products through redesign-to-cost actions and innovative developments.

Research and development programmes in Transport focused on the improvement of the technological edge of the product offering:

- in April 2011, Transport announced a partnership with RATP to create Metrolab, a research laboratory that focuses on the automatic metro of the future. This new generation of metros will reduce congestion by increasing the frequency of train sets while maintaining high safety and comfort standards;
- in May 2011, Alstom delivered the first third generation duplex TGV⁽¹⁾ train set, called Euroduplex, to SNCF. This first double-deck interoperable very high speed train is able to travel on all European rail networks. Euroduplex went into service in December 2011 and inaugurated the high speed line Rhin-Rhône (France);
- in June 2011, Transport expanded its regional train offering by unveiling the first CORADIA™ Polyvalent trainset for use in France. This single-level regional train allows various technical configurations and improved passenger amenities. Highly modular, it can run up to 160 km/h in both its electric and diesel-electric versions and operates at two different voltages;
- in September 2011, Transport and Transmashholding presented the first production of their strategic partnership, the electric locomotive for the EP20 passenger trains. This locomotive can withstand very low temperatures while running at 200 km/h;
- in November 2011, Alstom presented the latest high speed PENDOLINO™ trains to be delivered to Virgin Trains in the United Kingdom and the very high-speed train AGV.italo™ which is currently being delivered to the Italian rail operator Nuovo Trasporto Viaggiatori (NTV).

(1) TGV is a trademark from SNCF.

A new organisation to improve efficiency and reactivity

In January 2011, Alstom Executive Committee launched the EASE programme (Empowerment of the people, Acceleration of the decision making processes, Simplification of structures and processes and Efficiency of the organisation). The objective is to make the organisation of the Company simpler and more flexible, allowing the Group to better address the specific demand and opportunities of each

of its markets and to boost its development. Several initiatives were taken at Group's and Sectors' levels. In July 2011, the operational activities of the Group were reshaped into four Sectors – Thermal Power, Renewable Power, Grid and Transport – each one headed by a newly appointed President.

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Corporate responsibility

ENVIRONMENT, HEALTH AND SAFETY (EHS)

In Alstom, the EHS actions are supported by a network of EHS professionals at Sector and Country levels, with the full support of the management of Alstom and the contribution of all employees. A significant effort has been made on training with more than 2,500 people who received with the "Alstom International EHS Passport".

In 2011/12, the Group is in line with the ISO 14001 certification objective for production sites with over 200 employees, reaching 83% and aiming to 100% next year. Other objectives are also on track like energy intensity reduction, water consumption reduction in water-stressed areas and waste recycling. However, the non-methanous volatile organic compounds (VOCs) have slightly increased due to the improvement of the reporting accuracy in the Renewable Power Sector. The GHG emissions are increasing only due to the integration of SF₆ gas impact in the Grid Sector.

Alstom also continued to focus on safety, with a steady reduction of the injury frequency rate, at 1.8⁽¹⁾ in line with our target of 1.0 in 2015, and the launch of a special programme, the Severe Accident Prevention Plan. This plan is focusing on the prevention of severe accidents, including fatalities, where improvement is absolutely necessary.

ETHICS & COMPLIANCE (E&C)

The development of the integrity culture is a key priority for the Group. Under the umbrella of the Alstom Integrity Programme, new initiatives are continuously taken within the whole organisation. The Code of Ethics, existing in 21 languages, was distributed to all employees. To ensure a clear understanding of ethical principles, E&C Instructions are issued on specific topics such as gifts and hospitality, political contributions, charitable contributions and sponsorships, consulting companies, conflicts of interest and resellers. This comes in addition to the comprehensive instructions for dealing with business advisors. To reinforce the resources of the E&C Department, a community of approximately 250 E&C Ambassadors play a key role in raising integrity awareness. Training is a constant effort, and employees have access either to e-learning modules or to face-to-face compliance sessions. Communication campaigns brought support to all E&C initiatives. The Alstom Integrity Programme was certified by ETHIC Intelligence, validating that it corresponds to best international standards.

(1) Number of accidents with time lost to injury per million hours worked.

General comments on activity and results

GENERAL COMMENTS ON ACTIVITY AND RESULTS

Consolidated key financial figures

The following table sets out the Group's key performance indicators for 2011/12.

(in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Order Backlog	49,269	46,816	5%	4%
Orders Received	21,706	19,054	14%	12%
Sales	19,934	20,923	-5%	-6%
Income from operations	1,406	1,570	-10%	-10%
Operating Margin	7.1%	7.5%		
EBIT	1,072	764	40%	
Net Profit – Group share	732	462	58%	
Free Cash Flow	(573)	(516)		
Capital Employed	7,035	5,356		
Net Cash/(Debt)	(2,492)	(1,286)		
Headcount	92,645	93,443	-1%	

Key geographical figures

Total Group Actual figures (in € million)	Year ended 31 March 2012						Total
	Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	
Orders Received	6,116	3,518	2,577	1,290	5,345	2,860	21,706
% of contrib	28%	16%	12%	6%	25%	13%	100%
Sales	7,077	1,352	2,440	1,752	4,316	2,997	19,934
% of contrib	35%	7%	12%	9%	22%	15%	100%
Headcount	46,318	7,214	10,232	5,618	20,315	2,948	92,645
% of contrib	50%	8%	11%	6%	22%	3%	100%

Total Group Actual figures (in € million)	Year ended 31 March 2011						Total
	Western Europe	Eastern Europe	North America	South and Central America	Asia/Pacific	Middle East/Africa	
Orders Received	5,192	2,165	2,510	1,996	4,983	2,208	19,054
% of contrib	27%	12%	13%	10%	26%	12%	100%
Sales	7,899	1,454	2,571	1,731	3,788	3,480	20,923
% of contrib	38%	7%	12%	8%	18%	17%	100%
Headcount	47,330	7,416	10,766	5,499	19,213	3,219	93,443
% of contrib	51%	8%	11%	6%	21%	3%	100%

THREE-YEAR GUIDANCE (FROM FISCAL YEAR 2012/13 TO FISCAL YEAR 2014/15)

The markets on which the Group operates show favourable prospects in the medium to long term and, in spite of short-term uncertainties in some areas, orders are expected to remain sound over the three coming years. Developing countries continue to offer opportunities in all Sectors, whilst mature markets, although still globally slow, should show positive signs in some segments, such as offshore wind and high-tech transmission businesses (HVDC and Smart Grid). In this context, sales should grow by more than 5% per year over the coming period. This growth will be accompanied by sustained capital expenditures to further strengthen Alstom's presence in emerging countries and by higher research and development expenses to keep its technological edge.

This increased volume combined with actions on costs should lead to a gradual improvement of the Group's operating margin, which is expected to be at around 8% in March 2015.

Lastly, with cash management remaining a top priority, Alstom plans the free cash flow to be positive in each of the three coming years.

The foregoing outlook are "forward-looking statements" and as a result they are subject to uncertainties. The success of the Group's strategy and action plan, its sales, operating margin and financial position could differ materially from the goals and targets expressed above if any of the risks described in the Risk section of the Annual Report/*Document de Référence* for fiscal year 2011/12 or other unknown risks, materialise.

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SECTOR ANALYSIS

Thermal Power

Thermal Power covers new plants and equipment, retrofit, automation & control and service activities globally for gas, steam and nuclear power generation applications.

The following table presents the key performance indicators for Thermal Power:

Thermal Power Actual figures (in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Order backlog	18,741	17,982	4%	4%
Orders received	9,366	7,975	17%	19%
Sales	8,726	9,725	-10%	-9%
Income from operations	850	879	-3%	-2%
Operating margin	9.7%	9.0%		
EBIT	824	558	48%	
Capital employed	2,070	2,267	-9%	

Sector analysis

ORDERS RECEIVED

Orders received by Thermal Power grew from €7,975 million in 2010/11 to €9,366 million in 2011/12, an increase of 17%. Overall 66% of order intake came from emerging countries where high GDP growth triggered needs for additional power facilities. In Russia and the Middle East, export oil and gas price levels remained a solid driver for investment while demand for new gas power plants was very strong in East Asia and particularly in Japan. On the opposite, sluggish economic perspectives in Western Europe and North America continued to slow down investments in new capacity.

The steam business was awarded significant contracts for coal fired power plants in Malaysia, Poland and Estonia and recorded several air quality control equipment contracts in the United States of America and the Middle East. In the gas business, Alstom booked orders for turnkey power plants with a GT26™ gas turbine in Singapore and with four GT13™E2 in Iraq as well as nine gas turbines equipment sales. In total, fourteen gas turbines were sold during fiscal year 2011/12. Through its joint venture Alstom-Atomenergomash, the nuclear business won a significant contract to supply the turbine island equipment for a nuclear power plant in Russia. Finally, Thermal Services main orders were booked in the United States of America, in Malaysia and Singapore.

Thermal Power Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	1,374	15%	2,032	25%	-32%	-32%
Eastern Europe	1,587	17%	558	7%	184%	191%
North America	1,654	18%	1,279	16%	29%	34%
South and Central America	157	2%	223	3%	-30%	-28%
Asia/Pacific	3,036	32%	2,910	37%	4%	5%
Middle East/Africa	1,558	16%	973	12%	60%	64%
ORDERS BY DESTINATION	9,366	100%	7,975	100%	17%	19%

In Western Europe, Thermal Power booked €1,374 million of small and medium size orders, down 32% compared to last year during which Alstom recorded large service contracts in Spain and France.

With €1,587 million in fiscal year 2011/12 *versus* €558 million the year before, orders received by Thermal Power in Eastern Europe jumped by 184%. Main contracts booked included six gas turbines GT13™E2 and the turbine island of a new nuclear power plant in Russia, the first phase of a coal power plant in Poland and an oil shale fired power plant in Estonia. Eastern Europe represented 17% of the orders received by Thermal Power during this fiscal year.

Orders received in North America reached €1,654 million, increasing by 29% compared to last year. Orders received in the region were mainly service and air quality control equipment contracts. They also included a GT24™ gas turbine and a steam turbine retrofit order in Mexico with the corresponding long term service agreement. North America represented 18% of the orders received by Thermal Power during this fiscal year.

In South and Central America, Thermal Power's orders received amounted to €157 million, 2% of the Sector order intake of the period, mainly service and environmental control systems contracts.

With €3,036 million of orders booked during fiscal year 2011/12, Asia/Pacific remained the most important commercial region for Thermal Power. The Sector had major successes in the region: two contracts for a 1,000 MW ultra-supercritical coal-fired power plant as well as a gas turbine service contract extension in Malaysia, a combined cycle power plant in Singapore with the associated long term service agreement and a Seawater Flue Gas Desulphurisation system for a 3 x 800 MW coal-fired plant in Taiwan. In China, the Group also recorded two 660 MW and its first two 1,000 MW steam turbine generator units for fossil power plants.

Orders booked in Middle East/Africa surged by 60% compared to last year, reaching €1,558 million. The most important contracts included a turnkey gas power plant with four GT13™E2 gas turbines in Iraq, air quality control equipment for an aluminium smelter in the United Arab Emirates and a GT13™E2 in Nigeria. Middle East/Africa amounted to 16% of the orders received during the period.

Thermal Power Sector received the following major orders during 2011/12:

Country	Description
Bangladesh	One GT13™E2 gas turbine
China	Two 1,000 MW Steam Turbine Generator units
China	Two 660 MW Steam Turbine Generator units
Estonia	One 300 MW unit for a fossil fuel power plant based on Circulating Fluidised Bed (CFB) boiler technology
Iraq	Turnkey power plant with 4 GT13™E2 gas turbines
Malaysia	Two 1,000 MW ultra-supercritical coal-fired power plants
Malaysia	11-year Long Term Service Agreement for nine GT13™E2 gas turbines
Mexico	One GT24™ gas turbine, a steam turbine retrofit and a long term service agreement
Nigeria	One GT13™E2 gas turbine
Poland	Complete generation equipment for a supercritical coal fired power plant with a 900 MW steam turbine (first phase)
Russia	Six GT13™E2 gas turbines
Russia	Turbine island for a nuclear power plant
Saudi Arabia	Selective Catalyst Reducers and Dry Flue Gas Desulphurisation (DFGD) systems for 6x80 MW oil and gas-fired boilers
Singapore	Turnkey combined cycle power plant including a GT26™ gas turbine and a long term service agreement
Taiwan	Seawater Flue Gas Desulphurisation system and Particulate Removal System with Fabric Filter solution for 3 x 800 MW coal-fired power plant
United Arab Emirates	Air quality control equipment for an aluminium smelter
United States of America	Dry Flue Gas Desulphurisation systems
United States of America	Renewal of long term service agreements

SALES

During fiscal year 2011/12, sales reached €8,726 million, a decline of 10% compared to last year, which reflects the lower level of orders received between March 2009 and September 2010. The situation is

nevertheless recovering progressively as important contracts booked since the commercial rebound of the past 18 months started to trade. After two consecutive semesters of decline, sales returned to growth over the second half of 2011/12 (+16% compared to first half 2011/12).

Thermal Power Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	2,384	27%	3,242	33%	-26%	-26%
Eastern Europe	798	9%	922	9%	-13%	-12%
North America	1,482	17%	1,583	16%	-6%	-3%
South and Central America	254	3%	264	3%	-4%	-2%
Asia/Pacific	2,105	24%	1,429	15%	47%	48%
Middle East/Africa	1,703	20%	2,285	24%	-25%	-23%
SALES BY DESTINATION	8,726	100%	9,725	100%	-10%	-9%

With the completion of large orders booked prior to the financial crisis and the absence of recovery, sales of Thermal Power in Western Europe decreased by 26% during fiscal year 2011/12, at €2,384 million. Main orders traded during the period included the execution of coal-fired power plants in Germany and in the Netherlands.

Eastern Europe represented 9% of Thermal Power sales in fiscal year 2011/12 at €798 million *versus* €922 million last fiscal year. Sales resulted from the execution of contracts for turnkey coal-fired power plants in the Czech Republic, Slovenia and Estonia.

Sales in North America decreased by 6%, to €1,482 million. Service activities represented a large part of Thermal Power business in North America.

In South and Central America, Thermal Power sales reached €254 million, decreasing by 4% compared to 2010/11.

In Asia/Pacific, sales soared by 47% from €1,429 million in 2010/11 to €2,105 million in 2011/12, representing 24% of the Sector's sales. This growth was driven by progress on contracts for gas power plants in Singapore, for steam power plants in India and for conventional islands for nuclear power plants in China.

In Middle East/Africa, sales decreased by 25% compared to the same period last year, reaching €1,703 million. Some major projects were completed last year in Saudi Arabia, in the United Arab Emirates and in North Africa. Middle East/Africa accounted for 20% of Thermal Power sales thanks to turnkey coal power plants in South Africa and Saudi Arabia and executions of contracts in Algeria.

Sector analysis

INCOME FROM OPERATIONS AND OPERATING MARGIN

As a consequence of lower activity during fiscal year 2011/12, Thermal Power income from operations decreased by 3% to €850 million

compared to €879 million last year. However, the business mix combined with the attention paid to proper project execution and the measures on costs allowed to raise the operating margin from 9.0% last year to 9.7%.

Renewable Power

Renewable Power covers Hydro, Wind and New Energies businesses.

The following table presents the key performance indicators for Renewable Power:

Renewable Power Actual figures (in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Order backlog	4,302	4,187	3%	2%
Orders received	2,026	1,936	5%	7%
Sales	2,027	1,941	4%	6%
Income from operations	150	173	-13%	-11%
Operating margin	7.4%	8.9%		
EBIT	149	132	13%	
Capital employed	1,044	804	30%	

ORDERS RECEIVED

In all regions, growing environmental focus and more stringent regulations accelerated demand for CO₂ free power generation. Orders received by Renewable Power rose to €2,026 million, a 5%

increase compared to last year on an actual basis and 7% on an organic one. Hydro commercial activity was particularly active in South America and Asia while key successes were registered in wind in South America and Africa.

Renewable Power Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	222	11%	450	23%	-51%	-50%
Eastern Europe	257	13%	66	3%	289%	285%
North America	198	10%	164	9%	21%	25%
South and Central America	741	36%	964	50%	-23%	-21%
Asia/Pacific	242	12%	240	12%	1%	3%
Middle East/Africa	366	18%	52	3%	604%	613%
ORDERS BY DESTINATION	2,026	100%	1,936	100%	5%	7%

Orders received in Western Europe reached €222 million, a 51% decrease compared to last year when an important order for a 300 MW hydro plant was booked in Switzerland. Main orders received included a 207 MW turbine for a new hydro project in Portugal using pump storage and the rehabilitation of hydro turbines in France.

Orders received in Eastern Europe grew by 289% at €257 million in 2011/12 versus €66 million in 2010/11. The Sector was awarded contracts for the rehabilitation of a hydropower complex in Russia and for the supply of 3 Francis turbines for two projects in Turkey.

During fiscal year 2011/12, orders received in North America increased by 21%, to €198 million, representing 10% of the total orders received by the Sector. In Canada, Alstom was awarded a contract for the modernisation of the largest hydroelectric generating site including the supply of four 333 MW Francis turbines. In the United States of America, Renewable Power entered the solar market with its first order to supply a steam turbine designed for a solar thermal power and booked two contracts to provide steam turbine generator sets to biomass power plants.

In South and Central America, Renewable Power registered €741 million of orders received, 23% below last year's performance which included several considerable contracts in Brazil. This year Renewable Power was awarded three important contracts in Brazil for the supply of ECO 86 and ECO 122 wind turbines for large wind farms as well as for power equipment for a new 373 MW hydroelectric plant. In Peru, the Group will supply hydro turbine and generator sets for the country's second largest hydroelectric plant.

With orders received totalling €242 million, Asia/Pacific represented 12% of Renewable Power total order intake. The Sector will deliver equipment for the first variable speed pump storage hydro power

plant in India as well as electromechanical packages for three hydroelectric dams totalling 297 MW.

Orders received in Middle East/Africa soared from €52 million last year to €366 million. The region became the second largest for Renewable Power in terms of commercial activity, accounting for 18% of the Sector total order intake. The wind business recorded two large contracts for ECO 74 wind turbines in Ethiopia and in Morocco. The Hydro business mainly booked the supply of two 150 MW pump turbines in Israel and a contract to provide an extra 350 MW of power capacity in the Democratic Republic of Congo.

The Renewable Power Sector received the following major orders during 2011/12:

Country	Description
Brazil	Three Kaplan hydro turbines and generators for a 373 MW hydro power plant
Brazil	Supply, installation, commissioning and long-term servicing of ECO 86 wind turbines for four wind farms
Brazil	Supply, installation and commissioning of 40 ECO 122 wind turbines for four wind farms with a total capacity of 108 MW
Brazil	Refurbishment of a 1,710 MW hydro plant for turbines, speed governors and generators and replacement of the excitation system
Ethiopia	Delivery of 54 ECO 74 wind turbines
India	Four 250 MW variable speed turbine and generator units for a 1,000 MW pump storage hydro power plant
Morocco	Installation, commissioning and long-term servicing of 61 ECO 74 wind turbines
Peru	Two vertical Francis Turbines for a 450 MW hydro power plant
Russia	Rehabilitation of electro and hydro mechanical equipment in a hydro power plant complex
Turkey	Two 166 MW + One 24 MW vertical Francis Turbines

SALES

In line with the sustained growth of orders received, sales traded by Renewable Power increased by 4% compared to last year, reaching €2,027 million. The activity of Wind particularly built up thanks to the execution of large wind farm contracts in Brazil and in Ethiopia.

Renewable Power Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	394	19%	363	19%	9%	9%
Eastern Europe	66	3%	105	5%	-37%	-36%
North America	242	12%	283	15%	-14%	-12%
South and Central America	754	37%	683	35%	10%	13%
Asia/Pacific	399	20%	404	21%	-1%	0%
Middle East/Africa	172	9%	103	5%	67%	69%
SALES BY DESTINATION	2,027	100%	1,941	100%	4%	6%

Western Europe represented 19% of Renewable Power total sales reaching €394 million thanks to progress on wind farm projects in the United Kingdom and in France, to the maintenance of a wind farm in Spain and to the execution of hydropower contracts in Switzerland.

Sales in Eastern Europe decreased by 37% compared to last year at €66 million.

Sales in North America decreased by 14%, to €242 million, versus €283 million last year. The delivery of hydropower equipment in Canada is under progress.

Sales in South and Central America increased by 10%, reaching €754 million. The region accounted for 37% of total sales due to the trading of large hydro and wind projects in Brazil.

Sales traded in Asia/Pacific represented 20% of total sales at €399 million, stable compared to €404 million last year. Hydro projects were mainly executed in China and in India.

Middle East/Africa experienced a significant increase (+67%) thanks to the execution of a wind contract in Ethiopia. The region, with €172 million accounted for 9% of total sales.

Sector analysis

INCOME FROM OPERATIONS AND OPERATING MARGIN

During fiscal year 2011/12, Renewable Power's income from operations amounted to €150 million. The operating margin decreased from 8.9% last year to 7.4% due to the higher proportion of sales traded this year in the wind business at a lower margin.

Grid

The following table presents the key performance indicators of Grid Sector for the fiscal year 2011/12:

Grid Actual figures (in € million)	Year ended 31 March 2012	From 7 June 2010 to 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Order backlog	5,013	5,131	-2%	-3%
Orders received	4,003	3,434	17%	1%
Sales	4,013	3,653	10%	-3%
Income from operations	248	218	14%	10%
Operating margin	6.2%	6.0%		
EBIT	83	35	137%	
Capital employed	2,139	2,082	3%	

ORDERS RECEIVED

During fiscal year 2011/12, the traditional substation and transmission market (High Voltage Alternating Current) grew at a steady pace while demand for HVDC and Smart Grid segments was booming. This positive trend is expected to continue in the coming years, driven by:

- the economic growth, particularly in emerging countries, driving the need for electrification and additional power generation capacities;
- the renewal and upgrade of existing networks in mature countries;

- the renewable energy programmes (onshore/offshore grid connections, large remote hydro plant, etc.) and super grid;
- the strive for grid efficiency and network stability (smart grid).

While market volumes were sustained, the strong competition experienced in many regions put pricing under pressure.

During fiscal year 2011/12, Grid recorded orders for a total value of €4,003 million, stable on an organic basis at the good level achieved last year. Grid booked a major HVDC link in Sweden, along with a robust level of small and medium-sized orders.

Grid Actual figures (in € million)	Year ended 31 March 2012	% of contrib	From 7 June 2010 to 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	952	24%	640	19%	49%	33%
Eastern Europe	343	9%	377	11%	-9%	-24%
North America	466	12%	301	9%	55%	35%
South and Central America	341	8%	359	10%	-5%	-13%
Asia/Pacific	1,158	29%	1,060	31%	9%	-5%
Middle East/Africa	743	18%	697	20%	7%	-15%
ORDERS BY DESTINATION	4,003	100%	3,434	100%	17%	1%

In Western Europe, orders reached €952 million, or 24% of the total order intake. In addition to the large HVDC project won in Sweden, several significant orders were booked such as in Germany for offshore wind farms and in France for a source voltage converter substation aimed at improving the quality of electricity and the reliability of the network.

In Eastern Europe, Grid booked €343 million of contracts, including a project in Tajikistan for the upgrade of an existing 500 kV air insulated substation to a Gas insulated substation (GIS) in a hydroelectric power plant.

North America accounted for €466 million, or 12% of the total order intake, mainly due to the Network Management Systems activity in the United States of America, to turnkey systems orders in Mexico and to orders for transformers in Canada.

South and Central America represented €341 million, or 8% of the order intake. The region was mainly driven by the turnkey substation activity in Brazil.

With €1,158 million orders booked, Asia/Pacific accounted for 29% of the total order intake. Within this region, significant orders were booked among which the turnkey project for the design and construction of a 330/132 kV substation in Australia and the supply of 765/400 kV air insulated substations and 765 kV extra high voltage substations, both in India.

In Middle East/Africa, Grid booked orders for €743 million (18% of the total). The region continued to benefit from significant investments in infrastructure. During the year, the following projects were booked: in Iraq, supply of GIS, auto & step-up transformers and full power electronic equipment, renovation of a 400 kV GIS substation and supply of a 400 kV substation for a new gas fired power plant; in Saudi Arabia, a new 380/132 kV turnkey substation, a project aiming at increasing stability and power transfer capability of 380 kV transmission lines and the installation of capacitor banks in existing substations (132/13.8 kV & 132/33 kV).

The Grid Sector received the following major orders during fiscal year 2011/12:

Country	Description
Australia	Design & Construction of 330/132 kV substation
Brazil	Turnkey project including AC transformers and Air insulated breakers
India	765/400 kV air insulated substations including civil work
India	765 kV Extra High Voltage Substations
Iraq	Supply of GIS & step-up transformers as well as full power electronics equipment for two major power plants
Iraq	400 kV GIS substation for Al Mansuriah Power plant
Saudi Arabia	Turnkey substation project 380/132 kV
Saudi Arabia	Turnkey project to increase the stability and the power transfer capability of 380 kV transmission lines
Saudi Arabia	Installation of capacitor banks in 49 existing substations
Sweden	Turnkey substation for High Voltage Direct Current link
Tajikistan	Upgrade of high voltage Air insulated substation to 500 kV GIS at Nurek Hydro power plant

SALES

Sales amounted to €4,013 million during fiscal year 2011/12, highlighting a sound level of activity. On an organic basis, they decreased by 3% compared to last year mainly due to delayed execution of significant orders booked in North Africa and Middle East countries as a consequence of political instability in this area.

Grid Actual figures (in € million)	Year ended 31 March 2012	% of contrib	From 7 June 2010 to 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	718	18%	686	19%	5%	-9%
Eastern Europe	381	9%	302	8%	26%	5%
North America	396	10%	353	10%	12%	-4%
South and Central America	480	12%	410	11%	17%	4%
Asia/Pacific	1,214	30%	1,145	31%	6%	-5%
Middle East/Africa	824	21%	757	21%	9%	-3%
SALES BY DESTINATION	4,013	100%	3,653	100%	10%	-3%

In Western Europe, sales were at €718 million (18% of the total). Transformers and turnkey projects were delivered in the United Kingdom as well as offshore wind substations in Germany.

In Eastern Europe, sales reached €381 million, with notably the execution of power electronics projects in Russia.

Sales in North America accounted for €396 million (10% of the total) and included mainly the delivery of circuit breakers, power transformers and network management systems in the United States of America.

Sales in South and Central America reached €480 million, with significant contracts traded for the delivery of HVDC equipment in Uruguay and the supply of power transformers for a large hydro power plant in Brazil.

Asia/Pacific accounted for 30% of Grid's sales at €1,214 million. The activity was sustained especially in India (delivery of an ultra-high voltage substation), Australia (delivery of 132 kV substations for the oil industry), Indonesia and South Korea.

Sector analysis

Sales in Middle East/Africa amounted to €824 million (21% of the total). The activity was mainly fuelled by the execution of a robust backlog of turnkey contracts for the supply of 220/132/33/11 kV substations as well as the delivery of grid substations in United Arab Emirates and in Iraq. Execution of projects recovered in Libya in the last months of the year.

INCOME FROM OPERATIONS AND OPERATING MARGIN

Grid's income from operations reached €248 million, or 6.2% of sales modestly above the 6.0% achieved last fiscal year, on the back of a sound execution of its backlog along with a tighter control of its costs.

Transport

The following table presents key performance indicators for Transport:

Transport Actual figures (in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Order backlog	21,213	19,516	9%	7%
Orders received	6,311	5,709	11%	11%
Sales	5,168	5,604	-8%	-7%
Income from operations	264	398	-34%	-33%
Operating margin	5.1%	7.1%		
EBIT	222	225	-1%	
Capital Employed	1,403	343		

ORDERS RECEIVED

During fiscal year 2011/12, Transport recorded €6,311 million of orders received, an 11% increase on an actual basis compared to 2010/11. After successes in Russia and Kazakhstan last year, the Sector confirmed its outbreak in Eastern Europe with large contracts

booked in Poland for PENDOLINO™ with the associated maintenance and in Russia for locomotives. In emerging countries Transport was also awarded a large project for rolling stock in Singapore. In Western markets, despite the budget constraints, the Sector was able to win key projects in France, Denmark, Germany and the United Kingdom.

Transport Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	3,568	57%	2,070	36%	72%	72%
Eastern Europe	1,331	21%	1,164	21%	14%	14%
North America	259	4%	766	13%	-66%	-65%
South and Central America	51	1%	450	8%	-89%	-89%
Asia/Pacific	909	14%	773	14%	18%	19%
Middle East/Africa	193	3%	486	8%	-60%	-60%
ORDERS BY DESTINATION	6,311	100%	5,709	100%	11%	11%

In Western Europe, order intake reached €3,568 million during fiscal year 2011/12, 72% above last year's level. In France, Alstom was awarded the supply of 40 additional Euroduplex very high speed trainsets and of 66 metro trainsets for Paris network. In Germany, orders received picked up after two years of low level, thanks to the booking of contracts for 56 CORADIA™ Lint regional trains for Cologne network and for 90 EMU regional trains for Frankfurt network. Other major orders included the supply of a full signalling system for the railway network of the East region of Denmark, a contract for the

supply and the maintenance of tramways in the United Kingdom as well as a 6-year maintenance contract for regional trains in Italy.

Accounting for 21% of orders received by Transport, Eastern Europe is the second largest region in terms of orders with €1,331 million in 2011/12, an increase of 14% compared to last year. In Poland, Transport was awarded the supply of 20 PENDOLINO™ intercity trains as well as the associated maintenance. In Russia, Alstom signed a contract in partnership with TMH to deliver 200 electric freight locomotives.

In North America, Transport booked €259 million of small and medium sized contracts. Last year, its order intake had reached €766 million thanks to a major metro contract in Canada as well as a large project for the renovation of 120 metro cars in the United States of America.

Transport recorded €51 million of orders received during fiscal year 2011/12 in South and Central America. Last year, the Sector had booked €450 million of orders thanks to several important contracts for metro cars in Panama, Santo Domingo and Brazil.

In Asia/Pacific, Transport booked €909 million of orders received in 2011/12, an 18% increase compared to last year. Transport was notably awarded the supply of METROPOLIS™ trains and the upgrade of the signalling system for Singapore metro network.

In Middle East/Africa, Transport recorded orders of €193 million during fiscal year 2011/12, including a 13-year maintenance contract in Dubai for Al Sufouh tramways. This drop compared to last year's performance of €486 million is explained by the political crisis which affected the commercial activity in some countries.

The Transport Sector received the following major orders during 2011/12:

Country	Description
Denmark	Full signalling system for the railway network of the East region of Denmark
France	66 MF01 trainsets for the lines 2, 5 and 9 of the Paris metro network
France	40 additional Euroduplex very high speed trainsets (30 booked)
Germany	56 CORADIA™ Lint™ regional trains for Cologne network
Germany	90 EMU regional trains for Frankfurt network
Italy	6-year maintenance service for CTR Minuetto
Poland	20 PENDOLINO™ intercity trains and associated maintenance contract
Russia	200 2ES5 electric freight locomotives
Singapore	Supply of 34 METROPOLIS™ trains and signalling upgrade
United Kingdom	Turnkey tram line with 22 CITADIS™ trams and associated maintenance contract for the city of Nottingham

SALES

Reflecting the trough in orders received during fiscal year 2009/10 and first half 2010/11, Transport sales declined by 8% during fiscal year 2011/12, to €5,168 million compared to €5,604 million last year.

Transport Actual figures (in € million)	Year ended 31 March 2012	% of contrib	Year ended 31 March 2011	% of contrib	% Variation March 2012/March 2011	
					Actual	Org.
Western Europe	3,581	69%	3,608	65%	-1%	-1%
Eastern Europe	107	2%	125	2%	-14%	-14%
North America	320	6%	352	6%	-9%	-5%
South and Central America	264	5%	374	7%	-29%	-28%
Asia/Pacific	598	12%	810	14%	-26%	-27%
Middle East/Africa	298	6%	335	6%	-11%	-10%
SALES BY DESTINATION	5,168	100%	5,604	100%	-8%	-7%

During fiscal year 2011/12, Transport sales in Western Europe reached €3,581 million, stable *versus* last year. Contracts for very high speed trains were traded in France and Italy. Regional trains and metros were also delivered in France and high speed trains PENDOLINO™ were executed in the United Kingdom.

Eastern Europe represented 2% of Transport sales, at €107 million, a figure close to last year's level as large orders booked lastly in Russia and Kazakhstan only started to be traded.

Sales in North America amounted to €320 million, a 9% decrease compared to last year. This is explained by the completion of the

contract for the New York metro last year and the progressive trading of the contracts booked since the second semester of 2010/11. North America's share in Transport sales stood at 6%.

In South and Central America, Transport recorded €264 million of sales during fiscal year 2011/12, a figure 29% lower than last year's due to the completion of the contract for the Brasilia metro.

Transport sales in Asia/Pacific reached €598 million over 2011/12, 26% lower than the recorded sales in 2010/11 following the completion of a significant Chinese contract for freight locomotives. X'TRAPOLIS™ regional trains were delivered to the city of Melbourne.

Sector analysis

Accounting for 6% of Transport sales, Middle East/Africa represented €298 million of sales, a decrease of 11% compared to the same period last year. Execution of turnkey contracts was impacted by the political events even though the supply of tramways in Algeria and in Morocco continued to progress.

INCOME FROM OPERATIONS AND OPERATING MARGIN

Transport's income from operations was €264 million for fiscal year 2011/12, compared to €398 million last year. The operating margin decreased from 7.1% in 2010/11 to 5.1% in 2011/12. The Sector's operational performance was impacted by the completion during the previous fiscal year of large contracts with higher margin and by the lower volume traded this year, leading to a significantly lower absorption of costs.

Corporate and others

Corporate and Others comprise all units accounting for corporate costs as well as the International Network.

The following table presents the key figures for Corporate and Others:

Corporate & Others (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Income from operations	(106)	(98)
EBIT	(206)	(186)
Capital Employed	379	(140)

Non-operating expenses are mostly related to Grid acquisition and separation costs and past litigation costs. The increase of capital employed mainly resulted from the acquisition of the 25% stake in Transmashholding.

OPERATING AND FINANCIAL REVIEW

2

Income statement

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 2012/March 2011	
			Actual	Organic
Sales	19,934	20,923	-5%	-6%
Cost of sales	(16,144)	(16,938)	-5%	-6%
R&D expenditure	(682)	(703)	-3%	-5%
Selling expenses	(900)	(902)	-0%	-4%
Administrative expenses	(802)	(810)	-1%	-4%
INCOME FROM OPERATIONS	1,406	1,570	-10%	-10%
Operating margin	7.1%	7.5%		

SALES

In fiscal year 2011/12, consolidated sales stood at €19.9 billion, down by 5% compared to last year. This evolution stems from the low level of orders booked by the Group between 2009 and 2011 particularly in the Thermal Power and Transport Sectors.

RESEARCH AND DEVELOPMENT EXPENDITURES

During fiscal year 2011/12, Alstom maintained a high level of research and development expenditures (gross costs) at €780 million. Including the impact of capitalisation and amortisation of development costs, research and development expenditures decreased from €703 million last year to €682 million. The amount of capitalisation of development costs remained close to last year's level at €293 million. During the year, Thermal Power focused its R&D programmes on the upgrade of its steam and gas turbines range and on the development of Carbon Capture and Storage technologies.

Renewable Power worked on the development of its offshore wind turbine and Transport on the improvement of technologies across its product lines (in particular AGV.italo™ and CORADIA™ Polyvalent). As for Grid, R&D programmes covered in particular the development of HVDC technologies and smart grid solutions.

SELLING AND ADMINISTRATIVE EXPENSES

Despite the intense commercial activity, selling and administrative expenses decreased by 4% compared to last year on an organic basis thanks to a strict control of costs and to the restructuring efforts.

INCOME FROM OPERATIONS

Impacted by the low level of sales in Transport and Thermal Power, the Group income from operations amounted to €1,406 million for fiscal year 2011/12, down 10% compared to last year. The operating margin decreased from 7.5% to 7.1%, in line with Group guidance.

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011	% Variation March 12/March 11
Income from operations	1,406	1,570	-10%
Restructuring costs	(83)	(520)	-84%
Other income (expense)	(251)	(286)	-12%
EARNINGS BEFORE INTEREST AND TAXES	1,072	764	40%
Financial income (expense)	(177)	(136)	30%
Income tax charge	(179)	(141)	27%
Share in net income of equity investments	28	3	N/A
Discontinued operations	-	-	N/A
Non-controlling interests	(12)	(28)	N/A
NET INCOME – GROUP SHARE	732	462	58%

Operating and financial review

EARNINGS BEFORE INTEREST AND TAXES (EBIT)

EBIT reached €1,072 million for fiscal year 2011/12, compared to €764 million in 2010/11. This 40% year-to-year increase stemmed from the significant drop in non-recurring costs which overcompensated the decline of the operating income. Restructuring costs stood at €83 million in 2011/12 versus €520 million in 2010/11 and Grid purchase price allocation effects (amortisation of the margin in backlog) and Grid acquisition and separation costs decreased to €156 million versus €203 million in 2010/11.

NET FINANCIAL INCOME

Net financial income was negative at €(177) million at the end of March 2012 compared to €(136) million at the end of March 2011. Net interest expenses reached €(142) million during 2011/12 compared to €(86) million last year due to the increase of the average net financial debt.

INCOME TAX CHARGE

The income tax charge increased to €(179) million for fiscal year 2011/12, compared to €(141) million last year. It included a €(273) million current income tax charge versus €(248) million last year and a €94 million deferred income tax credit versus €107 million in 2010/11.

The effective tax rate was at 20% for the year compared to 22% last year.

NET INCOME – GROUP SHARE

Reflecting the increase in pre-tax income, net income (Group share) reached €732 million, up 58% compared to last year, due to the significant decrease of non-recurring charges (restructuring costs, purchase price allocation effects (amortisation of the margin in backlog) and acquisition costs of Grid.)

Balance sheet

Total Group Actual figures (in € million)	At 31 March 2012	At 31 March 2011	Variation March 2012/March 2011
Goodwill	5,483	5,396	87
Intangible assets	1,921	1,934	(13)
Property, plant and equipment	2,852	2,651	201
Associates and available-for-sale financial assets	531	207	324
Other non-current assets	545	567	(22)
Deferred taxes	1,472	1,287	185
Non-current assets	12,804	12,042	762
Working capital assets	16,139	14,840	1,299
Marketable securities and other current financial assets	13	50	(37)
Cash and cash equivalents	2,091	2,701	(610)
Current assets	18,243	17,591	652
ASSETS	31,047	29,633	1,414

Total Group Actual figures (in € million)	At 31 March 2012	At 31 March 2011	Variation March 2012/March 2011
Equity (Group share and minorities)	4,434	4,152	282
Provisions (non-current and current)	2,218	2,482	(264)
Accrued pension and other employee benefits	1,417	1,145	272
Financial debt (current and non-current)	5,022	4,466	556
Deferred taxes	176	88	88
Working capital liabilities (excl. provisions)	17,780	17,300	480
LIABILITIES	31,047	29,633	1,414

GOODWILL AND INTANGIBLE ASSETS

At the end of March 2012, goodwill amounted to €5,483 million against €5,396 at the end of March 2011. This movement mainly arose from the final allocation of the purchase price related to the acquisition of the Grid activity.

Intangible assets include acquired intangible assets and capitalised development costs. They decreased slightly to €1,921 million on 31 March 2012 (compared to €1,934 million on 31 March 2011) due to the amortisation of the recognised technology, the order backlog margin and the customer relationships acquired through the Grid business combination.

TANGIBLE ASSETS

Tangible assets increased to €2,852 million on 31 March 2012, compared to €2,651 million on 31 March 2011.

The Group supported its industrial presence in fast growing markets and improved its production capacities through €521 million of capital expenditures (excluding capitalised development expenses) compared to €504 million last year. In India, the construction of a manufacturing plant for steam turbines and generators together with its partner Bharat Forge continued. Renewable Power inaugurated its first wind turbine plant in Brazil. For Transport, capital expenditures were dedicated to the beginning of the construction of a rolling stock factory in India (Chennai) to serve the local market and to the modernisation of its current manufacturing facilities. For Grid, investments mainly aimed at expanding its industrial footprint in Asia, particularly in power transformers and HVDC.

ASSOCIATES AND AVAILABLE-FOR-SALE FINANCIAL ASSETS

Associates and available-for-sale assets accounted for €531 million on 31 March 2012, compared to €207 million on 31 March 2011. This evolution is mainly due to the acquisition of 25% of TMH.

OTHER NON-CURRENT ASSETS

Other non-current assets amounted to €545 million at the end of March 2012, compared to €567 million at the end of March 2011. Financial non-current assets directly associated to a long-term lease of trains and associated equipment for a London Underground Operator in the United Kingdom were stable at €426 million at the end of March 2012.

WORKING CAPITAL

Working capital (defined as current assets excluding cash and cash equivalents, as well as marketable securities, less current liabilities excluding current financial liabilities and including non-current provisions) on 31 March 2012 was €(3,859) million compared to €(4,942) million on 31 March 2011. During the first semester, the Group's working capital degraded by €1,278 million due to the lower sales, to the significant working capital needs in Transport linked to the start-up of activities in some countries, in particular Russia and India, and to two customers disputes (around €280 million retained). This movement was partly offset by a positive evolution during the second semester thanks to a better volume and a high book-to-bill ratio.

DEFERRED TAX

Net deferred tax assets increased to €1,296 million at the end of March 2012, from €1,199 million a year before.

CURRENT AND NON-CURRENT PROVISIONS

The current and non-current provisions decreased from €2,482 million on 31 March 2011 to €2,218 million on 31 March 2012, due to the progress of the restructuring plans and to the settlement of significant litigations.

EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS

Equity on 31 March 2012 reached €4,434 million (including minority interests) compared to €4,152 million on 31 March 2011. It was mostly impacted by:

- net income from the fiscal year 2011/12 of €732 million (Group share);
- distribution of dividends (Group share) of €(183) million in 2011/12;
- pension actuarial losses generated during the period of €(317) million in 2011/12.

FINANCIAL DEBT

The gross financial debt amounted €5,022 at the end of March 2012 compared to €4,466 million at the end of March 2011. This movement mainly resulted from the issue of a new €500 million bond in January 2012.

See Note 24 to the consolidated financial statements for further details regarding the financial debt.

Liquidity and capital resources

The following table presents selected figures concerning the consolidated statement of cash flows:

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Net cash provided by operating activities – before changes in net working capital	1,184	974
Changes in net working capital resulting from operating activities	(968)	(743)
Net cash provided by/(used in) operating activities	216	231
Net cash used in investing activities	(912)	(3,081)
Net cash provided by/(used in) financing activities	87	1,180
Net increase/(decrease) in cash and cash equivalents	(609)	(1,670)
Cash and cash equivalents at the beginning of the period	2,701	4,351
Net effect of exchange rate variations	-	24
Other changes	(1)	(4)
Cash and cash equivalents at the end of the period	2,091	2,701

NET CASH PROVIDED BY OPERATING ACTIVITIES

Net cash provided by operating activities was €216 million for fiscal year 2011/12, compared to €231 million for the year before.

Net cash provided by operating activities before changes in net working capital was €1,184 million in 2011/12. It represents the cash generated by the Group's net income after elimination of non-cash items (given that provisions are included in the definition of the working capital, they are not part of the elimination of non-cash items) and before working capital movements.

The Group's net working capital change resulting from operating activities was negative at €(968) million.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities was €(912) million for fiscal year 2011/12, *versus* €(3,081) million for the previous year. Last year figures incorporated the acquisition of Grid Sector for approximately €2.4 billion. In 2011/12, capital expenditures (excluding capitalised development expenses) amounted to €521 million and capitalised research and development costs to €293 million.

NET CASH PROVIDED BY FINANCING ACTIVITIES

Net cash provided by financing activities was €87 million for fiscal year 2011/12, compared to €1,180 million the previous year, mainly due to the issue of a new €500 million bond (compared to €1,500 million bond issues last year), the payment of dividends for €(183) million (compared to €(364) million in 2010/11).

NET CASH POSITION

On 31 March 2012, the Group recorded a net debt level of €2,492 million, compared to the net debt position of €1,286 million at 31 March 2011.

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Net cash at the beginning of the period	(1,286)	2,222
Change in cash and cash equivalents	(609)	(1,670)
Change in marketable securities and other current financial assets	237	(57)
Change in bonds and notes	(560)	(1,500)
Change in current and non current borrowings	(13)	(33)
Change in obligations under finance leases	42	41
Net debt of acquired entities at acquisition date and other variations	(303)	(289)
Net cash at the end of the period	(2,492)	(1,286)

Notes 23, 24, 25, 28 and 29 to the consolidated financial statements provide further details, respectively on:

- the analysis of pensions and other employee benefits;
- the nature and the maturity of the financial debt;
- the Group's policy regarding financial risk management, including currency, interest, credit and liquidity risks;
- off-balance sheet commitments and lease obligations.

Use of non-GAAP financial indicators

This section presents financial indicators used by the Group that are not defined by accounting standard setters.

ORDERS RECEIVED

A new order is recognised as order received only when the contract creates enforceable obligations between the Group and its customer.

When this condition is met, the order is recognised at the contract value.

If the contract is denominated in a currency other than the functional currency of the reporting unit, the Group requires to immediately eliminate the currency exposure through the use of forward currency sales. Orders are then measured using the spot rate at inception of hedging instruments.

FREE CASH FLOW

Free cash flow is defined as net cash provided by operating activities less capital expenditures including capitalised development costs, net of proceeds from disposals of tangible and intangible assets. In particular, free cash flow does not include the proceeds from disposals of activity.

The most directly comparable financial measure to free cash flow calculated and presented in accordance with IFRS is net cash provided by operating activities, and a reconciliation of free cash flow and net cash provided by operating activities is presented below:

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Net cash provided by/(used in) operating activities	216	231
Capital expenditure (including capitalised development costs)	(813)	(791)
Proceeds from disposals of tangible and intangible assets	24	44
Free Cash Flow	(573)	(516)

Alstom uses the free cash flow both for internal analysis purposes as well as for external communication as the Group believes it provides accurate insight regarding the actual amount of cash generated or used by operations.

CAPITAL EMPLOYED

Capital employed is defined as the closing position of goodwill, intangible assets, property, plant and equipment, associates and available-for-sale financial assets, other non-current assets (excluding prepaid pension benefits and financial non-current assets directly associated to financial debt) and current assets (excluding

ORDER BACKLOG

Order backlog represents sales not yet recognised on orders already received.

Order backlog at the end of a financial year is computed as follows:

- Order backlog at the beginning of the year;
- plus new orders received during the year;
- less cancellations of orders recorded in a previous year;
- less sales recognised during the year.

The order backlog is also subject to changes in the scope of consolidation and to foreign currency translation effects.

marketable securities and other current financial assets, and cash and cash equivalents) minus current and non-current provisions and current liabilities (excluding current provisions and current financial debt).

Capital employed by Sector and at Group level is presented in Note 4 to the consolidated financial statements as of 31 March 2012.

Capital employed is used both for internal analysis purposes and for external communication as it provides insight regarding the amount of financial resources employed by a Sector or the Group as a whole and the profitability of a Sector or the Group as a whole in regard to resources employed.

Operating and financial review

End of March 2012, capital employed reached €7,035 million, compared to €5,356 million at the end of March 2011, mainly due to change in working capital and capital expenditures.

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Non current assets	12,804	12,042
less deferred tax assets	(1,472)	(1,287)
less non-current assets directly associated to financial debt	(426)	(429)
less prepaid pension benefits	(12)	(28)
Capital employed – non current assets (A)	10,894	10,298
Current assets	18,243	17,591
less cash & cash equivalents	(2,091)	(2,701)
less marketable securities and other current financial assets	(13)	(50)
Capital employed – current assets (B)	16,139	14,840
Current liabilities	19,876	19,316
less current financial debt	(682)	(629)
plus non current provisions	804	1,095
Capital employed – liabilities (C)	19,998	19,782
CAPITAL EMPLOYED (A)+(B)-(C)	7,035	5,356

NET CASH

Net cash is defined as cash and cash equivalents, marketable securities and other current financial assets and financial non-current assets directly associated to financial debt, less current and non-current financial debt.

Total Group (in € million)	Year ended 31 March 2012	Year ended 31 March 2011
Cash and cash equivalents	2,091	2,701
Marketable securities and other current financial assets	13	50
Financial non-current assets directly associated to financial debt	426	429
<i>less:</i>		
Current financial debt	682	629
Non current financial debt	4,340	3,837
Net cash/(debt)	(2,492)	(1,286)

ORGANIC BASIS

Figures presented in this section include performance indicators presented on an actual basis and on an organic basis. Figures have been given on an organic basis in order to eliminate the impact of changes in business composition and of variation of exchange rates between the Euro and the foreign currencies. The Group uses figures prepared on an organic basis both for internal analysis and for external communication, as it believes they provide means to analyse and explain variations from one period to another. However these figures, provided on an organic basis, are not measurements of performance under IFRS.

To prepare figures on an organic basis, the figures presented on an actual basis are adjusted as follows:

- the actual figures for 2010/11 (order backlog, orders received, sales and income from operations) are restated taking into account the exchange rates used for 2011/12, as used for preparing the Consolidated Financial Statements;
- in order to reflect the same scope of activity, the same indicators are adjusted both for 2010/11 (restatement of disposals) and for 2011/12 (restatement of acquisitions).

Figures on an organic basis are presented in the table shown next page.

ALSTOM – ORGANIC FIGURES 2011/12

(in € million)	Year ended 31 March 2011				Year ended 31 March 2012				
	Actual figures	Exchange rate	Scope impact	Comparable Figures	Actual figures	Scope impact	Organic figures	% Var Act. March 2012/ Mar.11	% Var Org. March 2012/ Mar.11
Thermal Power	17,982	52	-	18,034	18,741		18,741	4%	4%
Renewable Power	4,187	12	-	4,199	4,302		4,302	3%	2%
Grid	5,131	27	-	5,158	5,013		5,013	-2%	-3%
Transport	19,516	241	-	19,757	21,213		21,213	9%	7%
Corporate & Others	-	-	-	-	-		-	N/A	N/A
ORDERS BACKLOG	46,816	332	-	47,148	49,269		49,269	5%	4%
Thermal Power	7,975	(115)	-	7,860	9,366		9,366	17%	19%
Renewable Power	1,936	(35)	-	1,901	2,026		2,026	5%	7%
Grid	3,434	(48)	-	3,386	4,003	(595)	3,408	17%	1%
Transport	5,709	(36)	-	5,673	6,311		6,311	11%	11%
Corporate & Others	-	-	-	-	-		-	N/A	N/A
ORDERS RECEIVED	19,054	(234)	-	18,820	21,706	(595)	21,111	14%	12%
Thermal Power	9,725	(168)	-	9,557	8,726		8,726	-10%	-9%
Renewable Power	1,941	(31)	-	1,910	2,027		2,027	4%	6%
Grid	3,653	(54)	-	3,599	4,013	(532)	3,481	10%	-3%
Transport	5,604	(19)	-	5,585	5,168		5,168	-8%	-7%
Corporate & Others	-	-	-	-	-		-	N/A	N/A
SALES	20,923	(272)	-	20,651	19,934	(532)	19,402	-5%	-6%
Thermal Power	879	(11)	-	868	850		850	-3%	-2%
Renewable Power	173	(5)	-	168	150		150	-13%	-11%
Grid	218	(7)	-	211	248	(15)	233	14%	10%
Transport	398	(4)	-	394	264		264	-34%	-33%
Corporate & Others	(98)	-	-	(98)	(106)		(106)	N/A	N/A
INCOME FROM OPERATIONS	1,570	(27)	-	1,543	1,406	(15)	1,391	-10%	-10%
Thermal Power	9.0%			9.1%	9.7%		9.7%		
Renewable Power	8.9%			8.8%	7.4%		7.4%		
Grid	6.0%			5.9%	6.2%		6.7%		
Transport	7.1%			7.1%	5.1%		5.1%		
Corporate & Others	N/A			N/A	N/A		N/A		
OPERATING MARGIN	7.5%			7.5%	7.1%		7.2%		
Sales	20,923	(272)	-	20,651	19,934	(532)	19,402	-5%	-6%
Cost of sales	(16,938)	227	-	(16,711)	(16,144)	423	(15,721)	-5%	-6%
R&D expenses	(703)	3	-	(700)	(682)	19	(663)	-3%	-5%
Selling expenses	(902)	6	-	(896)	(900)	38	(862)	-0%	-4%
Administrative expenses	(810)	9	-	(801)	(802)	37	(765)	-1%	-4%
INCOME FROM OPERATIONS	1,570	(27)	-	1,543	1,406	(15)	1,391	-10%	-10%

Statutory Auditors' report on profit forecasts

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Chairman of the Board of Directors,

In our capacity as Statutory Auditors of Alstom ("the Company") and in accordance with EU Regulation No. 809/2004, we hereby report to you on the Company's operating margin forecasts as at 31 March 2012, which are included in Chapter 2 of its Registration Document dated 25 May 2012.

In accordance with the requirements of EU Regulation No. 809/2004 and relevant ESMA guidance, management is responsible for the preparation of these forecasts, as well as the material assumptions on which they are based.

It is our responsibility to express an opinion, on the basis of our work, in accordance with Appendix 1, paragraph 13.2 of EU Regulation No. 809/2004, stating that these forecasts have been properly compiled.

We performed the procedures we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in assessing the procedures implemented by management for the preparation of the profit forecasts and ensuring that the basis of accounting is consistent with the accounting policies used for the preparation of the Company's consolidated financial statements for the year ended 31 March 2012. Our work also consisted in collecting information and making the necessary enquiries in order to obtain reasonable assurance that the profit forecasts have been properly compiled on the basis stated.

It should be noted that actual profits are likely to differ from profit forecasts since anticipated events do not always occur as expected, sometimes leading to material variations. Consequently, we do not express an opinion on the possibility that such events will occur.

In our opinion:

- the profit forecasts have been properly compiled on the basis stated;
- the basis of accounting used for these profit forecasts is consistent with the accounting policies used by the Company for the preparation of the consolidated financial statements for the year ended 31 March 2012.

This report is intended for the sole purpose of filing the 2012 Registration Document with the French Stock Market Regulator (*Autorité des marchés financiers* - AMF) and, where applicable, for public offerings in France and in other countries of the European Union for which a prospectus, including this Registration Document, approved by AMF, is required.

Neuilly-sur-Seine and Courbevoie, on 25 May 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Lotz

Mazars

Thierry Colin

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CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2012

CONSOLIDATED INCOME STATEMENT

(in € million)	Note	Year ended	
		31 March 2012	31 March 2011
Sales	(4)	19,934	20,923
Cost of sales		(16,144)	(16,938)
Research and development expenses	(5)	(682)	(703)
Selling expenses		(900)	(902)
Administrative expenses		(802)	(810)
Income from operations	(4)	1,406	1,570
Other income	(6)	3	46
Other expense	(6)	(337)	(852)
Earnings before interest and taxes	(4)	1,072	764
Financial income	(7)	55	57
Financial expense	(7)	(232)	(193)
Pre-tax income		895	628
Income tax charge	(8)	(179)	(141)
Share in net income of equity investments	(12)	28	3
NET PROFIT		744	490
Attributable to:			
• Equity holders of the parent		732	462
• Non controlling interests		12	28
Earnings per share (in €)	(9)		
• Basic earnings per share		2.49	1.57
• Diluted earnings per share		2.46	1.56

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	Year ended	
	31 March 2012	31 March 2011
Net profit recognised in income statements	744	490
Actuarial gains and losses on post-employment benefits	(317)	(183)
Income tax relating to items that will not be reclassified to profit or loss	31	93
Items that will not be reclassified to profit or loss	(286)	(90)
Fair value adjustments on available-for-sale assets	(13)	12
Fair value adjustments on cash flow hedge derivatives	(29)	(9)
Currency translation adjustments	60	(55)
Income tax relating to items that may be reclassified to profit or loss	4	-
Items that may be reclassified to profit or loss	22	(52)
Other comprehensive income	(264)	(142)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	480	348
Attributable to:		
• Equity holders of the parent	473	330
• Non controlling interests	7	18

The accompanying Notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS

Consolidated financial statements
CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

ASSETS

(in € million)	Note	At 31 March 2012	At 31 March 2011
Goodwill	(10)	5,483	5,396
Intangible assets	(10)	1,921	1,934
Property, plant and equipment	(11)	2,852	2,651
Associates and non consolidated investments	(12)	531	207
Other non-current assets	(13)	545	567
Deferred taxes	(8)	1,472	1,287
Total non-current assets		12,804	12,042
Inventories	(14)	3,138	3,363
Construction contracts in progress, assets	(15)	3,752	2,479
Trade receivables	(16)	5,692	6,053
Other current operating assets	(17)	3,557	2,945
Marketable securities and other current financial assets	(18)	13	50
Cash and cash equivalents	(25)	2,091	2,701
Total current assets		18,243	17,591
TOTAL ASSETS		31,047	29,633

EQUITY AND LIABILITIES

(in € million)	Note	At 31 March 2012	At 31 March 2011
Equity attributable to the equity holders of the parent	(20)	4,327	4,060
Non controlling interests		107	92
Total equity		4,434	4,152
Non-current provisions	(22)	804	1,095
Accrued pension and other employee benefits	(23)	1,417	1,145
Non-current borrowings	(24)	3,863	3,346
Non-current obligations under finance leases	(24)	477	491
Deferred taxes	(8)	176	88
Total non-current liabilities		6,737	6,165
Current provisions	(22)	1,414	1,387
Current borrowings	(24)	634	578
Current obligations under finance leases	(24)	48	51
Construction contracts in progress, liabilities	(15)	9,508	9,166
Trade payables		4,080	4,071
Other current operating liabilities	(26)	4,192	4,063
Total current liabilities		19,876	19,316
TOTAL EQUITY AND LIABILITIES		31,047	29,633

The accompanying Notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	Year ended	
		31 March 2012	31 March 2011
Net profit		744	490
Depreciation, amortisation and expense arising from share-based payments		621	671
Post-employment and other long-term defined employee benefits		(61)	(150)
Net (gains)/losses on disposals of assets		1	70
Share in net income of associates (net of dividends received)		(27)	-
Deferred taxes charged to income statement		(94)	(107)
Net cash provided by operating activities – before changes in working capital		1,184	974
Changes in working capital resulting from operating activities	(19)	(968)	(743)
Net cash provided by/(used in) operating activities		216	231
Proceeds from disposals of tangible and intangible assets		24	44
Capital expenditure (including capitalised R&D costs)	(4)	(813)	(791)
Increase/(decrease) in other non-current assets		15	(1)
Acquisition of Grid (€- 2,323 million) net of cash acquired (€328 million)	(3)	28	(2,023)
Acquisitions of businesses, net of cash acquired		(93)	(242)
Disposals of businesses, net of net cash sold		(73)	(68)
Net cash provided by/(used in) investing activities		(912)	(3,081)
Capital increase/(decrease)		(1)	9
Dividends paid including payments to non controlling interests		(206)	(378)
Issuance of bonds & notes	(24)	560	1,500
Changes in current and non-current borrowings		13	33
Changes in obligations under finance leases		(42)	(41)
Changes in marketable securities and other current financial assets and liabilities		(237)	57
Net cash provided by/(used in) financing activities		87	1,180
Net increase/(decrease) in cash and cash equivalents		(609)	(1,670)
Cash and cash equivalents at the beginning of the period		2,701	4,351
Net effect of exchange rate variations		-	24
Other changes		(1)	(4)
Cash and cash equivalents at the end of the period		2,091	2,701
<i>Income tax paid</i>		<i>(264)</i>	<i>(248)</i>
<i>Net of interests paid & received</i>		<i>(170)</i>	<i>(107)</i>

(in € million)	Note	Year ended	
		31 March 2012	31 March 2011
Net cash/(debt) variation analysis^(*)			
Changes in cash and cash equivalents		(609)	(1,670)
Changes in marketable securities and other current financial assets & liabilities		237	(57)
Changes in bonds and notes		(560)	(1,500)
Changes in current and non-current borrowings		(13)	(33)
Changes in obligations under finance leases		42	41
Net debt of acquired entities at acquisition date and other variations		(303)	(289)
<i>Decrease/(increase) in net debt</i>		<i>(1,206)</i>	<i>(3,508)</i>
Net cash/(debt) at the beginning of the period		(1,286)	2,222
Net cash/(debt) at the end of the period		(2,492)	(1,286)

(*) The net cash/(debt) is defined as cash and cash equivalents, marketable securities and other current financial assets and non-current financial assets directly associated to liabilities included in financial debt (see Note 13), less financial debt (see Note 24).

The accompanying Notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million, except for number of shares)	Number of outstanding shares	Capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Equity attributable to the equity holders of the parent	Non controlling interests	Total equity
At 31 March 2010	293,841,996	2,057	619	2,616	(1,201)	4,091	10	4,101
Movements in other comprehensive income	-	-	-	-	(132)	(132)	(10)	(142)
Net income for the period	-	-	-	462	-	462	28	490
Total comprehensive income	-	-	-	462	(132)	330	18	348
Conversion of ORA	275	-	-	-	-	-	-	-
Change in scope and other	-	-	-	(25)	9	(16)	76	60
Dividends paid	-	-	-	(364)	-	(364)	(12)	(376)
Issue of ordinary shares under long term incentive plans	577,033	4	5	(1)	-	8	-	8
Recognition of equity settled share-based payments	-	-	-	11	-	11	-	11
At 31 March 2011	294,419,304	2,061	624	2,699	(1,324)	4,060	92	4,152
Movements in other comprehensive income	-	-	-	-	(259)	(259)	(5)	(264)
Net income for the period	-	-	-	732	-	732	12	744
Total comprehensive income	-	-	-	732	(259)	473	7	480
Change in scope and other	3,799	-	-	(32)	-	(32)	21	(11)
Dividends paid	-	-	-	(183)	-	(183)	(13)	(196)
Capital reduction	(200,000)	(1)	(4)	-	-	(5)	-	(5)
Issue of ordinary shares under long term incentive plans	310,577	2	2	(1)	-	3	-	3
Recognition of equity settled share-based payments	-	-	-	11	-	11	-	11
AT 31 MARCH 2012	294,533,680	2,062	622	3,226	(1,583)	4,327	107	4,434

The accompanying Notes are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1

Presentation of the Group

Alstom ("the Group") serves the power generation and transmission markets through its Thermal Power, Renewable Power and Grid Sectors, and the rail transport market through its Transport Sector. The Group designs, supplies, and services a complete range of technologically-advanced products and systems for its customers, and possesses a unique expertise in systems integration and through-life maintenance and services.

On 15 June 2011, the Chief Executive Officer announced the reshaping of the operational activities of the Group into four Sectors. The reorganisation has been effective starting from 4 July 2011.

Alstom has undergone a period of strong growth, followed by the necessary adaptation to a tougher economic environment created by the crisis. As the Company is experiencing a rebound in orders, this new organisation allows the Group to better anticipate the structural changes in its business, accelerate its development and achieve its performance objectives. It strengthens the Group's ability to address strategic moves, focus the Sectors on their operational objectives (commercial efficiency, product development, quality and project execution) and simplify the ways of working (quicker and leaner decision making processes, and empowerment).

The operational activities of the Group, which were until that date split into three Sectors (Power, Grid and Transport) are now organised in four Sectors (Thermal Power, Renewable Power, Grid and Transport). The split of the current Power Sector into two Sectors, Thermal and Renewable, simplifies the management of both entities and better addresses their specific markets.

The operational activities of the Group are organised in four Sectors:

THERMAL POWER

Thermal Power offers a comprehensive range of power generation solutions using gas or coal from integrated power plants and all types of turbines, generators, boilers, emission control systems to a full range of services including plant modernisation, maintenance and operational support. The Sector also supplies conventional islands for nuclear power plants.

RENEWABLE POWER

Renewable Power offers EPC solutions, turbines and generators, control equipment and maintenance for Hydro power and Wind power activities. The Sector includes geothermal and solar thermal businesses.

GRID

The Grid Sector designs and manufactures equipment and engineered turnkey solutions to manage power grids and transmit electricity from the power plant to the large end-user, be it a distribution utility or an industrial process or production facility.

TRANSPORT

The Transport Sector serves the urban transit, regional/intercity passenger travel markets and freight markets all over the world with rail transport products, systems and services.

Thermal Power and Renewable Power activities were aggregated in a single Power Sector in the consolidated financial statements for the year ended 31 March 2011. Comparative segment information has been restated following the split of the former Power Sector implemented in the first months of the current financial year.

Grid activities have been consolidated starting from the date of their acquisition by the Group (7 June 2010). Comparative figures for financial year ended 31 March 2011 are therefore not representative of a full 12-month period.

The consolidated financial statements are presented in euro and have been authorised for issue by the Board of Directors held on 3 May 2012. In accordance with French legislation, they will be final once approved by the shareholders of Alstom at the Annual General Meeting convened for 26 June 2012.

Note 2

Accounting policies

2.1 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Alstom consolidated financial statements for the year ended 31 March 2012 have been prepared:

- in accordance with the International Financial Reporting Standards (IFRS) and interpretations published by the International Accounting Standards Board (IASB) and endorsed by the European Union and whose application was mandatory as of 1 April 2011;

- using the same accounting policies and measurement methods as at 31 March 2011, with the exceptions of changes required by the enforcement of new standards and interpretations as described below.

The information relating to consolidated financial statements for the fiscal year ended 31 March 2010, presented in the 2010/11 Registration Document D.11-0522 filed with the AMF on 26 May 2011 is included by reference.

The full set of standards endorsed by the European Union can be consulted on the website of the European Commission at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

2.1.1. Changes in accounting policies due to new, revised or amended standards and interpretations mandatorily applicable for financial periods beginning on 1 April 2011

The Group's consolidated financial statements are not affected by the enforcement of the new, revised, or amended standards and interpretations becoming effective in the European Union starting from 1 April 2011.

2.1.2. New standards and interpretations not yet mandatorily applicable

The Group has opted for an early application of the amendment to IAS 1, Presentation of items of other comprehensive income. This amendment requests the distinction between comprehensive income elements that will be reclassified in profit or loss and elements that will not. This amendment does not have a material impact on the presentation of the Group's published consolidated statement of comprehensive income.

The Group has not opted for an early application in the consolidated financial statements at 31 March 2012 of the following forthcoming IFRS requirements already published by the IASB but not yet approved by the European Union:

- Financial instruments: classification and measurement of financial assets (IFRS 9);
- Consolidated financial statements (IFRS 10);
- Joint arrangements (IFRS 11);
- Disclosure of interests in other entities (IFRS 12);
- Investments in associates and joint ventures (IAS 28 revised);
- Fair value measurement (IFRS 13);
- Employee benefits (IAS 19 revised);
- Financial instruments disclosures (amendments to IFRS 7).

The Group is currently considering the impact of applying these new standards for the first time, in particular IFRS 10, Consolidated financial statements; IFRS 11, Joint arrangements and the amended IAS 19, Employee Benefits.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS

This standard defines control as being exercised when an investor is exposed, or has rights, to variable returns from his involvement with the investee and has the ability to affect those returns through his power over the investee. The Group is currently assessing the potential impact of the first-time application of that standard.

IFRS 11 JOINT ARRANGEMENTS

The new standard mainly prescribes two different accounting treatments:

- Joint arrangements qualifying as joint operations will be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a separate vehicle or not.
- Joint arrangements that are qualified as joint ventures will be accounted for using the equity method, because the parties have rights to the net assets of the arrangement.

The Group is currently analysing its jointly controlled entities in light of IFRS 11, Joint arrangements so as to determine if they shall be classified as joint operations or joint ventures. However, as the contribution of these entities to the Group's main financial indicators is currently not material, the impact of applying this new standard on the consolidated financial statements should be limited.

The consolidation standards (IFRS 10, IFRS 11 and IFRS 12), published in May 2011 are of mandatory application as of 1 January 2013, subject to EU endorsement.

AMENDMENT TO IAS 19 EMPLOYEE BENEFITS:

This amendment eliminates the option of applying the corridor approach. As a result, all actuarial gains and losses and past service costs will be recognized immediately in liabilities. Actuarial gains and losses for each period will be recorded systematically in "other comprehensive income" and past service costs will be recorded in the income statement. The amendment also specifies the calculation of the expected return on plan assets on the basis of the discount rate used to value the defined benefit obligation rather than on the basis of market expectations for returns.

The Group does not apply the corridor approach and already records all actuarial gains and losses in other comprehensive income. The calculation of the expected return on plan assets on the basis of the discount rate used to value the underlying obligation will increase the net financial expense, but the net impact on the financial statements should not be significant.

The amendment to IAS 19 is of mandatory application as of 1 January 2013, subject to EU endorsement.

2.2 USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make various estimates and to use assumptions regarded as realistic and reasonable. These estimates or assumptions could affect the value of the Group's assets, liabilities, equity, net income and contingent assets and liabilities at the closing date. Management reviews estimates on an on-going basis using information currently available. Actual results may differ from those estimates, due to changes in facts and circumstances.

The accounting policies most affected by the use of estimates are the following:

Revenue and margin recognition on construction and long-term service contracts and related provisions

The Group recognises revenue and gross margin on construction and long-term service contracts using the percentage of completion method based on milestones; in addition, when a project review indicates a negative gross margin, the loss related to work not yet performed is immediately recognised.

Recognised revenue and margin are based on estimates of total expected contract revenue and cost, which are subject to revisions as the contract progresses. Total expected revenue and cost on a contract reflect management's current best estimate of the probable future benefits and obligations associated with the contract. Assumptions to calculate present and future obligations take into account current technology as well as the commercial and contractual

Consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

positions, assessed on a contract-by-contract basis. The introduction of technologically-advanced products exposes the Group to risks of product failure significantly beyond the terms of standard contractual warranties applicable to suppliers of equipment only.

Obligations on contracts may result in penalties due to late completion of contractual milestones, or unanticipated costs due to project modifications, suppliers or subcontractors' failure to perform or delays caused by unexpected conditions or events. Warranty obligations are affected by product failure rates, material usage and service delivery costs incurred in correcting failures.

Although the Group makes individual assessments on contracts, there is a risk that actual costs related to those obligations may exceed initial estimates. Estimates of contract costs and revenues at completion in case of contracts in progress and estimates of provisions in case of completed contracts may then have to be re-assessed.

Estimate of provisions relating to litigations

The Group identifies and analyses on a regular basis current litigations and measures, when necessary, provisions on the basis of its best estimate of the expenditure required to settle the obligation at the balance sheet date. These estimates take into account information available and different possible outcomes.

Valuation of deferred tax assets

Management judgment is required to determine the extent to which deferred tax assets can be recognised. Future sources of taxable income and the effects of the Group global income tax strategies are taken into account in making this determination. This assessment is conducted through a detailed review of deferred tax assets by jurisdiction and takes into account past, current and future performance deriving from the existing contracts in the order book, the budget and the three-year plan, and the length of carry back, carry forwards and expiry periods of net operating losses.

Measurement of post-employment and other long-term defined employee benefits

The measurement of obligations and assets related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the expected return on plan assets, the rate of future compensation increases as well as withdrawal and mortality rates. If actuarial assumptions materially differ from actual results, it could result in a significant change in the employee benefit expense recognised in the income statement, actuarial gains and losses recognised in other comprehensive income and prepaid and accrued benefits.

Valuation of assets

The discounted cash flow model used to determine the recoverable value of the groups of cash generating units to which goodwill is allocated includes a number of inputs including estimates of future cash flows, discount rates and other variables, and then requires significant judgment.

Impairment tests performed on intangible and tangible assets are also based on assumptions. Future adverse changes in market conditions or poor operating results from underlying assets could result in an inability to recover their current carrying value.

Inventories

Inventories, including work in progress, are measured at the lower of cost or net realisable value. Write-down of inventories are calculated based on an analysis of foreseeable changes in demand, technology or market conditions in order to determine obsolete or excess inventories. If actual market conditions are less favourable than those projected, additional inventory write-downs may be required.

2.3 SIGNIFICANT ACCOUNTING POLICIES**2.3.1 Consolidation methods****SUBSIDIARIES**

Entities over which the Group exercises exclusive control are fully consolidated. Exclusive control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities, whether it holds shares or not.

Inter-company balances and transactions are eliminated.

Results of operations of subsidiaries acquired or disposed of during the year are recognised in the consolidated income statement as from the date of acquisition or up to the date of disposal, respectively.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the equity attributable to the equity holders of the parent. Non-controlling interests consist of the amount of those interests at the date of the original business combination and their share of changes in equity since the date of the combination. In the absence of explicit agreements to the contrary, subsidiaries' losses are systematically allocated between equity holders of the parent and minority interests based on their respective ownership interests even if this results in the minority interests having a deficit balance.

INTERESTS IN JOINT VENTURES

Entities over which the Group exercises joint control are consolidated according to the proportionate consolidation method whereby the Group's share of the joint ventures' results, assets and liabilities is recorded in the consolidated financial statements. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

INVESTMENTS IN ASSOCIATES

Entities in which the Group exercises significant influence but not control, are accounted for under the equity method. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost, including any goodwill arising and transaction costs. Earn-outs are initially recorded at fair value and adjustments recorded through cost of investment when their payments are probable and can be measured with sufficient reliability.

The Group's share of its associates' profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Losses of an associate in excess of the Group's interest in that associate are not recognised, except if the Group has a legal or implicit obligation.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

2.3.2 Translation of financial statements denominated in currencies other than euro

Functional currency is the currency of the primary economic environment in which a reporting entity operates, which in most cases, corresponds to the local currency. However, some reporting entities may have a functional currency different from local currency when that other currency is used for the entity's main transactions and faithfully reflects its economic environment.

Assets and liabilities of entities whose functional currency is other than the euro are translated into euro at closing exchange rate at the end of each reporting period while their income and cash flow statements are translated at the average exchange rate for the period. The currency translation adjustments resulting from the use of different currency rates for opening balance sheet positions, transactions of the period and closing balance sheet positions are recorded in other comprehensive income. Translation adjustments are transferred to the consolidated income statement at the time of the disposal of the related entity.

Goodwill and fair value adjustments arising from the acquisition of entities whose functional currency is not euro are designated as assets and liabilities of those entities and therefore denominated in their functional currencies and translated at the closing rate at the end of each reporting period.

2.3.3 Business combinations

Business combinations completed between 1 January 2004 and 31 March 2010 have been recognised applying the provisions of the previous version of IFRS 3.

Business combinations completed from 1 April 2010 onwards are recognised in accordance with IFRS 3 Revised.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity-interest issued by the acquirer. The consideration transferred

includes contingent consideration, measured and recognized at fair value, at the acquisition date.

Earn-outs are initially recorded at fair value and adjustments made beyond the 12-month measurement period following the acquisition are systematically recognised through profit or loss.

Acquisition-related costs are recorded as an expense in the period in which they are incurred.

Goodwill arising from a business combination is measured as the difference between:

- the fair value of the consideration transferred for an acquiree plus the amount of any non-controlling interests of the acquiree; and
- the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Initial estimates of consideration transferred and fair values of assets acquired and liabilities assumed are finalised within twelve months after the date of acquisition and any adjustments are accounted for as retroactive adjustments to goodwill. Beyond this twelve-month period, any adjustment is directly recognised in the income statement.

For each business combination, any non-controlling interest in the acquiree may be measured either at the acquisition-date fair value, leading to the recognition of the non-controlling interest's share of goodwill (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, resulting in recognition of only the share of goodwill attributable to equity holders of the parent (partial goodwill method).

Goodwill is not amortised but tested for impairment at least annually at closing date.

In case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

2.3.4 Segment information

Operating segments used to present segment information are identified on the basis of internal reports used by the Chief Executive Officer (CEO) to allocate resources to the segments and assess their performance. There is no segment aggregation.

The Chief Executive Officer is the Group's "chief operating decisions maker" within the meaning of IFRS 8.

The methods used to measure the key performance indicators of the segments for internal reporting purposes are the same as those used to prepare the consolidated financial statements.

2.3.5 Sales and costs generated by operating activities

MEASUREMENT OF SALES AND COSTS

The amount of revenue arising from a transaction is usually determined by the contractual agreement with the customer.

In the case of construction contracts, claims are considered in the determination of contract revenue only when it is highly probable that

the claim will result in additional revenue and the amount can be reliably estimated.

Penalties are taken into account in reduction of contract revenue as soon as they are probable.

Production costs include direct costs (such as material, labour and warranty costs) and indirect costs. On the basis of funding required for the execution of contracts, borrowing costs may be attributed to construction contracts whose execution period exceeds one year. Warranty costs are estimated on the basis of contractual agreement, available statistical data and weighting of all possible outcomes against their associated probabilities. Warranty periods may extend up to five years. Selling and administrative expenses are excluded from production costs.

RECOGNITION OF SALES AND COSTS

Revenue on sale of manufactured products is recognised when the significant risks and rewards of ownership are transferred to the customer, which generally occurs on delivery. Revenue on short-term service contracts is recognised on performance of the related service. All production costs incurred or to be incurred in respect of the sale are charged to cost of sales at the date of recognition of sales.

Revenue on construction contracts and long-term service agreements is recognised based on the percentage of completion method: the stage of completion is assessed by milestones which ascertain the completion of a physical proportion of the contract work or the performance of services provided for in the agreement. The revenue for the period is the excess of revenue measured according to the percentage of completion over the revenue recognised in prior periods.

Cost of sales on construction contracts and long-term service agreements is computed on the same basis. The cost of sales for the period is the excess of cost measured according to the percentage of completion over the cost of sales recognised in prior periods. As a consequence, adjustments to contract estimates resulting from work conditions and performance are recognised in cost of sales as soon as they occur, prorated to the stage of completion.

When the outcome of a contract cannot be estimated reliably but the contract overall is expected to be profitable, revenue is still recognised based on milestones, but margin at completion is adjusted to nil.

When it is probable that contract costs at completion will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Bid costs are directly recorded as expenses when a contract is not secured.

With respect to construction contracts and long-term service agreements, the aggregate amount of costs incurred to date plus recognised margin less progress billings is determined on a contract-by-contract basis. If the amount is positive, it is included as an asset designated as "Construction contracts in progress, assets". If the amount is negative, it is included as a liability designated as "Construction contracts in progress, liabilities".

The caption "Construction contracts in progress, liabilities" also includes down payments received from customers.

RECOGNITION OF OVERHEAD EXPENSES

Research expenditure is expensed as incurred. Development costs are expensed as incurred unless the project they relate to meets the criteria for capitalisation (see Note 2.3.10). Selling and administrative expenses are expensed as incurred.

2.3.6 Income from operations

Income from operations is the indicator used by the Group to present the level of operational performance that can be used as part of an approach to forecast recurring performance. This complies with the recommendation 2009-R03 of the ANC, the French standard setter, on the format of financial statements of entities applying IFRS.

Income from operations includes gross margin, research and development expenditure, selling and administrative expenses. It includes in particular the service cost of employee defined benefits, the cost of share-based payments and employee profit sharing, foreign exchange gains or losses associated with operating transactions and capital gains (losses) on disposal of intangible and tangible assets arising from ordinary activities.

2.3.7 Other income and other expenses

Other income and other expenses are representative of items which are inherently difficult to predict due to their unusual, irregular or non-recurring nature.

Other income may include capital gains on disposal of investments or activities and capital gains on disposal of tangible and intangible assets arising from activities disposed of or facing restructuring plans as well as any income associated to past disposals.

Other expenses include capital losses on disposal of investments or activities and capital losses on disposal of tangible and intangible assets arising from activities disposed of or facing restructuring plans as well as any costs associated to past disposals, restructuring costs, costs incurred to effect business combinations and amortisation expense of assets exclusively acquired in the context of business combinations (margin in backlog, customer relationship, margin on inventory), significant impairment losses on assets, litigation costs that have arisen outside the ordinary course of business and a portion of post-employment and other long-term defined benefit expense (amortisation of unrecognised prior service cost, impacts of curtailments and settlements and amortisation of actuarial gains and losses referring to long-term benefits other than post-employment benefits).

2.3.8 Financial income and expense

Financial income and expense include:

- Interest income representing the remuneration of the cash position,
- Interest expense related to the financial debt (financial debt consists of bonds, the debt component of compound instruments, other borrowings and lease-financing liabilities);

- Other expenses paid to financial institutions for financing operations;
- The financial component of the cost of employee defined benefits (interest cost and expected return on assets);
- Dividends received from non-consolidated investments;
- Foreign exchange gains and losses associated to financing transactions;
- Other income or expense from cash and cash equivalents and marketable securities.

2.3.9 Foreign currency transactions

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate between the functional currency of the reporting unit and the foreign currency at the date of the transaction. Currency units held, assets to be received and liabilities to be paid resulting from those transactions are re-measured at closing exchange rates at the end of each reporting period. Realised exchange gains or losses at date of payment as well as unrealised gains or losses deriving from re-measurement are recorded within income from operations when they relate to operating activities or within financial income or expense when they relate to financing activities.

Since the Group is exposed to foreign currency volatility, the Group puts in place a significant volume of hedges to cover this exposure. These derivatives are recognised on the balance sheet at their fair value at the closing date. Providing that the relationships between the foreign currency exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. A relationship qualifies for hedge accounting if, at the inception of the hedge, it is formally designated and documented and if it proves to be highly effective throughout the financial reporting periods for which the hedge was designated.

Hedging relationships may be of two types:

- Cash flow hedge in case of hedge of the exposure to variability of cash flows attributable to highly probable forecast transactions;
- Fair value hedge in case of hedge of the exposure attributable to recognised assets, liabilities or firm commitments.

CASH FLOW HEDGE

When cash flow hedge accounting applies, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When the forecast transaction results in the recognition of a financial asset or liability, the amounts previously recognised directly in other comprehensive income are recycled into the income statement. When the forecast transaction results in the recognition of a non-financial asset or liability (for instance, inventories or construction contracts in progress), the gain or loss that was directly recognised in other comprehensive income is included in the carrying amount of the asset or liability.

FAIR VALUE HEDGE

When fair value hedge accounting applies, changes in the fair value of derivatives and changes in the fair value of hedged items are both recognised in the income statement and offset each other up to the gain or loss on the effective portion on the hedging instrument.

Whatever the type of hedge, the ineffective portion on the hedging instrument is recognised in the income statement. Realised and unrealised exchange gains and losses on hedged items and hedging instruments are recorded within income from operations when they relate to operating activities or within financial income or expense when they relate to financing activities.

As the effective portion on the hedging instrument offsets the difference between the spot rate at inception of the hedge and the effective spot rate at the outcome of the hedge, sales and costs resulting from commercial contracts are recognised at the spot rate at inception of the hedge throughout the life of the related commercial contracts, provided that the corresponding hedging relationships keep on qualifying for hedge accounting.

The Group also uses export insurance policies to hedge its currency exposure on certain contracts during the open bid period as well as after the award of the contracts. During the bid period, the fair values of these insurance instruments cannot be reliably determined due to the uncertainty on the award of commercial contracts. As a consequence, at that stage, the instruments are not recognised on the balance sheet. When commercial contracts are awarded, insurance instruments are recognised and re-measured in the same way as foreign currency exchange forward contracts.

2.3.10 Intangible assets

Intangible assets include acquired intangible assets (such as technology and licensing agreements) and internally generated intangible assets (mainly development costs).

ACQUIRED INTANGIBLE ASSETS

Acquired intangible assets are initially measured at cost and amortised on a straight-line basis over their estimated useful lives. Useful lives can extend to twenty years due to the long-term nature of the underlying contracts and activities. The amortisation expense of assets acquired through ordinary transactions is recorded in cost of sales, research and development expenditure, selling expenses or administrative expenses, based on the function of the underlying assets. The amortisation expense of assets exclusively acquired in the context of a business combination (margin in backlog, customer relationship) is recognised as other expense.

INTERNALLY GENERATED INTANGIBLE ASSETS

Development costs are capitalised if and only if the project they relate to meets the following criteria:

- The project is clearly defined and its related costs are separately identified and reliably measured,
- The technical feasibility of the project is demonstrated,
- The intention exists to complete the project and to use or sell it,
- Adequate technical and financial resources are available to complete the project,

- It is probable that the future economic benefits attributable to the project will flow to the Group.

Capitalised development costs are costs incurred directly attributable to the project (materials, services, fees...), including an appropriate portion of relevant overheads.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life of the asset. The amortisation charge is reported in research and development expenditure.

2.3.11 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. When an item of property, plant and equipment is made up of components with different useful lives, the total cost is allocated between the various components. Components are then separately depreciated.

Depreciation is computed using the straight-line method over the estimated useful lives of each component. The useful lives most commonly used are the following:

	Estimated useful life in years
Buildings	7-40
Machinery and equipment	3-20
Tools, furniture, fixtures and others	1-10

Useful lives are reviewed on a regular basis and changes in estimates, when relevant, are accounted for on a prospective basis. The depreciation expense is recorded in cost of sales, selling expenses or administrative expenses, based on the function of the underlying assets.

Borrowing costs that are attributable to an asset whose construction period exceeds one year are capitalised as part of the costs of the asset.

Property, plant and equipment acquired through finance lease arrangements or long-term rental arrangements that transfer substantially all the risks and rewards incidental to ownership are capitalised. They are recognised at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a financing obligation. Lease payments are apportioned between finance charges and repayment of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the term of the relevant lease, when shorter.

Leases that do not transfer substantially all risks and rewards incidental to ownership are classified as operating leases. Rentals payable are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised on a straight-line basis over the lease term.

2.3.12 Impairment of goodwill, tangible and intangible assets

Goodwill and intangible assets not yet available for use are tested for impairment at least annually or when there are indicators that they may be impaired. Other intangible assets and tangible assets are tested for impairment only if there are indicators of impairment.

The impairment test methodology is based on a comparison between the recoverable amount of an asset and its net carrying value. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other groups of assets. If an asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for a cash-generating unit.

For internal management purposes, goodwill acquired in a business combination is monitored at the level of the Sectors as defined in Note 1: therefore goodwill is tested for impairment at the level of the group of cash-generating units constituting each Sector.

The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use is elected as representative of the recoverable value. The valuation performed is based upon the Group's internal three-year business plan. Cash flows beyond this period are estimated using a perpetual long-term growth rate for the subsequent years. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rates are determined using the weighted-average cost of capital of each Sector.

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognised immediately in the income statement. In the case of goodwill allocated to a group of CGUs, the impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets on a pro-rata basis of the carrying amount of each asset.

Impairment losses recognised in respect of goodwill cannot be reversed. The impairment losses recognized in respect of assets or cash-generating units may be reversed in a later period and recognized immediately in the income statement. The carrying amount is increased to the revised estimate of recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized in prior years.

2.3.13 Financial assets

LOANS AND DEPOSITS

Loans are initially measured at their fair value, plus directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Deposits are reported as financial assets when their initial maturity is more than three months and as cash and cash equivalents in case of demand deposits or when the initial maturity is less than three months.

If there is any indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying

value and the impaired value (net realisable value) is recorded as a financial expense. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported as a financial income.

INVESTMENTS AND DEBT SECURITIES

Investments in non-consolidated companies are designated as available-for-sale financial assets. They are initially measured at their fair value, plus directly attributable transaction costs and subsequently re-measured at fair value.

The fair value of listed securities is the market value at the closing date.

A valuation model is used in case of unlisted securities. Changes in fair value are directly recognised in other comprehensive income until the security is disposed of or is determined to be impaired. On disposal or in case of significant or prolonged decline in the fair value, the cumulative gain or loss previously recognised in other comprehensive income is included in the profit or loss for the period. Unlike impairment losses recognised in respect of investments in a debt instrument, impairment losses recognised in respect of investments in equity instruments cannot be reversed through profit and loss.

When the fair value cannot be determined reliably, investments in non-consolidated companies are measured at cost. Any impairment loss recognised for such investment is not reversed in a subsequent period, except when disposed of.

All debt securities that the Group has the expressed intention and ability to hold to maturity are designated as held-to-maturity financial assets. They are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect amounts expected not to be recoverable. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying value and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses may be reversed through profit and loss in subsequent periods.

Marketable securities are securities held for trading which cannot be considered as cash and cash equivalents. They are designated as financial asset at fair value through profit or loss. Changes in fair value are reported as financial income or expense.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised and re-measured at fair value (see Note 2.3.9 for foreign currency hedging instruments and Note 2.3.19 for interest rate derivatives).

RECEIVABLES

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment. Any difference between the carrying value and the impaired value (net realisable value) is recorded within income from operations. The impairment loss can be reversed if the value is recovered in the future. In that case, the reversal of the impairment loss is reported within income from operations.

2.3.14 Inventories

Raw materials and supplies, work in progress and finished products are stated at the lower of cost, using the weighted average cost method, or net realisable value. Inventory cost includes direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.3.15 Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.3.16 Taxation

The group computes taxes in accordance with prevailing tax legislation in the countries where income is taxable.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Temporary differences arising between the carrying amount and the tax base of assets and liabilities, unused tax losses and unused tax credits are identified for each taxable entity (or each tax group when applicable). Corresponding deferred taxes are calculated at the enacted or substantively enacted tax rates that are expected to apply in the period when the asset is realised or the liability settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available in the future against which the deductible differences, unused tax losses and unused tax credits can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of certain taxable temporary differences between the Group's share in the net assets in subsidiaries, joint ventures and associates and their tax bases. The most common situation when such exception applies relates to undistributed profits of subsidiaries where distribution to the shareholders would trigger a tax liability: when the Group has determined that profits retained by the subsidiary will not be distributed in the foreseeable future, no deferred tax liability is recognised.

Deferred tax assets and liabilities are offset when both of the following conditions are met:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Deferred tax is charged or credited to net income, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is classified in other comprehensive income.

2.3.17 Provisions

As long as a construction contract or a long-term service agreement is in progress, obligations attributable to such a contract are taken into account in the assessment of the margin to be recognised and are therefore reported within the accounts "Construction contracts in progress, assets" or "Construction contracts in progress, liabilities".

Upon completion of the contract, such obligations are recognised as distinct liabilities when they satisfy the following criteria:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of economic resources will be required to settle the obligation; and
- such outflow can be reliably estimated.

These liabilities are presented as provisions when they are of uncertain timing or amount. When this uncertainty is dispelled, they are presented as trade payables or other current liabilities.

Obligations resulting from transactions other than construction contracts and long-term service agreements are directly recognised as provisions as soon as the above-mentioned criteria are met.

Where the effect of the time value of money is material, provisions are measured at their present value.

Restructuring provisions are made when plans to reduce or close facilities, or to reduce the workforce have been finalised and approved by the Group management and have been announced before the balance sheet date, resulting in an obligation of the Group to third parties. Restructuring costs include employees' severance and termination benefits and estimated facility closing costs. In addition to such provisions, restructuring costs may include asset write-off relating to the restructured activities.

2.3.18 Financial liabilities

BONDS AND BORROWINGS

Bonds and interest-bearing bank loans are initially recognised at fair value, less any transaction costs directly attributable to the issuance of the liability. These financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised and re-measured at fair value (see Note 2.3.9 for foreign currency hedging instruments and Note 2.3.19 for interest rate hedging instruments).

PAYABLES

Payables are initially recognised at fair value, which in most cases approximates the nominal value. They are subsequently re-measured at amortised cost.

2.3.19 Interest rate derivatives

The Group may enter into hedges for the purpose of managing its exposure to movements in interest rates. Derivatives are recognised on the balance sheet at fair value at the closing date. Providing that the relationships between the interest rate exposure and the related derivatives are qualifying relationships, the Group uses the specific accounting treatments designated as hedge accounting. Fair value hedge accounting and cash flow hedge accounting are applied to fixed and floating rate borrowings, respectively.

In the case of fair value hedge relationships, the re-measurement of the fixed rate borrowing is offset in the income statement by the movement in the fair value of the derivative up to the effective part of hedged risk. In the case of cash flow hedge relationships, the change in fair value of the derivative is recognised directly in other comprehensive income. When the forecast transaction results in the recognition of a monetary item, the amounts previously recognised directly in other comprehensive income are reclassified to the income statement.

2.3.20 Share-based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees.

EQUITY-SETTLED SHARE-BASED PAYMENTS

Equity-settled share-based payments are measured at fair value at the grant date (excluding the effect of non market-based conditions) using the binomial pricing model. The cumulative recognised expense is based on the fair value at grant date and on the estimated number of shares that will eventually vest (including the effect of non market-based vesting conditions). It is recorded in income from operations throughout the vesting period with a counterpart in equity.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

CASH-SETTLED SHARE-BASED PAYMENTS

For cash-settled share-based payments, a liability equal to the portion of the goods or services rendered is recognised at the current fair value determined at each balance sheet date.

The Group may also provide employees with the ability to purchase the Group's ordinary shares at a discounted price compared to that of the current market value. In that case, the Group records an expense based on the discount given and its estimate of the shares expected to vest.

2.3.21 Post-employment and other long-term defined employee benefits

The Group provides its employees with various types of post-employment benefits, such as pensions, retirement bonuses and medical care, and other long-term benefits, such as jubilee awards and deferred compensation schemes. The type of benefits offered to individual employees is related to local legal requirements as well as practices of the specific subsidiaries.

The Group's health care plans are generally contributory with participants' contributions adjusted annually.

POST-EMPLOYMENT DEFINED BENEFIT PLANS

For single employer defined benefit plans, the Group uses the Projected Unit Credit Method to determine the present value of its obligations and the related current and past service costs/profits. This method considers the actuarial assumptions' best estimates (for example, the expected turnover, the expected future salary increase and the expected mortality).

Most defined benefit pension liabilities are funded through pension funds legally distinct from the entities constituting the Group. Plan assets related to funded plans are invested mainly in equity and debt securities. Other supplemental pension plans sponsored by the Group for certain employees are directly paid by the employer as they become due. Post-employment medical benefit plans are predominantly unfunded.

The Group periodically reviews plan assets and obligations. The effects of any change in actuarial assumptions together with the differences between forecast and actual experience are assessed. The Group recognises in other comprehensive income the full amount of any actuarial gains and losses as well as the effect of any asset ceiling.

The estimated cost of providing defined benefits to employees is accrued during the years in which the employees render services. In the income statement, the service cost is included in the income from operations. The amortisation of unrecognised prior service cost/profit and specific events impacts (e.g. curtailments) are recognised in other expenses. Interest cost and expected return on assets are included in financial income (expenses).

The Group also participates in multi-employer defined benefit plans, mainly in the United States and Canada. As corresponding funds are not able to provide sufficient information to use defined benefit accounting, these plans are accounted for as defined contribution plans (see below).

POST-EMPLOYMENT DEFINED CONTRIBUTION PLANS

For defined contribution plans, the Group pays contributions to independently administered funds at a fixed percentage of employees' pay. These contributions are recorded as operating expenses.

OTHER LONG-TERM EMPLOYEE BENEFITS

The accounting method used when recognising obligations arising from other long-term employee benefits is similar to the method used for post-employment defined benefits, except that prior service cost and actuarial gains/losses are immediately recognised in full in "other income/expenses" in the income statement.

2.3.22 Off balance sheet commitments**COMMITMENTS ARISING FROM EXECUTION OF OPERATIONS CONTROLLED BY THE GROUP**

In the ordinary course of business, the Group is committed to fulfil various types of obligations arising from customer contracts (among which full performance and warranty obligations). Obligations may also arise from leases and regulations in respect of tax, custom duties, Environment, Health and Safety. These obligations may or may not be guaranteed by bonds issued by banks or insurance companies.

As the Group is in a position to control the execution of these obligations, a liability only arises if an obligating event (such as a dispute or a late completion) has occurred and makes it likely that an outflow of resources will occur.

When the liability is considered as only possible but not probable or, when probable, cannot be reliably measured, it is disclosed as a contingent liability.

When the liability is considered as probable and can be reliably measured, the impact on the financial statements is the following:

- if the additional liability is directly related to the execution of a customer contract in progress, the estimated gross margin at completion of the contract is reassessed; the cumulated margin recognised to date based on the percentage of completion and the accrual for future contract loss, if any, are adjusted accordingly,
- if the additional liability is not directly related to a contract in progress, a liability is immediately recognised on the balance sheet.

The contractual obligations of subcontractors towards the Group are of the same nature as those of the Group towards its customers. They may be secured by the same type of guarantees as those provided to the Group's customers.

No contingent asset is disclosed when the likelihood of the obligation of the third party remains remote or possible. A contingent asset is disclosed only when the obligation becomes probable.

Any additional income resulting from a third party obligation is taken into account only when it becomes virtually certain.

COMMITMENTS ARISING FROM EXECUTION OF OPERATIONS NOT WHOLLY WITHIN THE CONTROL OF THE GROUP

Obligations towards third parties may arise from on-going legal proceedings, credit guarantees covering the financial obligations of third parties in cases where the Group is the vendor, and indemnification guarantees issued in connection with disposals of business entities.

In case of legal proceedings, a contingent liability is disclosed when the liability is considered as only possible but not probable, or, when probable, cannot be reliably measured. In case of commitments arising from guarantees issued, contingent liabilities are disclosed as soon as guarantees have been delivered and as long as they have not matured.

A provision is recorded if the obligation is considered as probable and can be reliably measured.

Contingent assets arising from legal proceedings or guarantees delivered by third parties are only disclosed when they become probable.

2.3.23 Earnings per share

Basic earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period increased by the weighted average number of shares to be issued on reimbursement of bonds reimbursable with shares ("ORA").

Diluted earnings per share are computed by dividing the period net profit (loss) before the financial cost (net of tax) of bonds reimbursable with shares, by the weighted average number of outstanding shares during the period adjusted in order to take into consideration all dilutive instruments (ORA, stock options, free shares).

Note 3

Scope of consolidation

3.1 TRANSMISSION ACTIVITIES (GRID)

On 20 January 2010, Alstom and Schneider Electric, acting under a consortium agreement, signed an agreement with Areva with the purpose of acquiring its transmission and distribution activities ("Areva T&D"). Following the approvals from competition authorities, the closing of the acquisition took place on 7 June 2010 and the consortium acquired the entire capital of Areva T&D for an equity value of €2,290 million and both partners of the consortium took over from Areva the financial debt refinancing of this company.

Alstom funded the equity value of the Transmission activities (€1,570 million) and refinanced the related debt of €753 million.

The consortium agreement establishes that, at the closing date of the transaction, Transmission activities and Distribution activities are owned respectively by Alstom and Schneider Electric.

As a result, the Transmission activities have been fully consolidated since 7 June 2010 in the Group's financial statements, while the Distribution activities are totally excluded from the consolidation scope.

With this acquisition, the Group formed a new Sector, named Grid.

In accordance with IFRS 3 (revised), the Group has recognised the assets acquired and liabilities assumed, these being measured at fair value at the acquisition date.

The Group has decided to measure the non-controlling interests at the non-controlling interests' proportionate share of the identifiable net assets of the Transmission activities.

The valuation of assets acquired and liabilities assumed at their fair value has resulted in the recognition of new intangible assets (technology, order backlog margin and customer relationships) and the re-measurement of tangible assets, inventories and liabilities. Assets have been valued by external independent experts. The valuation was finalised on 7 June 2011 and its effects reflected in the Consolidated Financial Statements.

The resulting goodwill amounts to €1,529 million and is mainly supported by the leadership position of Alstom Group in growing markets and by expected synergies between Grid and other Alstom activities in terms of costs and portfolio strategy, in particular the unique positioning of the acquired businesses on the Smart Grid key markets and the international presence of the Transmission businesses.

In the fields of cost reductions, comprehensive commercial offering and combined workforce and know-how, specific synergies with Power and Transport Sectors have been identified. An in-depth analysis and valuation of these synergies, carried out by an independent expert, has resulted in a final allocation of goodwill of €293 million to Power Sectors and €136 million to Transport Sector. Therefore the goodwill allocated to Grid amounts to €1,100 million.

Fair values of the assets acquired and liabilities assumed of the Transmission activities at the date of acquisition:

(in € million)	Fair values
Intangible assets	509
Property plant & equipment	629
Associates & other investments	1
Other non current assets, net	16
Deferred tax	189
Total non-current assets	1,344
Inventories	725
Construction contracts in progress, assets	0
Trade receivables	1,916
Other current operating assets	556
Marketable securities and other current financial assets	0
Cash and cash equivalents	328
Total current assets	3,525
TOTAL ASSETS	4,869
Non-current provisions	204
Accrued pensions and other employee benefits	188
Non-current borrowings	8
Non-current obligations under finance leases	7
Deferred tax	19
Total non-current liabilities	426
Current provisions	523
Current borrowings	1,058
Current obligations under finance leases	1
Construction contract in progress, liabilities	742
Trade payables	766
Other current operating liabilities	1,237
Total current liabilities	4,327
TOTAL LIABILITIES	4,753
Net assets acquired	116
Fair value of assets and liabilities attributable to non controlling interests	75
Fair value of assets and liabilities attributable to equity holders of the parent	41
Purchase price	1,570
Final goodwill	1,529

3.2 TRANSMASHHOLDING

On 27 May 2011, Alstom has finalised its partnership agreement with Transmashholding ("TMH"), the leading Russian rail manufacturer, by acquiring a 25% stake (plus one share) of the Breakers Investments B.V., which holds 100% of Transmashholding. The deal was closed after Alstom received all approvals of the appropriate Russian authorities.

Alstom share in the Breakers Investments B.V. group is an investment in associates and is therefore accounted for according to the equity method.

Pursuant to the closing of the deal, Alstom made an initial payment of \$75 million (approximately €53 million) to the selling shareholders. The remainder of the price will be calculated using a computation method based on TMH operating results over a four-year period (2008-2011), and paid by the end of 2012. This unpaid portion of the

price has been recorded as financial debt at the date the partnership agreement has been finalized, and reassessed based on the latest information available at 31 March 2012.

In accordance with IAS 28, the Group has recognised its share in the net fair values of the associate's identifiable assets acquired and liabilities assumed at the acquisition date. Accordingly, a preliminary valuation has been determined as at 27 May 2011. The fair value of assets acquired and liabilities assumed may be subsequently adjusted during a maximum of 12 months from the date the investment becomes an associate, depending on new information obtained about the facts and circumstances existing at the acquisition date.

The resulting and preliminary goodwill amounts to €47 million as at 31 March 2012 and is included in the carrying amount of the investment.

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3.3 JOINT COMPANY IN BOILERS

Alstom and Shanghai Electric signed in April 2011 a letter of intent to create Alstom-Shanghai Electric Boilers Co, a 50/50 joint company that would be world leader in boilers for coal-fired power plants, with

combined sales of about €2.5 billion. The joint company will benefit from Shanghai Electric's strong competitiveness and positioning in China as well as from Alstom's close relationship with the utilities worldwide and its related technologies.

Note 4

Segment information

4.1 KEY INDICATORS BY OPERATING SEGMENT

AT 31 MARCH 2012

(in € million)	Thermal Power	Renewable Power	Transport	Grid	Corporate & others	Eliminations	Total
Sales	8,771	2,039	5,171	4,060	-	(107)	19,934
Inter Sector eliminations	(45)	(12)	(3)	(47)	-	107	-
Total Sales	8,726	2,027	5,168	4,013	-	-	19,934
Income (loss) from operations	850	150	264	248	(106)	-	1,406
Earnings (loss) before interest and taxes	824	149	222	83	(206)	-	1,072
Financial income (expense)							(177)
Income tax							(179)
Share in net income of equity investments							28
NET PROFIT							744
Segment assets ⁽¹⁾	11,570	2,674	5,778	5,197	1,814	-	27,033
Deferred taxes (assets)							1,472
Prepaid employee defined benefit costs							12
Financial assets							2,530
TOTAL ASSETS							31,047
Segment liabilities ⁽²⁾	9,500	1,630	4,375	3,058	1,435	-	19,998
Deferred taxes (liabilities)							176
Accrued employee defined benefit costs							1,417
Financial debt							5,022
Total equity							4,434
TOTAL EQUITY AND LIABILITIES							31,047
Capital employed ⁽³⁾	2,070	1,044	1,403	2,139	379	-	7,035
Capital expenditure	(264)	(179)	(188)	(140)	(42)	-	(813)
Depreciation and amortisation in EBIT	223	45	138	209	41	-	656

(1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, associates and other investments, other non current assets (other than those related to financial debt and to employee defined benefit plans), inventories, construction contracts in progress assets, trade receivables and other operating assets.

(2) Segment liabilities are defined as the sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities.

(3) Capital employed corresponds to segment assets minus segment liabilities.

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AT 31 MARCH 2011

(in € million)	Thermal Power	Renewable Power	Transport	Grid	Corporate & others	Eliminations	Total
Sales	9,770	1,949	5,606	3,653	-	(55)	20,923
Inter Sector eliminations	(45)	(8)	(2)	-	-	55	-
Total Sales	9,725	1,941	5,604	3,653	-	-	20,923
Income (loss) from operations	879	173	398	218	(98)	-	1,570
Earnings (loss) before interest and taxes	558	132	225	35	(186)	-	764
Financial income (expense)							(136)
Income tax							(141)
Share in net income of equity investments							3
NET PROFIT							490
Segment assets ⁽¹⁾	11,451	2,191	4,477	5,891	1,128	-	25,138
Deferred taxes (assets)							1,287
Prepaid employee defined benefit costs							28
Financial assets							3,180
TOTAL ASSETS							29,633
Segment liabilities ⁽²⁾	9,184	1,387	4,134	3,809	1,268	-	19,782
Deferred taxes (liabilities)							88
Accrued employee defined benefit costs							1,145
Financial debt							4,466
Total equity							4,152
TOTAL EQUITY AND LIABILITIES							29,633
Capital employed ⁽³⁾	2,267	804	343	2,082	(140)	-	5,356
Capital expenditure	(335)	(76)	(206)	(126)	(48)	-	(791)
Depreciation and amortisation in EBIT	228	34	148	229	37	-	676

(1) Segment assets are defined as the sum of goodwill, intangible assets, property, plant and equipment, associates and other investments, other non current assets (other than those related to financial debt and to employee defined benefit plans), inventories, construction contracts in progress assets, trade receivables and other operating assets.

(2) Segment liabilities are defined as the sum of non-current and current provisions, construction contracts in progress liabilities, trade payables and other operating liabilities.

(3) Capital employed corresponds to segment assets minus segment liabilities.

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4.2 KEY INDICATORS BY GEOGRAPHIC AREA

Sales by country of destination

(in € million)	Year ended	
	31 March 2012	31 March 2011
Western Europe	7,077	7,899
<i>thereof France</i>	2,136	2,155
Eastern Europe	1,352	1,454
North America	2,440	2,571
<i>thereof USA</i>	1,630	1,753
South & Central America	1,752	1,731
Asia & Pacific	4,316	3,788
Middle East & Africa	2,997	3,480
TOTAL GROUP	19,934	20,923

Non-current assets by country of location

(in € million)	Year ended	
	31 March 2012	31 March 2011
Western Europe ⁽¹⁾	8,704	8,278
<i>thereof France</i> ⁽²⁾	2,832	2,495
Eastern Europe	310	295
North America	771	740
<i>thereof USA</i>	670	640
South & Central America	188	142
Asia & Pacific	885	804
Middle East & Africa	36	39
TOTAL GROUP	10,894	10,298

(1) This amount mainly includes goodwill of Power Sectors.

(2) This amount includes goodwill of Grid Sector.

4.3 INFORMATION ABOUT MAJOR CUSTOMERS

No external customer represents individually 10% or more of the Group's consolidated sales.

Note 5

Research and development expenditure

(in € million)	Year ended	
	31 March 2012	31 March 2011
Research and development expenses	(682)	(703)
Developments costs capitalised during the period (see Note 10.2)	(293)	(286)
Amortisation expense of capitalised development costs (see Note 10.2)	113	98
Amortisation of acquired technology (see Note 10.2)	82	67
TOTAL RESEARCH AND DEVELOPMENT EXPENDITURE	(780)	(824)

During the fiscal year ended 31 March 2012, the Group invested €780 million in research and development to develop new technologies and to extend its existing product offering.

These research and development programmes relate mainly to:

- the development of Alstom's range of gas turbines, including performance upgrade packages and combustion system improvements to reduce emissions and increase fuel flexibility,

- the development of offshore wind turbine with a robust, simple and efficient design which will allow to improve the competitiveness of offshore wind power,
- the improvement of the Transport Sector's technological edge of the product offering (first third generation duplex TGV⁽¹⁾ train set, first CORADIA™ Polyvalent trainset, high speed PENDOLINO™, etc),
- the accelerated industrialisation of the Voltage Source Converter in the High Voltage Direct Current range and the Smart Grid developments.

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Note 6

Other income and other expenses

(in € million)	Year ended	
	31 March 2012	31 March 2011
Capital gains on disposal of businesses	-	-
Other	3	46
Other income	3	46
Capital losses on disposal of businesses	(2)	(33)
Restructuring costs	(83)	(520)
Expenses exclusively incurred in the context of business combinations	(156)	(203)
Other	(96)	(96)
Other expense	(337)	(852)
OTHER INCOME (EXPENSES)	(334)	(806)

Capital losses mainly arose from adjustments on disposed activities.

The largest part of the amount of restructuring costs recorded for the year ended 31 March 2011 are accounted by Power and Transport Sectors following their plans respectively announced in October 2010 and March 2011. In the last six months of the financial year ended 31 March 2011, the Group has started to adapt its footprint in order to address the lower demand in developed countries (Europe and USA) and the fast growth of its markets in emerging countries.

Expenses exclusively incurred in the context of business combinations comprise the amortisation of acquired margin related to Grid's acquisition and the costs incurred to effect the acquisition of Grid.

Other income and other expenses mainly derive from components of the post-employment and other long term defined benefit expense, costs of legal proceedings that have arisen outside the ordinary course of business and non-recurring impairment losses on assets.

(1) TGV is a trademark of the SNCF.

Note 7

Financial income (expense)

(in € million)	Year ended	
	31 March 2012	31 March 2011
Interest income	37	49
Other financial income	18	8
Financial income	55	57
Interest expense	(179)	(135)
Net financial expense from employee defined benefit plans	(4)	(16)
Net exchange loss	(11)	(7)
Other financial expenses	(38)	(35)
Financial expense	(232)	(193)
FINANCIAL INCOME (EXPENSE)	(177)	(136)
<i>Out of which</i>		
• Financial income/(expense) arising from Financial instruments (see Note 25)	(173)	(120)

Interest income of €37 million represents the remuneration of the Group's cash positions over the period.

Interest expense of €(179) million represents the cost of the gross financial debt. The increase compared to last year is due to the issuance of new bonds mainly related to the acquisition of the Grid business (see Note 24).

Other financial expense of €(38) million incorporates fees and commitment fees paid on guaranteed facilities, syndicated loans and other financing facilities for €(15) million (€(25) million for the year ended 31 March 2011).

Note 8

Taxation

8.1 ANALYSIS OF INCOME TAX CHARGE

The following table summarises the components of income tax charge for the years ended 31 March 2012 and 2011:

(in € million)	Year ended	
	31 March 2012	31 March 2011
Current income tax charge	(273)	(248)
Deferred income tax charge	94	107
Income tax charge	(179)	(141)
EFFECTIVE TAX RATE	20%	22%

The favourable geographical mix of income before taxes has enabled the Group to decrease the effective tax rate to 20% for the period ended 31 March 2012 compared to 22% for the previous fiscal year. Note that, although the rate has been stable over the last years, it may change from one year to another notably based on the following events:

- the geographical mix of income before taxes,
- the Group's ability to recognise new deferred tax assets and to use its tax loss carry forwards, and
- the outcome of income tax audits.

8.2 EFFECTIVE INCOME TAX RATE

The following table provides a reconciliation from the income tax charge valued at the French statutory rate to the actual income tax charge for the years ended 31 March 2012 and 2011:

(in € million)	Year ended	
	31 March 2012	31 March 2011
Pre-tax income	895	628
Statutory income tax rate of the parent company	34.43%	34.43%
Expected tax charge	(308)	(216)
Impact of:		
• Difference between normal tax rate applicable in France and normal tax rate in force in jurisdictions outside France	105	41
• Transactions liable for reduced tax rate	11	104
• Changes in unrecognised deferred tax assets	(69)	(52)
• Changes in tax rates	(7)	10
• Additional tax expenses (withholding tax, CVAE in France and IRAP in Italy)	(73)	(47)
• Permanent differences and other ^(*)	162	19
Income tax charge	(179)	(141)
EFFECTIVE TAX RATE	20%	22%

(*) Including operations of internal reorganisation.

8.3 DEFERRED TAX ASSETS AND LIABILITIES

(in € million)	Year ended	
	31 March 2012	31 March 2011
Deferred tax assets	1,472	1,287
Deferred tax liabilities	(176)	(88)
DEFERRED TAX ASSETS, NET	1,296	1,199

8.4 CHANGES IN NET DEFERRED TAX ASSETS

Net deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table summarises the significant components of the Group's net deferred tax assets as of 31 March 2012 and 2011:

(in € million)	At 31 March 2011	Change in P&L	Change in equity ^(*)	Acquisitions through business combinations	Translation adjustments and other changes	At 31 March 2012
Differences between carrying amount and tax basis of tangible and intangible assets	(13)	(13)	-	-	5	(21)
Accruals for employee benefit costs not yet deductible	213	(15)	31	1	12	242
Provisions and other accruals not yet deductible	500	(1)	-	-	1	500
Differences in recognition of margin on construction contracts	(299)	11	-	-	9	(279)
Tax loss carry forwards	911	177	-	(5)	(48)	1,035
Other	(113)	(65)	4	15	(22)	(181)
NET DEFERRED TAX ASSETS/(LIABILITIES)	1,199	94	35	11	(43)	1,296

(*) Mainly related to actuarial gains and losses directly recognised in equity (see consolidated statement of comprehensive income).

The Group is satisfied as to the recoverability of its recognised deferred tax assets at 31 March 2012 (€1,296 million) on the basis of an extrapolation of the last three-year business plan, as approved by the Board of Directors and the strategy for the long-term recovery of tax losses in each country.

Deferred tax assets still unrecognised amount to €1,225 million at 31 March 2012 (€865 million at 31 March 2011). Most of these unrecognised deferred taxes are originated from tax loss carry forward

(€827 million at 31 March 2012 and €645 million at 31 March 2011), out of which €500 million are not subject to expiry at 31 March 2012 (€452 million at 31 March 2011).

Note 9

Earnings per share

9.1 EARNINGS

(in € million)	Year ended	
	31 March 2012	31 March 2011
Net profit attributable to equity holders of the parent	732	462
Earnings attributable to equity holders of the parent used to calculate basic and diluted earnings per share	732	462

9.2 NUMBER OF SHARES

	Year ended	
	31 March 2012	31 March 2011
Weighted average number of ordinary shares used to calculate basic earnings per share	294,522,251	294,210,753
Effect of dilutive instruments other than bonds reimbursables with shares:		
• Stock options and free shares ⁽¹⁾	2,962,692	2,537,172
• Free shares	225,727	230,089
Weighted average number of ordinary shares used to calculate diluted earnings per share	297,710,670	296,978,014

(1) Stock options taken into consideration in the calculation of the diluted earnings per share only relate to plans 7, 8 and 14, plans 9, 10, 12 and 13 being out of the money as at 31 March 2012.

9.3 EARNINGS PER SHARE

(in €)	Year ended	
	31 March 2012	31 March 2011
Basic earnings per share	2.49	1.57
Diluted earnings per share	2.46	1.56

Note 10

Goodwill and intangible assets

Goodwill and intangible assets are reviewed for impairment at least annually and whenever events or circumstances indicate that they might be impaired. Such events or circumstances are related to significant, unfavourable changes that are of a lasting nature and

affect either the economic environment or the assumptions or the targets adopted as of the acquisition date. An impairment loss is recognised when the recoverable value of the assets tested becomes durably lower than their carrying value.

10.1 GOODWILL

(in € million)	At 31 March 2011	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2012
Thermal Power	3,180	-	-	28	3,208
Renewable Power	488	-	-	1	489
Transport	568	90	-	3	661
Grid	1,160	(37)	-	2	1,125
GOODWILL	5,396	53	-	34	5,483
<i>of which:</i>					
Gross value	5,396	53	-	34	5,483
Impairment	-	-	-	-	-

(in € million)	At 31 March 2010	Acquisitions and adjustments on preliminary goodwill	Disposals	Translation adjustments and other changes	At 31 March 2011
Thermal Power	2,960	224	-	(4)	3,180
Renewable Power	421	67	-	-	488
Transport	523	46	-	(1)	568
Grid	-	1,162	-	(2)	1,160
GOODWILL	3,904	1,499	-	(7)	5,396
<i>of which:</i>					
Gross value	3,904	1,499	-	(7)	5,396
Impairment	-	-	-	-	-

The movement over the period ended 31 March 2012 mainly arises from the final allocation of the purchase price related to the acquisition of the Grid activity (see Note 3).

As described in Note 3, part of the goodwill arising from the acquisition of the Grid activity has been allocated to the other Sectors. Goodwill allocated to the former Power Sector has been broken down between Thermal Power and Renewable Power based on their respective fair values.

As related information was available, the allocation to Thermal Power and Renewable Power Sectors of the goodwill of the former Power Sector has been made based on historical basis.

The carrying values of Thermal Power and Renewable Power goodwill retrospectively determined at 31 March 2011 after consideration of the reorganisation of the former Power Sector remain lower than their recoverable values at that date.

The impairment test at 31 March 2012 supports the Group's opinion that goodwill is not impaired.

The main assumptions used to assess the recoverable amounts of goodwill are as follows:

	Thermal Power	Renewable Power	Transport	Grid
Net carrying amount of goodwill at 31 March 2012 (in € million)	3,208	489	661	1,125
Value elected as representative of the recoverable value	value in use	value in use	value in use	value in use
Number of years over which cash flow estimates are available	3 years	3 years	3 years	3 years
Extrapolation period of cash flow estimates	2 years	2 years	2 years	2 years
Long term growth rate at 31 March 2012	2.0%	2.0%	1.5%	2.0%
Long term growth rate at 31 March 2011	2.0%	2.0%	1.5%	2.0%
After tax discount rate at 31 March 2012^(*)	9.0%	9.0%	9.0%	9.0%
After tax discount rate at 31 March 2011 ^(*)	9.0%	9.0%	9.0%	9.0%

(*) The application of pre-tax discount rates to pre-tax cash flows leads to the same valuation of cash generating units.

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As of 31 March 2012, the recoverable amounts of the 4 Sectors significantly exceeded their carrying value.

For all the Sectors, no impairment of the goodwill would need to be recognized when the value in use is calculated by using either:

- a discount rate that ranges from 240 to 2400 basis points above the base rate of 9%, depending on the Sector;
- a nil long-term growth rate.

Sensitivity of enterprise values to key assumptions can be presented as follows:

(in € million)	Thermal Power		Renewable Power		Transport		Grid	
	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp	-100 bp	+100 bp
After tax discount rate	1,743	-1,306	324	-243	463	-354	511	-383
Long-term growth rate	(556)	642	(103)	119	(173)	198	(189)	217

10.2 INTANGIBLE ASSETS

(in € million)	At 31 March 2011	Additions/ disposals/ amortisation	Acquisitions through business combinations	Translation adjustments and other changes	At 31 March 2012
Development costs	1,395	293	-	(2)	1,686
Acquired technology	1,422	-	-	-	1,422
Other intangible assets	678	6	(3)	16	697
Gross value	3,495	299	(3)	14	3,805
Development costs	(549)	(113)	-	5	(657)
Acquired technology	(668)	(82)	-	2	(748)
Other intangible assets	(344)	(124)	-	(11)	(479)
Amortisation and impairment	(1,561)	(319)	-	(4)	(1,884)
Development costs	846	180	-	3	1,029
Acquired technology	754	(82)	-	2	674
Other intangible assets	334	(118)	(3)	5	218
NET VALUE	1,934	(20)	(3)	10	1,921

(in € million)	At 31 March 2010	Additions/ disposals/ amortisation	Acquisitions through business combinations	Translation adjustments and other changes	At 31 March 2011
Development costs	1,112	286	2	(5)	1,395
Acquired technology	1,245	1	172	4	1,422
Other intangible assets	277	35	338	28	678
Gross value	2,634	322	512	27	3,495
Development costs	(452)	(98)	-	1	(549)
Acquired technology	(575)	(93)	-	-	(668)
Other intangible assets	(154)	(159)	-	(31)	(344)
Amortisation and impairment	(1,181)	(350)	-	(30)	(1,561)
Development costs	660	188	2	(4)	846
Acquired technology	670	(92)	172	4	754
Other intangible assets	123	(124)	338	(3)	334
NET VALUE	1,453	(28)	512	(3)	1,934

Technology and licence agreements acquired through the combination with ABB ALSTOM POWER in 1999 and 2000 and through the combination with Transmission activities in 2010 represent the bulk of the gross amount reported as acquired technology.

The impairment test at 31 March 2012 supports the Group's opinion that intangible assets are not impaired.

Note 11

Property, plant and equipment

(in € million)	At 31 March 2011	Acquisitions/ Depreciation/ Impairments	Disposals	Acquisitions through business combinations	Translation adjustments and other changes	At 31 March 2012
Land	197	6	(5)	-	(3)	195
Buildings	1,612	72	(6)	(5)	87	1,760
Machinery and equipment	2,716	145	(103)	-	84	2,842
Constructions in progress	262	209	(1)	-	(136)	334
Tools, furniture, fixtures and other	538	53	(42)	-	35	584
Gross value	5,325	485	(157)	(5)	67	5,715
Land	(9)	-	-	-	-	(9)
Buildings	(603)	(68)	10	-	(12)	(673)
Machinery and equipment	(1,715)	(185)	96	-	6	(1,798)
Constructions in progress	-	-	-	-	-	-
Tools, furniture, fixtures and other	(347)	(54)	38	-	(20)	(383)
Amortisation and impairment	(2,674)	(307)	144	-	(26)	(2,863)
Land	188	6	(5)	-	(3)	186
Buildings	1,009	4	4	(5)	75	1,087
Machinery and equipment	1,001	(40)	(7)	-	90	1,044
Constructions in progress	262	209	(1)	-	(136)	334
Tools, furniture, fixtures and other	191	(1)	(4)	-	15	201
NET VALUE	2,651	178	(13)	(5)	41	2,852

(in € million)	At 31 March 2010	Acquisitions/ Depreciation/ Impairments	Disposals	Acquisitions through business combinations	Translation adjustments and other changes	At 31 March 2011
Land	126	11	(7)	64	3	197
Buildings	1,263	83	(84)	223	127	1,612
Machinery and equipment	2,325	151	(95)	239	96	2,716
Constructions in progress	340	164	(7)	68	(303)	262
Tools, furniture, fixtures and other	469	68	(49)	40	10	538
Gross value	4,523	477	(242)	634	(67)	5,325
Land	(5)	(2)	-	-	(2)	(9)
Buildings	(579)	(77)	65	-	(12)	(603)
Machinery and equipment	(1,641)	(183)	83	-	26	(1,715)
Constructions in progress	-	-	-	-	-	-
Tools, furniture, fixtures and other	(340)	(62)	44	-	11	(347)
Amortisation and impairment	(2,565)	(324)	192	-	23	(2,674)
Land	121	9	(7)	64	1	188
Buildings	684	6	(19)	223	115	1,009
Machinery and equipment	684	(32)	(12)	239	122	1,001
Constructions in progress	340	164	(7)	68	(303)	262
Tools, furniture, fixtures and other	129	6	(5)	40	21	191
NET VALUE	1,958	153	(50)	634	(44)	2,651

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The net value of tangible assets held under finance leases and included in the above data is as follows:

(in € million)	At 31 March 2012	At 31 March 2011
Land	13	13
Buildings	70	77
Machinery and equipment	3	7
Tools, furniture, fixtures and other	15	15
NET VALUE OF TANGIBLE ASSETS HELD UNDER FINANCE LEASES	101	112

Commitments to purchase fixed assets amount to €64 million at 31 March 2012. They notably arise from the construction of a new facility in India for the manufacturing of turbines.

Note 12

Associates and non consolidated investments

12.1 ASSOCIATES

Financial information on associates

(in € million)	At 31 March 2012	At 31 March 2011	At 31 March 2012 % ownership
The Breakers Investments B.V. (Transmashholding)	307	-	25.00%
Shanghai Lingang Transformers	17	-	50.00%
Shanghai Alstom Transportation Company (SATCO)	12	10	40.00%
Cerrey – Babcock & Wilcox de Mexico	19	17	25.00%
Alstom Atomenergomash	13	12	49.00%
Other	9	4	-
TOTAL ASSOCIATES	377	43	

(in € million)	Closing date	Total assets at closing date	Total liabilities at closing date	Total revenues	Total net profit (loss)
The Breakers Investments B.V. (Transmashholding) ^(*)	31 December	2,074	1,088	1,920	146
Shanghai Lingang Transformers	31 December	32	6	2	(10)
Shanghai Alstom Transportation Company (SATCO)	31 December	83	53	51	2
Cerrey – Babcock & Wilcox de Mexico	31 December	177	99	157	10
Alstom Atomenergomash	31 March	248	162	1	(1)

(*) Financial statements of year end closing 31 December 2011 are not yet available. Financial statements of year end closing 31 December 2010 are mentioned here.

Movements during the period

(in € million)	At 31 March 2012	At 31 March 2011
Opening balance	43	43
Share in net income/(loss) of equity investments	28	3
Dividends paid	(1)	(3)
Acquisitions	276	-
Translation adjustments and other	31	-
CLOSING BALANCE	377	43

12.2 NON-CONSOLIDATED INVESTMENTS

Financial information on non-consolidated investments

(in € million)	At 31 March 2012			At 31 March 2011	At 31 March 2012
	Gross	Impairment	Net	Net	% ownership
Bright Source Energy	97	-	97	110	17.80%
Shanghai Lingang Transformers ⁽¹⁾	-	-	-	26	50.00%
Other ⁽²⁾	62	(5)	57	28	-
TOTAL	159	(5)	154	164	

(1) This entity was acquired during the financial year 2010-2011 and has been accounted under the equity method since 1 April 2011.

(2) No other investments net value exceeds €10 million.

Movements during the period

(in € million)	At 31 March 2012	At 31 March 2011
Opening balance	164	23
Change in fair value ^(*)	(13)	12
Acquisitions	16	131
Translation adjustments and other	(13)	(2)
CLOSING BALANCE	154	164

(*) Variation recorded in other comprehensive income as fair value gains/(losses) on assets available for sale.

Note 13

Other non-current assets

(in € million)	At 31 March 2012	At 31 March 2011
Financial non-current assets associated to financial debt ^(*)	426	429
Long-term loans, deposits and other	119	138
OTHER NON-CURRENT ASSETS	545	567

(*) These non-current assets relate to a long-term rental of trains and associated equipment to a London metro operator (see Notes 24 and 29). They are made up as follows:

- at 31 March 2012, €400 million receivables and €26 million deposit;
- at 31 March 2011, €405 million receivables and €24 million deposit.

Note 14

Inventories

(in € million)	At 31 March 2012	At 31 March 2011
Raw materials and supplies	910	944
Work in progress	2,207	2,461
Finished products	374	377
Inventories, gross	3,491	3,782
Raw materials and supplies	(154)	(166)
Work in progress	(144)	(168)
Finished products	(55)	(85)
Write-down	(353)	(419)
INVENTORIES, NET	3,138	3,363

Changes in inventory write-down recognised as income for the year ended 31 March 2012 amount to €47 million (€26 million expense for the year ended 31 March 2011).

Note 15

Construction contracts in progress

(in € million)	At 31 March 2012	At 31 March 2011	Variation
Construction contracts in progress, assets	3,752	2,479	1,273
Construction contracts in progress, liabilities	(9,508)	(9,166)	(342)
CONSTRUCTION CONTRACTS IN PROGRESS	(5,756)	(6,687)	931

(in € million)	At 31 March 2012	At 31 March 2011	Variation
Contract costs incurred plus recognised profits less recognised losses to date	55,138	48,228	6,910
Less progress billings	(57,463)	(50,839)	(6,624)
Construction contracts in progress excluding down payments received from customers	(2,325)	(2,611)	286
Down payments received from customers	(3,431)	(4,076)	645
CONSTRUCTION CONTRACTS IN PROGRESS	(5,756)	(6,687)	931

The evolution of down payments received from customers is primarily related to the classification of some customers payments received in Grid sector into progress payments. It is the consequence of the implementation of Construction contracts in progress presentation in this sector during the period. Trade receivables, which decrease during the year ended 31 March 2012 (see Note 16), are also impacted by this evolution.

Note 16

Trade receivables

(in € million)	Total	No past due on the closing date	Past due on the closing date		
			Less than 60 days	Between 60 and 180 days	More than 180 days
Trade receivables at 31 March 2012	5,692	4,705	335	200	452
• o/w gross	5,806	4,732	337	203	534
• o/w impairment	(114)	(27)	(2)	(3)	(82)
Trade receivables at 31 March 2011	6,053	5,037	312	258	446
• o/w gross	6,170	5,101	313	259	497
• o/w impairment	(117)	(64)	(1)	(1)	(51)

Impairment losses are determined considering the risk of non recovery assessed on a case by case basis. Due to the type of business operated by the Group, past due receivables are frequently representative of outstanding amounts confirmed by customers but whose payment is

subject to clearance of items raised during inspection of works. Such receivables do remain fully recoverable; costs to be incurred for the clearance of pending items are included in the determination of the margin at completion of the related contracts.

3

Note 17

Other current operating assets

(in € million)	At 31 March 2012	At 31 March 2011
Down payments made to suppliers	515	560
Corporate income tax	192	51
Other taxes	1,046	709
Prepaid expenses	431	329
Other receivables	443	418
Derivatives relating to operating activities	283	365
Remeasurement of hedged firm commitments in foreign currency	647	513
OTHER CURRENT OPERATING ASSETS	3,557	2,945

Note 18

Marketable securities and other current financial assets

(in € million)	At 31 March 2012	At 31 March 2011
Derivatives related to financing activities	10	33
Marketable securities	3	17
MARKETABLE SECURITIES AND OTHER CURRENT FINANCIAL ASSETS	13	50

Note 19

Working capital

19.1 BALANCE SHEET POSITIONS

(in € million)	At 31 March 2012	At 31 March 2011	Variation
Inventories	3,138	3,363	(225)
Construction contracts in progress, assets	3,752	2,479	1,273
Trade receivables	5,692	6,053	(361)
Other current operating assets	3,557	2,945	612
ASSETS	16,139	14,840	1,299
Non-current provisions	804	1,095	(291)
Current provisions	1,414	1,387	27
Construction contracts in progress, liabilities	9,508	9,166	342
Trade payables	4,080	4,071	9
Other current operating liabilities	4,192	4,063	129
LIABILITIES	19,998	19,782	216
WORKING CAPITAL	(3,859)	(4,942)	1,083

19.2 ANALYSIS OF VARIATION IN WORKING CAPITAL

(in € million)	Year ended 31 March 2012
Working capital at the beginning of the period	(4,942)
Changes in working capital resulting from operating activities ⁽¹⁾	968
Changes in working capital resulting from investing activities ⁽²⁾	76
Translation adjustments and other changes	39
Total changes in working capital	1,083
WORKING CAPITAL AT THE END OF THE PERIOD	(3,859)

(1) Item presented within «net cash provided by/(used in) operating activities» in the consolidated statement of cash flows.

(2) Item presented within «net cash provided by/(used in) investing activities» in the consolidated statement of cash flows.

Note 20

Equity

When managing capital, the objective of the Group is to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimise the structure of the capital in order to reduce its cost. To achieve this, the Group may choose to:

- adjust the amount of dividends paid to the shareholders;
- reimburse a portion of capital to the shareholders;
- issue new shares; or,
- sell assets in order to scale back its net debt.

20.1 MOVEMENTS IN SHARE CAPITAL

Movements in financial year ended 31 March 2012

At 31 March 2012, the share capital of Alstom amounted to €2,061,735,760 consisting of 294,533,680 ordinary shares with a par value of €7 each. For the year ended 31 March 2012, the weighted average number of outstanding ordinary shares amounted to 294,522,251 after the dilutive effect of bonds reimbursable in shares *Obligations Remboursables en Actions* and to 297,710,670 after the effect of all dilutive instruments.

During the year ended 31 March 2012, 288 bonds reimbursable in shares *Obligations Remboursables en Actions* were converted into 18 shares at a par value of €7. The 81,394 bonds reimbursable with shares outstanding at 31 March 2012 represent 5,112 shares to be issued.

Movements in financial year ended 31 March 2011

At 31 March 2011, the share capital of Alstom amounted to €2,060,935,128 consisting of 294,419,304 ordinary shares with a par value of €7 each. For the year ended 31 March 2011, the weighted average number of outstanding ordinary shares amounted to 294,210,753 after the dilutive effect of bonds reimbursable in shares *Obligations Remboursables en Actions* and to 296,978,014 after the effect of all dilutive instruments.

During the year ended 31 March 2011, 4,380 bonds reimbursable in shares *Obligations Remboursables en Actions* were converted into 275 shares at a par value of €7. The 81,682 bonds reimbursable with shares outstanding at 31 March 2011 represent 5,130 shares to be issued.

20.2 DISTRIBUTION OF DIVIDENDS

In respect of the financial year ended 31 March 2012, it will be proposed to the Shareholders' Meeting called on 26 June 2012 to distribute dividends for a total amount of €236 million corresponding to a €0.80 dividend per share.

The following dividends were distributed in respect of the previous three financial years:

- year ended 31 March 2011 (decision of Shareholders' Meeting held on 28 June 2011): total amount of €183 million, corresponding to a €0.62 dividend per share;
- year ended 31 March 2010 (decision of Shareholders' Meeting held on 22 June 2010): total amount of €364 million, corresponding to a €1.24 dividend per share;
- year ended 31 March 2009 (decision of Shareholders' Meeting held on 23 June 2009): total amount of €323 million, corresponding to a €1.12 dividend per share.

Note 21

Share-based payments

21.1 STOCK OPTIONS AND FREE SHARES

Key characteristics

	Plans issued by shareholders meeting on 9 July 2004			Plans issued by shareholders meeting on 26 June 2007					
	Plan n°7	Plan n°8	Plan n°9	Plan n°10	Plan n°10	Plan n°11	Plan n°11	Plan n°12	Plan n°12
	stock options	stock options	stock options	stock options	free shares	stock options	free shares	stock options	free shares
Grant date	17/09/2004	27/09/2005	28/09/2006	25/09/2007	25/09/2007	23/09/2008	23/09/2008	21/09/2009	21/09/2009
	17/09/2007	27/09/2008	28/09/2009	25/09/2010		23/09/2011		21/09/2012	
Exercise period	16/09/2014	26/09/2015	27/09/2016	24/09/2017	n/a	22/09/2018	n/a	20/09/2017	n/a
Number of beneficiaries	1,007	1,030	1,053	1,196	1,289	411	1,431	436	1,360
Adjusted number granted ⁽¹⁾	5,566,000	2,803,000	3,367,500	1,697,200	252,000	754,300	445,655	871,350	522,220
Adjusted number exercised since the origin	4,488,319	1,641,557	526,967	1,000	220,320	-	-	-	1,280
Adjusted number cancelled since the origin	421,200	270,500	366,250	196,900	31,680	754,300	445,655	54,700	49,520
Adjusted number outstanding at 31 March 2012	656,481	890,943	2,474,283	1,499,300	-	-	-	816,650	471,420
inc. to the present members of the Executive Committee	9,572	8,000	325,000	171,100	-	-	-	125,250	6,560
Adjusted exercise price ⁽²⁾ (in €)	8.60	17.88	37.33	67.50	n/a	66.47	n/a	49.98	n/a
Fair value at grant date (in €)	7.30	10.30	12.90	29.24	129.20	16.71	63.54	11.26	48.11

(1) The number of options and free shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

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	Plans issued by shareholders meeting on 22 June 2010			
	PLAN n°13	Plan n°13	Plan n°14	Plan n°14
	Stock options	Free shares	Stock options	Free shares
Grant date	13/12/2010	13/12/2010	04/10/2011	04/10/2011
	13/12/2013		04/10/2014	
Exercise period	12/12/2018	n/a	03/10/2019	n/a
Number of beneficiaries	528	1,716	514	1,832
Adjusted number granted ⁽¹⁾	1,235,120	740,860	1,369,180	804,040
Adjusted number exercised since the origin	-	1,930	-	460
Adjusted number cancelled since the origin	109,130	55,620	104,990	37,380
Adjusted number outstanding at 31 March 2012	1,125,990	683,310	1,264,190	766,200
inc. to the present members of the Executive Committee	134,150	11,490	375,000	43,000
Adjusted exercise price ⁽²⁾ (in €)	33.14	n/a	26.39	n/a
Fair value at grant date (in €)	7.59	31.35	3.14	19.77

(1) The number of options and free shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

At 31 March 2012, stock options granted by plans 7, 8, 9, 10 and 11 are fully vested. These options will expire seven years after the end of the vesting period of each plan.

The number of stock options and free shares granted on 21 September 2009 under the long term incentive plan 12 was conditional upon the Group satisfying specified levels of operating margin for the financial year 2011/2012.

The 2011/2012 Group's operating margin is below 7.2% and above 6.6%; as a consequence 40% of options will be exercisable under this plan and 40% of free shares will be delivered.

The long term incentive plans set up since 2007 (plan 13 and plan 14) also combine the allocation of stock options with the allocation of free shares.

The grant of these instruments is conditional upon the Group satisfying the following performance conditions:

LTI PLAN 13 GRANTED ON 13 DECEMBER 2010:

The total number of options exercisable and free shares to be delivered will depend on the Group's operating margin for the financial years 2010/2011, 2011/2012 and 2012/2013:

	% of options exercisable & free shares to be delivered		
	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013
Operating margin achieved above or equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

Based on consolidated financial statements for financial years 2010/2011 and 2011/2012, the performance condition is achieved for 70% of an allotment of LTIP13 options and free shares. 10% of options and free shares are cancelled.

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LTI PLAN 14 GRANTED ON 4 OCTOBER 2011:

The total number of options exercisable and free shares to be delivered will depend on the Group's operating margin for the financial years 2011/2012, 2012/2013 and 2013/2014:

	% of options exercisable & free shares to be delivered		
	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014
Operating margin achieved above or equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

For financial year 2011/2012, based on consolidated financial statements, the performance condition is achieved for 30% of an allotment of LTIP14 options and free shares. 10% of options and free shares are cancelled.

Movements

	Number of options	Weighted average exercise price per share in €	Number of free shares
Outstanding at 31 March 2010^(*)	7,945,914	42.27	1,177,216
Granted	1,235,120	33.14	740,860
Exercised	(364,619)	19.31	(102,000)
Cancelled	(960,483)	51.29	(485,676)
Outstanding at 31 March 2011	7,855,932	39.15	1,330,400
Granted	1,369,180	26.39	804,040
Exercised	(192,417)	18.78	(121,830)
Cancelled	(304,858)	40.54	(91,680)
OUTSTANDING AT 31 MARCH 2012	8,727,837	37.42	1,920,930
of which exercisable	5,521,007		n/a

(*) On 11 May 2010, 101,560 free shares were allocated to beneficiaries of French companies.

Valuation

	Plan n°11		Plan n°12		Plan n°13		Plan n°14	
	Stock options	Free shares	Stock options	Free shares	Stock options	Free shares	Stock options	Free shares
Grant date	23/09/2008	23/09/2008	21/09/2009	21/09/2009	13/12/2010	13/12/2010	04/10/2011	04/10/2011
Expected life (in years)	3.5	2.5 or 4.0	3.5	2.5 or 4.0	3.5	2.5 or 4.0	4.0	2.5 or 4.0
End of vesting period	22/09/2011	31/05/2012 or 22/09/2012	20/09/2012	31/05/2013 or 20/09/2013	12/12/2013	31/05/2013 or 12/12/2014	03/10/2014	31/05/2014 or 03/10/2015
Adjusted exercise price ^(*) (in €)	66.47	n/a	49.98	n/a	33.14	n/a	26.39	n/a
Share price at grant date (in €)	65.10	65.10	50.35	50.35	35.40	35.40	23.82	23.82
Volatility	30%	n/a	30%	n/a	31%	n/a	31%	n/a
Risk free interest rate	4.1%	4.2% or 4.4%	2.0%	1.6% or 2.3%	1.8%	1.4% or 2.0%	1.5%	1.1% or 1.5%
Dividend yield	1.3%	1.3%	1.3%	1.3%	3.1%	3.1%	5.0%	5.0%

(*) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

The option valuation method follows a binomial mathematical model for plan 11 and a Black & Scholes model for plans 12, 13 and 14, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is an average of CAC 40 comparable companies' volatility at the grant date.

The Group booked a total expense of €11 million for the year ended 31 March 2012, and €11 million for the year ended 31 March 2011.

21.2 STOCK APPRECIATION RIGHTS ("SARs")

Key characteristics

	SARs n°7	SARs n°8	Notional SARs ⁽¹⁾	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
Vesting date	17/09/2007	27/09/2008	27/09/2008	28/09/2009	25/09/2010
Expiry date	16/09/2014	18/11/2015	26/09/2015	28/09/2016	24/09/2017
Number of beneficiaries	114	120	120	134	134
Adjusted number granted ⁽²⁾	478,000	234,000	232,000	341,250	59,700
Adjusted number exercised since the origin	408,286	129,250	194,702	172,500	5,100
Adjusted number cancelled since the origin	69,052	43,100	37,000	53,125	4,200
Adjusted number outstanding at 31 March 2012	662	61,650	298	115,625	50,400
Adjusted exercise price ⁽³⁾ (in €)	8.60	22.45	17.88	36.05	73.42

(1) Notional SARs have been granted at an exercise price of €17.88 and are capped at €22.45.

(2) The number of SARs and their exercise prices have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(3) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

Movements

	Number of SARs	Weighted average exercise price per share in €
Outstanding at 31 March 2010	302,744	36.87
Granted	-	-
Exercised	(86,490)	35.73
Cancelled	28,550	43.21
Outstanding at 31 March 2011	244,804	40.15
Granted	-	-
Exercised	(16,169)	35.69
Cancelled	-	-
OUTSTANDING AT 31 MARCH 2012	228,635	40.52
of which exercisable	228,635	

Valuation

	SARs n°7	SARs n°8	Notional SARs ⁽¹⁾	SARs n°9	SARs n°10
Grant date	01/12/2004	18/11/2005	16/12/2005	28/09/2006	25/09/2007
expected life (in years)	4.0	4.0	4.0	4.0	4.0
End of vesting period	17/09/2007	27/09/2008	27/09/2008	28/09/2009	24/09/2010
Adjusted exercise price ⁽²⁾ (in €)	8.60	22.45	17.88	36.05	73.42
Share price at 31 March 2012 (in €)	29.26	29.26	29.26	29.26	29.26
Share price at 31 March 2011 (in €)	41.73	41.73	41.73	41.73	41.73
Volatility	23%	23%	23%	23%	23%
Risk free interest rate	1.8%	1.8%	1.8%	1.8%	1.8%
Dividend yield	2.2%	2.2%	2.2%	2.2%	2.2%

(1) SARs of the Notional plan have been granted at an exercise price of €17.88 and are capped at €22.45.

(2) The number of SARs and their exercise prices have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

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All SARs granted are measured using a binomial model taking into account the terms and conditions according to which the instruments were granted.

The Group books a total income of €2 million for the year ended 31 March 2012, and €2 million for the year ended 31 March 2011.

21.3 SHARE-BASED PAYMENTS AWARDED TO EMPLOYEES

Free shares

On 17 November 2005, the Group announced the attribution of twelve free shares to all employees, or the equivalent in cash (SARs) depending on the conditions in each country.

The cost related to the portion of the attribution to be settled in shares (€27 million) has been immediately offset in equity. The cost related to the portion of the attribution to be settled in cash is spread over the vesting period that extends until 16 May 2010 (€4 million income for the year ended 31 March 2011).

Note 22

Provisions

(in € million)	At 31 March 2011	Additions	Releases	Applications	Business combination	Translation adjustments and other	At 31 March 2012
Warranties	721	343	(138)	(227)	51	9	759
Litigations and claims	666	329	(205)	(156)	37	(16)	655
Current provisions ⁽¹⁾	1,387	672	(343)	(383)	88	(7)	1,414
Tax risks and litigations ⁽²⁾	139	24	(9)	(19)	26	(6)	155
Restructuring ⁽³⁾	361	41	(35)	(138)	-	2	231
Other non-current provisions ⁽⁴⁾	595	103	(86)	(140)	(60)	6	418
Non-current provisions	1,095	168	(130)	(297)	(34)	2	804
TOTAL PROVISIONS	2,482	840	(473)	(680)	54	(5)	2,218

(in € million)	At 31 March 2010	Additions	Releases	Applications	Business combination	Translation adjustments and other	At 31 March 2011
Warranties	484	381	(185)	(189)	223	7	721
Litigations and claims	697	392	(368)	(263)	212	(4)	666
Current provisions ⁽¹⁾	1,181	773	(553)	(452)	435	3	1,387
Tax risks and litigations ⁽²⁾	92	50	(19)	(54)	69	1	139
Restructuring ⁽³⁾	102	327	(11)	(68)	12	(1)	361
Other non-current provisions ⁽⁴⁾	266	300	(78)	(47)	157	(3)	595
Non-current provisions	460	677	(108)	(169)	238	(3)	1,095
TOTAL PROVISIONS	1,641	1,450	(661)	(621)	673	-	2,482

(1) Current provisions relate to warranties, litigations and claims on completed contracts.

(2) In relation to tax risks, the Group tax filings are subject to audit by tax authorities in most jurisdictions in which the Group operates. These audits may result in assessment of additional taxes that are subsequently resolved with the authorities or potentially through the courts. The Group believes that it has strong arguments against the questions being raised, that it would pursue all legal remedies to avoid an unfavourable outcome and that it has adequately provided for any risk that could result from those proceedings where it is probable that it will pay some amounts.

(3) In the last six months of the financial year ended 31 March 2011, the Group has started to implement fundamental reorganisations of its footprint in order to address the lower demand in developed countries (Europe and USA) and the fast growth of its markets in emerging countries.

(4) Other non-current provisions mainly relate to guarantees delivered in connection with disposals, employee litigations, commercial disputes and environmental obligations. Environmental provisions amount to €38 million at 31 March 2012 and €41 million at 31 March 2011.

Note 23

Post-employment and other long-term defined employee benefits

23.1 CHANGE IN DEFINED BENEFIT OBLIGATIONS

(in € million)	Year ended	
	31 March 2012	31 March 2011
Defined benefit obligations at beginning of year	(4,892)	(4,251)
Service cost	(83)	(74)
Plan participant contributions	(37)	(37)
Interest cost	(237)	(233)
Plan amendments	(4)	(9)
Business combinations/disposals	(15)	(382)
Curtailments	-	19
Settlements	(1)	10
Actuarial gains (losses) – due to experience	(35)	(25)
Actuarial gains (losses) – due to changes in assumptions	(263)	(124)
Benefits paid	303	295
Change in scope	-	-
Foreign currency translation	(257)	(81)
DEFINED BENEFIT OBLIGATIONS AT END OF YEAR	(5,521)	(4,892)
<i>Of which:</i>		
Funded schemes	(4,848)	(4,311)
Unfunded schemes	(673)	(581)

23.2 CHANGE IN PLAN ASSETS

(in € million)	Year ended	
	31 March 2012	31 March 2011
Fair value of plan assets at beginning of year	3,763	3,334
Expected return on assets	233	217
Actuarial gains (losses) on assets due to experience	(26)	(27)
Company contributions	112	132
Plan participant contributions	37	37
Business combinations/disposals	-	204
Settlements	-	(10)
Benefits paid from plan assets	(247)	(216)
Change in scope	-	-
Foreign currency translation	225	92
FAIR VALUE OF PLAN ASSETS AT END OF YEAR	4,097	3,763

23.3 RECONCILIATION OF FUNDED STATUS OF THE PLANS WITH ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

(in € million)	At 31 March 2012	At 31 March 2011
Funded status of the plans	(1,424)	(1,129)
Unrecognised past service costs (gains)	24	25
Impact of asset ceiling	(5)	(13)
NET OF ACCRUED AND PREPAID BENEFIT COSTS AFTER ASSET CEILING	(1,405)	(1,117)
<i>Of which:</i>		
• <i>Accrued pension and other employee benefit costs</i>	<i>(1,417)</i>	<i>(1,145)</i>
• <i>Prepaid pension and other employee benefit costs</i>	<i>12</i>	<i>28</i>

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23.4 DETAILS OF FUNDED STATUS BY GEOGRAPHICAL AREA

(in € million)	At 31 March 2012	At 31 March 2011
Euro zone	(642)	(616)
Rest of Europe	(518)	(292)
North America	(215)	(185)
South & central America	(16)	(10)
Asia/Pacific	(28)	(21)
Middle East/Africa	(5)	(5)
TOTAL GROUP	(1,424)	(1,129)

23.5 CHANGES OF ACCRUED PENSIONS AND OTHER EMPLOYEE BENEFITS RECOGNISED IN COMPREHENSIVE INCOME

Actuarial gains and losses and asset ceiling arising from post-employment defined benefit plans have been recognised in other comprehensive income as follows:

(in € million)	At 31 March 2012	At 31 March 2011
Opening balance (net loss)	(1,546)	(1,363)
Actuarial gains/(losses) generated during the period	(324)	(176)
Asset ceiling generated during the period	7	(7)
CLOSING BALANCE (NET LOSS)	(1,863)	(1,546)

23.6 COMPONENTS OF PLAN ASSETS

(in € million)	At 31 March 2012	%	At 31 March 2011	%
Equities	1,431	34.9	1,417	37.7
Bonds	2,166	52.9	1,898	50.4
Properties	361	8.8	340	9.0
Others	139	3.4	108	2.9
TOTAL	4,097	100	3,763	100

Plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules, and decisions of pension fund trustees. At 31 March 2012, plan assets do not include any of the Group's capital stock.

23.7 ASSUMPTIONS (WEIGHTED AVERAGE RATES)

(in %)	At 31 March 2012	At 31 March 2011
Discount rate	4.30	4.82
Rate of compensation increase	2.92	3.03
Expected return on plan assets for the period	5.10	6.03

Actuarial assumptions used vary by country and type of plan. Compensation increase assumptions are determined at business unit level and reviewed centrally. The expected return on plan assets is based on long-term market expectations taking into account the asset allocation of each fund.

The healthcare trend rate is assumed to be 8% in the year ended 31 March 2012 and reduces thereafter to an ultimate rate of 5% from 2019 onwards.

Sensitivity analysis shows that a 50-point increase in discount rates would reduce the Group obligations by approximately €347 million. A 50-point decrease in discount rates would increase the Group obligations by approximately €361 million.

For the year ended 31 March 2012, the effective return on assets was 5.57%.

23.8 ANALYSIS OF POST-EMPLOYMENT AND OTHER LONG-TERM DEFINED BENEFIT EXPENSE

(in € million)	Year ended	
	31 March 2012	31 March 2011
Service cost	(83)	(74)
Defined contributions plans ^(*)	(181)	(155)
Income from operations	(264)	(229)
Actuarial gains/losses on other long-term benefits	1	(1)
Amortisation of unrecognised past service gain (cost)	(5)	28
Curtailements/settlements	(1)	19
Other income (expenses)	(5)	46
Interest cost	(237)	(233)
Expected return on plan assets	233	217
Financial income (expenses)	(4)	(16)
TOTAL BENEFIT EXPENSE	(273)	(199)

(*) Excluding Grid's contribution for year ended 31 March 2011.

Including an expense of €15 million related to multi-employer contributions accounted for as defined contribution plans for the year ended 31 March 2012 (€10 million for the year ended 31 March 2011).

Total cash spent in the year ended 31 March 2012 amounted respectively to €168 million and €181 million for defined benefit and defined contribution plans (€211 million and €155 million⁽¹⁾ for the year ended 31 March 2011).

The company's best estimate of contributions to defined benefit and defined contribution plans expected to be paid in the year ended 31 March 2013 is approximately €380 million, of which €202 million of employer contributions to defined benefits plans.

Note 24

Financial debt

Carrying amount (in € million)	At 31 March 2012	At 31 March 2011
Bonds	3,795	3,238
Other borrowing facilities	415	611
Put options and earn-out on acquired entities ^(*)	229	20
Derivatives relating to financing activities	17	18
Accrued interests	41	37
Borrowings	4,497	3,924
<i>Non-current</i>	3,863	3,346
<i>Current</i>	634	578
Obligations under finance leases	125	137
Other obligations under long-term rental	400	405
Obligations under finance leases	525	542
<i>Non-current</i>	477	491
<i>Current</i>	48	51
TOTAL FINANCIAL DEBT	5,022	4,466

(*) Includes the remainder price of TMH's acquisition to be paid by the end of 2012 (see Note 3).

(1) Excluding Grid's amount.

The following table summarises the significant components of the Group's bonds:

	Nominal value (in € million)	Maturity date	Nominal interest rate	Effective interest rate
Alstom September 2014	750	23/09/2014	4.00%	3.89%
Alstom March 2015	60	09/03/2015	4.25%	4.47%
Alstom October 2015	500	05/10/2015	2.88%	2.98%
Alstom March 2016	500	02/03/2016	3.87%	4.05%
Alstom February 2017	750	01/02/2017	4.13%	4.25%
Alstom October 2018	500	05/10/2018	3.63%	3.71%
Alstom March 2020	750	18/03/2020	4.50%	4.58%

The other obligations under long-term rental debt represent liabilities related to lease obligations on trains and associated equipment (see Note 13 and 29).

Note 25

Financial instruments and financial risk management

25.1 FINANCIAL INSTRUMENTS REPORTED IN THE FINANCIAL STATEMENTS

The Group's financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to raise funds for the Group's operations.

The Group has loans, trade and other receivables, and cash and cash equivalents that are directly derived from its operations.

The Group is exposed to currency risk, interest rate risk, credit risk and liquidity risk.

The main valuation methods applied are as follows:

- borrowings, when unhedged, are stated at amortised cost, determined by the effective interest rate method,

- the fair value of cash, cash equivalents, trade receivables and trade payables is considered as being equivalent to carrying value, due to their short maturities,
- the fair value of the financial debt is estimated based on either quoted market prices for traded instruments or current rates offered to the Group for debt of the same maturity.

The fair value of derivative instruments is the estimated amount that the Group would receive or pay to settle the related contracts, valued on the basis of relevant yield curves and foreign exchange rates at closing date.

Year ended 31 March 2012

BALANCE SHEET POSITIONS AT 31 MARCH 2012

At 31 March 2012 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories ^(*)					Fair value of items classified as financial instruments				
			FV P/L	AFS	LRL at amortised cost		DER	Total	Listed prices	Internal model based on observable factors	Internal model not based on observable factors	Total
Associates and available for sale assets	531	377	-	154	-	-	154	-	154	-	154	
Other non-current assets	545	12	-	-	533	-	533	-	107	426	533	
Trade receivables	5,692	-	-	-	5,692	-	5,692	-	5,692	-	5,692	
Other current operating assets	3,557	2,180	647	-	447	283	1,377	-	1,377	-	1,377	
Marketable securities and other current financial assets	13	-	3	-	-	10	13	-	13	-	13	
Cash and cash equivalents	2,091	-	2,091	-	-	-	2,091	-	2,091	-	2,091	
ASSETS	12,429	2,569	2,741	154	6,672	293	9,860	-	9,434	426	9,860	
Non-current borrowings	3,863	-	-	-	3,863	-	3,863	-	4,042	-	4,042	
Non-current obligations under finance leases	477	-	-	-	477	-	477	-	477	-	477	
Current borrowings	634	-	-	-	617	17	634	-	634	-	634	
Current obligations under finance leases	48	-	-	-	48	-	48	-	48	-	48	
Trade payables	4,080	-	-	-	4,080	-	4,080	-	4,080	-	4,080	
Other current operating liabilities	4,192	1,933	253	-	1,364	642	2,259	-	2,259	-	2,259	
LIABILITIES	13,294	1,933	253	-	10,449	659	11,361	-	11,540	-	11,540	

(*) FV P/L short for fair value through profit and loss; AFS short for available-for-sale assets; LRL short for loans, receivables and liabilities and DER short for derivative instruments.

FINANCIAL INCOME AND EXPENSE ARISING FROM FINANCIAL INSTRUMENTS FOR PERIOD ENDED 31 MARCH 2012

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	1	-	(143)	(142)
Interest income	1	-	36	37
Interest expense	-	-	(179)	(179)
Dividends	-	5	-	5
Impairment/loss from subsequent measurement	-	(1)	-	(1)
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(35)	(35)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2012	1	4	(178)	(173)

The amount reported as "foreign currency and other" is mainly representative of forward points attached to transactions related to financing activities (See Note 2.3.9) and bank fees (see Note 7).

INCOME FROM OPERATIONS ARISING FROM FINANCIAL INSTRUMENTS FOR THE PERIOD ENDED 31 MARCH 2012

Net foreign currency gains and losses recorded within income from operations are positive by €47 million for the year ended 31 March 2012. They are comprised essentially of forward points at mark to market of the hedging instruments.

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Year ended 31 March 2011

BALANCE SHEET POSITIONS AT 31 MARCH 2011

At 31 March 2011 (in € million)	Balance sheet carrying amount	Carrying amount not defined as financial instruments	Carrying amount of financial instruments by categories ^(*)					Fair value of items classified as financial instruments			
			FV P/L	AFS	LRL at amortised cost	DER	Total	Listed prices	Internal model based on observables factors	Internal model not based on observables factors	Total
Associates and available for sale assets	207	43	-	164	-	-	164	-	164	-	164
Other non-current assets	567	27	-	-	540	-	540	-	111	429	540
Trade receivables	6,053	-	-	-	6,053	-	6,053	-	6,053	-	6,053
Other current operating assets	2,945	1,650	513	-	417	365	1,295	-	1,295	-	1,295
Marketable securities and other current financial assets	50	-	17	-	-	33	50	-	50	-	50
Cash and cash equivalents	2,701	-	2,701	-	-	-	2,701	-	2,701	-	2,701
ASSETS	12,523	1,720	3,231	164	7,010	398	10,803	-	10,374	429	10,803
Non-current borrowings	3,346	-	-	-	3,346	-	3,346	-	3,346	-	3,346
Non-current obligations under finance leases	491	-	-	-	491	-	491	-	491	-	491
Current borrowings	578	-	-	-	560	18	578	-	578	-	578
Current obligations under finance leases	51	-	-	-	51	-	51	-	51	-	51
Trade payables	4,071	-	-	-	4,071	-	4,071	-	4,071	-	4,071
Other current operating liabilities	4,063	1,472	311	-	1,717	563	2,591	-	2,591	-	2,591
LIABILITIES	12,600	1,472	311	-	10,236	581	11,128	-	11,128	-	11,128

(*) FV P/L short for fair value through profit and loss; AFS short for available-for-sale assets; LRL short for loans, receivables and liabilities and DER short for derivative instruments.

FINANCIAL INCOME AND EXPENSE ARISING FROM FINANCIAL INSTRUMENTS FOR PERIOD ENDED 31 MARCH 2011

(in € million)	FV P/L	AFS	LRL at amortised cost inc. related derivatives	Total
Interests	3	-	(89)	(86)
Interest income	3	-	46	49
Interest expense	-	-	(135)	(135)
Dividends	-	4	-	4
Impairment/loss from subsequent measurement	-	1	-	1
Gain on disposal	-	-	-	-
Foreign currency and other	-	-	(39)	(39)
NET INCOME/EXPENSE FOR THE YEAR ENDED 31 MARCH 2011	3	5	(128)	(120)

The amount reported as "foreign currency and other" is mainly representative of forward points attached to transactions related to financing activities (See Note 2.3.9) and bank fees (see Note 7).

INCOME FROM OPERATIONS ARISING FROM FINANCIAL INSTRUMENTS FOR THE PERIOD ENDED 31 MARCH 2011

Net foreign currency gains and losses recorded within income from operations are positive by €14 million for the year ended 31 March 2011.

They are made up of two components:

- forward points attached to hedging transactions qualified for hedge accounting;
- variation of fair value of instruments hedging future cash flows and not qualifying for hedge accounting.

25.2 CURRENCY RISK MANAGEMENT**Financial debt**

The nominal value of the financial debt split by currency is as follows:

(in € million)	At 31 March 2012	At 31 March 2011
Euro	4,284	3,686
US Dollar	12	52
British Pound	425	422
Other currencies	316	320
FINANCIAL DEBT IN NOMINAL VALUE	5,037	4,480

The debt in GBP essentially originates from a long-term lease scheme of trains, involving London Underground. The related €400 million debt denominated in GBP is counter-balanced by long-term receivables having the same maturity and also denominated in GBP that are recognised as non-current assets (see Notes 13, 24 and 29).

Operations

In the course of its operations, the Group is exposed to currency risk arising from tenders submitted in foreign currency, awarded contracts and any future cash out transactions denominated in foreign currency. Main currencies triggering a significant exposure for the year ended 31 March 2012 are the Swiss Franc and the US dollar.

During the tender period, depending on the probability to obtain the project and on market conditions, the Group can hedge a portion of its tenders using options or export insurance contracts when possible. Once the contract is signed, forward exchange contracts are used to hedge the actual exposure during the life of the contract (either as the only hedging instruments or as a complement to existing export insurance contracts).

The Group requires all of its operating units to use forward currency contracts to eliminate the currency exposure on any individual sale or purchase transaction in excess of €100,000. Forward currency contracts must be denominated in the same currency as the hedged item. It is the Group's policy to negotiate the terms of hedge derivatives to match the terms of hedged items to maximise hedge effectiveness.

Derivative instruments hedging foreign currency risk are recognised at their fair value on the balance sheet as follows:

(in € million)	At 31 March 2012		At 31 March 2011	
	Assets	Liabilities	Assets	Liabilities
Derivatives qualifying for fair value hedge	290	637	348	569
Derivatives qualifying for cash flow hedge	1	24	31	7
Derivatives qualifying for net investment hedge	-	-	-	-
Derivatives not qualifying for hedge accounting	2	1	1	2
TOTAL	293	662	380	578

The fair value of those instruments is the estimated amount that the Group would receive or pay to settle the related contracts, valued on the basis of relevant yield curves and foreign exchange rates at closing date.

High volatility of foreign exchange rates during the periods ended 31 March 2012 and 31 March 2011 explains the significant amount of fair value of derivative instruments (either positive or negative). For instruments that qualify for fair value hedge accounting, any change in fair value is mostly offset by the re-measurement of the underlying exposure (either on balance sheet or off-balance sheet).

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The following table shows the sensitivity of the Group's pre-tax income to a change in the US dollar and Swiss Franc exchange rates. The effects on pre-tax income arise from derivative instruments not qualifying for hedge accounting while the effect on income and expense directly recognised in equity is due to the measurement of the effective portion of derivative instruments qualifying for cash flow hedge accounting.

	USD rate			CHF rate		
	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity	Variation	Effect on pre-tax income	Effect on income and expense directly recognised in equity
Year ended 31 March 2012	10%	3	-	5%	-	8
	-10%	(3)	-	-5%	-	(8)
Year ended 31 March 2011	10%	-	-	5%	-	(15)
	-10%	-	-	-5%	-	15

The effective portion of instruments qualifying for cash flow hedge accounting reclassified from equity to profit or loss during the year ended 31 March 2012 is positive by €36 million.

25.3 INTEREST RATE RISK MANAGEMENT

The Group has not implemented an active interest rate risk management policy. However under the supervision of the Executive Committee, it may enter into transactions in order to hedge its interest rate risk on a case-by-case basis according to market opportunities.

Carrying amount (in € million)	At 31 March 2012	At 31 March 2011
Financial assets at floating rate	2,140	2,793
Financial assets at fixed rate	465	454
Financial assets bearing interests	2,605	3,247
Financial debt at floating rate	102	40
Financial debt at fixed rate, put options and earn-out on acquired entities	4,920	4,426
Financial debt	5,022	4,466
Total position at floating rate before swaps	2,242	2,833
Total position at fixed rate before swaps	5,385	4,880
Total position before hedging	7,627	7,713
Total position at floating rate after swaps	2,242	2,833
Total position at fixed rate after swaps	5,385	4,880
Total position after hedging	7,627	7,713

Sensitivity is analysed based on the Group's net cash position after hedging at 31 March 2012, assuming that it remains constant over one year.

In absence of instruments hedging the interest risk, the effects of increases or decreases in market rates are symmetrical: a rise of 0.4% would increase the net interest income by €8 million while a fall of 0.4% would decrease it by the same amount.

25.4 CREDIT RISK MANAGEMENT

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a loss. The Group is exposed to credit risk on its operating activities (primarily for trade receivables) and from its financing activities, including deposits, foreign currency hedging instruments and other financial instruments with banks and financial institutions.

Risk related to customers

The Group believes that the risk of a counterparty failing to perform as contracted, which could have a significant impact on the Group's

financial statements or results of operations, is limited because the Group seeks to ensure that customers generally have strong credit profiles or adequate financing to meet their project obligations.

In specific cases, the Group may use export credit insurance policies which may hedge up to 90% of the credit risk on certain contracts.

Risk related to other financial assets

The Group's exposure to credit risk related to other financial assets arises from default of the counterpart, with a maximum exposure equal to the carrying amount of those instruments. The financial instruments are taken out with over 30 different counterparties and the risk is therefore highly diluted.

Risk related to cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by Group treasury in accordance with the Group's policy. At 31 March 2012 and at 31 March 2011, as part of the central treasury management, cash and cash equivalents are invested entirely in deposits with bank counterparts of first rank noted "Investment Grade".

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The Group's parent company has access to some cash held by wholly-owned subsidiaries through the payment of dividends or pursuant to intercompany loan arrangements. However local constraints can delay or restrict this access. Furthermore, while the Group's parent company has the power to control decisions of subsidiaries of which it is the majority owner, its subsidiaries are distinct legal entities and their payment of dividends and granting of loans, advances and other payments to the parent company may be subject to legal

or contractual restrictions, be contingent upon their earnings or be subject to business or other constraints. These limitations include local financial assistance rules and corporate benefit laws.

The Group's policy is to centralise liquidity of subsidiaries at the parent company's level when possible. Restricted cash and cash equivalents available at subsidiary level were €350 million and €398 million at 31 March 2012 and 31 March 2011, respectively.

25.5 LIQUIDITY RISK MANAGEMENT

Financial covenants

At 31 March 2012, to increase its liquidity, the Group has in place a €1,350 million revolving credit facility fully undrawn maturing in December 2016, this replaces the previous facility of €1,000 million. This facility is subject to the following financial covenants, based on consolidated data:

Covenants	Minimum Interest Cover ⁽¹⁾	Maximum total debt (€m) ⁽²⁾	Maximum total net debt leverage ⁽³⁾
	3	5,000	3.6

(1) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense (excluding interest related to obligations under finance lease). It amounts to 12.5 at year end 31 March 2012 (19.1 at year end 31 March 2011).

(2) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant ceases to apply since the Group has an "Investment grade" rating.

(3) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA. The net debt leverage as at 31 March 2012 is 1.4 (0.8 at 31 March 2011).

Cash flow

The Group's objective is to maintain a strong liquidity. A revolving cash planning tool is used to monitor the Group's liquidity needs.

The following tables show the remaining maturities of all financial assets and liabilities held at 31 March 2012 and 31 March 2011.

Planning data for future new assets and liabilities are not reported. Amounts in foreign currency are translated at the closing rate. The variable interest payments are calculated using the last interest rates available at the closing date. Assets and liabilities that can be repaid at any time are always assigned to the earliest possible time period.

Financial instruments held at 31 March 2012

CASH FLOW ARISING FROM INSTRUMENTS INCLUDED IN NET CASH AT 31 MARCH 2012

Cash flow for the years ended 31 March (in € million)	Carrying amount	2013		2014		2015-2017		2018 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other non-current assets	426	28	28	26	25	66	97	9	276
Marketable securities and other current financial assets	13	-	13	-	-	-	-	-	-
Cash and cash equivalents	2,091	8	2,091	-	-	-	-	-	-
Assets	2,530	36	2,132	26	25	66	97	9	276
Non-current borrowings	(3,863)	-	-	(152)	(21)	(285)	(2,571)	(79)	(1,271)
Non-current obligations under finance leases	(477)	-	-	(31)	(41)	(76)	(150)	(13)	(286)
Current borrowings	(634)	(165)	(634)	-	-	-	-	-	-
Current obligations under finance leases	(48)	(33)	(48)	-	-	-	-	-	-
Liabilities	(5,022)	(198)	(682)	(183)	(62)	(361)	(2,721)	(92)	(1,557)
NET CASH	(2,492)	(162)	1,450	(157)	(37)	(295)	(2,624)	(83)	(1,281)

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CASH FLOW ARISING FROM OPERATING DERIVATIVES AT 31 MARCH 2012

Cash flow for the years ended 31 March (in € million)	Carrying amount	2013		2014		2015-2017		2018 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current operating assets	283	-	147	-	76	-	40	-	20
Assets	283	-	147	-	76	-	40	-	20
Other current operating liabilities	(642)	-	(422)	-	(92)	-	(114)	-	(14)
Liabilities	(642)	-	(422)	-	(92)	-	(114)	-	(14)
DERIVATIVES	(359)	-	(275)	-	(16)	-	(74)	-	6

CASH FLOW ARISING FROM INSTRUMENTS INCLUDED IN OTHER FINANCIAL ASSETS AND LIABILITIES AT 31 MARCH 2012

Cash flow for the years ended 31 March (in € million)	Carrying amount	2013		2014		2015-2017		2018 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other investments	154	-	-	-	-	-	-	-	154
Other non-current assets	107	-	63	-	1	-	2	-	41
Trade receivables	5,692	-	5,692	-	-	-	-	-	-
Other current operating assets	1,094	-	1,094	-	-	-	-	-	-
Assets	7,047	-	6,849	-	1	-	2	-	195
Trade payables	(4,080)	-	(4,080)	-	-	-	-	-	-
Other current operating liabilities	(1,618)	-	(1,618)	-	-	-	-	-	-
Liabilities	(5,698)	-	(5,698)	-	-	-	-	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	1,349	-	1,151	-	1	-	2	-	195

Financial instruments held at 31 March 2011

CASH FLOW ARISING FROM INSTRUMENTS INCLUDED IN NET CASH AT 31 MARCH 2011

Cash flow for the years ended 31 March (in € million)	Carrying amount	2012		2013		2014-2016		2017 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other non-current assets	429	29	28	27	26	69	81	27	294
Marketable securities and other current financial assets	50	-	50	-	-	-	-	-	-
Cash and cash equivalents	2,701	24	2,701	-	-	-	-	-	-
Assets	3,180	53	2,779	27	26	69	81	27	294
Non-current borrowings	(3,346)	-	-	(130)	(27)	(251)	(1,310)	(206)	(2,009)
Non-current obligations under finance leases	(491)	-	-	(31)	(45)	(80)	(131)	(32)	(315)
Current borrowings	(578)	(132)	(578)	-	-	-	-	-	-
Current obligations under finance leases	(51)	(34)	(51)	-	-	-	-	-	-
Liabilities	(4,466)	(166)	(629)	(161)	(72)	(331)	(1,441)	(238)	(2,324)
NET CASH	(1,286)	(113)	2,150	(134)	(46)	(262)	(1,360)	(211)	(2,030)

CASH FLOW ARISING FROM OPERATING DERIVATIVES AT 31 MARCH 2011

Cash flow for the years ended 31 March (in € million)	Carrying amount	2012		2013		2014-2016		2017 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other current operating assets	365	-	245	-	77	-	40	-	3
Assets	365	-	245	-	77	-	40	-	3
Other current operating liabilities	(563)	-	(227)	-	(256)	-	(66)	-	(14)
Liabilities	(563)	-	(227)	-	(256)	-	(66)	-	(14)
DERIVATIVES	(198)	-	18	-	(179)	-	(26)	-	(11)

CASH FLOW ARISING FROM INSTRUMENTS INCLUDED IN OTHER FINANCIAL ASSETS AND LIABILITIES AT 31 MARCH 2011

Cash flow for the years ended 31 March (in € million)	Carrying amount	2012		2013		2014-2016		2017 and thereafter	
		Interests	Repayment	Interests	Repayment	Interests	Repayment	Interests	Repayment
Other investments	164	-	-	-	-	-	-	-	164
Other non-current assets	111	-	55	-	21	-	2	-	33
Trade receivables	6,053	-	6,053	-	-	-	-	-	-
Other current operating assets	930	-	930	-	-	-	-	-	-
Assets	7,258	-	7,038	-	21	-	2	-	197
Trade payables	(4,071)	-	(4,071)	-	-	-	-	-	-
Other current operating liabilities	(2,028)	-	(2,028)	-	-	-	-	-	-
Liabilities	(6,099)	-	(6,099)	-	-	-	-	-	-
OTHER FINANCIAL ASSETS AND LIABILITIES	1,159	-	939	-	21	-	2	-	197

25.6 COMMODITY RISK MANAGEMENT

Most of commodities bought by the Group has already been modified and included into spare parts. For the other commodities, the Group has included into customer contracts a customer price adjustment clause, so that the Group has a limited exposure to the variation of commodity prices.

Note 26

Other current operating liabilities

(in € million)	At 31 March 2012	At 31 March 2011
Staff and associated costs	1,069	1,050
Corporate income tax	116	56
Other taxes	643	339
Deferred income	98	19
Other payables	1,371	1,725
Derivatives relating to operating activities	642	563
Remeasurement of hedged firm commitments in foreign currency	253	311
OTHER CURRENT OPERATING LIABILITIES	4,192	4,063

Note 27

Employee benefit expense and headcount

(in € million)	Year ended	
	31 March 2012	31 March 2011
Wages and salaries	4,188	4,326
Social charges	962	1,083
Post-employment and other long-term benefit expense ^(*) (see Note 23)	273	199
Share-based payment expense (see Note 21)	9	5
TOTAL EMPLOYEE BENEFIT EXPENSE	5,432	5,613

(*) Excluding Grid's amounts for year ended 31 March 2011.

	At 31 March 2012	At 31 March 2011
Staff of consolidated companies at year end		
Managers, engineers and professionals	42,532	41,301
Other employees	42,917	43,924
HEADCOUNT^(*)	85,449	85,225

(*) Headcount doesn't include any temporary people

Note 28

Contingent liabilities and disputes

28.1 CONTINGENT LIABILITIES

Commercial obligations

Contractual obligations of the Group towards its customers may be guaranteed by bank bonds or insurance bonds. Bank and insurance bonds may guarantee liabilities already recorded on the balance sheet as well as contingent liabilities.

At 31 March 2012, the Group has in place both uncommitted bilateral lines in numerous countries up to €19.6 billion and the Committed Bonding Facility Agreement allowing issuance of instruments until 27 July 2013 for an amount of €8.275 billion.

At 31 March 2012, the total outstanding bonding guarantees related to contracts, issued by banks or insurance companies, amount to €15.9 billion (€15.7 billion at 31 March 2011).

The available amount under the Committed Bonding Facility at 31 March 2012 amounts to €1.4 billion (€2.1 billion at 31 March 2011). The issuance of new bonds under this bonding facility is subject to the financial covenants disclosed in Note 25.5. The available amount under bilateral lines at 31 March 2012 amounts to €10.1 billion.

Vendor financing

Until 2003, the Group provided some financial support, referred to as vendor financing, to financial institutions financing certain purchasers of Transport equipment.

At 31 March 2012, guarantees given as part of past vendor financing arrangements amount to €259 million.

Included in this amount are:

- guarantees totalling \$63 million (€47 million and €44 million at 31 March 2012 and 31 March 2011 respectively) given with respect to equipment sold to a US train operator; and
- guarantees totalling £177 million (€212 million and €200 million at 31 March 2012 and 31 March 2011 respectively) given as part of a leasing scheme involving London Underground (Northern Line). Were London Underground Limited to decide not to extend the contract beyond 2017, and to hand the trains back, the Group has guaranteed to the lessors that the value of the trains and associated equipment, net of the £15 million non extension payment due by London Underground, should not be less than £177 million in 2017. The £177 million is included in the €400 million amount of "Other obligations under long-term rental" (see Note 24).

28.2 DISPUTES

Disputes in the Group's ordinary course of business

The Group is engaged in several legal proceedings, mostly contract-related disputes that have arisen in the ordinary course of business. These disputes, often involving claims for contract delays or additional work, are common in the areas in which the Group operates,

particularly for large long-term projects. In some cases, the amounts, which may be significant, are claimed against the Group, sometimes jointly with its consortium partners.

In some proceedings the amount claimed is not specified at the beginning of the proceedings. Amounts retained in respect of litigation are taken into account in the estimate of margin at completion in case of contracts in progress or included in provisions and other current liabilities in case of completed contracts when considered as reliable estimates of probable liabilities. Actual costs incurred may exceed the amount of initial estimates because of a number of factors including the inherent uncertainties of the outcome of litigation.

Asbestos

In France, some of the Group's subsidiaries are subject to civil proceedings in relation to the use of asbestos. These proceedings are initiated by certain employees or former employees suffering from an occupational disease in relation to asbestos with the aim of obtaining a court decision allowing them to obtain a supplementary compensation from the French Social Security (medical) funds.

In the United States, subsidiaries of the Group are also subject to asbestos-related personal injury lawsuits. The Group considers that it has valid defences in these cases and the number of outstanding cases is decreasing.

The Group believes that the cases where it may be required to bear the financial consequences of such civil or criminal proceedings both in France and the United States do not represent a material exposure. While the outcome of the existing asbestos-related cases cannot be predicted with reasonable certainty, the Group believes that these cases will not have any material adverse effect on its financial condition. It can give no assurance, however, that present asbestos-related cases or new cases it may face in the future may not have a material adverse impact on its financial condition.

United States Class Action Lawsuit

The Group has concluded a settlement, for a remaining cost for Alstom of less than €2 million relating to the class action lawsuits filed on behalf of various purchasers of American Depository Receipts and other Alstom securities between August 1999 and August 2003 and consolidated in one complaint filed in June 2004. On 21 October 2011, the settlement was approved by the New York District Court. This decision which became final on 21 November 2011 closed the class action.

Alleged anti-competitive activities

GIS EQUIPMENT

In April 2006, the European Commission commenced proceedings against Alstom, along with a number of other companies, based on allegations of anti-competitive practices in the sale of gas-insulated switchgears ("GIS equipment"), a product of its former Transmission & Distribution business sold to Areva in January 2004, following investigations that began in 2004.

On 24 January 2007, the European Commission levied a fine of €65 million against Alstom which includes €53 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of this decision before the General Court of the European Union. On 3 March 2011 the Court reduced the amount of fines levied against Alstom to €58.5 million out of which €48.1 million on a joint

and several basis with Areva T&D (Alstom Grid). On 20 May 2011, Alstom requested the cancellation of this decision before the Court of Justice of the European Union. The latter's final decision is not expected to occur before beginning 2013.

Following the aforementioned European Commission decision of 24 January 2007, on 17 November 2008 National Grid commenced a civil action before the High Court of Justice in London to obtain damages against the manufacturers of GIS equipment, including Alstom and certain of its subsidiaries. National Grid asserts that it has suffered overall alleged damages from all manufacturers concerned of £ 249.3 million in total since it bought GIS equipment at inflated prices due to alleged anti-competitive arrangements between manufacturers. Alstom contests the facts. On 12 June 2009, the High Court of Justice in London decided a stay of proceeding until the European Commission decision of 24 January 2007 is final. During fiscal year 2010/11, two other similar civil actions have been started before national jurisdictions for a global amount of €24 million.

POWER TRANSFORMERS

On 20 November 2008, the European Commission sent a statement of objections to a number of manufacturers of power transformers, including Alstom, concerning their alleged participation in anti-competitive arrangements. Alstom has contested the materiality of the alleged facts. On 7 October 2009, the European Commission levied a fine of €16.5 million against Alstom which includes €13.5 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of the decision before the General Court of the European Union on 21 December 2009. The hearings report is still awaited and the hearings which are not yet scheduled should not occur before end of 2012.

BOILERS

The Group received a statement of objections issued by the German Federal Cartel Office ("FCO") on 22 December 2008, alleging breaches of German competition law in the field of steam generators for lignite-fired power plants. On 20 October 2011, the FCO levied a fine of €42 million against ALSTOM Power Systems GmbH and two of its former officers, as well as against two competitors now bankrupt for alleged cartel arrangements between 1990 and 2003. This decision is final and the fine has been paid by Alstom. In addition the Group has reached agreements with regard to three out of four potential customer claims for civil actions. On 29 December 2011 the fourth customer filed a civil action against a German Alstom affiliate before the Dortmund Regional Court for an amount of €33 million, plus interests. Alstom contests.

Alleged illegal payments

Certain companies and/or current and former employees of the Group have been or are currently being investigated in various countries, by judicial authorities and development banks with respect to alleged illegal payments. These procedures may result in fines, exclusion of Group subsidiaries from public tenders and third-party actions.

In France, on 6 October 2010, a Group's subsidiary in the Hydro business was formally charged for alleged illegal payments concerning past operations in Zambia. Consistent with the French prosecutor final request, the French investigation judge issued an order for dismissal on 7 June 2011, which closed the criminal procedure in France. In addition the World Bank sanctioned Alstom for improper

payment of €110,000 made in 2002 in relation to a World Bank-financed Zambian power rehabilitation project. On 22 February 2012, as part of a negotiated resolution agreement, the World Bank announced its decision to debar ALSTOM Hydro France and ALSTOM Network Schweiz AG (Switzerland) and their affiliates from public tenders financed by the World Bank for a period of 3 years, which can be reduced to 21 months subject to certain conditions Alstom intends to respect. The Group will also pay a restitution amount of \$9.5 million. This debarment qualifies for cross-debarment by the other multilateral development banks pursuant to the Agreement of Mutual Recognition of Debarments signed on 9 April 2010.

In addition on 22 November 2011, the Swiss Office of Attorney General closed the investigations opened in 2007 to determine whether the Alstom Group and some of its entities had violated rules prohibiting the payment of foreign civil servants to unlawfully win commercial contracts. After thorough investigations, the Office of Attorney General has concluded the absence of any bribery system or so called slush funds used for bribery of civil servants to illegally obtain contracts and only sanctioned the Company for corporate negligence in three isolated cases in Latvia, Tunisia and Malaysia, imposing a fine of CHF 2.5 million, to which is added the payment of an amount corresponding to the estimated alleged profits of the orders of CHF 36.4 million. Alstom has also paid reparation in the amount of CHF 1 million to the International Committee of the Red Cross for use in projects in Latvia, Tunisia and Malaysia. The Office of Attorney General has issued a dismissal order acquitting the Alstom Group and its entities of any additional wrongdoing, fully closing its investigations.

US litigation following an accident in the Washington D.C. metro

On 22 June 2009, a collision between two metro trains occurred in the Washington D.C. metro resulting in the death of 9 persons and the injury of 52 persons. The claims against Alstom Signaling Inc. initially amounted to approximately \$475 million. A report of the National Transportation Safety Board on the causes of the accident partially implicated equipment supplied by Alstom Signaling Inc. As of today, 120 claims have been made. The 20 most serious claims were asserted through lawsuits. Of these 20 claims, 16 have been settled for a remaining cost for Alstom of about \$6 million. The hearings of the remaining 4 lawsuits have been postponed to October-November 2012. The total amount claimed in relation to these 4 cases is approximately \$140 million. The remaining cases are being asserted through an alternative claims process, of which 69 have been settled. These claims have been declared to the Group's insurers and Alstom believes it has adequate insurance coverage.

Budapest metro

In 2006, Alstom was awarded by BKV a contract for the delivery of 22 Metropolis metros for Line 2 and 15 metros for Line 4 for the city of Budapest. During the execution of the project, Alstom experienced delays mostly related to technical change requests from BKV and the refusal by the Hungarian Authority "NKH" to deliver the final train homologation. In August 2007, NKH granted a Preliminary Type License, but, in October 2010, NKH refused to grant the final homologation ("Final Type License"). On 19 October 2010 BKV terminated the contract and called immediately thereafter all bank guarantees amounting in total to approximately €130 million. On 25 October 2010, the French Court of Nanterre served a provisional injunction and ordered the bank not to pay considering that BKV manifestly misused its right to call the bank guarantees. BKV has appealed this decision before the French Court of Versailles. On 8 June 2011 this Court has invalidated the decision of the Court of Nanterre and ordered payment. In July 2011 the parties agreed the re-entry into force of the contract and the suspension of the arbitration procedure. The homologation process for the Final Type License is on-going.

Lignite-fired station in Maritza

In 2006, Alstom was awarded by AES a contract for the manufacture of a lignite-fired station in Maritza, Bulgaria. During the execution of the project, Alstom experienced delays and works disruptions mostly due to the defective nature of the lignite supplied by AES. In March 2011, AES terminated the contract. Prior to termination, AES called its performance bank guarantee. On 10 February 2011, the French Court of Nanterre served a provisional injunction and ordered the bank not to pay, considering that AES manifestly misused its right to call the bank guarantee. AES has appealed this decision before the French Court of Versailles. On 6 July 2011, this Court has invalidated the decision of the Court of Nanterre and ordered payment of approximately €150 million. An arbitration procedure initiated by Alstom on 22 January 2011, for wrongful termination notably, is on-going. According to the latest arbitral timetable, the hearings before the Arbitral Tribunal are postponed until March 2013.

There are no other governmental, legal or arbitration procedures, including proceedings of which the Group is aware and which are pending or threatening, which might have, or have had during the last twelve months, a significant impact on the financial situation or profitability of the Group.

Note 29

Lease obligations

(in € million)	Total	Maturity of lease payments		
		Within 1 year	1 to 5 years	Over 5 years
Long term rental ^(*)	529	56	215	258
Capital leases	148	25	83	40
Operating leases	308	65	152	91
TOTAL AT 31 MARCH 2012	985	146	450	389
Long term rental ^(*)	556	57	202	297
Capital leases	160	27	84	49
Operating leases	375	152	129	94
Total at 31 March 2011	1,091	236	415	440

(*) Obligations related to lease of trains and associated equipments (see Note 24) including interests to be paid.

Note 30

Independent Auditors' fees

Fees due to auditors and members of their networks in respect of years ended 31 March 2012 and 31 March 2011 were as follows:

(in € million)	Year ended 31 March 2012				Year ended 31 March 2011			
	Mazars		PricewaterhouseCoopers		Mazars		PricewaterhouseCoopers	
	Amount	%	Amount	%	Amount	%	Amount	%
Audit								
Independent Auditors' diligence, certification, review of individual and consolidated accounts	7.0	93%	11.4	79%	7.2	95%	12.1	93%
• Alstom SA	0.8	11%	1.5	10%	0.7	9%	1.6	12%
• Controlled entities	6.2	83%	9.9	69%	6.5	86%	10.6	81%
Other audit diligence and audit related services	0.4	5%	2.8 ^(*)	19%	0.3	4%	0.6	5%
• Alstom SA	0.1	1%	-	0%	-	0%	0.1	1%
• Controlled entities	0.3	4%	2.8	19%	0.3	4%	0.5	4%
Sub-total	7.4	99%	14.2	98%	7.5	99%	12.7	98%
Other services								
Legal, tax and social	0.1	1%	0.3	2%	0.1	1%	0.3	2%
Other	-	-	-	-	-	-	-	-
Sub-total	0.1	1%	0.3	2%	0.1	1%	0.3	2%
TOTAL	7.5	100	14.5	100	7.6	100	13.0	100

(*) Of which €2,2 million relating to due diligence services rendered in connection with business combinations and directly linked to the statutory auditor engagement. These services were pre-approved by the Audit Committee and are compliant with French independence rules and Alstom's requirements.

Note 31

Related parties

The Group has identified the following related parties:

- Shareholders of the Group
- Associates & joint ventures
- Key management personnel

31.1 SHAREHOLDERS OF THE GROUP

Bouygues, a French company listed on Paris stock market, is the main shareholder holding more than 5% of the parent company's share. At 31 March 2012, Bouygues holds a 30.7% stake in Alstom share capital.

31.2 RELATED-PARTY DISCLOSURES

(in € million)	Year ended 31 March 2012		At 31 March 2012	
	Income	Expenses	Receivables	Liabilities
Bouygues's Group ^(*)	5	1	2	2
Joint ventures	49	-	20	-
Associates	1	-	2	-

(*) These figures are related to the profit and loss from 1 January 2011 to 31 December 2011 and the balance sheet at 31 December 2011.

31.3 KEY MANAGEMENT PERSONNEL

The Group considers that key management personnel as defined by IAS 24 are the members of the Executive Committee at 31 March 2012.

(in € thousand)	Year ended	
	31 March 2012	31 March 2011
Short-term benefits	8,254	6,846
Fixed gross salaries	4,581	3,946
Variable gross salaries	3,673	2,900
Post-employment benefits	3,367	1,334
Post-employment defined benefit plans	3,171	1,204
Post-employment defined contribution plans	196	130
Other post-employment benefits	-	-
Other benefits	795	1,585
Non monetary benefits	54	25
Share-based payments ^(*)	741	1,560
TOTAL	12,416	9,765

(*) Expense recorded in the income statement in respect of stock option plans and free shares.

Note 32

Subsequent events

The Group has not identified any subsequent event to be reported.

Note 33

Major companies included in the scope of consolidation

The major companies of the Group are listed below and selected according to one of the following criteria: significant holding companies or sales above €100 million for the year ended 31 March 2012. The list of all consolidated companies is available upon request at the head office of the Group.

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Companies	Country	Ownership%	Consolidation Method
Parent company			
ALSTOM	France	-	Parent company
Holding companies			
ALSTOM Holdings	France	100%	Full consolidation
ALSTOM Power Holdings SA	France	100%	Full consolidation
ALSTOM Deutschland AG	Germany	100%	Full consolidation
ALSTOM SpA	Italy	100%	Full consolidation
ALSTOM NV	Netherlands	100%	Full consolidation
The Breakers Investments B.V. (Transmashholding)	Netherlands	25%	Equity method
ALSTOM España IB SA Holding	Spain	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
ALSTOM UK Holdings Ltd	United Kingdom	100%	Full consolidation
ALSTOM Inc.	United States	100%	Full consolidation
Industrial companies			
ALSTOM Algérie Spa	Algeria	100%	Full consolidation
ALSTOM Limited (Australia)	Australia	100%	Full consolidation
ALSTOM Grid Australia Ltd	Australia	100%	Full consolidation
ALSTOM Belgium SA	Belgium	100%	Full consolidation
ALSTOM Brasil Energia e Transporte Ltda	Brazil	100%	Full consolidation
ALSTOM Grid Energia Ltda	Brazil	100%	Full consolidation
ALSTOM Power & Transport Canada Inc.	Canada	100%	Full consolidation
ALSTOM Grid Canada, Inc.	Canada	100%	Full consolidation
Tianjin ALSTOM Hydro Co. Ltd	China	99%	Full consolidation
ALSTOM Suzhou High Voltage Switchgear Co., Ltd	China	80%	Full consolidation
ALSTOM Hydro France	France	100%	Full consolidation
ALSTOM Grid SAS	France	100%	Full consolidation
ALSTOM Power Service	France	100%	Full consolidation
ALSTOM Power Systems SA	France	100%	Full consolidation
ALSTOM Transport SA	France	100%	Full consolidation
ALSTOM Boiler Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Grid GmbH	Germany	100%	Full consolidation
ALSTOM Power Service GmbH	Germany	100%	Full consolidation
ALSTOM Power Systems GmbH	Germany	100%	Full consolidation
ALSTOM Transport Deutschland GmbH	Germany	100%	Full consolidation
ALSTOM Projects India Ltd	India	68%	Full consolidation
ALSTOM T&D India Limited	India	72%	Full consolidation
ALSTOM Ferrovaria S.p.A	Italy	100%	Full consolidation
ALSTOM K.K.	Japan	100%	Full consolidation
Cerrey – Babcock & Wilcox	Mexico	25%	Equity method
ALSTOM Mexicana S.A. de C.V.	Mexico	100%	Full consolidation
ALSTOM Power Sp.z o.o.	Poland	100%	Full consolidation
ALSTOM Power Singapore Pte Ltd	Singapore	100%	Full consolidation
ALSTOM S&E Africa (Pty) Ltd	South Africa	100%	Full consolidation
ALSTOM Hydro Spain S.L.	Spain	100%	Full consolidation
ALSTOM Transporte SA	Spain	100%	Full consolidation
ALSTOM Power Sweden AB	Sweden	100%	Full consolidation
ALSTOM (Switzerland) Ltd	Switzerland	100%	Full consolidation
AP O&M Ltd.	Switzerland	100%	Full consolidation
ALSTOM Grid Enerji Endustrisi A.S	Turkey	100%	Full consolidation
ALSTOM Ltd	United Kingdom	100%	Full consolidation
ALSTOM Grid UK LTD	United Kingdom	100%	Full consolidation
ALSTOM Grid Inc.	United States	100%	Full consolidation
ALSTOM Power Inc.	United States	100%	Full consolidation
AP Com Power Inc.	United States	100%	Full consolidation

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2012 on:

- the audit of the accompanying consolidated financial statements of Alstom;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 March 2012 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

1. CONSTRUCTION CONTRACTS

As described in Notes 2.2, 2.3.5, 2.3.6, 2.3.17, 22 and 28.1 to the consolidated financial statements and related to the recognition of revenue and gross margin, Alstom makes estimates that may have a significant impact, notably when determining the margin at completion on each contract, determined on the basis of the latest information and contract status available. Those estimates are reflected on the balance sheet in the captions "Construction contracts in progress, assets", "Construction contracts in progress, liabilities" and for contracts completed in "Current provisions". We have examined the processes applied by Alstom and considered the data and assumptions on which these estimates are based.

2. GOODWILL AND OTHER LONG TERM ASSETS

Alstom performed at year-end an impairment test on goodwill and also assessed whether there was any indication of impairment of other long-term assets, in accordance with the approach described in Note 2.3.12 to the consolidated financial statements. We have assessed the impairment test performed and verified that Note 10 to the consolidated financial statements gives the appropriate information.

3. DISPUTES

We have examined the procedures used by Alstom to identify, assess and account for disputes. We have ensured that the status of the disputes and the related uncertainties are adequately described in Note 28.2 to the consolidated financial statements.

As stated in Note 2.2 to the consolidated financial statements, several matters mentioned in the paragraphs above are based on estimates and assumptions which are uncertain by nature, and for which the final outcome may significantly differ from the initial forward looking data used, in particular given the current economical and financial environment.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATION

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, on 4 May 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Lotz

Mazars

Thierry Colin

STATUTORY ACCOUNTS

INCOME STATEMENTS

(in € million)	Note	Year ended	
		31 March 2012	31 March 2011
Management fees and other operating income		123	138
Administrative costs and other operating expenses		(60)	(28)
Depreciation and amortisation expense		(2)	-
OPERATING INCOME	3	61	110
Interest income		154	120
Interest expenses		(135)	(107)
Bonds issuance costs and premiums recognised as income or expense		(4)	(2)
Financial income	4	15	11
Current income		76	121
Non recurring result	5	(7)	10
Income tax credit	6	67	85
NET PROFIT		136	216
<i>Total income</i>		351	355
<i>Total Expenses</i>		(215)	(139)

BALANCE SHEETS

ASSETS

(in € million)	Note	At 31 March 2012	At 31 March 2011
Fixed assets			
Intangible assets		2	2
Investments	7	9,216	9,216
Advances to subsidiary	7	6,212	5,607
Total fixed assets		15,430	14,825
Current assets			
Receivables	8	88	52
Cash		2	
Deferred charges	9	25	18
Total current assets		115	70
TOTAL ASSETS		15,545	14,895

LIABILITIES

(in € million)	Note	At 31 March 2012	At 31 March 2011
Shareholders' equity			
Share capital		2,062	2,061
Additional paid-in capital		622	624
Legal reserve		206	206
Restricted reserve		19	15
General reserve		7,472	7,477
Retained earnings		940	906
Net profit		136	216
Total shareholders' equity	10	11,457	11,505
Provisions for risks and charges	11	45	49
Liabilities			
Bonds	13	3,851	3,288
Other borrowings	14	50	
Trade payables	15	50	3
Other payables	15	87	43
Deferred income	17	5	7
Total liabilities		4,043	3,341
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		15,545	14,895

NOTES TO THE STATUTORY FINANCIAL STATEMENTS

DETAILED SUMMARY

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Note 1

Basis of preparation of the statutory financial statements

The statutory financial statements for the year ended 31 March 2012 have been prepared in accordance with the provisions of the French Chart of Accounts as described by the Regulation 1999-03 issued by the "Comité de la Réglementation Comptable" (CRC), and approved by Decree dated 22 June 1999.

These accounts have been prepared using the same accounting policies and measurement methods as at 31 March 2011.

Note 2

Description of accounting policies

2.1 INVESTMENTS

Investments are recorded at acquisition cost, excluding transaction costs.

The year end valuation is based on current value in use value which is estimated using various assessment methods notably return on investment and appraised net assets.

When the recoverable value of the investment is lower than the book value, an impairment loss is recognised.

2.2 SHARE CAPITAL

A share capital increase is recorded at the nominal share price. If the issue price is higher than the nominal value, this difference is recorded as a paid-in capital.

Transaction costs on capital increase are offset against paid-in capital. If total transaction costs exceed the paid-in capital, the excess is recorded as intangible assets and amortised over a period of five years.

2.3 PROVISIONS FOR RISKS AND CHARGES

Provisions for litigations and disputes

The Company identifies and analyses on a regular basis current litigations in which it is engaged. When provisions are deemed necessary, they are measured on the basis of its best estimate of the expenditure required to settle the obligation at the balance-sheet date. These estimates take into account information available and different possible outcomes. Due to changes in facts and circumstances, costs finally incurred may differ from those estimates.

Provisions for post-employment benefits

The obligation arising from post-employment defined benefits granted to the Chairman and Chief Executive Officer is determined using the projected unit credit method and is wholly recognised as a liability.

2.4 FINANCIAL DEBT

Financial debt (bonds and commercial papers) is recorded at nominal value in the liabilities. Transaction costs and bonds premium are recorded as deferred charges or deferred income and amortised over the duration of the borrowings.

Financial instruments (swaps) may be used to hedge interest rate risks on bonds.

2.5 TAX GROUP

The company is the mother company of a French tax group including ALSTOM Holdings and several subsidiaries of ALSTOM Holdings.

Each company determines its income tax charge on the basis of its own pre-tax income for the year, as if it was not included in a tax group. The company recognises a gain or a loss equal to the difference between the current income tax based on the Group pre-tax income and the sum of tax charges recognised by the entities members of the tax group.

When a subsidiary member of the tax group exits from the said tax group, it is not compensated for the loss of its tax credits, tax loss carry forward and/or long term losses derived during the period of time it belonged to the tax group.

Note 3

Operating income

At the financial year ended 31 March 2012, operating income is essentially made of €123 million management fees invoiced to the Group's Companies for the use of the Alstom name.

Administrative costs and other operating expenses include management fees invoiced by ALSTOM Holdings, external operating

expenses, the gross compensation paid to the Chairman and Chief Executive Officer and Deputy Chief Executive Officer (€2,702,218 for the financial year ended 31 March 2012) and Directors' fees due for the fiscal year (€819,500 for the same financial year ended).

Note 4

Financial income

(in € million)	Year ended at 31 March 2012	Year ended at 31 March 2011
Interest income on advances made to ALSTOM Holdings	151	120
Interest expenses on bonds	(131)	(107)
Interest expenses on borrowings	(3)	-
Bonds issuance costs and premiums recognised as income or expense	(2)	(2)
• Amortisation expense on deferred charges	(4)	(4)
• Amortisation income on premium received	2	2
TOTAL	15	11

The interest income increase is explain by the raise of the average outstanding advance made to ALSTOM Holdings.

New bonds (€2,060 million issued within the two last financial years – see Note 13) explain the increase of interest costs.

Note 5

Non recurring result

(in € million)	Year ended at 31 March 2012			Year ended at 31 March 2011
	Non-recurring income	Non-recurring expense	Net amount	Net amount
Disposals of fixed assets			-	-
Addition or release of provisions	5	-	5	10
Other	-	(12)	(12)	
TOTAL	5	(12)	(7)	10

Following the review of risks arising from legal proceedings where the Company is currently engaged, a €5 million release of provisions has been recognised for the financial year ended 31 March 2012 related

to the settlement of the United States Class Action Lawsuit. Other costs are mainly related to the effect of the negotiated resolution agreement with the World Bank.

Note 6

Income tax

The €67 million tax credit is broken down as follows:

- €72 million gain from tax grouping, and
- €5 million loss from withholding taxes paid outside France.

In absence of tax grouping, a €23 million income tax charge would have been recorded at 31 March 2012.

The deferred tax position of the Company at 31 March 2012, amounting €1, 225 million is mainly composed of Tax losses carry forward.

Note 7

Financial assets

(in € million)	At 31 March 2011	Acquisition	Disposal	At 31 March 2012
Investments				
ALSTOM Holdings	9,216	-	-	9,216
TOTAL	9,216	-	-	9,216

7.1 INVESTMENTS

ALSTOM Holdings is ALSTOM's sole significant subsidiary and owns all operating entities of the Group Alstom.

At 31 March 2012, the Company performed an impairment test of its stake in ALSTOM Holdings.

The valuation was primarily determined applying the discounted cash flow methodology which capture the potential of the assets base to generate future profits and cash flows. It was based on the following factors:

- internal three-year business plan of ALSTOM Holdings and its subsidiaries prepared as part of their annual budget exercise,

- extrapolation of the three year business plan with two additional years, and
- Group's weighted average cost of capital, post-tax, of 9%.

The consolidated financial debt of ALSTOM Holdings and its subsidiaries and other assets and liabilities not recognised when using the discounted cash flow methodology was then considered to determine the recoverable value of investments.

The recoverable amount of ALSTOM Holdings shares is higher than their carrying amount. No impairment loss has been recognised, accordingly.

7.2 ADVANCES

(in € million)	At 31 March 2011	Variation	At 31 March 2012
Advances to ALSTOM Holdings			
Gross value	5,570	602	6,172
Accrued interests	37	3	40
TOTAL	5,607	605	6,212

Advances to ALSTOM Holdings have a maturity below one year and can be cancelled by anticipation, which ensures their liquidity.

Note 8

Receivables

Current receivables can be broken down as follows:

(in € million)	At 31 March 2012		At 31 March 2011	
	Total	Out of which related parties	Total	Out of which related parties
Current account with ALSTOM Holdings	-	-	1	1
Trade receivables	7	7	7	7
«Research tax credit & others» receivable from the French State	71		39	
Other receivables	10		5	
TOTAL	88	7	52	8

All receivables are due within one year.

Note 9

Deferred charges

(in € million)	At 31 March 2011	Amount capitalised during the period	Amortisation expense of the period	At 31 March 2012
Bonds issuance costs and premiums	18	11	(4)	25

Note 10

Shareholders' equity

10.1 SHARE CAPITAL

At 31 March 2012, ALSTOM's share capital amounted to €2,061,735,760 consisting of 294,533,680 ordinary shares with a par value of €7 each and fully paid.

The variations of share capital during the period are the following:

	Number	Par value (in €)
Existing shares at beginning of year	294,419,304	7
- Reimbursement of bonds	18	7
- Exercise of options	192,417	7
- Subscription of shares under employee sharing programme	121,941	7
- Treasury shares	(200,000)	7
EXISTING SHARES AT YEAR END	294,533,680	7

At 31 March 2011, ALSTOM's share capital amounted to €2,060,935,128 consisting of 294,419,304 ordinary shares with a par value of €7 and fully paid.

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NOTES TO THE STATUTORY FINANCIAL STATEMENTS

10.2 CHANGES IN SHAREHOLDERS' EQUITY

(in € million)	At 31 March 2011	Shareholders' Meeting held 28 June 2011	Other movements	At 31 March 2012
Capital	2,061	-	1	2,062
Additional paid-in capital	624	-	(2)	622
Legal reserve	206	-	-	206
Restricted reserve	15	-	4	19
General reserve	7,477	-	(5)	7,472
Retained earnings	906	34	-	940
Net profit	216	(216)	136	136
TOTAL	11,505	(182)	134	11,457

Following the decision of the Shareholders' Ordinary Meeting held on 28 June 2011, a €0.62 dividend per share was distributed, representing a total amount of €182 million, related to the financial year ended 31 March 2011.

"Other movements" for the period arise from:

- a €4 million cash contribution, resulting from the exercise of options;

- the subscription of shares under employee sharing programme;
- a €1 million capital reduction, with a €4 million additional paid-in-capital reduction following the cancellation of 200,000 treasury shares;
- the €136 million net profit.

Note 11

Provisions for risks and charges

(in € million)	At 31 March 2011	Additions	Releases	At 31 March 2012
Litigations and disputes	45	-	(6)	39
Post-employment defined benefits	4	2	-	6
TOTAL	49	2	(6)	45

11.1 PROVISIONS FOR LITIGATIONS AND DISPUTES

Alleged anti-competitive activities

GIS EQUIPMENT

In April 2006, the European Commission commenced proceedings against Alstom, along with a number of other companies, based on allegations of anti-competitive practices in the sale of gas-insulated switchgears ("GIS equipment"), a product of its former Transmission & Distribution business sold to Areva in January 2004, following investigations that began in 2004.

On 24 January 2007, the European Commission levied a fine of €65 million against Alstom which includes €53 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of this decision before the General Court of the European Union. On 3 March 2011 the Court reduced the amount of fines levied against Alstom to €58.5 million out of which €48.1 million on a joint and several basis with Areva T&D (Alstom Grid). On 20 May 2011, Alstom requested the cancellation of this decision before the Court of Justice of the European Union. The latter's final decision is not expected to occur before beginning 2013.

Following the aforementioned European Commission decision of 24 January 2007, on 17 November 2008 National Grid commenced a civil action before the High Court of Justice in London to obtain damages against the manufacturers of GIS equipment, including Alstom and certain of its subsidiaries. National Grid asserts that it has suffered overall alleged damages from all manufacturers concerned of € 249.3 million in total since it bought GIS equipment at inflated prices due to alleged anti-competitive arrangements between manufacturers. Alstom contests the facts. On 12 June 2009, the High Court of Justice in London decided a stay of proceeding until the European Commission decision of 24 January 2007 is final. During fiscal year 2010/11, two other similar civil actions have been started before national jurisdictions for a global amount of €24 million.

POWER TRANSFORMERS

On 20 November 2008, the European Commission sent a statement of objections to a number of manufacturers of power transformers, including Alstom, concerning their alleged participation in anti-competitive arrangements. Alstom has contested the materiality of the alleged facts. On 7 October 2009, the European Commission levied a fine of €16.5 million against Alstom which includes €13.5 million on a joint and several basis with Areva T&D (Alstom Grid). Alstom has requested the cancellation of the decision before the General Court

of the European Union on 21 December 2009. The hearings report is still awaited and the hearings which are not yet scheduled should not occur before end of 2012.

Alleged illegal payments

In France, on 6 October 2010, a Group's subsidiary in the Hydro business was formally charged for alleged illegal payments concerning past operations in Zambia. Consistent with the French prosecutor final request, the French investigation judge issued an order for dismissal on 7 June 2011, which closed the criminal procedure in France. In addition the World Bank sanctioned Alstom for improper payment of €110,000 made in 2002 in relation to a World Bank-financed Zambian power rehabilitation project. On 22 February 2012, as part of a negotiated resolution agreement, the World Bank announced its decision to debar ALSTOM Hydro France and ALSTOM Network Schweiz AG (Switzerland) and their affiliates from public tenders financed by the World Bank for a period of 3 years, which can be reduced to 21 months subject to certain conditions Alstom intends to respect. The company Alstom will also pay a restitution amount of USD9.5 million. This debarment qualifies for cross-debarment by the other multilateral development banks pursuant to the Agreement of Mutual Recognition of Debarments signed on 9 April 2010.

Alstom has also paid reparation in the amount of CHF 1 million to the International Committee of the Red Cross for use in projects in Latvia, Tunisia and Malaysia. The Office of Attorney General has issued a dismissal order acquitting the Alstom Group and its entities of any additional wrongdoing, fully closing its investigations.

United States Class Action Lawsuit

A settlement, relating to the class action lawsuits filed on behalf of various purchasers of American Depositary Receipts and other Alstom securities was concluded during the fiscal year for a remaining cost less than €2 million

On 21 October 2011, the settlement was approved by the New York District Court. This decision which became final on 21 November 2011 closed the class action.

Provisions recorded by Alstom regarding these proceedings amount to €39 million at 31 March 2012 (€45 million at 31 March 2011).

Note 12

Bonds reimbursable with shares

In December 2003, the Company had issued bonds reimbursable with shares maturing in December 2008.

11.2 PROVISIONS FOR POST-EMPLOYMENT DEFINED BENEFITS

The provision related to post-employment benefits represents the present value at year end of the obligations arising from defined benefits granted by the Company to the Chairman and Chief Executive Officer.

The Chairman and Chief Executive Officer benefits from a supplemental collective retirement scheme, which is composed of a defined benefit plan and a defined contribution plan.

The defined benefit plan implemented in 2004 covers all persons exercising functions within the Group in France whose base annual remuneration exceeds eight times the annual French social security ceiling. The rights under the plan are vested only if the beneficiary retires from the Company and after claiming his or her retirement rights. Even though the plan does not set any minimum seniority requirement to be met in order to benefit from it, the plan remains compliant with the intention behind the AFEP-MEDEF recommendation insofar as entitlements are acquired progressively per year of seniority, and only represent each year a limited percentage of the compensation corresponding at maximum to a rate of 1.2% per year on a capped amount. The pension is determined by multiplying the replacement ratio based on the seniority by the fraction of the annual reference remuneration (i.e. the average of the last three fixed and variable annual remunerations) that exceeds eight times the annual French social security ceiling (€290,976 for the 2012 calendar year). The annual reference remuneration is capped at €2 million. Since 1 January 2008, this cap is subject to an annual revaluation in accordance with the evolution of the reference salary used to determine the AGIRC supplemental retirement scheme. As such, given his seniority within the Group, the Chairman and Chief Executive Officer could, when he retires, claim a replacement ratio of between 13% and 20% of this salary portion.

There has been no change to this supplemental collective retirement scheme during the fiscal year.

The amount of contributions paid by ALSTOM within the defined contribution plan, was €22,788 for the year ended 31 March 2012.

The legal retirement indemnity is also granted to the Chairman and Chief Executive Officer.

The liability recognised in respect of the defined benefit obligation, including the legal retirement indemnity, amounts to €5,922,000 as at 31 March 2012.

Note 13

Bonds

During the year ended at 31 March 2012, Alstom has issued two new bonds:

- on 2 February 2012, issuance of €500 million bonds with maturity date on 2 March 2016;
- on 1 March 2012, issuance of issuance of CNY500 million (Chinese yans), equivalent to €60 million with maturity date on 9 March 2015.

The movements in nominal amount of bonds over the past two years are as follows:

Nominal value (in € million)	Total	Maturity date						
		23 September 2014	5 October 2015	9 March 2015	2 March 2016	1 February 2017	5 October 2018	18 March 2020
<i>Annual nominal interest rate</i>		4.00%	2.875%	4.250%	3.875%	4.125%	3.625%	4.50%
Outstanding amount at 31 March 2010	1,750	500	-	-	-	750	-	500
Bonds issued	1,500	250	500			-	500	250
Bonds reimbursed at maturity date	-	-				-	-	-
Outstanding amount at 31 March 2011	3,250	750	500	-	-	750	500	750
Bonds issued	560			60	500	-		
Bonds reimbursed at maturity date	-	-				-	-	-
OUTSTANDING AMOUNT AT 31 MARCH 2012	3,810	750	500	60	500	750	500	750

Accrued interests at 31 March 2012 amounting to €41 million are added to the outstanding principal amount in the balance-sheet.

At 31 March 2012, to increase its liquidity, Alstom negotiated resolution agreement has in place a €1,350 million revolving Credit Facility fully undrawn maturing in December 2016, this replaces the previous facility of €1,000 million. This facility is subject to the following financial covenants, based on consolidated data:

Covenants	Minimum interest cover ^(a)	Maximum total debt (in €m) ^(b)	Maximum total net debt leverage ^(c)
From March 2010 to September 2013	3	5,000	3.6

(a) Ratio of EBITDA (Earnings Before Interest and Tax plus Depreciation and Amortisation) to net interest expense (excluding interest related to obligations under finance lease). It amounts to 12.5 at year end 31 March 2012 (19.1 at year end 31 March 2011).

(b) Total debt corresponds to borrowings, i.e. total financial debt less finance lease obligations. This covenant ceases to apply since the Group has an "Investment grade" rating.

(c) Ratio of total net debt (Total debt less short-term investments or trading investments and cash and cash equivalents) to EBITDA. The net debt leverage as at 31 March 2012 is 1.4 (0.8 at 31 March 2011).

Note 14

Other borrowings

During the year ended at 31 March 2012, Alstom has made use of commercial papers programme.

The outstanding at 31 March 2012 is €50 million with has a maturity date within three months.

Note 15

Payables and related parties

(in € million)	At 31 March 2012		At 31 March 2011	
	Total	Out of which related parties	Total	Out of which related parties
Trade payables	50	47	3	-
Payables to members of the tax group	75	75	41	41
Other tax and social security payables	2	-	2	-
Other liabilities	10	5	-	-
TOTAL	137	127	46	41

Note 16

Maturity of liabilities

(in € million)	At 31 March 2012	Within one year	One to five years	More than five years	Out of which related parties
Bonds	3,851	41	2,560	1,250	-
Borrowings	50	50	-	-	-
Trade payables	50	50	-	-	46
Other payables	87	85	2	-	80
TOTAL	4,038	226	2,562	1,250	126

Note 17

Deferred income

DEFERRED INCOME

(in € million)	At 31 March 2011	Amount capitalised during the period	Amortisation income of the period	At 31 March 2012
Bonds issuance premiums	7	-	(2)	5

Note 18

Other information

18.1 OF BALANCE SHEETS COMMITMENTS

Total outstanding guarantees given by the Company amounted to €116 million at 31 March 2012, out of which €36 million Parent guarantees detailed as follows:

- €22 million lease guarantees;
- €11 million guarantees of commercial obligations contracted by the Transport Sector, and
- €3 million rent guarantees.

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NOTES TO THE STATUTORY FINANCIAL STATEMENTS

18.2 STOCK OPTIONS

KEY CHARACTERISTICS

	Plans issued by shareholders meeting on 9 July 2004			Plans issued by shareholders meeting on 26 June 2007					
	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 10	Plan No. 11	Plan No. 11	Plan No. 12	Plan No. 12
	stock options	stock options	stock options	stock options	free shares	stock options	free shares	stock options	free shares
Grant date	17/09/2004	27/09/2005	28/09/2006	25/09/2007	25/09/2007	23/09/2008	23/09/2008	21/09/2009	21/09/2009
Exercise period	17/09/2007	27/09/2008	28/09/2009	25/09/2010		23/09/2011		21/09/2012	
	16/09/2014	26/09/2015	27/09/2016	24/09/2017	n/a	22/09/2018	n/a	20/09/2017	n/a
Number of beneficiaries	1,007	1,030	1,053	1,196	1,289	411	1,431	436	1,360
Adjusted number granted ⁽¹⁾	5,566,000	2,803,000	3,367,500	1,697,200	252,000	754,300	445,655	871,350	522,220
Adjusted number exercised since the origin	4,488,319	1,641,557	526,967	1,000	220,320	-	-	-	1,280
Adjusted number cancelled since the origin	421,200	270,500	366,250	196,900	31,680	754,300	445,655	54,700	49,520
Adjusted number outstanding at 31 March 2012	656,481	890,943	2,474,283	1,499,300	-	-	-	816,650	471,420
Inc. to the present members of the Executive Committee	9,572	8,000	325,000	171,100	-	-	-	125,250	6,560
Adjusted exercise price ⁽²⁾ (in €)	8.60	17.88	37.33	67.50	n/a	66.47	n/a	49.98	n/a
Fair value at grant date (in €)	7.30	10.30	12.90	29.24	129.20	16.71	63.54	11.26	48.11

(1) The number of options and free shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

	Plans issued by shareholders meeting on 22 June 2010			
	PLAN No. 13	Plan No. 13	Plan No. 14	Plan No. 14
	Stock options	Free shares	Stock options	Free shares
Grant date	13/12/2010	13/12/2010	04/10/2011	04/10/2011
	13/12/2013		04/10/2014	
Exercise period	12/12/2018	n/a	03/10/2019	n/a
Number of beneficiaries	528	1,716	514	1,832
Adjusted number granted ⁽¹⁾	1,235,120	740,860	1,369,180	804,040
Adjusted number exercised since the origin	-	1,930	-	460
Adjusted number cancelled since the origin	109,130	55,620	104,990	37,380
Adjusted number outstanding at 31 March 2012	1,125,990	683,310	1,264,190	766,200
Inc. to the present members of the Executive Committee	134,150	11,490	375,000	43,000
Adjusted exercise price ⁽²⁾ (in €)	33.14	n/a	26.39	n/a
Fair value at grant date (in €)	7.59	31.35	3.14	19.77

(1) The number of options and free shares and the exercise price of options have been adjusted as a result of transactions that have impacted the number of capital shares after grant dates.

(2) The exercise price corresponds to the average opening price of the shares during the twenty trading days preceding the day on which the options were granted by the Board (no discount or surcharge).

At 31 March 2012, stock options granted by plans 7, 8, 9 10 and 11 are fully vested. These options will expire seven years after the end of the vesting period of each plan.

The number of stock options and free shares granted on 21 September 2009 under the long term incentive plan 12 was conditional upon the Group satisfying specified levels of operating margin for the financial year 2011/2012.

The 2011/2012 Group's operating margin is below 7.2%; as a consequence 40% of options will be exercisable under this plan and 40% of performance share will be delivered.

The long term incentive plans set up since 2007 (plan 13 and plan 14) also combine the allocation of stock options with the free allocation of performance shares.

The grant of these instruments is conditional upon the Group satisfying the following performance conditions:

LTI plan 13 granted on 13 December 2010

The total number of options exercisable and free shares to be delivered will depend on the Group's operating margin for the financial years 2010/2011, 2011/2012 and 2012/2013:

	% of options exercisable & free shares to be delivered		
	Year ended 31 March 2011	Year ended 31 March 2012	Year ended 31 March 2013
Operating margin achieved above or equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

Based on consolidated financial statements for financial years 2010/2011 and 2011/2012, the performance condition is achieved for 70% of an allotment of LTIP13 options and free shares, and 10% of options and free shares are cancelled.

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LTI plan 14 granted on 4 October 2011

The total number of options exercisable and free shares to be delivered will depend on the Group's operating margin for the financial years 2011/2012, 2012/2013 and 2013/2014:

	% of options exercisable & free shares to be delivered		
	Year ended 31 March 2012	Year ended 31 March 2013	Year ended 31 March 2014
Operating margin achieved above or equal to 7.5%	40%	40%	20%
Operating margin achieved between 7% (inclusive) and 7.5% (non inclusive)	30%	30%	10%
Operating margin achieved between 6.5% (inclusive) and 7% (non inclusive)	10%	10%	0%
Operating margin achieved below 6.5%	0%	0%	0%

For financial year 2011/2012, based on consolidated financial statements, the performance condition is achieved for 30% of an allotment of LTIP14 options and free shares, and 10% of options and free shares are cancelled.

MOVEMENTS IN STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

	Number of options	Weighted average exercise price per share in €	Number of free shares
Outstanding at 31 March 2010^(*)	7,945,914	42.27	1,177,216
Granted	1,235,120	33.14	740,860
Exercised	(364,619)	19.31	(102,000)
Cancelled	(960,483)	51.29	(485,676)
Outstanding at 31 March 2011	7,855,932	39.15	1,330,400
Granted	1,369,180	26.39	804,040
Exercised	(192,417)	18.78	(121,830)
Cancelled	(304,858)	40.54	(91,680)
OUTSTANDING AT 31 MARCH 2012	8,727,837	37.42	1,920,930
<i>of which exercisable</i>	<i>5,521,007</i>		<i>n/a</i>

(*) On 11 May 2010, 101,560 free shares were allocated to beneficiaries of French companies.

18.3 FREE SHARE PLANS AWARDED TO EMPLOYEES

Alstom sharing 2009

In January 2009, the Group announced a new scheme offered to Group employees in 22 countries and consisting of the following:

- the Two for One 2009 plan based on "buy one share and get one free" concept: within this plan, subscribing employees outside France will receive, instead of the Company match offered to the subscribers in France, shares allocated for free by Alstom; and
- the Alstom Classic 2009 plan: this plan allowed employees to subscribe to Alstom shares at a lower price than the current market price.

18.4 SEVERANCE PAYMENT AND OTHER BENEFITS ARISING UPON THE TERMINATION OF THE MANDATE

At its meeting dated 28 June 2011, which took place after the General Shareholders' Meeting held on the same day, the Board of Directors that decided not to separate the functions of Chairman and Chief Executive Officer, and to renew the term of office of Mr Patrick Kron as Chairman and Chief Executive Officer for the duration of his directorship, or until the end of the Ordinary Shareholders' Meeting called to approve the financial statements of the 2014/15 fiscal year, also decided that the commitments made to Mr Patrick Kron on 26 June 2007, as amended on 6 May 2008 and 4 May 2009 and approved by the General Shareholders' Meeting dated 23 June 2009, concerning benefits arising upon termination of the mandate, would be maintained without any change.

Consequently, the commitments discussed in Article L. 225-42-1 of the French Commercial Code, undertaken with regard to Mr Patrick Kron, Chairman and Chief Executive Officer, concern, as in the past, (i) the entitlement to the additional collective retirement pension scheme composed of a defined contribution plan and a defined benefit plan from which benefit all persons exercising functions within the Group in France, the base annual remuneration of which exceeds eight times the French Social Security cap, above mentioned, as well as (ii) the upholding, in the event of termination of his mandate as initiated by either the Company or himself, of only the rights to exercise the stock options and the rights to the delivery of the performance shares, that will have been definitively vested as of the end of his term of office following the fulfilment of the conditions set forth by the plans.

Since these commitments are the same as those granted on 26 June 2007, as amended on 6 May 2008 and 4 May 2009 and approved by the General Shareholders' Meeting dated 23 June 2009, concerning benefits arising upon termination of the mandate described in Article L. 225-42-1 of the French Commercial Code, the Board of Directors, at its meeting dated 28 June 2011, approved and authorised their renewal insofar as necessary. They are subject to the approval of the General Shareholders' Meeting convened on 26 June 2012 and are presented in the Statutory Auditors' special report.

18.5 TRANSACTIONS WITH RELATED PARTIES

The decree No. 2009-267 dated 9 March 2009 requires to give information about transactions with related parties contracted at conditions other than normal market conditions

The company has not identified any transaction coming into the scope of requirement.

18.6 LIST OF SUBSIDIARIES

ALSTOM Holdings is Alstom's sole significant subsidiary and is 100% owned.

INFORMATION ON ALSTOM HOLDINGS

Gross value of investment held by the Company	€9.2 billion
Net value of investment held by the Company	€9.2 billion
Gross value of loans and advances granted by the Company	€6.2 billion
Net value of loans and advances granted by the Company	€6.2 billion
Bonds and guarantees granted by the Company outstanding at 31 March 2012	-
Dividends paid by ALSTOM Holdings to the Company during financial year ended at 31 March 2011	-
ALSTOM Holdings shareholders' equity at 31 March 2011	€5.0 billion
ALSTOM Holdings shareholders' equity at 31 March 2012	€4.8 billion

Note 19

Subsequent events

The company has not identified any subsequent event to be reported.

Five-year summary

Information as per Article L. 232-1 of the French Commercial Code

	Year ended				
	31 March 2008	31 March 2009	31 March 2010	31 March 2011	31 March 2012
1. Share capital at year end					
a) Share capital (in € thousand)	1,982,430	2,013,576	2,056,894	2,060,935	2,061,736
b) Number of outstanding issued shares	141,602,127	287,653,703	293,841,996	294,419,304	294,533,680
c) Par value of shares (in €)	14	7	7	7	7
2. Operations and income for the year (in € million)					
a) Dividends received	-	-	-	-	-
b) Income before tax, depreciation, impairment and provisions	128	177	118	125	70
c) Income tax credit	72	68	52	85	67
d) Net income after tax, depreciation, impairment and provisions	180	238	151	216	136
e) Dividends	227	323	364	183	236
3. Earnings per share (in €)					
a) Net earning after tax, but before depreciation, impairment and provisions	1.42	0.85	0.58	0.71	0.46
b) Net earning after tax, depreciation, impairment and provisions	1.27	0.83	0.51	0.73	0.46
c) Net dividend per share	1.6	1.12	1.24	0.62	0.80
4. Personnel					
a) Average headcount of the year	-	-	-	-	-
b) Amount of remuneration of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer (in € thousand)	2,391	2,466	2,310	2,045	2,702
c) Amount of social charges and other welfare benefits for the year (in € thousand)	579	754	651	521	820

Appropriation of the net income for the period ended 31 March 2012

Information as per Article 243-bis of the French Tax Code.

The following appropriation of the net income for the year ended 31 March 2012 (€136,122,241.27) will be proposed to the next Shareholders' Meeting:

Net income for the financial year	€136,122,241.27
Retained earnings	€939,586,175.69
Allocation to the legal reserve	€80,063.20
Distributable income	€1,075,628,533.76
Dividends paid	€235,626,944.00
Retained earnings carried forward	€840,001,589.76

The proposed dividend corresponds to a dividend of €0.80 for each of the 294,533,680 shares comprising the capital as of 31 March 2012 and eligible to dividend at 1 April 2011.

This dividend gives right to the 40% deduction available to individuals domiciled in France for tax purposes provided for in Article 158 paragraph 3 sub-paragraph 2 of the French General Tax Code.

The dividend would be paid in cash on 3 July 2012. Should the Company hold any of its own shares at that date, the amount of dividends attributable to those shares would be carried forward.

Dividend payouts in respect of the previous years were as follows:

- a dividend of €0.62 per share for the period ended 31 March 2011;
- a dividend of €1.24 per share for the period ended 31 March 2010;
- a dividend of €1.12 per share for the period ended 31 March 2009.

Comments on statutory accounts

INFORMATION REQUESTED BY THE ARTICLE L. 225-100 OF THE FRENCH COMMERCIAL CODE

The company is the holding company of the Alstom Group. The company centralises a large part of the external financing of the Group and directs the funds to its subsidiary ALSTOM Holdings through loans and a current account. Fees from its indirect subsidiaries for the use of the ALSTOM name are the Company's main other source of revenue.

INCOME STATEMENT

The company net profit amounted to €136 million and mainly comprised:

- €61 million operating income stemming from the fees for the use of ALSTOM name minus administrative costs and other external costs;
- €15 million financial income;
- €7 million non-recurring expense, and
- €67 million income tax credit including a €72 million tax group gain.

BALANCE SHEET

Total of balance sheet amounts to €15,545 million and is made of:

- **assets:**
 - ALSTOM Holdings investments totalling €9,216 million,
 - advances to ALSTOM Holdings amounting to €6,212 million.
- **shareholders' equity and liabilities:**
 - shareholders' equity amounts to €11,457 million and is made of:
 - share capital: €2,062 million,
 - paid-in capital: €622 million,
 - reserves: €7,697 million,
 - retained earnings: €940 million, and
 - net profit of the period: €136 million;
 - outstanding bonds amounting to €3,851 million,
 - tax and social payables (€77 million) out of which €75 million due to subsidiaries in accordance with the tax grouping agreements.

INFORMATION ON TRADE PAYABLES

In accordance with by the Article D.441-4 of the French Commercial Code, it is stated that trade payables recorded on the balance-sheet are made up as follows:

- received invoices to be paid for €9 million (*versus* €1 million at 31 March 2011) whose maturity is less than 60 days,
- invoices to come for €41 million (*versus* €2 million at 31 March 2011).

STATUTORY AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 March 2012, on:

- the audit of the accompanying financial statements of Alstom;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 March 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- Investments are recorded as assets in your company's balance sheet for a net book value of € 9 216 million. Note 2(a) "Description of accounting policies - Investments" to the financial statements describes the methods adopted for accounting for these investments as well as the methods used to calculate impairment losses. We have examined the methodology used and assessed the reasonableness of the estimates applied by Alstom to perform the impairment test, as described in Note 7 "Financial assets" to the financial statements. The data and assumptions on which those estimates are based, are uncertain by nature, and the future results may significantly differ from the initial forward looking data used;
- We have examined the procedures used by Alstom to identify, assess and account for disputes. We have ensured that the status of the disputes and the related uncertainties are adequately described in the Note 11 "Provisions for risks and charges" to the financial statements.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (*code de Commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of shareholders and holders of the voting rights has been properly disclosed in the management report.

Courbevoie and Neuilly-sur-Seine, 4 May 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Lotz

Mazars

Thierry Colin

Statutory accounts

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

Annual General Meeting for the approval of the financial statements for the year ended 31 March 2012

This is a free translation into English of the Statutory Auditors' special report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R.225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING**AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE YEAR**

In accordance with Article L.225-40 of the French Commercial Code, we were informed of the following agreements and commitments authorised by the Board of Directors.

Commitments falling within the scope of Article L.225-42-1 of the French Commercial Code with Philippe Joubert, former Deputy Chief Executive Officer

Former corporate officer concerned: Philippe Joubert, former Deputy Chief Executive Officer

During the year ended 31 March 2012, Philippe Joubert, appointed Deputy Chief Executive Officer of the Group on 13 June 2011, resigned from his mandate with effect from 1 February 2012.

Nature and purpose:

At its 13 June 2011 meeting, the Board of Directors authorised the following commitments with Philippe Joubert:

- Continued coverage under the supplemental retirement scheme composed of a defined benefit plan and a defined contribution plan, from which he previously benefited under his employment contract. This scheme was set up in 2004 for all Group employees in France whose basic annual remuneration exceeds eight times the French social security ceiling;
- In the event of termination of his term of office as Executive Vice President, by either the Company or himself, he will only retain the right to exercise the stock options and the right to the delivery of the performance shares, granted during his term of office, that have vested as of the end of his term of office, following the fulfilment of the conditions set forth by the plans.

Following Philippe Joubert's resignation from his mandate during the year, these commitments are now null and void. As a result, these commitments authorised by the Board of Directors at its 13 June 2011 meeting are not subject to approval by this Annual General Meeting.

Commitments falling within the scope of Article L.225-42-1 of the French Commercial Code with Mr. Patrick Kron, Chairman and Chief Executive Officer

Director concerned: Patrick Kron, Chairman and Chief Executive Officer

Nature and purpose:

At its 28 June 2011 meeting, the Board of Directors renewed Patrick Kron's appointment as Chairman and Chief Executive Officer for the length of his term of office as Director, and also renewed the commitments made to Patrick Kron on 26 June 2007 in relation to benefits following the termination of his term of office. These commitments were amended on 6 May 2008 and 4 May 2009 and approved by the General Meeting of 23 June 2009.

Statutory Auditors' special report on related-party agreements and commitments

These commitments, which are to be submitted to the shareholders for approval, are as follows:

Stock options and performance shares

In the event of termination of his term of office as Chairman and Chief Executive Officer, by either the Company or himself, the Chairman and Chief Executive Officer will only retain the right to exercise the stock options subject to performance conditions and the right to the delivery of the performance shares, granted before the end of his term of office, that have vested as of the end of his term of office, following the fulfilment of the conditions set forth by the plans.

Stock options and performance shares that have not vested as of the end of his term of office cannot be exercised or delivered.

Supplemental retirement schemes

The Chairman and Chief Executive Officer is entitled to a supplemental retirement scheme, based on a defined contribution plan and a defined benefit plan, set up on 1 January 2004 for Group employees in France whose basic annual remuneration exceeds eight times the French social security ceiling.

This scheme provides for an annual pension equivalent to approximately 1.2% of the salary bracket above eight times the French social security ceiling per year of service, capped at €2 million. Since 1 January 2008, this cap has been adjusted annually based on changes in the base salary used for determining supplemental retirement (AGIRC) benefits.

In addition to the defined contribution plan, the scheme comprises a defined benefit plan. Rights acquired annually under this plan by Group employees in France, whose basic annual remuneration exceeds eight times the French social security ceiling, cannot exceed 16% of four times the French annual social security ceiling.

The contributions paid by Alstom in respect of its Chairman and Chief Executive Officer under the defined contribution plan for the year ended 31 March 2012 amounted to € 22,788. With respect to the defined benefit plan, the obligation assumed by Alstom at 31 March 2012 amounted to € 5,922,000 including statutory retirement termination benefits.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING**AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS WHICH REMAINED IN FORCE DURING THE YEAR**

In accordance with Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, approved by your Annual General Meeting in previous years, remained in force during the year ended 31 March 2012.

Agreement for industrial, commercial and financial cooperation with Bouygues

Directors concerned: Bouygues SA, Georges Chodron de Courcel

Nature and purpose:

Alstom and Bouygues signed an agreement for industrial, commercial and financial cooperation on 26 April 2006. The purpose of this agreement is to develop cooperation between the commercial networks of the two Groups and, where possible, to realise integrated projects combining the civil engineering activities of the Bouygues Group with the equipment activities of the Alstom Group.

This agreement also includes a project for the creation of a joint company in the hydraulic electricity production business, which was the subject of an agreement signed on 29 September 2006 between Bouygues, Alstom Holdings, Alstom Power Centrales and Alstom Hydro Holding. This agreement was amended by the parties on 30 October 2009, resulting in the contribution in kind by Bouygues of all of its shares in the joint company to Alstom on 12 March 2010, under the terms and conditions of the abovementioned agreement.

Conditions of the authorisation:

The amendment to the joint venture agreement was first authorised by the Board of Directors on 28 October 2009.

Subscription agreement on the €500 million bonds issued of 23 September 2009

Directors concerned: Georges Chodron de Courcel and Jean-Martin Folz

Nature and purpose:

On 21 September 2009, Alstom entered into, in particular with BNP Paribas and Société Générale, a subscription agreement in connection with its €500 million bond issue, to be redeemed in full on 23 September 2014, and for which the banks agreed to guarantee the subscription of the bonds. The subscription agreement carries a fee equal to 0.35% of the principal amount, i.e., €1,750 thousand. The bonds were issued on 23 September 2009.

Conditions of the authorisation:

The subscription agreement was authorised by the Board of Directors on 21 September 2009 and approved by the Annual General Meeting on 22 June 2010.

Subscription agreement on the €750 million bonds issued on 1 February 2010

Directors concerned: Georges Chodron de Courcel and Jean-Martin Folz

Nature and purpose:

On 28 January 2010, Alstom entered into, in particular with BNP Paribas and Société Générale, a subscription agreement in connection with its €750 million bond issue, to be redeemed in full on 1 February 2017, and for which the banks agreed to guarantee the subscription of the bonds. The subscription agreement carries a fee equal to 0.35% of the principal amount, i.e., €2,625 thousand. The bonds were issued on 1 February 2010.

Conditions of the authorisation:

The subscription agreement was authorised by the Board of Directors on 22 December 2009 and approved by the Annual General Meeting on 22 June 2010.

AGREEMENTS AND COMMITMENTS APPROVED IN PREVIOUS YEARS BUT WERE NOT IMPLEMENTED DURING THE YEAR

Furthermore, we were informed that the following agreements and commitments, already approved by your Annual General Meeting in previous years, remained in force but were not implemented during the year.

Commitments falling within the scope of Article L.225-42-1 of the French Commercial Code with Mr. Patrick Kron, Chairman and Chief Executive Officer

Director concerned: Patrick Kron, Chairman and Chief Executive Officer

All the commitments falling within the scope of Article L.225-42-1 of the French Commercial Code concerning items of compensation, indemnities or benefits payable or potentially payable due to the termination of Patrick Kron's duties, as amended and authorised by the Board of Director's meeting of 4 May 2009 and approved by the Annual General Meeting on 23 June 2009, remained in force during the year ended 31 March 2012. These commitments are as follows:

Stock options and performance shares

In the event of termination of his term of office as Chairman and Chief Executive Officer, by either the Company or himself, the Chairman and Chief Executive Officer will only retain the right to exercise the stock options subject to performance conditions and the right to the delivery of the performance shares, granted before the end of his term of office, that have vested as of the end of his term of office, following the fulfilment of the conditions set forth by the plans.

Stock options and performance shares that have not vested as of the end of his term of office cannot be exercised or delivered.

Supplemental retirement schemes

The Chairman and Chief Executive Officer is entitled to a supplemental retirement scheme, based on a defined contribution plan and a defined benefit plan, set up on 1 January 2004 for Group employees in France whose basic annual remuneration exceeds eight times the French social security ceiling.

This scheme provides for an annual pension equivalent to approximately 1.2% of the salary bracket above eight times the French social security ceiling, capped at €2 million. Since 1 January 2008, this cap is annually adjusted based on changes in the base salary used for determining supplemental retirement (AGIRC) benefits.

Neuilly-sur-Seine and Courbevoie, 4 May 2012

The Statutory Auditors

PricewaterhouseCoopers Audit

Olivier Lotz

Mazars

Thierry Colin



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Risks in relation to market environment and Group activities

The section below presents the main risk factors, both specific to Alstom and to its market environment. Together with the sections "Management report on consolidated financial statements fiscal year 2011/12" and "Group description of activities", it constitutes the Board of Directors' report on the Group's management for fiscal year 2011/12.

Internal control and risk management procedures are described in section "Corporate governance – Chairman's report pursuant to article L. 225-37 of the French Commercial Code" (the "Chairman's report"), which presents in particular the annual risk assessment process ("cartography of Group risks") and the Internal Control Questionnaire ("self-assessment questionnaire").

RISKS IN RELATION TO MARKET ENVIRONMENT AND GROUP ACTIVITIES

Market environment

Long-term evolution of Alstom's markets is driven by a variety of complex and inter-related external factors, such as economic growth, political stability, public policies in particular on environment and public transportation, price and availability of the different sources of fuels. Short-term evolution of Alstom's markets is also driven by the current financing constraints and the uncertainty on economic growth, particularly on future demand of electricity. The macroeconomic and financial environment remains volatile, particularly in the eurozone, where recent developments have demonstrated that there continue to be significant risks. Financial markets and credit supply have been periodically negatively impacted by ongoing fears surrounding the sovereign debts and budget deficits of several countries and the possibility of further downgrading of, or defaults on, sovereign debt, as well as concerns about a slowdown in growth or return to recession globally or regionally. Government measures to control public spending in relation to the large sovereign debts and budget deficits may result in a reduction of public investments policies, notably in the transport market, and may affect fiscal policies, with a risk of a tax burden increase in some countries.

Worldwide demand analysis and key drivers for each Alstom's businesses, as well as Alstom assessment of the crisis short- and long-term impact on its activities are presented in sections "Group description of activities" and "Management report on consolidated financial statements fiscal year 2011/12".

In addition the Group faces the evolution of customers demand due to the specificity of their markets, as well as a strong competition, both from large historical international competitors as well as new ones from emerging countries, in particular Asia, where they benefit

from a low cost base. The impact of this increased competition on prices, payment terms, tenders' quality, time to market, and customer service may affect Alstom's position in certain of its markets. As a consequence Alstom is adjusting its sourcing and industrial footprints and adapting its products offering to better address these evolutions. Alstom competitive position in its various businesses is described in section "Group description of activities".

The Group believes it competes effectively in most of its markets. It considers that its strong backlog as well as all the measures it has taken, in particular for reducing costs and adapting headcount to demand, should enable it to face the current competition and the economic environment which remains uncertain. Despite the economic rebound in emerging countries, the market conditions remain contrasted across geographies and technologies, European and North America still experiencing delays in investments decisions, particularly in the thermal power generation sector. These initiatives may prove to be insufficient in case of a long lasting down turn of the world economy, drop in demand and increasing and continued competitive pressures. The consequences of the natural disaster in Japan on the thermal power generation markets remain difficult to assess. As of today, the political events which occurred in North Africa and the Middle-East did not have significant repercussions on Alstom's activities in the concerned countries. However these unstable economical and political conditions may impact the hypothesis underlying the Group's targets and forecasts. Any unfavourable development of any of the aforementioned drivers could have an adverse effect on Alstom's markets and as a consequence an adverse effect on its activity and financial situation.

Risks in relation to market environment and Group activities

Contract execution

Alstom's business includes major long-term contracts executed more and more frequently in the framework of complex consortiums. The revenue, cash flow and profitability of a long-term project vary significantly in accordance with the progress of that project and depend on a variety of factors, some of which are beyond the Group's control, such as unanticipated technical problems with equipment being supplied, postponement or delays in contract implementation, financial difficulties of customers, withholding of payment by customers, and performance defaults by or financial difficulties of suppliers, subcontractors or consortium partners with whom Alstom is jointly liable. Profit margins realised on certain of Alstom's contracts may vary from its original estimates as a result of changes in costs and productivity over their term. As a result of this variability, the profitability of certain contracts may significantly impact the Group

income and cash flows in any given period. Although these cases remain extremely rare, Alstom may have to face calls of first demand bank guarantees in relation to its contracts for potentially significant amounts.

Alstom has established strict risk control procedures applying from tendering to contract execution, through its Corporate Risks Committee at the Group level and procedures implemented within the Sectors, as described in the Chairman's report. However Alstom can give no assurance that these and other initiatives will be sufficient. Certain of its projects are or may be subject to delays, cost overruns, or performance shortfalls which may lead to the payment of penalties or damages. Such difficulties may have a material adverse impact on the Group results and financial position.

Design and use of complex technologies

The Group designs, manufactures and sells several products of large individual value that are used in major infrastructure projects. Alstom is required to address the evolution of customers demand for more and more complex tenders with increasing constraints and uncertainties in homologations. Alstom is also required to introduce new, highly sophisticated and technologically complex products on increasingly short time scales. This necessarily limits the time available for testing and increases the risk of product defects and their financial consequences. It is sometimes necessary to fine tune or modify products after Alstom begins manufacturing them or after its customers begin operating them. Because Alstom manufactures some of its products in series, it may need to make such modifications during the production cycle.

At the same time, when it sells its products or enters into maintenance contracts, Alstom may be required to accept onerous contractual penalties, in particular related to performance, availability and delay in delivering its products, as well as after-sales warranties. Alstom's contracts may also include clauses allowing the customer to terminate

the contract or return the product if performance specifications or delivery schedules are not met. As a result of these contractual provisions and the time needed for the development, design and manufacturing of new products, problems encountered with Alstom's products may result in material unanticipated expenditures, including without limitation additional costs related to securing replacement parts and raw materials, delays and cost overruns in manufacturing, delivering and implementing modified products and the related negotiations or litigation with affected clients.

In instances where such difficulties occur, Alstom cannot ensure that the total costs that it ultimately incurs will not exceed the amount that it has provisioned. Further, given the technical sophistication of its products, Alstom can give no assurance that it will not encounter new problems or delays in spite of the technical validation processes implemented within the Group. Any such problems or delays could cause Alstom's products to be less competitive than those of its competitors and have a material adverse impact on its results and financial position.

Costs and conditions to access to certain manufactured goods and raw materials

In the course of its business, Alstom uses raw materials and manufactured goods in amounts which vary according to the project and which may represent up to one third of the contract price. Given the difficulties and delays in the delivery of certain manufactured goods and the significant volatility of raw materials prices, the Group cannot ensure that these elements will necessarily be fully reflected in contract prices thus potentially impacting the profitability of its contracts. See also Note 25.6 to the consolidated financial statements for the fiscal year ended 31 March 2012.

Any unexpected unfavourable evolution in this area could create a negative pressure on margins and adversely affect Alstom's results. In addition, the financial and economic crisis has increased risks of failures of certain Alstom's suppliers. Although the Group has a system to detect these failures, Alstom cannot ensure that it may not be affected by delays in deliveries or financial difficulties possibly encountered by its suppliers. The Note 25.6 to the financial statements as of 31 March 2012 presents the exposure to raw materials and manufactured goods and the management policy of this risk.

Working capital management

The structure and long term of Alstom's projects may result in payment of expenses before realisation of revenue. As a result, Alstom's ability to negotiate and collect customer advances and milestone payments is therefore an important element of its working capital management. Any long lasting decrease in global orders intake volume materially impacts working capital evolution and consequently adversely impact the Group's financial situation and its liquidity. Additional information

regarding customer deposits and advances and working capital are given in Notes 15 and 19 to the consolidated financial statements for the fiscal year ended 31 March 2012. In addition the acceleration of the Group development in emerging countries, notably for the Transport Sector in CIS countries and India, as well as the conclusion of new partnerships, result in a temporary increase in working capital needs.

Management of human resources

There is significant competition in the employment market with respect to the highly qualified managers and specialists, which are needed by Alstom's businesses, particularly in emerging countries. The success of development plans will depend in part on the Group's ability to retain its employee base and recruit and integrate additional managers and skilled employees. The Group can give no assurance

that it will be successful in developing and retaining its employee base as needed to accompany its business development in particular in emerging countries. In addition the measures to adapt headcount to the evolution of demand may result in significant social risks which may have an adverse impact on the expected costs reductions and Group production capacities.

RISKS IN RELATION TO FINANCIAL MARKETS

Currency exchange, interest rate, credit and liquidity risks

The Group is significantly exposed to currency exchange risks. The Note 25 to the consolidated financial statements for the fiscal year ended 31 March 2012 presents the Group exposure and sensitivity to currency exchange and interest rate risks, as well as the management policy of these risks. Detailed information on the Group financial debt amounting to €5,022 million as of 31 March 2012 is also given in Note 24 to the consolidated financial statements for the fiscal year ended 31 March 2012.

In addition to its cash available, €2,091 million as of 31 March 2012, the Group has a new revolving credit facility (the "Credit Facility") signed in December 2011 and maturing in December 2016 which amount

was increased to €1.350 billion and which is fully undrawn. During fiscal year 2011/12 Alstom has implemented on 25 January 2012 a Euro Medium Term Note Programme of up to €2 billion listed with the securities authority in Luxembourg (the "Commission de Surveillance du Secteur Financier") and completed two bond issues within the framework of this Programme, one amounting to €500 million maturing in March 2016 and one amounting to RMB 500 million, i.e. approximately €60 million, maturing in March 2015. In light of these operations and of the maturity of its debt described below, the Group considers that it has sufficient financial flexibility to meet its financial obligations and needs.

BOND ISSUES MATURITY

Instrument	Amount (in million)	Maturity	Interest rate
Capital Market			
Bonds	€750	23/09/2014	4.00%
Bonds	RMB 500 ^(*)	09/03/2015	4.25%
Bonds	€500	05/10/2015	2.875%
Bonds	€500	02/03/2016	3.875%
Bonds	€750	01/02/2017	4.125%
Bonds	€500	05/10/2018	3.625%
Bonds	€750	18/03/2020	4.50%

(*) Approximately €60 million.

Pursuant to its bonds and guarantees programmes, the Group has a committed revolving facility allowing the issuance of bonds up to €8.275 billion until 27 July 2013 (the "Committed Facility"). As of 31 March 2012 the available amount under the Committed Facility is €1.4 billion. In addition the Group has non-committed bilateral lines in numerous countries up to a total amount of €10.1 billion as of 31 March 2012.

The Credit Facility and the Committed Facility are subject to financial covenants disclosed in Note 25 to the consolidated financial statements for the fiscal year ended 31 March 2012. Alstom complies with these covenants as at 31 March 2012 and does not anticipate any particular difficulty continuing to comply with these covenants.

Alstom is rated by the rating agencies Moody's Investors Services and Standard & Poor's since May 2008. The ratings below are regularly reviewed and the Group cannot ensure that they will remain at the same level.

Agencies

Moody's Investors Services

Short-term rating P-2
Long-term rating Baa2 (outlook negative)

Standard & Poor's^(*)

Short-term rating A-2
Long-term rating BBB (outlook negative)

(*) On 7 May 2012, Standard & Poor's confirmed the long-term and short-term credit ratings, but revised its outlook from stable to negative.

As of today the Group believes it has no major risk so as to access financial markets. A down grading of the Alstom's rating would however impact unfavourably the financial conditions of its financings.

Additional information are presented in the Chairman's report regarding the specific management of financial risks.

Equity risks

Alstom holds shareholdings in listed companies which market values are continuously fluctuating. In the context of its current cash management, Alstom does not use share instruments.

Alstom considers it has no significant exposure to equity risks, except risks in relation to defined benefit pension plans described below. See also Note 23 to the financial statements for the fiscal year ended 31 March 2012.

Defined benefit pension plans

Pursuant to certain of Alstom's defined benefit schemes, notably in the United Kingdom and the United States, Alstom is committed to providing cash to cover any differences between the market value of the plan's assets and required levels for such schemes over a defined period. The Group projected benefit obligations are based on certain actuarial assumptions that vary from country to country, including, in particular, discount rates, rates of increase in compensation levels and rates of mortality.

If actual results, in particular actual performance of plans assets, were to materially differ from these assumptions the funded status of the Group plans could be significantly higher or lower. Over fiscal year 2011/12, the funded status of the Group plans

decreased (underfunded status amounting to €1,424 million as of 31 March 2012 compared to €1,129 million as of 31 March 2011) due to the increase in pension obligation over fiscal year 2011/12 partially offset by the increase in the fair value of plan assets. This trend may lead to the constitution of provisions or additional financing needs with a correlative impact on the Group's results and treasury.

Further details on the methodology used to assess pension assets and liabilities together with the annual pension costs are included in Notes 2.3.21 and 23 to the consolidated financial statements for the fiscal year ended 31 March 2012.

The Pension Committee supervises and monitors pension plans and other employee benefits as described in the Chairman's report.

RISKS IN RELATION TO ACQUISITIONS, DISPOSALS AND OTHER EXTERNAL GROWTH OPERATIONS

As part of its development strategy, Alstom has completed and continue to complete acquisitions of businesses or companies, as well as mergers, joint ventures and partnerships. In June 2010 Alstom closed the acquisition of the Transmission activities of Areva which became the Grid Sector. Over the last fiscal years the Group has also implemented an important number of joint ventures and partnerships in emerging countries, in particular Russia, India and China to enter these new markets. These operations include risks, in particular in relation to the potential political or economical instability depending on the countries, to the difficulties that may arise in evaluating assets and liabilities relating to these operations, as well as in integrating people, activities, technologies and products. Although the Group has put in place strong processes to control these operations, no assurance exists that the acquired businesses or companies do not contain liabilities which were not anticipated at the time of the operation and for which Alstom's no or insufficient protection from the seller or partner or that such joint ventures and partnerships may

not result in additional financing needs, increased acquisition and integration costs, as well as industrial property risks.

The Group has disposed of certain of its businesses and may continue to dispose some of them. As is customary, it makes certain warranties regarding the businesses being sold. In some cases the Group has retained certain contracts and liabilities. As a result it may be required to bear increased costs on retained contracts and liabilities and to pay indemnities or purchase price adjustments to the acquirer, which could have a material adverse effect on the Group's results and financial position. The Group has notably received claims relating to its former Marine and T&D Sectors, some of which involving significant amounts. Certain claims relate to investigations by competition authorities, including the European Commission and concern the former T&D Sector. These claims are exposed in Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

LEGAL RISKS

This section is to be read in relation with the Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

Disputes in the ordinary course of business

The Group is engaged in several legal proceedings, mostly contract related disputes that have arisen in the ordinary course of business. Contract related disputes, often involving claims for contract delays

or additional work, are common in the areas in which the Group operates, particularly for large, long-term projects.

Allegations of anti-competitive activities and illegal payments

The Group is subject to procedures for alleged anti-competitive practices described in Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012. Any adverse development of these investigations and procedures, including civil lawsuits, may have a material adverse impact on the Group reputation, as well as on its results and financial position due notably to the significant amount of fines that can be ordered in this area.

Certain companies and/or current and former employees of the Group have been or are currently being investigated in various countries by judicial authorities and development banks with respect to alleged illegal payments. These procedures may result in fines, the exclusion of Group subsidiaries from public tenders and third-party actions. Additional information is given in Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

Strict procedures are in place to ensure compliance with all laws and regulations, and in particular those relating to competition rules and prohibited payments. As part of this objective, the Group communicates to each employee the Alstom Code of Ethics, which prescribes strict compliance with rules of conduct to prevent in

particular anti-competitive activities and corruption and which recalls the role of employees and the alert procedure within the Group. During fiscal year 2010/11, Alstom has also continued to conduct several training programmes to continuously improve employees awareness towards potential risks linked to illegal activities and for teaching appropriate and practical individual behaviours for the day to day professional life.

The Group internal control rules and procedures to control the risks linked to illegal activities have been constantly reinforced over the last years. Alstom actively strives to ensure that it appropriately addresses any problems that may arise. However, given the extent of its activities worldwide, Alstom cannot be assured that such difficulties will not arise or that such difficulties will not have a material adverse effect on its reputation and/or our results and financial situation position.

For more information on the internal control system put in place within the Group, the Alstom Code of Ethics and the measures taken by the Ethics & Compliance Department, see section "Corporate governance – Chairman's report – Internal control and risks management procedures report".

4

Asbestos

In the past, the Group used and sold some products containing asbestos, particularly in France in its former Marine Sector sold on 31 May 2006 and to a lesser extent in its other Sectors. It has been the Group's policy for many years to abandon definitively the use of products containing asbestos by all of its operating units worldwide and to promote the application of this principle to all of its suppliers,

including in those countries where the use of asbestos is permitted. The Group is subject to asbestos-related legal proceedings or claims including in France and the United States, which are described in Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

US litigation following an accident in the Washington D.C. metro

Detailed information regarding the accident which occurred in the Washington D.C. metro on 22 June 2009 is given in the Note 28.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

ENVIRONMENTAL, HEALTH AND SAFETY RISKS

The Group is subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental contamination. These standards exposes the Group to the risk of substantial environmental costs and liabilities, including in relation with divested assets and past activities. In most of the jurisdictions in which the Group operates, its industrial activities are subject to obtaining permits, licences and/or authorisations, or to prior notification. Alstom's facilities must comply with these permits, licences or authorisations and are subject to regular inspections by competent authorities.

The Group invests significant amounts to ensure that it conducts its activities in order to reduce the risks of impacting the environment and regularly incurs capital expenditures in connection with environmental compliance requirements. Although the Group is involved in the remediation of contamination of certain properties and other sites, it believes that its facilities are in compliance with their operating permits and that its operations are generally in compliance with environmental laws and regulations.

The procedures ensuring compliance with environmental, health and safety regulations are decentralised and monitored at each plant. The costs linked to environmental health and safety issues are budgeted at plant or unit level and included in the consolidated income statement.

The outcome of environmental, health and safety matters cannot be predicted with certainty and there can be no assurance that the Group will not incur any environmental, health and safety liabilities in the future and it cannot guarantee that the amount that it has budgeted or provided for remediation and capital expenditures for environmental or health and safety related projects will be sufficient to cover the intended loss or expenditure. In addition, the discovery of new conditions or facts or future changes in environmental laws, regulations or case law may result in increased liabilities that could have a material effect on our financial condition or results of operations. The Group has provisions of €38 million to cover environmental risks as of 31 March 2012.

The environmental, health and safety risks management policy is presented in section "Corporate governance – Chairman's report (Article L. 225-37 of the French Commercial Code – Internal control and risk management procedures report".

INSURANCE

The Group policy is to purchase insurance policies covering risks of a catastrophic nature from insurers presenting excellent solvency criteria. The amount of insurance purchased varies according to Alstom's estimation of the maximum foreseeable loss, both for Property Damage & business Interruption and Civil Liability Insurance.

This estimate is made within the framework of Industrial Risk Management Audits that are conducted for property damage and business interruption. For civil liability, the estimation of insurance needs depends on the evaluation of the maximum legal risk considering the various Group activities. The annual risks assessment process which results in the Group cartography of risks, has allowed the Group to confirm that the appropriate level of insurance was purchased for insurable risks. For more information see also section "Corporate governance – Chairman's report – Internal control and risk management procedures report".

The main risks covered are the following, subject to certain customary limitations, exclusions and declarations in relation of each type of insurance:

- property damage and business interruption caused by fire, explosion, natural events or other perils as well as machinery breakdown;
- liability incurred because of damage caused to third parties by operations, products and services;
- transit, covering transportation risks from start to discharge of goods at warehouse, construction site or final destination; and
- construction and installation, covering risks during execution of contracts.

In addition to these Group policies, Alstom purchases, in the various countries where it is present, policies of a mandatory nature or designed to cover specific risks such as automobile, worker's compensation or employer's liability.

The presentation below is a summary of the main Group insurance policies, and does not reflect all applicable restrictions and limits. These policies are usually negotiated for one- to two- year periods. For reasons of confidentiality and protection of the interests of the Group, it is not possible to describe exhaustively all policies.

PROPERTY DAMAGE AND BUSINESS INTERRUPTION

The insurance programme covers accidental damage and consequent business interruption caused by fire, explosions, impact of vehicles and aircraft, storm, hail, snow, riot, civil commotion, water damage and natural events to industrial, commercial and administrative sites of the Group declared to insurers:

- the programme has an overall limit of €410 million per event;
- sub-limits apply in particular for natural events (these sub-limits vary according to the insured sites and the type of events) for machinery breakdown and accidental events other than those named in the policy;
- coverage is subject to usual limitations and exclusions, in particular: war, civil war, terrorism, nuclear reaction, and certain natural events normally insured in national pools;
- the policy is in force in all countries where the Group has significant industrial sites with the exception of India and China, where specific policies are in place.

CIVIL LIABILITY RESULTING FROM OPERATIONS OR PRODUCTS AND SERVICES

The Group Insurance Programme covers the financial consequences of liability of the Group because of damages caused to third parties because of its operations or products and services:

- the programme has several layers of insurance for an overall limit of €700 million per event and in annual aggregate; sub-limits are applicable;
- the policy is subject to usual limitations and exclusions of policies of this type, in particular, war, nuclear reactions, work accidents, Directors and Officers liability, automobile liability, consequences of contractual obligations more stringent than trade practice, as well as damages caused by products such as asbestos, formaldehyde, lead, organic pollutants as well as those caused by toxic mould, magnetic fields and electronic viruses.

TRANSPORT

The policy covers damages to transported goods irrespective of the mode of transportation: sea, land or air, anywhere in the world; coverage is extended to war risks (however, some territories are excluded):

- the policy limit is €70 million, with sub-limits notably during storage at packers or sub-contractors;
- the policy is subject to limitations and exclusions generally applicable to policies of this type.

DAMAGE DURING INSTALLATION AND CONSTRUCTION

For the Thermal Power and Renewable Power Sectors, a construction and installation policy covers damage to equipment being installed, with an insurance limit of €250 million per event for contracts having values of less than €1 billion and for which the duration of works is less than 60 months. For the Transport Sector, a policy with a limit of €100 million is in place to cover contracts of the French entities, with an obligation to declare contracts exceeding €50 million. The Grid Sector has a policy with a limit of €50 million, to cover contracts less than €150 million and 42 months. Contracts and activities, notably Wind, not covered under these policies are insured specifically according to the needs. Construction and Installation policies are subject to customary limitations and exclusions, in particular war, radioactive contamination and terrorism (except in France).

DIRECTORS AND OFFICERS CIVIL LIABILITY

The policy covers the financial consequences and defence costs incurred individually or jointly by Directors and Officers of companies belonging to the Alstom Group by reason of claims made against them for civil liability due to wrongful act committed in their capacity as Directors and Officers.

It also covers the financial consequences and defence costs incurred by the Company by reason of claims for breach of securities laws applicable to stock market operations and securities issuers in relation to securities issued by companies belonging to the Alstom Group.

This programme is subject to limitations and exclusions generally applicable to this type of insurance.

SELF-INSURANCE

The Group owns a reinsurance vehicle to self-insure property damage and business interruption, civil liability and transportation risks. This new vehicle is not used since 2004. A reinsurance vehicle was opened in June 2007 to self-insure a primary layer of €2 million of the construction and installation risk policy of the Power Sector. The maximum commitment of this vehicle is €10 million per year. This new vehicle is not used since 1 January 2010.

The costs of the main Group policies represents approximately 0.5% of the annual consolidated sales for fiscal year 2011/12.

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For many years, the Company has committed itself to carrying out the corporate governance principles published by the AFEP and the MEDEF. The Corporate Governance Code to which the Company abides is the AFEP-MEDEF Corporate Governance Code updated on April 2010.

In its first section, which is dedicated to corporate governance, the Chairman of the Board of Directors' report, as presented below pursuant to Article L. 225-37 of the French Commercial Code, presents the decisions made by the Board of Directors in that respect.

CHAIRMAN'S REPORT

pursuant to Article L. 225-37 of the French Commercial Code

Pursuant to the provisions of Article L. 225-37 of the French Commercial Code, the Chairman of the Board of Directors presents, in this report for the fiscal year ended on 31 March 2012, the composition of the Board of Directors, the application of the principle of balanced representation of men and women, the Corporate Governance Code to which the Company abides, the conditions for the preparation and organisation of the Board of Directors' duties, the limitations that the Board can impose on the Chief Executive Officer's powers, the principles and rules set by the Board to determine the compensation and benefits of any kind to be paid to the Company's Executive and Non-Executive Directors (*mandataires sociaux*), other disclosure required pursuant to Article L. 225-37 of the French Commercial Code, as well as the internal control and risk management procedures implemented by the Company at the Group level.

This report was reviewed and approved by the Board of Directors at its meeting held on 3 May 2012, after the Audit Committee reviewed the chapter relating to the internal control and risk management procedures, after the Nominations and Remuneration Committee reviewed the chapter relating to corporate governance and after the Ethics, Compliance and Sustainability Committee reviewed the parts entering its field of expertise only.

In a report attached to their general report, the Statutory Auditors will present their observations on the content of this report, and more specifically on the internal control procedures relating to the preparation and the processing of accounting and financial information and on the compliance with the disclosure of other information required pursuant to Article L. 225-37 of the French Commercial Code.

Code of Corporate Governance

The AFEP-MEDEF Corporate Governance Code for listed companies updated on April 2010 that includes the October 2008 recommendations on the remuneration of Executive Directors represents the Corporate Governance Code applicable to the Company for the purpose of this report (the "AFEP-MEDEF Code"). This code is available on the MEDEF internet site (www.medef.fr) and on the Company internet site (www.alstom.com, section "About us/ Corporate governance").

At its meeting held on 5 November 2008, the Board of Directors adhered to the AFEP-MEDEF recommendations on remuneration dated 6 October 2008 that are applicable to Executive Officers (*dirigeants mandataires sociaux*), noted that almost all of them were already implemented and decided that the additional provisions considered necessary for the implementation of the recommendations would be set at a later date, which was made in 2009 after the Board of Directors reviewed all the Company corporate governance practices.

Since then, upon the report of the Nominations and Remuneration Committee, the Board of Directors reviews annually these practices in order to identify the necessity to more accurately reflect these recommendations or to explain the discrepancies, if any. The Board of Directors also reviews specific topics upon recommendation of its Committees. During fiscal year 2011/12, in May 2011, the Board of Directors took another look at the operation and the duties of the Audit Committee relative to the July 2010 report published by the AMF workgroup on Audit Committees, based on the review completed by the Committee and management. It also reviewed the Group's processes for the prevention of insider trading. In March 2012, a review of the Director's Charter was initiated and its provisions were complemented by elements associated with information on conflicts of interest.

The Board of Directors concluded that the Company was seeking to conform to the recommendations of the AFEP-MEDEF Code and that it did not notice the existence of any deviation from these recommendations. Some differences are explained in this report.

Corporate governance and Executive and Non-Executive Directors' compensation report

Representatives of the Legal Department, the Human Resources Department, and the Finance Department contributed to the drafting of this section.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

As of 3 May 2012, the Board of Directors is composed of fourteen members, of whom six are non-French nationals and nine are independent. Mr Patrick Kron, the Chairman and Chief Executive Officer, is the only Director who performs executive duties. Since 22 June 2010, the representation of the women within the Board of Directors exceeds 20% (3/14).

Since 2002, the Directors are appointed for a four-year period. The terms of office have not been staggered and the renewal of such terms of office is distributed over three consecutive years. Upon the Nominations and Remuneration Committee's report, the Board of Directors examines the Board and Committees' composition at the time of renewal of Directors' mandates. Directors are also invited to indicate their views on this topic during the annual assessment of the Board and Committees' functioning. The Nominations and Remuneration Committee provide recommendations on proposals for new candidatures or on the renewal of Directors' mandates submitted to the Board of Directors.

Pursuant to the Board's Internal Rules, each Director shall hold at least 500 shares. The number of shares effectively held is, generally speaking, higher than 500. As of 3 May 2012, 46,045 total Company shares were held by individual Directors and 90,543,867 shares were held by Bouygues SA.

Upon the Board of Directors' proposal, the Ordinary and Extraordinary Shareholders' Meeting held on 28 June 2011 renewed, for a four year period, the mandates of Mr Patrick Kron, Mrs Candace K. Beinecke, Mr Jean-Martin Folz, Mr James W. Leng, Mr Klaus Mangold and Mr Alan Thomson.

It will be proposed to the Shareholders' Meeting convened on 26 June 2012 to renew the directorships of Mr Jean-Paul Béchat, Mr Pascal Colombani and Mr Gérard Hauser for four years.

The Board acknowledged the request of Mr Jean-Paul Béchat and Mr Gérard Hauser, provided their mandates are renewed by the General Shareholders' Meeting dated 26 June 2012, to terminate their directorships whenever their respective terms in office as Directors of the Company reaches twelve years on aggregate, or in 2013 and 2015, respectively, in order to allow for their replacement by an independent Director and to maintain the ratio of the independent members on the Board of Directors.

For the next Directors' term renewals, the Board of Directors will continue to reinforce the diversity and complementarity of its skill sets, to include more international members, and to increase the ratio of women on the Board.

Name	Title	Age	Independent Director	Committees			First Term Start	Current Term End	Years on Board	Experience
				Audit	N&R ⁽¹⁾	EC&S ⁽²⁾				
Patrick Kron	Chairman and CEO Director	58					2003			
Jean-Paul Béchat	Director	69	√	√ Chairman			2001	2015	11	Industry
Candace K. Beinecke	Director	65			√		2001	2015	11	Law
Olivier Bouygues	Director	61			√		2006	2014	6	Industry
Georges Chodron de Courcel	Director	62		√			2002	2014	10	Bank, Finance
Pascal Colombani	Director	66	√	√		√	2004	2012	8	Industry, Technology
Jean-Martin Folz	Director	65	√			√ Chairman	2007	2015	5	Industry
Lalita D. Gupte	Director	63	√	√			2010	2014	2	Bank, Finance
Gerard Hauser	Director	70	√		√		2003	2012	9	Industry
Katrina Landis	Director	52	√			√	2010	2014	2	Industry
James W. Leng	Director	66	√		√ Chairman		2003	2015	9	Industry
Klaus Mangold	Director	68	√		√		2007	2015	5	Industry
Bouygues SA represented by Philippe Marien	Director	56		√			2008	2014	4	Finance
Alan Thomson	Director	65	√	√			2007	2015	5	Finance

(1) Nominations and Remuneration Committee.

(2) Ethics, Compliance and Sustainability Committee created on 28 September 2010.

INFORMATION ON THE BOARD MEMBERS

The information provided below also constitutes the information of the Board of Directors' Report to the Shareholders' Meeting requested by the paragraph 4 of Article L. 225-102-1 of the French Commercial Code.

PATRICK KRON

Age: 58.

Nationality: French.

Professional address: ALSTOM – 3, avenue André Malraux – 92300 Levallois-Perret (France).

Principal function: Chairman and Chief Executive Officer of ALSTOM.

End of current mandate: AGM 2015.

First mandate: 2001-2007.

Second mandate: 2007-2011.

Holds 9,011 shares.

Other current directorships and positions:

In France:

Director of Bouygues^(*);

Director of Association Française des Entreprises Privées (AFEP);

Director of the Association of the choral Society "Les Arts Florissants".

Within the Alstom Group:

Chairman of ALSTOM Resources Management.

In foreign countries:

Within the Alstom Group:

Director of ALSTOM UK Holdings Ltd.

Past directorships (held during the past five years):

Within the Alstom Group:

Director of ALSTOM Ltd (5 April 2004-31 March 2007).

Biography:

Mr Patrick Kron is a graduate of *École polytechnique* and the Paris *École des mines*. He started his career in the French Ministry of

Industry where he served from 1979 to 1984 before joining the Pechiney Group. From 1984 to 1988, Patrick Kron held operational responsibilities in one of the Group's most important factories in Greece, becoming manager of this Greek subsidiary. From 1988 to 1993, he occupied several senior operational and financial positions within Pechiney, first managing a group of activities in the processing of aluminium and eventually as President of the Electrometallurgy Division. In 1993, he became a member of the Executive Committee of the Pechiney Group and was appointed Chairman of the Board of the Carbone Lorraine Company from 1993 to 1997. From 1995 to 1997, he ran the Food and Health Care Packaging Sector of Pechiney and held the position of Chief Operating Officer of the American National Can Company in Chicago (USA). From 1998 to 2002, Mr Patrick Kron was Chief Executive Officer of Imerys before joining ALSTOM. He has been Chief Executive Officer of ALSTOM since 1 January 2003 and Chairman and Chief Executive Officer since 11 March 2003.

Mr Patrick Kron was awarded the *Légion d'honneur* on 30 September 2004 and is Officer of National Order of Merit since 18 November 2007.

JEAN-PAUL BÉCHAT

Age: 69.

Nationality: French.

Professional address: ARSCO – 91, rue du Faubourg Saint-Honoré – 75008 Paris (France).

Principal function: Manager of ARSCO.

End of current mandate: AGM 2012.

First mandate: 14 May 2001-9 July 2004.

Second mandate: 9 July 2004-24 June 2008.

Independent Director.

Chairman of the Audit Committee.

Holds 3,900 shares.

Other current directorships and positions:

In France:

Director and Chairman of the Audit Committee of Atos^(*);

Director of Musée de l'Air;

Member of the Board and Office of GIFAS.

In foreign countries:

Director of Russian Helicopters^(*).

Past directorships and positions (held during the past-five years):

In France:

Director of Sogepa (10 April 2000-24 March 2011);

Director of the Supervisory Board of IMS^(*) (16 June 2009-30 June 2010);

Chief Executive Officer of Safran^(*) (11 May 2005-2 September 2007).

In foreign countries:

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(*) Listed company.

Biography:

Mr Jean-Paul Béchat is a graduate of *École polytechnique* and has a Master degree in Science from Stanford University (USA). In 1965, Mr Béchat started his career at Snecma and, from June 1996 till March 2005, he was Chairman and Chief Executive Officer of the group, then Chairman of the Management Board when the group evolved as Safran until August 2007. Mr Jean-Paul Béchat is Honorary

Chairman and member of the Board of GIFAS. He is also member of the Board of Atos. Mr Jean-Paul Béchat is Honorary Fellow of the Royal Aeronautical Society (RAeS), member of the Association Aéronautique et Astronautique de France (AAAF) and member of the International Academy of Astronautics (IAA). Mr Jean-Paul Béchat is Officer of the *Légion d'honneur* and Officer of the National Order of Merit.

CANDACE K. BEINECKE

Age: 65.

Nationality: American.

Professional address: Hughes Hubbard & Reed LLP – One Battery Park Plaza, New York, NY 10004 – 1482 (United States).

Principal function: Chair of Hughes Hubbard & Reed LLP.

End of current mandate: AGM 2015.

First mandate: 24 July 2001-26 June 2007.

Second mandate: 26 June 2007-28 June 2011.

Member of the Nominations and Remuneration Committee.

Holds 600 shares.

Other current directorships and positions:**In France:**

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In foreign countries:

Chairperson of the First Eagle Funds^(*), a leading US public mutual fund family, a public mutual fund family;
Member, Board of Trustees, Vornado Realty Trust (NYSE)^(*);
Member, Board of Directors, Rockefeller Financial Services, Inc. and Rockefeller & Co., Inc.

Non-profit organisations:

Director Vice-Chair and member of the Executive Committee, the Partnership for New York City;
Trustee, The Wallace Foundation;
Trustee, The Metropolitan Museum of Art.

**Past directorships and positions
(held during the past-five years):****In France:**

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In foreign countries:

Merce Cunningham Foundation, Trustee.

Biography:

Mrs Candace K. Beinecke, Chair of Hughes & Reed LLP, was named to her current position in 1999, the first woman to chair a major New York law firm. Mrs Beinecke is also a practicing partner in Hughes Hubbard's Corporate Department. Mrs Beinecke serves as Chairperson of First Eagle Funds, a leading US public mutual fund family. She is a Board member of Vornado Realty Trust (NYSE), Rockefeller Financial Services, Inc. and Rockefeller & Co., Inc. She also serves as a Director, Vice-Chair and Executive Committee member of the Partnership for New York City, as a Trustee of The Wallace Foundation, and as Trustee of The Metropolitan Museum of Art. She is also a member of the Board of Advisors, Yale Law School Center for the Study of Corporate Law. She has been included in The Best Lawyers in America, in Chambers, and in the National Law Journal's 50 Most Influential Women Lawyers in America, and one of the "25 New York executives whose contributions in and beyond business changed the City".

5

OLIVIER BOUYGUES

Age: 61.

Nationality: French.

Professional address: Bouygues – 32, avenue Hoche – 75378 Paris cedex 08 (France).

Principal function: Deputy Chief Executive Officer of Bouygues^(*).

End of current mandate: AGM 2014.

First mandate: 28 June 2006-22 June 2010.

Member of the Nominations and Remuneration Committee.

Holds 2,000 shares.

Other current directorships and positions:**In France:**

Chief Executive Officer of SCDM;
Standing representative of SCDM at the Board of Bouygues^(*);
Chairman of SCDM Énergie;

Chairman of SAGRI-E and SAGRI-F;
Director of Finagestion;
Manager of SIR and SIB.

Within Bouygues group:

Director of TF1^(*), Bouygues Telecom, Colas^(*), Bouygues Construction and Eurosport.

(*) Listed company.

Chairman's report

In foreign countries:*Within Bouygues group:*

Chairman and Director of Bouygues Europe (Belgium);
 Chairman and Chief Executive Officer and Director of Seci (ex-Saur Énergie de Côte d'Ivoire);
 Director of Compagnie Ivoirienne d'Électricité (CIE)*, of Société de Distribution d'Eau de la Côte d'Ivoire (Sodeci)*, and of Société Sénégalaise des Eaux.

Past directorships (held during the past-five years) outside Bouygues group:**In France:**

Permanent representative of SCDM, Chairman of the Board of SCDM Investcan and SCDM Investur (2010);
 Member of the Executive Committee of Cefina (2010);
 Permanent representative of SCDM, Chairman of the Board of SCDM Énergie (2011).

In foreign countries:

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Biography:

Mr Olivier Bouygues is a graduate of *École nationale supérieure du pétrole* (ENSPM). Mr Olivier Bouygues joined the Bouygues group in 1974. He began his career in the group's civil works branch. From 1983 to 1988, he worked at Bouygues Offshore as Director of the Cameroon subsidiary Boscam and then Director for the France Works and Special Projects division. From 1988 to 1992, he held the position of Chairman and CEO of Maison Bouygues. In 1992, he was appointed Group Executive Vice President for Utilities Management, a division covering the French and international activities of Saur. In 2002, Mr Olivier Bouygues was appointed Deputy Chief Executive Officer of Bouygues.

GEORGES CHODRON DE COURCEL

Age: 62.

Nationality: French.

Professional address: BNP Paribas – 3, rue d'Antin –
 75002 Paris (France).

Principal function: Chief Operating Officer of BNP Paribas*.

End of current mandate: AGM 2014.

First mandate: 3 July 2002-28 June 2006.

Second mandate: 28 June 2006-22 June 2010.

Member of the Audit Committee.

Holds 982 shares.

Other current directorships and positions:**In France:**

Director of Bouygues*);
 Director of Société Foncière, Financière et de Participations (FFP)*);
 Director of Nexans*);
 Member of the Supervisory Board of Lagardère SCA*);
 Non-voting Director of Scor*).

Within BNP Paribas group:

Chairman of Compagnie d'Investissement de Paris SAS;
 Chairman of Financière BNP Paribas SAS;
 Director of Verner Investissements SAS;
 Non-voting Director of Exane (a subsidiary of Verner).

In foreign countries:

Director of Compagnie Nationale de Portefeuille (Belgium);
 Director of Erbé SA (Belgium);
 Director of Group Bruxelles Lambert-GBL (Belgium)*);
 Director of Scor Holding (Switzerland) AG (Switzerland);
 Director of Scor Global Life Rückversicherung Schweiz AG (Switzerland);
 Director of Scor Switzerland AG (Switzerland).

Within BNP Paribas group:

Chairman of BNP Paribas (Switzerland) SA;
 Vice-Chairman of Fortis Banque SA/NV (Belgium)*).

Past directorships (held during the past-five years):**In France:**

Non-voting Director of Safran.

In foreign countries:*Within BNP Paribas group:*

Director of BNP Paribas ZAO (Russia);
 Director of BNP Paribas (Suisse) SA (Switzerland);
 Chairman and Director of BNP Paribas UK Holdings Limited;
 Director of BNL (Italy).

Biography:

Mr Georges Chodron de Courcel graduated in 1971 from *École centrale de Paris* and had a degree in Economics in 1972. He began his career with Banque Nationale de Paris where he has had a succession of responsibilities. After having spent six years in Corporate Banking, he was named Head of Equity Research and then Head of Asset Management. In 1989, he was appointed Director of Corporate Finance and Chief Executive Officer of Banexi. In January 1991, he became Head of Capital Markets and in September 1996, was appointed Chief Executive International and Finance of BNP. After the merger with Paribas in August 1999, he was named Head of Corporate and Investment Banking and was Member of the Executive Committee, then Chief Operating Officer in June 2003.

(*) Listed company.

PASCAL COLOMBANI**Age:** 66.**Nationality:** French.**Professional address:** A.T. Kearney – 44, rue de Lisbonne – 75008 Paris (France).**Principal function:** Senior Advisor, A.T. Kearney.**End of current mandate:** AGM 2012.**First mandate:** 9 July 2004-24 June 2008.*Independent Director.**Member of the Audit Committee.**Member of the Ethics, Compliance and Sustainability Committee.*

Holds 600 shares.

Other current directorships and positions:**In France:**Non-Executive Chairman of the Board of Directors of Valeo^(*);
Non-Executive Director of Technip^(*).**In foreign countries:**Non-Executive Director of EnergySolutions Inc.^(*) (USA).**Past directorships (held during the past five years):****In France:**Non-Executive Director of Rhodia^(*) (2005-2011)
Senior Advisor of Detroyat Associés and Banque Arjil (2006-2009);
Chairman of the Board of the French Association for the Advancement of Science (AFAS) (2003-2006);
Non-Executive Director of the French Institute of Petroleum (IFP) (2001-2006).**In foreign countries:**

Non-Executive Director of British Energy Group plc (subsidiary of EDF) (2003-2011).

Biography:

Mr Pascal Colombani is a graduate of *École normale supérieure* (Saint-Cloud) and holds a doctorate in Nuclear Physics. His career has been balanced between research and industry: he started as a research associate at the French National Centre for Scientific Research (CNRS) then joined Schlumberger where he spent almost twenty years in various management positions in Europe, the USA, and Japan. In this last assignment, while President of Schlumberger KK in Tokyo, he also initiated the implantation of an R&D centre in China. Director of Technology at the French Ministry of Research from 1997 to 1999, he became Chairman and Chief Executive Officer of the French Atomic Energy Commission (CEA) in 2000 until December 2002. He initiated the restructuring of the CEA industrial holdings, resulting in the creation of Areva in 2000, the nuclear engineering conglomerate. He chaired the Supervisory Board of Areva until 2003. Mr Pascal Colombani is Senior Advisor on Innovation, High Technology and Energy at A. T. Kearney, the management consultancy. He is also Non-Executive Chairman of the Board of Directors of Valeo and member of the Boards of Technip and EnergySolutions Inc. He is a member of the French Academy of Technologies. Mr Pascal Colombani is Officer of the *Légion d'honneur* and Officer of the National Order of Merit.

5

JEAN-MARTIN FOLZ**Age:** 65.**Nationality:** French.**Principal function:** Director of companies.**End of mandate:** AGM 2015**First mandate:** 26 June 2007-28 June 2011*Independent Director.**Chairman of the Ethics, Compliance and Sustainability Committee*

Holds 1,000 shares.

Other current directorships and positions:**In France:**Chairman of the Board of Eutelsat Communications^(*);
Director of Saint-Gobain^(*);
Director of Société Générale^(*);
Director of AXA^(*);
Member of the Supervisory Board of ONF Participations (SAS).**In foreign countries:**Director of Solvay^(*) (Belgium).**Past directorships and positions (held during the past five years):****In France:**Director of Carrefour^(*) (2007-2011);
Chairman of Association Française des Entreprises Privées (AFEP) (2007-2010);
Chairman of the Management Board of Peugeot SA^(*) (1997-2007);
Chairman of Automobiles Peugeot;
Chairman of Automobiles Citroën;
Director of Banque PSA Finance;
Director of Peugeot Citroën Automobiles;
Director of Faurecia^(*).**In foreign countries:**

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(*) Listed company.

Chairman's report

Biography:

Mr Jean-Martin Folz is a graduate of *École polytechnique*. He started his career in the French Ministry of Industry where he served from 1972 to 1978. Then he joined the group Rhône-Poulenc in 1978. He became Deputy Chief Executive Officer and, then, Chairman and Chief Executive Officer of Jeumont-Schneider between 1984 and 1987. He

then joined Pechiney as Chief Operating Officer up to 1991, and was appointed Chairman of Carbone Lorraine. He was Chief Executive Officer of Eridania Béghin-Say and Chairman of Béghin-Say from 1991 to 1995. In 1995, he joined PSA Peugeot Citroën group and was appointed Chairman of the group in 1997. He left the group in February 2007. He was Chairman of AFEP from 2007 to 2010.

LALITA D. GUPTA

Age: 63.

Nationality: Indian

Professional address: Mhaskar Building, 153 C Matunga, Sir Bhalchandra Road – Mumbai 400019, India.

Principal function: Non-Executive Chairman, ICICI Venture Funds Management Company Limited.

End of current mandate: AGM 2014 (appointed on 22 June 2010).

Independent Director.

Member of the Audit Committee.

Holds 500 shares.

Other current directorships and positions:**In France:**

None.

In foreign countries:

Non-Executive Chairman of Swadhaar FinServe Pvt. Ltd, Mumbai India;

Non-Executive Member of the Board of Bharat Forge Ltd^(*), Pune, India;

Non-Executive Member of the Board of HPCL-Mittal Energy Ltd, Delhi, India;

Non-Executive Member of the Board of Kirloskar Brothers Ltd^(*), Pune, India;

Non-Executive Member of the Board of Godrej Properties Ltd^(*), Mumbai, India.

She is also Non-Executive Member of the Board of Management of SVKM's NMIMS University, and Welham Girl's School. She is also a Member of the CAPP (Center for Asia Pacific Policy) Board of RAND, the Dean's Advisory Board of the Rotman School of Management, University of Ontario and a member of the Indian Advisory Council of Rothschild (India) Private Limited.

Past directorships and positions (held during the past five years):**In France:**

None.

In foreign countries:

Non-Executive Member of the Board of Directors of Firstsource Solutions Ltd^(*), India (2006-2010);

Non-Executive Member of the Board of Nokia Corporation^(*), Finland (2007-May 2011).

Biography:

Mrs Lalita D. Gupta, is currently Chairperson of ICICI Venture Funds Management Company Limited. She retired at the end of October 2006 as Joint Managing Director and Member of the Board of ICICI Bank Limited. Mrs Lalita D. Gupta was responsible for setting up the International business of ICICI Bank since 2001.

Beginning her career with ICICI Limited in 1971 in the project appraisal division, Mrs Lalita D. Gupta has held various leadership positions in areas of Corporate and Retail Banking, Strategy, Resources, and International Banking and other areas. She was instrumental in transforming ICICI Bank from a primarily term lending institution into a technology led diversified financial services group. Mrs Lalita D. Gupta was at the helm of ICICI Bank's global foray, which includes operations in over 17 countries.

Mrs Lalita D. Gupta joined the Board of ICICI Ltd in 1994 as Executive Director and remained on the Board including as Joint Managing Director till 2002 when it merged with ICICI Bank and she became Joint Managing Director of ICICI Bank from 2002-2006.

Mrs Lalita D. Gupta has received numerous awards and recognitions.

Mrs Lalita D. Gupta holds a Bachelor's Degree in Economics (Hons) and a Master's degree in Management Studies. She did her Advanced Management Programme (AMP) from Insead.

(*) Listed company.

GÉRARD HAUSER**Age:** 70.**Nationality:** French.**Principal function:** Director of companies.**End of current mandate:** AGM 2012.**First mandate:** 11 March 2003-9 July 2004.**Second mandate:** 9 July 2004-24 June 2008.*Independent Director.**Member of the Nominations and Remuneration Committee.*

Holds 4,302 shares.

Other current directorships and positions:**In France:**

Director of Technip^(*);
 Director of Ipsen^(*);
 Chairman of Supervisory Board of Stromboli Investissement (SAS).

In foreign countries:

Director of Mecaplast (Monaco).

Past directorships (held during the past five years):**In France:**

Chairman and Chief Executive Officer of Nexans^(*) (17 October 2000-26 May 2009) and

Director of Nexans until October 2011;

Director of Aplix (12 June 1998-14 January 2009);

Director of Faurecia^(*) (22 July 2003-23 April 2009).

In foreign countries:

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Biography:

From 1965 till 1975, Mr Gérard Hauser covered several high-duty positions in the Philips Group. From 1975 till 1996, he worked for the Pechiney Group, as Chairman and Chief Executive Officer of Pechiney World Trade first and of Pechiney Rhénalu later; he was later appointed Senior Executive Vice President of American National Can and member of the Pechiney Group Executive Board. Mr Gérard Hauser joined Alcatel in 1996 and became President of its Cable and Component Sector in 1997. From October 2000 to May 2009, he was Chairman and Chief Executive Officer of Nexans.

KATRINA LANDIS**Age:** 52.**Nationality:** American**Professional address:** BP Alternative Energy – 1101 New York Avenue NW – Washington, DC, 20005 (United States).**Principal function:** Chief Executive Officer and Group Vice President BP Alternative Energy.**End of current mandate:** AGM 2014 (appointed on 22 June 2010).*Independent Director.**Member of the Ethics, Compliance and Sustainability Committee.*

Holds 500 shares.

Other current directorships and positions:**In France:**

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In foreign countries:

Member of the Advisory Council of the American Center of Renewable Energy.

Past directorships (held during the past five years):**In France:**

-

In foreign countries:

Chief Operating Officer and Group Vice President BP Alternative Energy (2008-2009);

Group Vice President BP Integrated Supply and Trading (2006-2008);

Member of the Board of Directors (Non-Executive Director) of Hydrogen Energy International Limited (2008-2009).

Biography:

Mrs Katrina Landis is the Chief Executive Officer of BP's Alternative Energy division. Alternative Energy has businesses in solar, wind, biofuels, and carbon capture and storage. Mrs Katrina Landis owned and operated a consulting company before joining the BP Group in 1992. Within BP she has served in a variety of senior roles including BP's exploration and production, oil supply, trading and mergers and acquisitions. Her career has included postings in the United Kingdom, Singapore and the United States. Mrs Katrina Landis holds degrees from the University of Mary Washington and the University of Alaska in the United States.

(*) Listed company.

Chairman's report

JAMES W. LENG**Age:** 66.**Nationality:** British.**Professional address:** AEA Investors (UK) Limited – 78 Brook Street – London, W1K 5EF (United Kingdom).**Principal function:** Chairman of AEA Investors Europe.**End of current mandate:** AGM 2015.**First mandate:** 18 November 2003-26 June 2007.**Second mandate:** 26 June 2007-28 June 2011*Independent Director.**Chairman of the Nominations and Remuneration Committee.*

Holds 1,150 shares.

Other current directorships and positions:**In France:**

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In foreign countries:

Director of Pregis Holding I Corporation;
 Director of Pregis Holding II Corporation;
 Non-Executive Director to the Ministry of Justice;
 Non-Executive Director of HSBC Bank plc;
 Senior independent Director of Genel Energy plc and Chairman of the Remuneration Committee;
 Non-Executive Director of J O Hambro Investment Management Ltd.

Past directorships (held during the past-five years):**In France:**

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In foreign countries:

Chairman of Laporte Group Pension Trustees Ltd
 (4 July 2001-19 March 2007);
 Non-Executive Director of Hanson plc
 (1 June 2004-24 August 2007);
 Non-Executive Director of Corus Group plc
 (12 June 2001-23 January 2008);
 Deputy Chairman of Corus Group plc
 (22 April 2002-23 January 2008);
 Chairman of Corus Group plc (1 June 2003-23 January 2008);
 Chairman of Tata Steel UK Limited
 (21 January 2008-21 November 2008);
 Nominated Executive of Convenience Food Systems
 (7 July 2004-15 January 2009);
 Non-Executive Director of Rio Tinto plc
 (14 January 2009-7 February 2009);
 Non-Executive Director of Rio Tinto Limited
 (14 January 2009-7 February 2009);

Chairman of Tata Steel Europe Limited
 (14 November 2008-31 March 2009);
 Deputy Chairman of Tata Steel Limited(*)
 (17 May 2007-7 July 2009);
 Chairman of Doncasters Group Limited
 (20 December 2006-31 December 2009);
 Non-Executive Director of CforC Limited
 (29 April 2009-15 December 2010);
 Non-Executive Director of Vallares Holding Co. Limited
 (2 June 2011-21 November 2011);
 Non-Executive Director of TNK-BP Limited
 (15 January 2009-31 December 2011).

Biography:

Mr James W. Leng is a Non-Executive Director on the Boards of Alstom, where he chairs the Nominations and Remuneration Committee and European Chairman of AEA, an American private equity partnership. He is a Senior Advisor to HSBC, a Non-Executive Director of HSBC Bank plc and J O Hambro Investment Management Ltd and a Senior independent Director of Genel Energy plc. He is also lead Non-Executive Director at the Ministry of Justice, a UK Government Department and Chairman of the Guyll-Leng Charitable Trust established in 2010 to assist young children from disadvantaged backgrounds. From 2001-2009 he was Chairman of Corus Group plc, a global steel company sold to Tata Steel of India where he was also Deputy Chairman until July 2009. Past Non-Executive Directorships include, Chairman of Doncaster Ltd, (Precision Engineering), TNK-BP (Oil & Gas), Pilkington plc (Glass), Hanson plc (Aggregates & Building Products) and IMI plc (Engineering). In an executive capacity he was Chief Executive Officer of Laporte plc, an international speciality chemicals company and before that Low & Bonar plc a diverse materials and packaging company. His early business years were spent at John Waddington plc where he was Managing Director of a number of their subsidiaries including consumer goods and packaging companies.

(*) Listed company.

KLAUS MANGOLD**Age:** 68.**Nationality:** German.**Professional address:** IWB GmbH – Leitz-Strasse 45 – 70469 Stuttgart (Germany).**Principal function:**
Chairman of the Advisory Board of Rothschild GmbH (Frankfurt).**End of current mandate:** AGM 2015**First mandate:** 26 June 2007– 28 June 2011.*Independent Director.**Member of the Nominations and Remuneration Committee.*

Holds 20,000 shares.

Other current directorships and positions:**In France:**

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In foreign countries:

Vice-Chairman Europe of Rothschild, Paris/London;
 Member of the Supervisory Board of Metro AG^(*);
 Member of the Supervisory Board of Continental AG^(*), Hannover, Germany;
 Chairman of the Supervisory Board of TUI AG^(*), Hannover, Germany;
 Chairman of the Supervisory Board of ALSTOM Deutschland AG, Germany.

Past directorships and positions (held during the past-five years):**In France:**

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In foreign countries:

Member of the European Advisory Council of Rothschild, Paris/London;
 Member of the Supervisory Board of Drees & Sommer AG, Stuttgart;
 Member of the Supervisory Board of Universitätsklinikum, Freiburg (until May 2011).

Biography:

Prof. Klaus Mangold is a former Member of the Board of Management of DaimlerChrysler AG, former Chairman of the Board of Management of DaimlerChrysler Services AG and former Executive Advisor to the Chairman of DaimlerChrysler AG. He studied law and economics at the Universities of Munich, Geneva, London, Heidelberg and Mainz and finished his studies with a law degree at Heidelberg University. After graduating, he held different functions in the German industry before being nominated a Member and Chairman of the Board of Management of Rhodia AG, a branch of the French Rhône-Poulenc group (1983–1990), and Chairman and Chief Executive Officer of Quelle-Schickedanz AG (1991–1994). He joined the Daimler-Benz group as a Member of the Board of Management in charge of its Services Division and Central and Eastern European markets (1995–2003). Prof. Mangold is Chairman of the Supervisory Board of TUI AG, Germany and member of a number of Supervisory and Advisory Boards, including those of Alstom, Ernst & Young, United States, Metro AG and Continental AG, Germany. He is also Chairman of the Supervisory Board of Rothschild GmbH, Frankfurt and Head of the Internationale Wirtschaftsberatungsgesellschaft mbH, which was founded in 2003. Until November 2010 he was Chairman of the Committee on Eastern European Economic Relations of German Industry. Klaus Mangold is Honorary Consul of the Russian Federation for Baden Württemberg since 2005. He is Commander of the *Légion d'honneur* in France.

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ALAN THOMSON**Age:** 65.**Nationality:** British.**Professional address:** HAYS plc – 250 Euston Road, London (United Kingdom).**Principal function:** Chairman of HAYS plc^(*).**End of current mandate:** AGM 2015**First mandate:** 26 June 2007–28 June 2011*Independent Director.**Member of the Audit Committee.*

Holds 1,500 shares.

Other current directorships and positions:**In France:**

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In foreign countries:Chairman of Bodycote plc^(*) (UK).**Past directorships and positions (held during the past-five years):****In France:**

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In foreign countries:

Deputy Chairman of Bodycote plc^(*) (UK) (2007–2008);
 Senior independent Director of Johnson Matthey plc^(*) (UK) (2002–2011).

(*) Listed company.

Chairman's report

Biography:

Mr Alan Thomson studied Economics and History at Glasgow University graduating with a Master of Arts degree in 1967. He qualified as a Chartered Accountant in 1970 and became a member of the Institute of Chartered Accountants of Scotland. From 1971 until 1975, he was Audit Manager with Price Waterhouse in Paris. From 1975 until 1979, he was Financial Director then Chief Executive Officer of Rockwell International SA in Paris, and from 1979 until 1982, he was Financial Director in the Automotive Division of Rockwell International firstly in the USA (1979–1980) then in the United Kingdom (1980–1982). From 1982 until 1984, he was UK Financial Director of Raychem Ltd, a division of a US public Materials

Science company. From 1984 until 1992, he was a Divisional Finance Director within Courtaulds plc, a UK quoted company. From 1992 to 1995, Mr Alan Thomson was employed as the Group Financial Director and Main Board Director of The Rugby Group plc, a UK quoted Building Materials company and from 1995, until his retirement in September 2006, he held the position of Group Financial Director of Smiths Group plc a UK quoted engineering company. Mr Alan Thomson was elected Chairman of Bodycote plc, a quoted engineering company, in April 2008. Mr Alan Thomson was appointed in November 2010, Chairman of HAYS plc a listed recruitment company. Mr Alan Thomson is immediate past President of the Institute of Chartered Accountants of Scotland.

PHILIPPE MARIEN

Age: 56.

Nationality: French.

Professional address: Bouygues – 32, avenue Hoche – 75378 Paris cedex 08 (France).

Principal function: Chief Financial Officer of Bouygues group.

Member of the Audit Committee.

Designated by Bouygues SA(*) as its permanent representative.

End of Bouygues' mandate: AGM 2014 (mandate renewed on 22 June 2010).

Bouygues SA
French Société Anonyme with a share capital of €314,869,079
Head Office: 32, avenue Hoche – 75378 Paris cedex 08 (France).
Holds 90,543,867 shares as of 3 May 2012.

Other current directorships and positions of Bouygues SA:**In France:**

Director of Bouygues Construction;
Director of TF1(*);
Director of Colas(*);
Director of Bouygues Telecom;
Director of C2S;
Director of Bouygues Immobilier;
Director of 32 Hoche;
Member of the Board of the managing entity of the Gustave Eiffel Center;
Member of the Board of the Dauphine Foundation.

Past directorships and positions of Bouygues SA (held during the past-five years):**In France:**

Director of Société Technique de Gestion (SOTEGI) (14 April 2003-7 April 2008);
Director of Bouygues Bâtiment International (10 June 1999-28 November 2008);
Director of Bouygues Travaux Publics (10 June 1999-28 November 2008);
Director of Bouygues Bâtiment Île-de-France (28 May 2003-28 November 2008);
Director of CATC (21 May 1996-8 April 2008).

Current directorships of Mr Philippe Marien within Bouygues SA

Permanent representative of Bouygues, Director of Bouygues Construction;
Permanent representative of Bouygues, Director of TF1(*);
Permanent representative of Bouygues, Director of Colas(*);
Chairman and Director of Bouygues Telecom;
Permanent representative of Bouygues, Director of Bouygues Immobilier;
Director of Bouygues Europe (Belgium).

Current directorships of Mr Philippe Marien outside Bouygues:

Chief Executive Officer of SCDM;
Liquidator of Finamag.

Past directorships of Mr Philippe Marien (held during the past five years):

Permanent representative of Bouygues, Director of Bouygues Telecom (25 February 2008-18 February 2009);
Manager (non-partner) of SNC Les Collines (17 February 2003-30 June 2007);
Director of Compagnie des Eaux de Royan (11 February 2003-30 June 2007);
Director of Cise Maintenance (24 March 2003-30 June 2007).

(*) Listed company.

ADDITIONAL INFORMATION

The present section is based on the information provided by the members of the Board in answer to the annual questionnaire sent to them by the Company.

To the Company's knowledge, no member of the Board of Directors:

- has been convicted for fraud during the last five years and/or has been the subject of any official public investigation and/or sanction by statutory or regulatory authorities;
- has been associated in his/her capacity of manager in any bankruptcy, receivership or liquidation for the past five years;
- has been disqualified by a court from acting as a member of an administrative, management or supervisory body of an issuer or from acting in the management or conduct of the business of any issuer for the past five years.

To the Company's knowledge, no family relationship among the members of the Company's Board of Directors exists.

Furthermore, to the Company's knowledge there is no conflict of interest between any duty of the members of the Board of Directors and their private interests and/or other duties. The potential conflicts of interest are essentially those that could, as the case may be, originate from agreements that Bouygues and Alstom have entered into. Bouygues SA or companies of its group may be in a position to sign various contracts with ALSTOM or its subsidiaries pursuant, in particular, to the non exclusive cooperation protocol signed between both groups on 26 April 2006, and the purpose of which is the creation of infrastructures for transport or the production of electricity. It could also be the case with respect to service or financing agreements entered into between ALSTOM and BNP Paribas since Mr Georges Chodron de Courcel is also Delegated Chief Executive Officer of BNP Paribas.

In case of conflict of interest, according to the Director's Chart annexed to the Board of Directors' Internal Rules, any Director must inform the Board as soon as he/she is aware of any, even potential, conflict of interests and he/she must abstain from participating to discussions on the conflicting subject matter and from voting on the resolution thereby. In case of conflict of interest that cannot be resolved to the satisfaction of the Board, the Director must resign.

To the Company's knowledge, no settlement or agreement has been reached with shareholders, clients, suppliers or others to appoint a member of the Board of Directors.

To the Company's knowledge, there is no service contract linking any members of the Board of Directors to the Company or to any of its subsidiaries and granting them any benefits.

EVALUATION OF THE DIRECTORS' INDEPENDENCE

According to the AFEP-MEDEF Code and as set forth in the Board of Directors' Internal Rules, the Board of Directors re-examines annually the situation of each Director in the light of the independence criteria. The Board meeting of 3 May 2012 performed this review based on the proposals made by the Nominations and Remuneration Committee which the Board had accepted.

As in the previous year, the Board followed the definition contained in the AFEP-MEDEF Code and considered that a Director is independent when he or she has no relationship of any kind with the Company, its Group or its Management that could compromise the independence of his or her judgement.

The Board took into account all the criteria recommended by the AFEP-MEDEF Code to assess the independence of its members, which follow:

- a Director is not an employee or a Corporate Officer (*mandataire social*) of the Company or of one of its consolidated subsidiaries and has not been in such a position for the five previous years;
- a Director is not a Corporate Officer (*mandataire social*) of a company in which the Company holds, either directly or indirectly, a directorship, or in which a directorship is held or has been held within the past-five years by an employee or a Corporate Officer (*mandataire social*) of the Company;
- a Director is not either directly or indirectly, a significant customer, supplier, investment banker or commercial banker or for which the Company or its Group holds a material proportion of the entity's activity;
- a Director does not have any close family ties with a Corporate Officer (*mandataire social*) of the Company;
- a Director has not been an auditor of the Company for the past five years;
- a Director has not been a Director of the Company for more than twelve years;
- a Director does not hold, control, or represent a shareholder who holds alone or in concert more than 10% of the Company's share capital or voting rights in Shareholders' Meetings.

Each Director is invited to transmit annually to the Company a statement with respect to each of these criteria.

In compliance with AFEP-MEDEF recommendation, the Board of Directors may consider that a Director may not be qualified as independent even though the criteria are satisfied and conversely.

On this basis, the Board of Directors decided to maintain its characterisations defined in 2011 and determined that nine members should be considered as independent Directors (Mr Jean-Paul Béchat, Mr Pascal Colombani, Mr Jean-Martin Folz, Mrs Lalita D. Gupte, Mr Gérard Hauser, Mrs Katrina Landis, Mr James W. Leng, Mr Klaus Mangold and Mr Alan Thomson) out of the fourteen members of the Board of Directors.

The Board's view that Mr Gérard Hauser should be considered to be independent took into account the fact that Mr Gérard Hauser is Non-Executive Director of a company in which another Company Director without executive function is a Non-Executive Director. This element was not considered of the type to affect his freedom of judgment.

After having taken into account the fact that Mr Pascal Colombani is Non-Executive Director of a company in which an ALSTOM Non-Executive Director is Non-Executive Director, the Board's opinion is that Mr Pascal Colombani should be considered to be independent. This element was not considered of the type to affect his liberty of judgment. The Board's view that Mr Jean-Martin Folz should be considered to be independent took into account the fact that in spite of the level of relationship between the Group and Société Générale, of which Mr Folz is a Director, Mr Folz does not have and never has had an executive position within Société Générale. In addition, no significant relationship was observed with AXA, of which Mr Folz is a Non-Executive Director.

Chairman's report

The Board's view that Mr James W. Leng should be considered to be independent also took into account the fact that in spite of the relationship between the Group and HSBC Bank plc, of which Mr James W. Leng is a Director, Mr James W. Leng does not have and never has had an executive position within HSBC Bank plc.

The Board of Directors also considered that the nomination of Mr Klaus Mangold as Chairman of the Supervisory Board of a German subsidiary of the Group in order to benefit fully from his experience and skills, does not compromise his ability to maintain independence of judgment insofar as this nomination did not create any hierarchical relationship with the management of the Company. The Board of Directors noted that, to this day, Mr Mangold has not informed the Board of any existing or potential conflict of interest with respect to this mandate, and that he had undertaken to provide such information, as the case may be.

The Board also determined that Mr Jean-Paul Béchat, Mrs Lalita D. Gupte, Mrs Katrina Landis, and Mr Alan Thomson fulfilled each of the above criteria and should be considered to be independent.

In addition to Mr Patrick Kron, Chairman and Chief Executive Officer of the Company, Mrs Candace K. Beinecke who is Chair of Hughes Hubbard & Reed LLP, one of the Company's legal advisors, Mr Olivier Bouygues who is Delegated Chief Executive Officer of the company Bouygues SA, Bouygues SA which holds on 31 March 2012 approximately 30.74% of the Company's share capital, and Mr Georges Chodron de Courcel who is Delegated Chief Executive Officer of BNP Paribas, one of the banks the Group does business with on a regular basis, are not independent Directors.

Thereby, the Board of Directors qualified nine members out of fourteen as independent (64%), which exceeds the proportion of one half recommended by the AFEP-MEDEF Code for those companies with a widely spread share capital and the rule adopted by the Board set forth in its Internal Rules.

RULES OF CONDUCT

Director's Chart

Attached to the Board of Directors' Internal Rules is the Director's Chart, defining the Directors' rights and obligations, and the content of which is for the most part compliant with the recommendations of the AFEP-MEDEF Code. This Charter has been modified on 3 May 2012 in order to formalise the practices and complement the provisions with respect to the prevention and management of conflicts of interests.

Before accepting her/his appointment, all Directors shall take cognisance of the legal and regulatory requirements relating to his office, as well as of the Company by-laws, the Group's Code of Ethics, the internal procedures for the Board of Directors, Board Committees and this Chart. Any Director can refer to the Secretary of the Board at any time, regarding the application of these rules and the rights and obligations of his role.

Any Director shall dedicate to her/his function all the required time and attention and shall attend – unless prevented to do so – all meetings of the Board of Directors and of the Committees which he is a member of, as well as all Shareholders General Meetings.

Pursuant to the Chart, each Director has a duty to inform the Board as soon as she/he is aware of a conflict of interest, even a potential one, and to abstain from attending discussions and from voting the resolution thereby. In the event of a conflict that cannot be resolved to the satisfaction of the Board, the Director must resign. Upon taking

office, then once a year, the Director must submit a statement to the Company on the existence of or the potential for any conflicts of interest by answering to a questionnaire provided by the Company. He or she must notify the Company if ever this submitted information changes, and is required to answer to the Chairman of the Board of Directors' information request at any time, in accordance with the Directors' Chart of which the section on conflicts of interest has been updated and supplemented.

Pursuant to the Chart, each Director is bound by professional secrecy and must personally protect the confidentiality of any information he/she obtains in connection with his/her office that has not been made public.

The Director's Chart also reminds the Directors' duty to comply with the Group's Internal Rules and, more generally, with the applicable legal or regulatory provisions regarding the Directors' abstention from dealing on the Company's securities, as set forth in the Group's Code of Conduct on the misuse of inside information designed to prevent insider trading.

Code of Conduct on the misuse of inside information designed to prevent insider trading

The Company has been operating, since the time of its flotation in accordance with a Code of Conduct on the misuse of inside information designed to prevent insider trading (the "Code of Conduct") which defines the situations in which certain individuals must refrain from carrying out transactions involving the Company's securities. These principles are also contained in the Group's Code of Ethics presented in the second part of this report.

The Group's Code of Ethics and Code of Conduct are also delivered to each Director at the beginning of her/his mandate. Compliance with confidentiality rules is also among the essential rules of the Group's Code of Ethics.

The Code of Conduct for the prevention of insider trading, approved by Board of Directors, applies to the managers (Executive and Non-Executive Directors) and assimilated persons, and to employees of the Group who have regular or occasional access to inside information.

Following the 3 November 2010 recommendations of the AMF on the prevention of insider trading caused by managers of listed companies, the Board of Directors reviewed the Code of Conduct on 3 May 2011. Since then, such Code includes managers' ability to resort to trading plans managed by third parties (*mandats de gestion programmée*) and allows to continue the execution of such trading plans during the blackout trading periods provided for in the Code. To the Company's knowledge, as of today, there is no trading plan managed by third parties outstanding.

Pursuant to this Code, transactions involving the Company's securities are not allowed:

- during the 30 calendar days before Alstom first six-month and annual results are disclosed to the public and until the second trading day included after the date when the information has been disclosed to the public;
- during the 15 calendar days before the public disclosure of the sales and orders (or other results) for the first and third quarters of the financial year and until the second trading day included after the date when the information has been disclosed to the public, and in any case;
- when inside information is held and until the second trading day included after the date when this information has been disclosed to the public;

The schedule of these blackout periods, like the Code of Conduct, can be accessed online on the Company's intranet site.

In addition, the opening of the black-out trading periods are notified by email to the interested persons and include an updated timetable of all such periods.

The prohibitions do not apply to the subscription of shares through the exercise of stock options so long they are not followed by the sale of such acquired shares.

The Board Internal Rules, as well as this Code of Conduct to which the Internal Rules of the Board refer, also remind the managers and persons assimilated to them of their **legal obligations to notify the transactions on the Company's securities** completed either by them or by persons close to them.

CONDITIONS OF PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

ORGANISATION AND FUNCTIONING OF THE BOARD OF DIRECTORS

INTERNAL RULES

The procedures governing the organisation and functioning of the Board of Directors are defined by the Internal Rules of the Board and applicable laws and regulations.

The rules are regularly reviewed by the Board to determine whether its provisions need to be amended or detailed in order to better comply with regulations in force or to improve the efficiency and operation of the Board and its Committees. The last amendments made, aimed at specifying good governance practices were incorporated on 3 May 2012 in the Director's Charter appended to the Internal Rules upon recommendations of the Nominations and Remuneration Committee (see page 178).

The Internal Rules notably state that the Board of Directors:

- shall comprise at least half of the Board of independent members as determined and reviewed annually by the Board on the basis of a proposal to be made by the Nominations and Remuneration Committee;
- shall define, upon the proposal of the Chief Executive Officer, the Group's strategy, and shall regularly review the Group's strategic options as previously defined, supervise management and verify the quality of information supplied to shareholders and the financial markets;
- shall examine and approve the annual budget and the medium-term plan;
- shall consider prior to implementation, any operation that is not part of the Group's announced strategy or that could significantly affect it or materially modify the financial structure or results of the Group;
- shall approve before implementation any acquisition or divestiture insofar as the amount exceeds €250 million, any decision to set up a partnership or a joint venture where the contribution of the Group exceeds €250 million, as well as any financing operation which exceeds €1 billion;

- shall approve before implementation organic growth investments in an amount higher than €250 million and the significant internal restructuring undertakings in particular at the time of the annual review of the Group's budget and strategy;
- shall be kept regularly informed of developments in the Group's business activities and results, the Group's significant risks, its financial position, indebtedness, cash position and, more generally, any Group commitments, and may request information about the foregoing at any time;
- shall create one or more specialised Committees and shall define their composition and responsibilities;
- shall approve the composition of the Group's Executive Committee;
- shall set the remuneration of the Executive and Non-Executive Directors (*mandataires sociaux*) and assess each year the Chairman and Chief Executive Officer's performance outside of his presence;
- shall review and approve annually the information published in the Company's Annual Report on its practices and structure of corporate governance, including the presentation of the policy that is followed with respect to the remuneration of Executive and Non-Executive Directors.

The Board shall examine its operation at least once a year and implement a formal assessment every three years.

In practice, the Board implement a formal assessment of its functioning and of the Committees' functioning annually.

A minimum of six meetings are scheduled each year.

TRAINING OF DIRECTORS

At the beginning of her/his mandate, each Director receive all information needed to perform her or his duties and may request any documents she or he considers appropriate.

Interviews with those responsible for the Group's main central functions are organised, as well as meetings in the Group's Sectors, with detailed presentation of the businesses and the visits of production site in order for the Directors to gain initial contact with management teams and develop a more thorough understanding of elements that are specific to the Company, its activities and the markets in which it operates.

Within the framework of the development of continuing training initiatives, it is also proposed to all Directors the option to participate in these induction and training programs intended for new Directors.

During the annual evaluations of the Board's operation, the members are requested to indicate whether they feel the need to update their knowledge or broaden their skills.

The Board's Internal Rules have been supplemented to clarify that any further training a Director may request, if she or he considers it necessary, may cover not only Group's activities and product lines, but also accounting and financial aspects.

Each year, one Board meeting is held on one of the main Group's sites and provides in depth presentations of the business concerned, visits of production sites and exchanges with operational executives.

INFORMATION TO BE SUPPLIED TO DIRECTORS

Prior to each Board or Committee meeting, the Directors shall receive, sufficiently in advance and with proper notice (of generally one week), a report on the agenda items which require prior examination and consideration.

Draft annual and semi-annual accounts are generally sent to all Directors at least one week before the meeting of the Audit Committee which always precedes the Board meeting.

In addition to Board meetings, the Chairman regularly informs the Directors of any event or development that may have a material impact on operations or on any information previously communicated to the Board or on any matters discussed during the meetings; the Chairman also regularly forwards to the Directors any material information regarding the Company. The Board Internal Rules, notably provide for the prior notice and data to be given to the Board for any acquisition, disposal or any decision to set up a partnership or a joint venture in excess of €100 million.

The Directors also receive copies of any press releases issued by the Company which have not been specifically approved by the Board, as well as the main articles appearing in the press and reports by financial analysts.

The Directors may at any time request further information from the Chairman of the Board, who shall assess the pertinence of the request. Any Director is also entitled to meet with the Group's Senior Executives outside of the presence of the "*mandataires sociaux*" of the Company.

The Directors can also be asked to join workgroups organised by the Company whose subject matters will then be presented to the Board.

BOARD COMMITTEES

Since the Company's listing in 1998, the Board of Directors has operated two Committees, the Audit Committee and the Nominations and Remuneration Committee, invested with the responsibility to study and prepare the Board's main deliberations in order to improve the Board's efficiency, which is the only body duly authorised to make decisions.

In September 2010, the Board of Directors decided to establish a third Committee, the Ethics, Compliance, and Sustainability Committee (the "EC&S Committee").

Each Board meeting is generally preceded by a meeting of one or more of these Committees depending on the items on the Board meeting agenda. The Committees report to the Board on their work and observations, and submit their opinions, proposals or recommendations. Given the travelling requirements foreign Directors are faced with, Audit Committee meetings are usually held the day prior to Board meetings and not two days ahead as recommended by the AFEP-MEDEF Code, subject to certain exceptions, on the basis of documents that have already been sent to participants (a week before the meeting). However, with respect to the approval of the annual financial statements, it happened that the Audit Committee met several days before the Board meeting.

The composition, the powers and the procedures of each Committee are also defined by Internal Rules put forward by each Committee involved and approved by the Board of Directors. Each Committee reviews every year its Internal Rules to take into account the

evolution of the regulations or recommendations and can submit any modifications that it considers appropriate to the Board.

As such, at its meeting dated 3 May 2011, and based on the recommendation made as a result of the work of its Committees, the Board of Directors made a number of changes to the Internal Rules of the Audit Committee and the new EC&S Committee in order to detail their respective duties and interactions with respect to the monitoring of risk management related to ethics, compliance, and sustainable development. The Audit Committee also took the opportunity to review the July 2010 report of the AMF workgroup on Audit Committees and considered that the definition of its duties and their execution were compliant with the recommendations made by the workgroup.

A Director's experience and skills are taken into account as selection criteria in deciding on his or her presence on a given Committee.

According to the Audit and EC&S Committees' Internal Rules, these Committees shall consist of at least three members of whom at least two-thirds must be independent Directors including the Chairman of the Committee. As for the Nominations and Remuneration Committee, the Rules recommend that it shall consist of at least three members and that at least a majority of the Committee's members are independent among whom the Chairman of the Committee who shall have a casting vote in case of a tie vote.

In the context of its work, each Committee can meet any Group executive it wishes, resort to the services of experts on its own initiative and ask for any information useful for it to perform effectively.

Moreover, each member of a Committee may propose that a meeting be held if he or she considers this necessary in order to discuss a particular issue.

Each Committee prepares a report presenting its work during the past fiscal year; this report is included in the Annual Report (see hereinafter).

The Internal Rules of the Board of Directors and its Committees and the Director's Charter appended to the Board Internal Rules of which large extracts are provided herein, as well as the Code of Conduct to which the Board Internal Rules refer, are available on the Alstom Internet site (www.alstom.com, section "About us/ Corporate governance").

ANNUAL EVALUATION OF THE FUNCTIONING OF THE BOARD AND OF THE COMMITTEES AND THE FOLLOW UP

Since 2004, the Board carried out annually a formal self-assessment of its organisation and functioning pursuant to its Internal Rules, based on a questionnaire prepared by the Nominations and Remuneration Committee addressed to each Director and independently verified.

These Board's evaluations cover notably the composition of the Board, the frequency and length of the meetings, the issues discussed and time devoted, the quality of the debates, the works of Committees, the information and the training provided to the members, their remuneration and their interaction with the Group's managers. Directors are also requested to give their opinion and proposals on each topic including on the individual contribution of members to the Board works.

A summary of the individual assessments collected by the Committee on an anonymous basis is prepared by the Committee and then discussed by the Board of Directors in May. A similar procedure is simultaneously conducted to evaluate the workings of each Committee.

These evaluations were conducted for the first time in May 2004.

Following the recommendation of the Nominations and Remuneration Committee, a review and evaluation of the operations of the Board of Directors and its Committees in the 2010/11 fiscal year were undertaken by external consultants selected by the Committee, namely Spencer Stuart. Their findings were presented and debated at the Board of Directors' meeting of 3 May 2011.

The report concluded that the Board's overall performance was most satisfactory. It underlined the high quality of the information made available to the Directors and confirmed the high standards of governance. It also highlighted the quality of the functioning of the Board Committees and the interaction with the Group's management.

Regarding the recommendations, the Board decided to continue its focus on strategic debates. The Board also decided to increase its exposure to the Group's executives when visiting facilities and ask them to participate in specific topics at Board meetings; this will improve the Directors' familiarity with these individuals when reviewing the Company's succession plans. Together, these initiatives resulted in adding another meeting to its annual programme, to be held in January of each year. The first meeting held in January 2012 in the form of a day-long seminar was dedicated to discussing the strategy of the Group based on a meeting agenda set by the Directors.

In May 2012, the Board resumed its annual self-assessment and concluded that the recommendations expressed in 2011 by the external consultant appointed by the Nominations and Remuneration Committee for the review were properly implemented. It suggested to keep a strong focus on strategic priorities and review of succession planning for key executives of the Company.

ACTIVITY REPORT OF THE BOARD FOR FISCAL YEAR 2011/12

The Board of Directors met ten times during the fiscal year (six times during the previous fiscal year). The attendance was 93% (97.5% in 2010/11).

The Board discussed and passed resolutions on all main topics regarding the Group. During its meetings, the Board notably discussed and passed resolutions on the topics below.

The Board reviewed and approved the consolidated and parent company accounts for the fiscal year 2010/11, the consolidated accounts for the first half of the fiscal year 2011/12, as well as the related management reports. The Board reviewed the draft press releases on these accounts before their publication.

At the time it reviewed the accounts and also regularly, the Board continued to review the financial situation of the Group, the evolution of the cash flow, debt, liquidity position and its financial notation. The Board received information on the significant risks faced by the Group and the action plans launched and discussed and approved the description of the main risks faced by the Group which were included in the Company's 2010/11 Registration Document (*Document de Référence*).

A report on the development of the Group's activities has been presented at each meeting.

The Board of Directors approved the signing of a letter of intent concerning the creation of a 50/50 joint venture with Shanghai Electric in the boiler business.

In October 2011, a Board of Directors meeting was held at Novotcherkassk in Russia, on the worksite of the company TRTrans, a joint venture between ALSTOM and Transmashholding. This meeting featured in-depth presentations on Alstom in Russia, its development strategy for the Transport Sector, its partnership with Transmashholding (TMH), the Russian leader in railway construction and, lastly, a visit of the Transmashholding plant.

Regarding corporate governance, the Board discussed in May 2011 the application by the Company of the AFEP-MEDEF corporate governance principles. It reviewed the procedures implemented by the Company to warn against insider trading, observed that such procedures were for the most part in line with AMF recommendations, and approved a number of amendments to the Code of Conduct in order to provide more detail on certain matters, as recommended by the Nominations and Remuneration Committee. It also approved the amendments to the Internal Rules of the Audit Committee and the Ethics, Compliance, and Sustainability Committee, aimed at describing their respective duties and interactions concerning the management of risks associated with ethics, compliance, and sustainable development matters.

In May 2011, the Board also discussed and approved the results of the annual performance evaluation of the Board and its Committees as submitted by the external consultant appointed to conduct these evaluations, the Chairman's report attached to the Management report, the Director's independence and the criteria applied, and more generally approved the Chairman's report pursuant to Article L. 225-37 of the French Commercial Code and the section "Corporate governance" of the 2010/11 Registration Document before its filing with the AMF (*Autorité des marchés financiers*). It also reviewed and approved the Sustainable Development section after having heard the Ethics, Compliance and Sustainability Committee's report.

The Board of Directors unanimously decided to keep the positions of Chairman and Chief Executive Officer combined as one and to renew the term of office of Mr Patrick Kron in his position as Chairman and Chief Executive Officer at the end of the General Shareholders' Meeting which approved the renewal of his term of office as Director.

In May and June 2011, the Board reviewed all components of the Chairman and Chief Executive Officer's remuneration. The Board determined the amount of his variable compensation for fiscal year 2010/11 based on the achievement of the financial and personal objectives and on the terms of calculation previously set by the Board. The Board also fixed the objectives for the determination of his variable compensation for fiscal year 2011/12 and the basis for its calculation depending on the achievements and confirmed the annual fixed compensation of the Chief Executive Officer for the 2011/12 fiscal year initially set in 2009 when the incremental growth of his fixed compensation over the three-year period from 2009 to 2012 was set.

In June 2011, the Board decided to appoint a Deputy Chief Executive Officer upon the Chairman and Chief Executive Officer's proposal, determined all components of his remuneration and approved the new composition of the Group's Executive Committee. The Deputy Chief Executive Officer resigned from his mandate effective 1 February 2012.

In October 2011, the Board also decided, as proposed by the Nominations and Remuneration Committee, the allocation of a new long term incentive plan combining the allocation of stock options

Chairman's report

and the free allocation of performance shares both fully conditional upon the achievement of the Group's financial objectives over three consecutive fiscal years. It specifically approved the allocations granted to Executive Directors (*mandataires sociaux dirigeants*), of which it determined the limits and conditions complementing the provisions applicable to the other beneficiaries of the plan.

During its additional ordinary meeting held in January 2012, the agenda of which was set upon proposal made by all Board Members, and in advance of its March meeting focused on the Group's strategy, the Board of Directors dedicated one day to reviewing certain pillars of the business growth strategy of the Group and the performance of the Group's businesses compared to those of its main competitors. Several senior executives (*dirigeants*) of the Group attended this meeting.

In March 2012, during its annual budget and planning meeting attended by the Sector's Presidents, the other Executive Committee's members and the Senior Vice President Group Strategy and Development, the Board reviewed and approved the 2012/13 budget and the three-year plan 2012/2015. Within this framework, it also reviewed the market evolution, the Group's portfolio of business activities and the competitive environment, as well as the update of the risk map produced for each Sector and for the Group.

During the fiscal year, the Board of Directors also:

- adopted the resolutions and the documents required by law concerning the Annual General Meeting;
- renewed the financial delegation of powers to the Chairman and Chief Executive Officer for the issue of bonds and approved the implementation of a bond issue programme (EMTN);
- authorised the implementation of a Company's share purchase programme;
- followed the evolution of the main ongoing investigations and disputes, and received, on a regular basis, information on the internal control and risk management systems through reviewing the Audit Committee's work reports, and on the procedures, actions, and organisation of the Group relative to ethics, compliance, and sustainable development through monitoring the work of the Ethics, Compliance and Sustainability Committee;
- noted the succession plans set up for the executives and senior executives of the Group;
- reviewed the Chairman and Chief Executive Officer's performance during its annual meeting outside of his presence held in March.

The Committees' Chairmen submitted their Committee work reports to the Board for discussion.

The Independent Auditors were invited to the two Board meetings dedicated to the review and approval of the annual and half-yearly accounts.

AUDIT COMMITTEE

The Audit Committee, formed in 1998, is currently composed of six members: Mr Jean-Paul Béchat, Chairman of the Committee since 1 January 2004, Mr Georges Chodron de Courcel, Mrs Lalita D. Gupte, Mr Pascal Colombani, Mr Philippe Marien and Mr Alan Thomson.

Four members out of six are independent, including the Chairman. This corresponds to the two-thirds of Directors recommended by the AFEP-MEDEF Code.

Mrs Lalita D. Gupte, Mr Philippe Marien and Mr Alan Thomson have specific expertise in financial or accounting matters due to their qualification or professional expertise as set forth in their biographies. Mrs Lalita D. Gupte and Mr Alan Thomson are also independent members.

DUTIES

Acting under the authority of the Board of Directors, the general purpose of the Committee is to assist the Board of Directors in overseeing issues relating to the development and management of financial and accounting information. In particular, the Committee is responsible for monitoring (i) the process according to which the financial information is developed, (ii) the efficiency of internal controls and risk management systems, (iii) the legal auditing of annual account statements and consolidated account statements as carried out by the External Auditors, and the independence of such External Auditors.

In fulfilling its role, as stated in its Internal Rules as amended on 3 May 2011, the Committee is responsible for the following:

- to review the scope of consolidation and examine all draft consolidated and corporate financial statements and related reports which will be submitted to the Board for approval and to discuss them with Management and the External Auditors;
- to review with Management and the External Auditors the generally accepted accounting principles used in the preparation of the accounts including the review of alternative accounting principles, as well as any change in accounting principles, methods or rules while monitoring that such principles are still relevant;
- to examine and monitor the production process and the treatment of financial and accounting information used in the preparation of account statements;
- to evaluate the validity of the methods chosen for processing significant transactions as well as those transactions through which a conflict of interest could have occurred;
- to examine Management's presentation on risk exposure (including legal risks) and significant off-balance sheet commitments and contingencies at the time of the Committee's review of the accounts;
- to review and evaluate at least annually, the efficiency of internal control procedures and risk management procedures in place, including those associated with the development and treatment of financial and accounting information; the Committee monitors that the main risks are identified and managed, and that it is kept informed of their existence and status, it being specified that it shall receive the opinion of the Ethics, Compliance, and Sustainability Committee on the risk map concerning ethics and compliance, social responsibility and sustainable development and on the procedures in place for preventing the identified risks;
- to examine and review, on an annual basis, the organisation and operation of the internal audit; the Committee approves the internal audit programme, monitors its development and the results of its plans of action;

- to review with the External Auditors the nature, scope, and results of their audit and work performed; and to review their comments and suggestions, in particular those relating to internal control and risk management procedures, to accounting practices and to the internal audit programme;
- to examine and provide the Board of Directors with its opinion on the Chairman of the Board of Director's draft report to shareholders at the general Shareholders' Meeting on the internal controls and risk management procedures implemented by the Company;
- to review and control the call for tenders procedure associated with the selection of External Auditors and provide the Board of Directors with a recommendation on the External Auditors proposed for appointment by shareholders at the general Shareholders' Meeting and on the amount of fees that the Company intends to pay them;
- to approve the External Audit Charter governing relations with the External Auditors and examine, on an annual basis, the amount of the fees paid by the Group to the networks to which such External Auditors belong, including fees that are not directly linked to the External Auditors' duties;
- to see to the External Auditors' independence, to examine with them, if applicable, the risks that are impacting such independence and the safety measures undertaken to mitigate these risks and grant its prior approval to any external audit performed that is accessory to or directly complementary to the audit of the accounts they are responsible for (excluding all other duties).

The Committee may also perform any other activities as the Committee or the Board of Directors deems necessary or appropriate. The Committee is entitled to seek any external assistance it may deem necessary.

Once a year, the Committee dedicates one of the items on its agenda to a debate concerning its functioning. Unless the Committee decides differently, the External Auditors will attend meetings.

ACTIVITY REPORT OF THE AUDIT COMMITTEE FOR FISCAL YEAR 2011/12

The Audit Committee met four times during fiscal year 2011/12 (four times during fiscal year 2010/11). The attendance level was 92% (100% for previous fiscal year).

The Chief Financial Officer, the Senior Vice President Internal Audit, the Group Controller, the Group General Counsel and at least one representative of the two independent audit firms were in attendance at all four meetings. Other Senior Management including the Senior Vice President Corporate Strategy and Development, the Vice President of Tenders and Projects Control, the Vice President of Corporate Funding and Treasury, the Vice President of Tax and several representatives of Sectors' Financial Departments attended the Committee meetings.

The Committee reviewed the Statutory and Consolidated Financial Statements as of 31 March 2011 as well as the half-year consolidated accounts as of 30 September 2011 (financial statements, notes and management or activity reports) in April and November 2011 respectively. In April 2011, the Committee also reviewed the Registration Document (*Document de Référence*) for the fiscal year

ended 31 March 2011 prior to its filing with the French Stock Market authority (*Autorité des marchés financiers*) and especially the section concerning risks as well as the section concerning the internal control and risk management procedures of the Chairman's Report, which the Committee has approved.

On the basis of the presentations produced by the General Management and the independent audit firms, the Committee checked the relevance of the accounting methods and treatments used in the financial statements.

As each year, the annual and half-year closing of accounts led to detailed presentations from the General Management and Financial Management of each Sector, of the Group's major risks (risks linked to the activity, to contract execution, to the main disputes), of cash-flow, of the off-balance sheet commitments and of provisions. The Chairman of the Committee met at each closing of accounts with the independent audit firms alone to examine how the financial statements have been prepared.

In October 2011, during a specific session in Russia, the new Renewable Power Sector was presented in detail by its Senior Vice President Finance. The Chief Financial Officer also presented the progress of the partnership of Transmashholding (TMH) in Russia. The risk mapping methodology – risk identification and follow-up tool embedded in the Budget/Three year plan – as well as the action plans implemented, were examined. The updated results were presented by the Senior Vice President Corporate Strategy and Development at Group and Sector levels in March 2012.

The Committee reviewed the existing internal control procedures put in place in the Group and the internal control evaluation done by the Company through an annual evaluation questionnaire. The Committee was informed of the detailed results of the annual internal control campaign and of the action plans aiming to improve internal controls and risk control, to eliminate weaknesses and to ensure compliance with applicable regulations. The results of the action plans were presented to the Committee. The Committee also heard the auditors' observations and recommendations on internal control in March 2012.

The Senior Vice President Internal Audit presented the Internal Audit half-year and full year activity reports for 2011 and the proposed internal audit plan for each of the next four years was reviewed and approved. As each year, the Chairman of the Audit Committee met individually with the Senior Vice President Internal Audit.

The Committee examined the amount of fees paid out to the independent audit firms during the last fiscal year. The External Auditors' Charter includes the listing of pre-approved services that can be performed within defined limits by the independent audit firms. The Committee was informed twice of the work performed by the independent audit firms within its guidelines and the fees involved.

With the support of an external consultant, members evaluated the functioning of the Committee on the basis of a questionnaire which particularly aims to check that important questions were adequately prepared and discussed. The results were discussed during a Board meeting.

The Committee reviewed and recommended for Board approval modifications to its Internal Rules.

The Committee reported on its work, provided comments and gave proposals to the Board.

THE NOMINATIONS AND REMUNERATION COMMITTEE

The **Nominations and Remuneration Committee**, formed in 1998, is currently composed of five members: Mr James W. Leng, Chairman of the Committee since 18 November 2003, Mrs Candace K. Beinecke, Mr Olivier Bouygues, Mr Gérard Hauser and Mr Klaus Mangold.

Three members of the Committee out of five are independent, including the Chairman, which corresponds to the AFEP-MEDEF Code's recommendation to have a majority of independent members in Remuneration Committees.

DUTIES

As stated in its Internal Rules, the Committee reviews and makes proposals or gives its opinion to the Board of Directors on the following subjects:

- the separation or combining of the functions of Chairman of the Board and Chief Executive Officer of the Company;
- the nomination (or revocation) of the Chairman of the Board and of the Chief Executive Officer;
- the nomination of new Directors including in case of unforeseeable vacancy; in particular, the Committee organises an appropriate procedure for selecting future independent Directors and makes its own independent research on potential candidates prior to their being approached;
- the nomination (or revocation), upon proposal of the Chief Executive Officer, of any other Executive Directors (Dirigeants mandataires sociaux) and members of the Executive Committee;
- the succession plans for the Company's Executive Directors;
- the compliance by the Company with corporate governance principles that the Company abides by, notably regarding the policy with respect to the remuneration of the Executive Directors. The Committee advises the Board on the part of the Annual Report dedicated to the shareholders' information on these matters and on Board's work;
- the Board and Committees' composition and functioning (including the Nominations and Remuneration Committee);
- the Company's definition of an independent Director and the list of independent Directors to be inserted in the Company's Annual Report;
- the whole of the elements comprising the compensation to be paid to the Executive Directors of the Company, including any award of stock options or performance-based shares, as well as compensation and benefits of any kind (including pensions and termination benefits) also paid to them by the Company or companies belonging to the Group. The Committee notably reviews and defines the rules for determining the variable part of such compensation, ensures their coherence with the annual performance evaluation and the strategy of the Company, and thereafter controls the implementation of these rules;

- the Company's general policy relating to stock option plans including the granting, timing and frequency of allocations, and any proposed stock option plans including the proposed beneficiaries;
- the Company's general policy relating to employee share purchase schemes and any proposed schemes;
- the Directors' fees and the conditions for their award.

The Committee decides whether it will define, upon proposal of the Chief Executive Officer, the compensation and benefits of all or some of the members of the Executive Committee, including the principles and criteria used for their annual performance evaluation, in particular those for determining the variable part of their remuneration, or whether it will just be informed of these.

The Committee also develops and recommends to the Board for its approval, a formal process for evaluating the functioning of the Board and its Committees to be implemented at least every three years and, outside of the Directors concerned, prepares the annual performance evaluation of the Chairman of the Board and of the Company's Executive Directors based on the principles applied to other Senior Corporate Executives.

Once a year, the Committee dedicates one of the items on its agenda to a debate concerning its functioning.

The Committee performs any other related activities as the Committee or the Board deems necessary or appropriate.

ACTIVITY REPORT OF THE NOMINATIONS AND REMUNERATION COMMITTEE FOR FISCAL YEAR 2011/12

The Nominations and Remuneration Committee met five times during fiscal year 2011/12 (four times during the previous fiscal year) and the Members' attendance rate at these meetings was 88% (100% for fiscal year 2010/11).

Within the context of its corporate governance work, the Committee undertook its annual comprehensive review of the Company's practices and noted the strict compliance of such practices with the recommendations of the April 2010 version of the AFEP-MEDEF Code. It also performed a comparative analysis of the process set up by the Company for insider trading prevention with the November 2010 AMF recommendations and recommended for Board approval some adjustments to the Alstom Code of Conduct.

The Committee retained an external consultant for the purpose of completing the assessment of the functioning of the Board and its Committees. The outcome of the reviews was discussed by the Committee and the Board in May 2011.

It also reviewed the status of independent Directors and the criteria of evaluation retained, reviewed and approved the Chairman's draft report on the functioning of the Board and compensation of corporate officers and recommended it for Board's approval. The same process applied to the "Corporate governance" section of the 2010/11 Registration Document.

The Committee reviewed and endorsed the renewal of the mandates of six members of the Board of Directors. It recommended to keep the positions of Chairman and Chief Executive Officer combined as one

and to renew the term of office of Mr Patrick Kron in his position of Chairman and Chief Executive Officer.

The Nominations and Remuneration Committee discussed and proposed to the Board of Directors the Chairman and Chief Executive Officer's variable remuneration for 2010/11 and the objectives for his 2011/12 variable remuneration applying the same criteria and method as in preceding years. The Committee was informed of and approved the remunerations of the other members of the Executive Committee.

The Committee reviewed and recommended for Board approval the new organisation of the Executive Committee, and the designation and terms of appointment of a Deputy Chief Executive Officer.

The Committee also examined and recommended to the Board held in October 2011, to allocate, within a new Long-Term Incentive Plan No. 14, a mix of conditional stock options and of performance shares and to decide that the number of exercisable options and the number of performance shares to be finally delivered will be entirely conditional upon the levels of the Group's operating margin for three consecutive fiscal years. It reviewed the characteristics of these grants as well as the list of beneficiaries. The Committee also reviewed and approved the proposed grants to the Chairman and Chief Executive Officer, the Deputy Chief Executive Officer (subsequently cancelled upon his resignation from his mandate) and the others members of the Executive Committee.

In November 2011, the Committee re-examined the succession plans for the positions of senior managers and executives within the Group, including the Executive Committee. A general review of management Committees of each Sector and of the central staff also took place.

In March 2012, a detailed presentation of the remuneration policies, including variable remuneration and long term incentives was provided to the Committee.

According to its previous practices, the Committee prepared the annual assessment of the Chairman and Chief Executive Officer's performance and discussed it with the Directors outside the Chairman and Chief Executive Officer's presence. The outcome of the Directors' review was then discussed with the Chairman and Chief Executive Officer.

The Nominations and Remuneration Committee reported to the Board on its work and recommendations regarding all these matters.

THE ETHICS, COMPLIANCE AND SUSTAINABILITY COMMITTEE ("EC&S COMMITTEE")

The EC&S Committee, created on 28 September 2010, consists of three members: Mr Jean-Martin Folz, Chairman of the Committee, Mrs Katrina Landis and Mr Pascal Colombani who is also a member of the Audit Committee.

All the three members of the Committee are independent.

DUTIES

As stated in its Internal Rules amended on 3 May 2011, the Committee reviews and makes proposals or recommendations to the Board on the following subjects:

With respect to ethics and compliance, the Committee reviews and monitors the Company's policies on ethics and compliance matters and the systems and procedures in place to effectuate these policies and provides the Board of Directors with its views.

The Committee is responsible for the following:

- to review the definition of the Group's core values and ethics and compliance policy;
- to review the organisation of the Ethics and Compliance function and make recommendations if any;
- to review the Group's Code of Ethics, rules and procedures (including procedures with third parties); the Committee is informed of the plans for their promotion and implementation;
- to receive on an annual basis, the presentation of the Group's risk map concerning ethics and compliance; it reviews the risks thus identified and is kept informed of their evolution and of the characteristics of their management systems;
- to receive from the Head of Ethics & Compliance function the annual activity report on the Company's ethics and compliance policy and actions undertaken; to review and recommend the proposed compliance action plan for the following year and to monitor its development;
- the Committee is informed of any possible cases of non-compliance with respect to the ethics and compliance policy, and reviews the actions plans carried out as a result of such cases;
- to review the liaison with stakeholders over ethical issues.

With respect to the sustainable development, in fulfilling its role, the Committee is responsible for the following:

- to review the Group's environmental policies and management systems, the human resources policies, policies with respect to relationships with stakeholders (customers, suppliers, local communities);
- to receive on an annual basis, the presentation of the Group's risk map concerning social responsibility and sustainable development; it reviews the risks thus identified and is kept informed of their evolution and of the characteristics of their management systems;
- to review and assess the reporting and control procedures on non-financial indicators (environmental, health and safety, social reporting and indicators);
- to review the main lines of the Company's communication on corporate responsibility and sustainable development; the Committee also reviews the annual Board of Directors' draft report on the social and environmental impact of the Company's operations and provides the Board with its views on such report;
- to review and monitor the ratings received by the Group from non-financial rating agencies.

The Committee provides an opinion to the Audit Committee on the risk map for ethics, compliance, social responsibility, and sustainable development, and on the procedures for preventing such risks from occurring.

ACTIVITY REPORT OF THE EC&S COMMITTEE FOR FISCAL YEAR 2011/12

Created on 28 September 2010, the EC&S Committee met four times during fiscal year 2011/12. The attendance level was 100% as for its first meeting during the previous fiscal year.

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The EC&S Committee was informed of the three Certifications by ETHIC Intelligence awarded during the fiscal year:

- the renewal of the certification of the procedure for Power and Transport Business Advisors on 8 April 2011;
- the certification of the procedure for Grid Sales Intermediaries on 17 May 2011; and
- the certification of the Alstom Integrity Programme as a whole awarded on 12 September 2011.

The EC&S Committee reviewed and approved:

- the new Ethics & Compliance Department's organisation issued in September 2011 which provides for the reporting of the Senior Vice President Ethics & Compliance to the Group General Counsel with a direct access to the Chairman and Chief Executive Officer and to the Chairman of the EC&S Committee;
- the appointment of a Compliance Officer for the newly created Renewable Power Sector as well as the job descriptions of all the Compliance Officers;
- the update of the Group Instruction for Dealing with Business Advisors following Grid Sector's integration to centralise the due diligence process and the payments, when applicable, and the issue of a new Group Instruction for Dealing with Resellers; and
- the Yearly Integrity Review initiative launched in February 2011 to measure the efforts made to implement the Alstom Integrity Programme within the Group during fiscal year 2011/12.

The EC&S Committee was informed of the risk assessment approach which structures the Alstom Integrity Programme. The EC&S Committee received an update on the E&C Ambassadors community, which has been increased in 2011 to ensure a wide coverage and noted their important role to strengthen the culture of integrity within the Group. It also reviewed the proposals made to keep strengthening the implementation of the Integrity Programme and made recommendations on training actions.

The EC&S Committee was provided at each meeting with updates on significant on-going investigations.

The EC&S Committee approved the new organisation of the Corporate Social Responsibility (CSR) function and its ambition to put sustainability at the heart of the Company's strategy.

It reviewed and approved the implementation of new proposed RSE programs structured around three main focal points:

- maintain a culture of confidence with all the stakeholders of the Company in order to guarantee the acceptability of the product offering and operations of the Group;
- develop a products offering which contributes significantly to protecting the environment;
- make RSE, which constitutes an integral part of the Group's performance, a unifying element for all employees of the Group, thereby promoting a sense of belonging and pride in the Company.

The EC&S Committee was also presented the results of the Corporate Social Responsibility opinion survey launched within the Group that pointed out the implication of the employees in sustainability matters and suggestions of initiatives that will feed the CSR function's actions plan.

The EC&S Committee received detailed information on the functioning and objectives of the Alstom foundation and made some recommendations in the selection of the projects.

The EC&S Committee paid a special attention to the actions put in place by the EHS Department specifically to prevent severe accidents to happen. It requested to be updated on the results of this actions plan on a regular basis.

The Committee reviewed the main non-financial indicators used by the Group, notably the environmental indicators.

The Committee received and discussed the Group's risk map concerning ethics and compliance, social responsibility and sustainable development and provided its opinion to the Audit Committee.

The EC&S Committee also approved its activity report for fiscal year 2010/11 and the Sustainable Development section of the Registration Document 2010/11 which includes the Board's report on social and environmental information and provides the objectives and indicators of the Group in these fields. The Committee also gave its opinion on the structure and content of the specific sustainable development report published in June 2011. Finally, it was made aware of the results of the survey made among the executives of Group and opinion leaders on the positioning of the Group in sustainability and the definition of its vision.

The EC&S Committee also reviewed and recommended for Board approval the modifications to the EC&S Committee Internal Rules.

The Committee reported to the Board on its work regarding these matters.

LIMITATIONS ON THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S POWERS

The Board of Directors decided to keep the positions of Chairman and Chief Executive Officer combined as one and to renew the term of office of Mr Patrick Kron in his position as Chairman and Chief Executive Officer during its meeting held following the General Shareholders' Meeting dated 28 June 2011, which approved the renewal of his term of office as Director.

In reaching this conclusion, the Board of Directors did not consider it necessary or appropriate to opt for the separation of the duties of Chairman and Chief Executive Officer to improve the management of the Group or the operation of the Board. It considered that this mode of governance, which has proved to be highly effective since its implementation in 2003, is still appropriate and should be retained in order to maintain the reactive and efficient structure as it faces the competitive environment of today and tomorrow.

The Internal Rules of the Board indicate that the Board of Directors' prior approval is required for:

- any operation that is not part of the Group's announced strategy or that could significantly affect it;
- any operation that could materially modify the financial structure or results of the Group;
- any acquisition or divestiture insofar as the amount exceeds €250 million, any decision to set up partnership or joint company where the contribution of the Group exceeds €250 million, as well as any financing operation which exceeds €1 billion;

- organic growth investments in an amount higher than €250 million and the significant internal restructuring undertakings in particular at the time of the annual review of the Group's budget and strategy.

It also indicates that the Board of Directors examines and approves the annual budget and the medium-term plan.

COMPENSATION OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS (MANDATAIRES SOCIAUX)

ALSTOM's Executive and Non-Executive Directors are the fourteen members of the Board. The Chairman and Chief Executive Officer, is the only Executive Director of ALSTOM.

The information presented below also constitute the elements of the Board of Directors' report to the Shareholders' Meeting referred to in Article L. 225-102-1 (related to remuneration of Executive and Non-Executive Directors) and in Article L. 225-185 of the French Commercial Code (related to retention obligations applicable to stock options and performance shares).

The principles and rules set by the Board of Directors for the determination of Executive and Non-Executive Directors' compensation and benefits of any kind are as set out below.

REMUNERATION OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The remuneration of the Chairman and Chief Executive Officer is fixed by the Board of Directors upon the Nominations and Remuneration Committee's proposal and comprised of a fixed part and of a variable part linked to the performance of the Company. The remuneration policy and all the components of the Chairman and Chief Executive Officer's remuneration including supplemental retirement scheme, are reviewed annually by the Nominations and Remuneration Committee and the Board of Directors and include an analysis prepared by an external consultant.

ANNUAL REMUNERATION

The gross amount of the fixed part of the Chairman and Chief Executive Officer's remuneration in respect of fiscal year 2011/12 amounts to €1,130,000 pursuant to the Board of Directors' decision of 4 May 2009 to fix it over the three-year period (2009-2012).

Based on the recommendation of the Nominations and Remuneration Committee, in May 2012, the Board of Directors decided to keep unchanged the amount of the fixed compensation of the Chairman and Chief Executive Officer in respect of fiscal year 2012/13.

The variable part of the remuneration varies along with the achievement of objectives for the fiscal year predetermined by the Board of Directors upon proposal of the Nominations and Remuneration Committee. These objectives are comprised of a number of the Group's financial objectives and specific qualitative objectives linked to the achievement of personal objectives. The achievement of these objectives and the amount of the variable part of the remuneration are then determined by the Board of Directors which approves the accounts for the fiscal year, upon the Nominations and Remuneration Committee's proposal after the evaluation of the Chairman and Chief Executive Officer's performance.

Since 1 April 2006, the Chairman and Chief Executive Officer's variable remuneration's range is between 0% and 160% of the annual base salary. The amount of the variable part linked to financial objectives

can vary between 0% and 120% of the annual base salary and the amount of the variable part linked to specific objectives between 0% and 40%, depending on results achieved. In case the set objectives are met, the variable remuneration represents 100% of the annual base salary, with the amount of the variable part linked to financial objectives representing 60% of the annual base salary and the variable part linked to the specific objectives representing 40% of the annual base salary.

However, the Board reserves the right to adjust upwards or downwards the results of the calculation of this variable part within the above mentioned range, based on its global evaluation of the performance achieved.

For fiscal year 2011/12, the Group's financial objectives covered the operational margin, margin (both in absolute value and as a percentage) on orders received and the free cash flow. The qualitative objectives corresponded to the implementation of strategic and operational priorities agreed to with the Board of Directors and the general management initiatives of the Company.

The Chairman and Chief Executive Officer benefits from a Company's car representing a benefit in kind of €5,794 per year and, as other employees in France beyond a certain level of compensation, from supplemental medical, death and disability coverage, which costs are partly borne by the Company.

ANNUAL FIXED AND VARIABLE REMUNERATION IN RESPECT OF FISCAL YEAR 2011/12

For fiscal year 2011/12, the fixed gross salary paid to the Chairman and Chief Executive Officer amounted to €1,130,000.

His variable gross salary was €1,160,000 that is 102.7% of his fixed gross salary compared to a variable remuneration "target" of 100% (remuneration paid when the results are strictly in line with the objectives set). The variable part linked to the financial objectives was fixed at 64.2% by the Board of Directors within the range 0-120% (compared to 60% if the results achieved have been strictly in line with the objectives set). The part corresponding to the specific objectives was fixed at 38.5% in the 0-40% range.

For the previous fiscal year, his variable gross salary was €1,075,000 corresponding to 97.7% of his fixed gross salary for the said fiscal year. The variable part linked to the financial objectives was fixed at 59.8% within the range 0-120% and the part corresponding to the specific objectives was fixed at 37.9%.

ALLOCATION OF CONDITIONAL STOCK OPTIONS AND/OR PERFORMANCE SHARES

The Chairman and Chief Executive Officer received an allocation of conditional stock options and performance shares under the plan implemented during fiscal year 2011/12 (Plan LTI No. 14).

The overall amount of the allocation, as determined by the Board of Directors based on the Nominations and Remuneration Committee's proposal, takes into account all of the elements of compensation of the Chairman and Chief Executive Officer as well as market practices.

The main characteristics of the allocation policy applied to the Chairman and Chief Executive Officer comply with the recommendations of the AFEP-MEDEF Code and are the following:

- frequency: allocation usually carried out by end September;
- no discount: yes (stock options);

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- performance requirements: yes (since fiscal year 2006/07, all of the options or shares are allocated subject to the satisfaction of Group performance conditions as of the third fiscal year or of each of the three fiscal years following the grant date);
- limits applicable to the allocation/purchase requirement: yes, since fiscal year 2009/10 (see hereafter);
- holding requirement: yes (see below);
- use of hedging instruments prohibited: yes;
- periods during which the exercise of options with sale of shares is prohibited: yes.

The general characteristics of the conditional stock options and performance shares allocated to the Chairman and Chief Executive Officer are identical to those offered in all other allocations made by the plan. To these general characteristics shall be added, the specific limitations or obligations fixed by the Board of Directors in compliance with the applicable regulations and recommendations of the AFEP-MEDEF Code on the remuneration of Executive Directors. These general characteristics appear on pages 210 and 211 of the Registration Document for the 2011/12 fiscal year filed with the AMF.

Within the framework of these plans, which combine since fiscal year 2007/08, allocations of conditional stock options and of performance shares, the ratio of allocated stock options over the total number of stock options and performance shares increases as one's hierarchical position in the Company increases. Consequently, the Chairman and Chief Executive Officer receives a larger percentage of stock options than performance shares as compared with other plan beneficiaries.

Pursuant to the recommendations of the AFEP-MEDEF Code, the Board of Directors on 4 October 2011 decided to apply the following principles to allocations for the Executive Officers (*mandataires sociaux dirigeants*):

- the IFRS 2 value of any allocation shall be capped at one year of fixed and targeted variable remuneration, the latter of which corresponds to the remuneration obtained when accomplishments are strictly compliant with set objectives;
- the aggregate amount of annual allocations granted to Executive Officers cannot exceed 2.5% of the overall amount authorised by the General Shareholders' Meeting for grants of stock options and free shares within the Group, or 5% of the aggregate annual allocation (calculated, as the case may be, based on stock option equivalents in the event of a combined allocation of stock options and performance shares);
- in consideration of any new allocation of performance shares, the Executive Officer must undertake the acquisition of a number of shares equivalent to 25% of the performance shares effectively delivered.

In accordance with the law and the AFEP-MEDEF Code, since 2007 the Board of Directors also sets, for each allocation, the number of shares that the Executive Officer must hold until he no longer exercises his duties. The Board of Directors has, in addition, extended this holding requirement by making it applicable to all of the members of the Executive Committee.

With respect to his allocations under the plans granted to him since 2007 and still outstanding (LT plans No. 10, 12 and 14), the Chairman and Chief Executive Officer shall comply with a requirement to hold shares resulting from the exercise of stock options and/or final allocation of free shares until the expiry of his duties. Such requirement bears on a number of shares corresponding to 25% of

the theoretical net gain (after taxes and social security withholdings) calculated on each date of exercise of stock options and on the effective date of allocation of the free shares.

Moreover, Internal Rules of conduct of the Group in case inside information is held, prevent any sale of shares, during 30 calendar days before Alstom's first six-months and annual results are disclosed to the public (the period being reduced to 15 calendar days with respect to quarterly results) and up to the second trading day included after the date when this information has been disclosed to the public, and, in any case, when inside information is held until the second trading day after the date when this information has been disclosed to the public. During period where trading is not prohibited, these Internal Rules prescribed to consult the Group's legal counsel and the Chief Financial Officer in case of doubt on the ability to trade prior to any such transaction. It has not been considered appropriate to prohibit during these periods, the sole exercise of stock options as the acquisition of the shares is made at a price which has been predetermined on the grant date and the shares are not sold.

In accordance with the AFEP-MEDEF Code, the Chairman and Chief Executive Officer has committed himself to refraining from using hedging instruments, for his entire term in office, to cover the risks associated with the stock options or performance shares allocated to him. To the Company's knowledge, no hedging instrument is in place.

Allocation in respect of fiscal year 2011/12

The combined allocation received by the Chairman and Chief Executive Officer under the 2011 plan decided by the Board of Directors on 4 October 2011, bears on 100,000 conditional stock options and 10,000 performance shares (no allocation was granted to him under the 2010 Plan). It represents 0.04% of the share capital as of the grant date. It also represents approximately 2.6% of the total allocation of the plan (calculated according to a stock option equivalency, where one performance share is considered equivalent to six stock options) and 1.5% of the overall amount authorised by the Shareholders' Meeting dated 22 June 2010, which amounts to 5% of the capital. See also Table 4 hereafter.

SUMMARY OF LONG-TERM COMPENSATION PLAN LINKED TO THE GROUP'S PERFORMANCE GRANTED DURING THE PREVIOUS FISCAL YEAR ENDED 31 MARCH 2011

During the previous fiscal year, upon the Nominations and Remuneration Committee's proposal, the Board of Directors held on 13 December 2010 decided to not allocate stock options or performance shares to the Chairman and Chief Executive Officer and to implement to his benefit a long term compensation plan conditional upon the achievement of Group's performance conditions over several years.

This plan aims to link his interests with those of the shareholders and takes into account all the components of the Chairman and Chief Executive Officer's remuneration. The full amount of the remuneration that could potentially be paid out in the future is subject to performance criteria that are both internal and external to the Company.

The par value amount of the remuneration, set at €2,200,000 (which corresponds to the sum of the fixed salary and the variable "target" remuneration for the 2010/11 fiscal year), will increase or decrease based on the successive application of the following criteria:

- performance of the price of the Alstom share compared to the performance of the Euro Stoxx Industrial Goods & Services Index measured by end December 2013, i.e. during the 2013/14 fiscal year.

The par value amount that can be acquired increases or decreases based on whether the performance of the share price is in the second, third, or fourth quartile of the share price performance of the securities in the index. No remuneration will be paid out under the plan if the performance of the share price of the Company is in the first quartile.

- Group's operating margin levels achieved at year-end of each of the three 2010/2011, 2011/2012, and 2012/2013 fiscal years.

The amount calculated after applying the first criterion will be adjusted based on the achievement of predetermined operating margin levels for the Group corresponding to the performance criteria applied to the LTI No. 13 stock option and performance share plan granted to the managers of the Group.

- Total Shareholder Return (TSR) calculated over the period preceding the payment of the remuneration.

The amount resulting from the application of aforementioned criteria will be subject to upward or downward adjustment based on the yield recorded for shareholders since the grant date of the plan. This amount would be at most multiplied by 150% in the event that the TRS is higher than or equal to 15%. If the TSR is less than 5%, no Remuneration will be paid out under this Plan.

The remuneration that could ultimately be paid out cannot exceed an amount equal to twice the par value amount of the plan. It can be paid out in 2014, 2015, or 2016, subject to the manager's continued employment with the Company.

The calculation of this deferred conditional remuneration, which will be carried out based on the above criteria, can be summarised as follows:

NOMINAL BONUS	X	EXTERNAL CRITERION	X	INTERNAL CRITERION	X	TSR CRITERION	=	FINAL RESULT
Fixed salary + variable portion of salary ("at target" amount) received in respect of fiscal year 2010/11		200% or 125% or 75% or 0		Operating Margin over the course of 3 fiscal years 0 to 100%		150% or 100% or 50% or 0		Capped at fixed salary + variable portion of salary ("at target" amount) received in respect of fiscal year 2010/11

SUPPLEMENTAL RETIREMENT SCHEME

The Chairman and Chief Executive Officer also benefits from the supplemental collective retirement scheme implemented in 2004, and taken into account in the determination of his overall compensation. This scheme is composed of a defined contribution plan and a defined benefit plan.

The defined benefit plan covers all persons exercising functions within the Group in France whose base annual remuneration exceeds eight times the annual French social security ceiling. The rights under the plan are vested only if the beneficiary retires from the Company and after claiming his or her retirement rights. Even though the plan does not set any minimum seniority requirement to be met in order to benefit from it, the plan remains compliant with the intention behind the AFEP-MEDEF recommendation insofar as entitlements are acquired progressively per year of seniority, and only represent each year a limited percentage of the compensation corresponding at maximum to a rate of 1.2% per year on a capped amount. The pension is determined by multiplying the replacement ratio based on the seniority by the fraction of the annual reference remuneration (*i.e.* the average of the last three fixed and variable annual remunerations) that exceeds eight times the annual French social security ceiling (€290,976 for the 2012 calendar year). The annual reference remuneration is capped at €2 million. Since 1 January 2008, this cap is subject to an annual revaluation in accordance with the evolution of the reference salary used to determine the AGIRC supplemental retirement scheme. As such, given his seniority within the Group, the Chairman and Chief Executive Officer could, when he retires, claim a replacement ratio of between 13% and 20% of this salary portion.

There has been no change to this supplemental collective retirement scheme during the fiscal year.

The defined benefit obligation for the defined benefits plan is equal to €5,922,000 as at 31 March 2012, including statutory retirement indemnities for retirement and an amount of €1,517,449 of taxes applicable to supplemental retirement schemes as increased since 1 January 2010.

The defined contribution plan complements the defined benefit plan. The rights are acquired annually and cannot exceed 16% of four times the annual ceiling of French social security. The amount of contributions paid by Alstom within the defined contribution plan, was €22,788 for fiscal year 2011/12.

SEVERANCE PAYMENT AND OTHER BENEFITS ARISING UPON THE TERMINATION OF THE MANDATE

At its meeting dated 28 June 2011, which took place after the General Shareholders' Meeting held on the same day, the Board of Directors that decided not to separate the functions of Chairman and Chief Executive Officer, and to renew the term of office of Mr Patrick Kron as Chairman and Chief Executive Officer for the duration of his directorship, or until the end of the Ordinary Shareholders' Meeting called to approve the financial statements of the 2014/15 fiscal year, also decided that the commitments made to Mr Patrick Kron on 26 June 2007, as amended on 6 May 2008 and 4 May 2009 and approved by the General Shareholders' Meeting dated 23 June 2009, concerning benefits arising upon termination of the mandate, would be maintained without any change.

Consequently, the commitments discussed in Article L. 225-42-1 of the French Commercial Code, undertaken with regard to Mr Patrick Kron, Chairman and Chief Executive Officer, concern, as in the past, (i) the entitlement to the additional collective retirement pension scheme composed of a defined contribution plan and a defined benefit plan from which benefit all persons exercising functions within the Group in France, the base annual remuneration of which exceeds eight times the French Social Security cap, above mentioned, as well as (ii) the upholding, in the event of termination of his mandate as initiated by either the Company or himself, of only the rights to exercise the stock options and the rights to the delivery of the performance shares, that will have been definitively vested as of the end of his term of office following the fulfilment of the conditions set forth by the plans.

Since these commitments are the same as those granted on 26 June 2007, as amended on 6 May 2008 and 4 May 2009 and approved by the General Shareholders' Meeting dated

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23 June 2009, concerning benefits arising upon termination of the mandate described in Article L. 225-42-1 of the French Commercial Code, the Board of Directors, at its meeting dated 28 June 2011, approved and authorised their renewal insofar as necessary. They are subject to the approval of the General Shareholders' Meeting convened on 26 June 2012 and are presented in the Statutory Auditors' special report.

REMUNERATION OF THE DEPUTY CHIEF EXECUTIVE OFFICER (UNTIL 31 JANUARY 2012)

Over the course of the fiscal year ended 31 March 2012, Mr Philippe Joubert exercised the mandate of Deputy Chief Executive Officer of the Group from 13 June 2011 to 31 January 2012. Appointed in that position at the Board of Directors' meeting dated 13 June 2011 upon the proposal of the Chairman and Chief Executive Officer in the context of the implementation of the new organisation of the Executive Committee of the Group, he terminated his corporate mandate effective 1 February 2012.

Mr Philippe Joubert joined the Group in Brazil on 13 January 1986. His employment contract, which was signed in November 1999 with the company ALSTOM Resources Management, was suspended as of the date of his appointment as Deputy Chief Executive Officer, then resumed office at the time of his resignation. Over the course of the fiscal year, he also exercised the following mandates and functions within the Group: Chairman of the Alstom Power Sector, Chairman of the Board of Directors of Kalyani Alstom Power Ltd, Director of Alstom Power Ltd, Alstom Bharat Forge Power Ltd, Alstom Africa Holdings (Pty), Alstom SA Power Projects (Pty), Alstom Southern Africa Holding and Alstom (Schweitz) AG, and Vice-Chairman of the Strategic Council of Alstom Brasil Energia Transporte.

The whole gross remuneration and benefits of any kind paid to him over the course of the fiscal year or owed to him in connection with his appointment as Deputy Chief Executive Officer, as described in Article L. 225-102-1 of the French Commercial Code, is presented below.

In accordance with the elements of remuneration determined by the Board of Directors at the time of his appointment, as Deputy Chief Executive Officer, Mr Joubert received the prorated amount of the fixed portion of his remuneration for fiscal year 2011/12, or an amount of €478,333. The prorated amount of the variable portion of his remuneration was equal to €358,750, which will be paid in June 2012, and corresponds to 75% of the prorated amount of his fixed remuneration, or the amount set in case the objectives are met. No other remuneration (exceptional remuneration, Directors' fees, or other) has been paid to him or is owed to him in connection with this corporate mandate or as a result of its termination.

He benefited from a Company's car representing a benefit in kind of €5,794 per year and, as other employees in France beyond a certain level of compensation, from supplemental medical, death and disability coverage, which costs are partly borne by the Company.

He received during the fiscal year as Deputy Chief Executive Officer, an allocation of 60,000 conditional stock options and 5,000 performance shares under the LTIP Plan No. 14 during fiscal year 2011/12 which has been cancelled as indicated below.

Mr Philippe Joubert did not benefit from any severance in the event of termination of his corporate mandate.

The commitments made to him as Deputy Chief Executive Officer, discussed in Article L. 225-42-1 of the French Commercial Code, and authorised by the Board of Directors at its meeting dated 13 June 2011 were only made with respect to:

- maintaining the benefit of the additional collective retirement pension scheme comprised of a defined contribution plan and a defined benefit plan that he benefitted from previously in connection with his employment contract. This mechanism, which was implemented in 2004 and is composed of a defined contribution plan and a defined benefit plan from which benefit all persons exercising functions within the Group in France, the base annual remuneration of which exceeds eight times the French Social Security, is analogous to that from which the Chairman and Chief Executive Officer benefits, as described above;
- the upholding, in the event of termination of his mandate as initiated by either the Company or himself, of only the rights to exercise the stock options and the rights to the delivery of the performance shares, that will have been definitively vested as of the end of his term of office following the fulfilment of the conditions set forth by the plans.

At its meeting dated 14 March 2012, the Board of Directors therefore acknowledged that the allocation of stock options and performance shares received by Mr Philippe Joubert in connection with his position as Deputy Chief Executive Officer over the course of the 2011/12 fiscal year in the context of LTI plan No. 14 was null and void following his resignation (the rights to exercise these options and to receive delivery of these shares subject to performance conditions were not fully acquired at expiration of his mandate).

The Board of Directors also acknowledged that the commitments described in Article L. 225-42-1 of the French Commercial Code had become null and void due to his resignation from his mandate. As a result, these commitments authorised by the Board of Directors at its meeting dated 13 June 2011, which took the form of a related-party agreement (*convention réglementée*) and that are presented in the Statutory Auditors' special report, will not be submitted to the approval of the General Shareholders' Meeting convened on 26 June 2012.

TABLE FOR MONITORING THE IMPLEMENTATION OF THE AFEP-MEDEF CODE WITH RESPECT TO THE REMUNERATION OF EXECUTIVE DIRECTORS

Executive Directors as of 31 March 2012	Employment contract		Additional retirement pension scheme		Indemnities or benefits owed or that could be owed due to termination or a change in work duties		Indemnities associated with a non compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Patrick Kron Chairman and Chief Executive Officer Term of office began in: 2003 Term of office ends in: 2015		No	Yes (see above)			No (see above)		No

(1) The additional pension plans in which the Executive Director (*dirigeant mandataire social*) participates are described above.

DIRECTORS' FEES PAID TO THE DIRECTORS

The Directors do not receive any compensation other than an attendance allowance ("Directors' fees"). Since 1 April 2005, the Chairman of the Board of Directors waived his Directors' fees.

The Ordinary and Extraordinary Shareholders' Meeting of 22 June 2010 set at €900,000 the maximum annual amount of Directors' fees which can be distributed among the members of the Board of Directors.

The Board of Directors sets the terms of granting the Directors' fees upon the Nominations and Remuneration Committee's proposal. The principles set in the Internal Rules of the Board is that the Directors' fees are made of a fixed part and of a variable part for attending the meetings of the Board or of the Committees and that the Chairmen of the Committees are paid an additional fixed fee. Half of the fixed and variable parts are paid in the fiscal year concerned, while the balance is paid the following fiscal year.

According to the current terms of granting, the Directors' fees were made of a fixed part worth €22,500 paid to each Director. The Chairman of the Audit Committee and each Chairman of the Nominations and Remuneration Committee and of the Ethics, Compliance and Sustainability Committee receive an additional amount of respectively €15,000 and €10,000 per year. In addition, each Director is paid €3,000 for attending the meetings of the Board or of the Committees of which she or he is a member.

Based on these terms, the total Directors' fees in respect of fiscal year 2011/12 are €731,000 (€641,500 for the last fiscal year). The amount due in respect of the fiscal year represented approximately 91% of the maximum annual amount authorised. Half of the fixed and variable parts were paid in fiscal year 2011/12, while the balance was paid in fiscal year 2012/13.

SUMMARY TABLES OF THE REMUNERATIONS OF EXECUTIVE AND NON-EXECUTIVE DIRECTORS PURSUANT TO AFEP-MEDEF RECOMMENDATIONS AND TO THE AMF RECOMMENDATIONS DATED 22 DECEMBER 2008

The whole gross compensation and benefits of any kind paid (or due) by the Company and the companies controlled by the Company to the Executive and Non-Executive Directors pursuant to Article L. 233-16 of the French Commercial Code as requested by Article L. 225-102-1 of the French Commercial Code are contained in the Tables 2 and 3 below:

The information relating to Mr Philippe Joubert, the Deputy Chief Executive Officer from 13 June 2011 to 31 January 2012, was grouped together for ease of reference in a previous section of this document (see page 190) due to the fact that he was no longer an Executive Officer of the Company at the end of the fiscal year.

Table 1 – Summary table of the compensation, conditional stock options and performance shares accruing to each Executive Director as of 31 March 2012

Patrick Kron Chairman and Chief Executive Officer	Fiscal year 2009/10 (in €)	Fiscal year 2010/11 (in €)	Fiscal year 2011/12 (in €)
Compensation due in respect of the fiscal year (detailed in table 2)	2,070,794	2,180,794	2,295,794
Valuation of the conditional stock options awarded during the fiscal year (1) (detailed in table 4)	822,400	- (2)	286,000
Valuation of the performance shares awarded during the fiscal year (1) (detailed in table 6)	-	- (2)	186,000
TOTAL	2,893,194	2,180,794	2,767,794

(1) These amounts correspond to the valuation of the stock options and performance shares according to IFRS 2, after taking into account a discount associated with the probability of presence within the Company and before taking into account the spread-out effect of the charge (see Note 21 to the consolidated financial statements as of 31 March 2012).

(2) The Chairman and Chief Executive Officer benefitted in fiscal year 2010/11 from a conditional long-term compensation plan determined on 13 December 2010 and linked to the Group's performances over several years (see pages 188 and 189 above).

Table 2 – Summary table of the compensation of each Executive Director as of 31 March 2012

Patrick Kron Chairman and Chief Executive Officer	Amounts for fiscal year 2009/10 (in €)		Amounts for fiscal year 2010/11 (in €)		Amounts for fiscal year 2011/12 (in €)	
	Due in respect of the fiscal year	Paid in during the fiscal year	Due in respect of the fiscal year	Paid in during the fiscal year	Due in respect of the fiscal year	Paid in during the fiscal year
• Fixed gross compensation	1,065,000	1,065,000	1,100,000	1,100,000	1,130,000	1,130,000
• Variable gross compensation (1)	1,000,000	1,300,000	1,075,000	1,000,000	1,160,000	1,075,000
• Extraordinary gross compensation	-	-	-	-	-	-
• Directors' fees (2)	-	-	-	-	-	-
• Fringe benefits (3)	5,794	5,794	5,794	5,794	5,794	5,794
TOTAL	2,070,794	2,370,794	2,180,794	2,105,794	2,295,794	2,210,794

(1) The variable salary in respect of a fiscal year is paid on the following fiscal year. The criteria according to which the variable remuneration was calculated and the terms and conditions for setting the amount are described on page 187 above.

(2) Since 1 April 2005, the Chairman and Chief Executive Officer waived his Directors' fees.

(3) Company car.

Table 3 – Non-Executive Director's fees table as of 31 March 2012 ⁽¹⁾

Non-Executive Directors	Fiscal year 2010/11		Fiscal year 2011/12	
	Amounts due in respect of the fiscal year (in €)	Amounts paid during the fiscal year (in €)	Amounts due in respect of the fiscal year (in €)	Amounts paid during the fiscal year (in €)
Jean-Paul Béchat	67,500	70,500	76,500	70,500
Candace K. Beinecke	52,500	52,500	64,500	58,500
Olivier Bouygues	52,500	55,500	52,500	52,500
Georges Chodron de Courcel	52,500	52,500	49,500	49,500
Pascal Colombani	55,500	55,500	73,500	61,500
Lalita D. Gupte ⁽²⁾	33,000	10,500	61,500	51,750
Jean-Martin Folz	51,500	52,500	71,500	59,500
Gérard Hauser	52,500	55,500	58,500	58,500
Katrina Landis ⁽²⁾	30,000	10,500	61,500	48,750
James W. Leng	62,500	65,500	74,500	68,500
Klaus Mangold ⁽³⁾	46,500	52,500	55,500	43,500
Alan Thomson	52,500	55,500	61,500	55,500
Bouygues ⁽⁴⁾	52,500	52,500	58,500	52,500
TOTAL	661,500	641,500	819,500	731,000

(1) Gross amounts. The Non-Executive Directors do not receive any other compensation from the Company or companies of the Group, with the exception of Mr Klaus Mangold (see (3) above).

(2) Appointed by the Shareholders' Meeting of 22 June 2010.

(3) Mr Klaus Mangold as Chairman of the Supervisory Board of a Group's German subsidiary since December 2010, is entitled to a gross annual remuneration set at €50,000.

(4) Director whose permanent representative is Mr Philippe Marien.

Half of the Director's fees distributed among the Non-Executive Directors are paid during the fiscal year (fees in respect of the first half of the fiscal year) and the remaining part during the following fiscal year (fees in respect of the second half of the fiscal year).

Table 4 – Stock options awarded during the fiscal year 2011/12 to each Executive Director as of 31 March 2012 by the Company and by the Group

Options awarded to each Executive Director by the issuer or by the Group (nominative list)	Number and date of the plan	Nature of the options (purchase or subscription)	Valuation of the options according to the method used for the consolidated financial statements (in €)	Number of options awarded during the fiscal year	Exercise price (in €)	Exercise period
Patrick Kron Chairman and Chief Executive Officer	LTI plan No. 14 of 4 October 2011	Conditional stock options	286,000	100,000	26.39	From 4 October 2014 to 3 October 2019 (both dates included)

Table 5 – Stock options exercised during fiscal year 2011/12 by each Executive Director as of 31 March 2012

Options exercised by the Executive Directors as of 31 March 2012 (nominative list)	Number and date of the plan	Number of options exercised during the fiscal year	Exercise price (in €)	Award year
Patrick Kron Chairman and Chief Executive Officer	None	-	-	-

The summary of the total number of stock options held by Mr Patrick Kron as of 3 May 2012 is the following:

	Number of options	Unit exercise price (in €)	Maturity date of options
Plan 2006 No. 9 ⁽¹⁾	240,000 ⁽²⁾	37.33	27 September 2016
Plan 2007 No. 10 (LTI No. 10) ⁽¹⁾	115,000 ⁽³⁾	67.50	24 September 2017
Plan 2009 No. 12 (LTI No. 12)	32,000 ^{(3) (4)}	49.98	20 September 2017
Plan 2011 No. 14 (LTI No. 14)	90,000 ^{(3) (5)}	26.39	3 October 2019

(1) Figures adjusted to take into account the two-for-one stock split completed on 7 July 2008.

(2) 144,000 options were conditional (condition completed as of 31 March 2008).

(3) 100% of the options are subject to Group's performance conditions and a portion of the shares subscribed as a result of these options are subject to a holding requirement until the expiry of Mr Patrick Kron's duties.

(4) Initially the allocation concerned 80,000 options. Following the closing of the 2011/12 fiscal year, 60% of these options were cancelled as a result of the application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012). The number of remaining options is therefore equal to 32,000.

(5) Initially the allocation concerned 100,000 options. As a result of the application of the first performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012), 10,000 options (i.e. 10% of the initial allocation) were cancelled and 30,000 options (i.e. 30% of the initial allocation) are as of today vested. The remaining part will be subject to the results of fiscal years 2012/13 and 2013/14.

The summary of all stock options plans appears on pages 211 and 212 of the Registration Document for the 2011/12 fiscal year filed with the AMF.

Table 6 – Performance shares awarded during the fiscal year 2011/12 to each Executive Director as of 31 March 2012 by the Company or the Group

Performance shares awarded during the fiscal year to each Executive Director as of 31 March 2012 by the Company or the Group (nominative list)	Number and date of the plan	Number of shares awarded during the fiscal year	Valuation of the shares according to the method used for the consolidated financial statements (in €)	Acquisition date	Availability date
Patrick Kron Chairman and Chief Executive Officer	LTI plan No. 14 of 4 October 2011	10,000 ⁽¹⁾	186,000	The fifth business day following the day of publication of the 2013/14 consolidated accounts	2 years following the acquisition date subject to the holding requirement

(1) Entirely conditional allocation for which a portion of the shares delivered is subject to a holding requirement until the expiry of Mr Patrick Kron's duties. As a result of the application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012), 1,000 rights to performance shares (10% of the initial number awarded) were cancelled and the final delivery of 3,000 shares is as of today certain. The remaining part will be subject to the results of fiscal years 2012/13 and 2013/14.

The total number of rights held by Mr Patrick Kron as of 3 May 2012 entitling him to a free allocation of performance shares corresponds to this allocation under the LTIP Plan No. 14, i.e. 9,000 rights.

The summary of all performance shares plans appears on pages 214 and 215 of the Registration Document for the 2011/12 fiscal year filed with the AMF.

Table 7 – Performance shares that have become available during the fiscal year for each Executive Director as of 31 March 2012

Performance shares that have become available for the Executive Directors as of 31 March 2012 (nominative list)	Number and date of the plan	Number of shares that have become available during the financial year	Acquisition terms	Delivery date
Patrick Kron Chairman and Chief Executive Officer	-	None	-	-

PARTICIPATION AT SHAREHOLDERS' MEETINGS

Any shareholder has the right to participate at Shareholders' Meetings under the conditions set forth by law and in Article 15 of the Company's by-laws. The provisions of Article 15 of the By-laws appear on pages 275 and 276 of the Registration Document for the 2011/12 fiscal year filed with the AMF and posted online on the Company's website.

Generally speaking, the members of the Board of Directors are present at Shareholders' Meetings.

ELEMENTS THAT COULD HAVE AN IMPACT IN THE EVENT OF A TENDER OFFER

These elements of the Board of Directors' report to the Shareholders' Meeting set forth by Article L. 225-100-3 of the French Commercial Code appear on pages 290 and 291 of the Registration Document for the 2011/12 fiscal year filed with the AMF.

Internal Control and Risk Management procedures' report

As part of its operational activities, the ALSTOM Group is confronted by a number of risks both external and internal, as stated in the Risks Factors section of the Registration Document 2011/12 (see page 155) filed with the Autorité des marchés financiers ("AMF").

It has therefore put in place an organisation, procedures and processes with the objective of identifying, quantifying and mitigating risks, and allocating resources to control risks in accordance with its business objectives both strategic and operational.

The present part of the report was prepared with the contributions from the Internal Audit and Internal Control Department, the Finance function including the Tenders & Projects Control Department, the Information Systems and Technology Department, the Human Resources Department, the Legal Department, the Ethics & Compliance Department, the Environmental, Health & Safety Department and the Sector Research & Development Departments.

PERIMETER OF INTERNAL CONTROL

The internal control system described herein covers the parent company ALSTOM and all its consolidated companies (the "Group" or "Alstom").

REFERENCE FRAMEWORK

The Group has put in place a system of internal control procedures and evaluations initially based on control guidelines prepared by a recognised body, COSO (*Committee of Sponsoring Organisations of the Treadway Commission*). An analysis reconciling Alstom internal control and risk management framework policies contained in particular in Group Instructions, the Internal Control Manual, the Internal Control Questionnaire, the Reporting and Accounting Manual and the reference framework recommended by the AMF was performed starting in fiscal year 2007/08. The analysis included both the reference framework and the "Application guide for internal control procedures related to the accounting and financial information published by the issuers". This analysis was updated following the AMF modifications to its framework in 2010.

The analysis outcome shows that Alstom applies the "Reference framework" on internal control recommended by the AMF.

OBJECTIVES

The system of internal control put in place provides reasonable assurance that:

- the Group's Internal Rules and instructions including applicable laws and regulations are complied with at all times;
- information is complete, accurate and to the required quality, particularly financial information;
- operations are completed in an optimal manner and internal control processes are effective, particularly those concerning the safeguard of assets;
- achievement of business objectives are reached with identification and control of risk;
- the risk of fraud is minimised; and
- controls, including controls over risks, are widely understood at all levels within the Group and appropriate actions are taken to mitigate and minimise these risks.

Internal control consists of five inter-related components, which have been implemented within the Group:

- control environment covering integrity, ethics, competencies, authorities, responsibilities and staff development;
- risk assessment including the identification, analysis and minimisation of relevant risks;
- control activities, namely policies and procedures that ensure that Management's instructions are applied;
- information and reporting: information must be identified, captured and communicated in a format and timeframe to enable the relevant persons to carry out their responsibilities; and
- monitoring, including internal check and internal control procedures as well as internal audit: a process that assesses the quality of the systems performance over time and within a defined schedule.

By essence, an internal control system cannot provide a guarantee that such risks have been totally eliminated. It must bring them down to an acceptable level.

COMPONENTS OF INTERNAL CONTROL

CONTROL ENVIRONMENT

ORGANISATION

The Group has put in place a structured organisation which is responsible for defining the internal control requirements, writing the Internal Control Manual, producing and updating as required the Internal Control Questionnaire and monitoring globally the results. Where internal control weaknesses are identified, detailed action plans to correct the weaknesses in a timely manner are put in place with the support of the Sector Internal Control teams, and overseen by the central Internal Control team under the responsibility of the Senior Vice President Internal Control.

A community of experts in internal control composed of the central and Sector Internal Control teams with relays in the reporting units ("unit") has been developed. This group communicates regularly to share good practices and drive the required change management.

Moreover, each Sector President defines the internal organisation of his Sector in a way that ensures efficiency and performance of the businesses. Businesses are themselves composed of a certain number of units each headed by a Managing and Finance Director responsible and accountable for their affairs including the control environment.

In addition, a continuous improvement approach is taken with internal control regularly monitored at business review meetings.

GROUP INSTRUCTIONS AND CODES

The Group's control environment is governed by a series of Group Instructions that constitute the body of Internal Rules (the "Group Instructions") and are posted on the Group's intranet website.

The Group Instructions deal with issues of importance throughout the Company and are mandatory for the whole Group, including Sectors, businesses, units, countries and functions. Once a Group instruction is issued, all units must ensure that any pre-existing procedures, policies, directives or other communications at any level are revised to comply with the said Corporate Instruction.

These Group Instructions define detailed rules and procedures regarding various topics, including but not limited to implementation of delegations of authority, appointment of Directors within the Group, principles regarding litigation, other forms of dispute resolution, gifts and hospitality, political contributions, charitable contributions, sponsorship, communication with the media, issuance of press releases, Environment Health & Safety policy, security, crisis management, selection and payments to business advisors for business transactions, and prevention of insider trading. The Group Instructions define the Group's management organisation as well as the responsibilities and organisation of the various functions within the Group. They also require compliance with the Group's Code of Ethics, Internal Control Manual and Reporting and Accounting Manual.

Since its listing on stock exchange, the Group has implemented a Group Instruction which includes a Code of Conduct for preventing

insider dealing. This code defines the situations where concerned persons must refrain from making any transactions on the Company's securities. In its appendix, this Code includes a reminder of the legal provisions and sanctions. The Code, which is regularly updated (most recently in May 2011), is applicable to all managers and employees of Alstom who have regular or occasional access to inside information (defined as "insiders"). It is available on the Group's intranet and sent to all new insiders of whom the Company keeps an updated list. These persons are kept informed and must confirm receipt of their registration on the list of insiders. This information includes the Group Instruction and Code of Conduct, along with the schedule of the general blackout periods during which the securities cannot be traded. The persons are also kept informed when they are removed from the list.

The Group has a **Code of Ethics** that applies to every employee within the Group.

The Code of Ethics was reviewed, updated and published in March 2010 and has been translated in 21 languages, English, French, Arabic, Chinese, Croatian, Czech, Dutch, Finnish, German, Greek, Hungarian, Indonesian, Italian, Japanese, Polish, Portuguese (Portugal and Brazil), Romanian, Russian, Spanish, Turkish. Additional languages can be added upon request. Its distribution targets each employee and the Group also promotes it to its external stakeholders.

Directly rooted in the core values of the Group, *i.e.* **Trust, Team and Action**, the Code of Ethics provides official and mandatory guidelines on key principles and commitments that must be met by managers, by employees and by the Group as a whole every day. It is designed to promote honest and ethical conduct with all stakeholders: customers, suppliers and sub-contractors, competitors, shareholders, governments, regulatory authorities and the public. Every employee within the Group is accountable for respecting the principles and rules of the Code of Ethics.

The Code of Ethics prescribes fundamental rules of conduct, relating in particular to:

- full compliance with laws, regulations and requirements in all countries where the Group operates;
- prevention of corruption and prohibition of all unlawful payments and practices;
- fair and open competition and prohibition of agreements with competitors; and
- internal control and disclosure of information, to ensure the quality and reliability of financial information.

The Code of Ethics prescribes essential rules of conduct with regards to the relationships with business partners, Alstom commitments as a socially responsible company, human resources policies and commitment in protecting the Group's assets.

Topics addressed include the way Alstom deals with customers, suppliers, business advisors, governments, export and trade controls, money laundering, conflicts of interest, gifts and hospitality, political contributions, charitable contributions, sponsorship, protection of

the Environment, Health and Safety, security of employees, social relations, equal opportunity and diversity, career management of employees, data privacy, confidential information, intellectual property, use of communication resources, insider dealing and communication with the media and investors.

In addition, the Code of Ethics details the Alert Procedure which allows any employee to report violations of prevention of corruption, competition and securities and accounting laws and regulations.

The Code of Ethics introduces the Alstom Integrity Programme, implemented and monitored throughout the Group under the responsibility of the Senior Vice President Ethics & Compliance.

The Code of Ethics refers to the Group Instructions, which treat in more detail the defined rules and procedures put in place to ensure the compliance with its fundamental principles and values.

The Code of Ethics is available on Alstom's website (www.alstom.com/ethics).

INTERNAL CONTROL MANUAL & REPORTING AND ACCOUNTING MANUAL

The Internal Control Manual defines the requirements, instructions and practices necessary to create and maintain a satisfactory control environment and covers internal controls including those over financial reporting. The Internal Control Manual summarises the elements of internal control covering most of the business processes within the Group, is posted on Alstom's intranet site and is regularly updated.

The Internal Control Manual contains a number of principles that are mandatory and to be complied with at all times by all business units. These principles include notably:

- segregation of duties: internal check should be practiced at all times with one person required to check and approve the work of another. Separate people are required, where possible, to be responsible for initiating, authorising, recording, processing and reporting transactions, and are responsible for ensuring that recording is undertaken promptly and information is processed and reported in a timely manner. Documentation must exist to describe business processes and must be retained to confirm that amounts are promptly recorded at the correct amount in the appropriate accounts and in the proper accounting period;
- delegation of authorities, as the foundation of any system of internal control is to make sure, including at unit level, that responsibilities and authorities are defined and understood.

The management of the respective entity, unit, business, Sector, country or Corporate is responsible for developing, implementing, operating and monitoring systems of internal control in compliance with the Internal Control Manual and for providing assurance that it has done so.

The Reporting and Accounting Manual defines the Group's policies and procedures regarding accounting and consolidation, definition of main financial indicators, reporting process and three-year plan, budget and forecasting processes.

TRAINING

As part of the Internal Control project initiated in 2005, 1,350 persons were trained on internal control. An extensive communication

exercise has been undertaken to ensure that the requirements and basics of internal control are widely understood.

The training sessions on internal control are part of a continuous improvement initiative which involves Sectors, including the International Network and Corporate personnel. While the training programme on internal control has concentrated mainly on the finance community, an e-learning module specifically targeting the non-finance community has been developed.

RISK ASSESSMENT & RISK MANAGEMENT PROCESS

OBJECTIVE

Since fiscal year 2006/07, a yearly risk assessment review is undertaken, as part of the annual budget and three-year plan process, to deepen the knowledge of risks of every nature within the Group and update the cartography of risks. The objective is to identify, analyse and to anticipate the significant risks of the Group, to ensure that the main identified risks are taken into account by the organisation and to be sure that the mitigation tools implemented are efficient in order to control and to reduce these risks.

The risk assessment review was prepared with the contributions of the four Sectors and of the Corporate functions including the Sectors' management teams, the internal audit and Internal Control Department, the finance function including the Departments Tenders & Projects Control, Information Systems and Technology, Human Resources, Legal, Ethics & Compliance and Environment Health & Safety.

Corporate role is to ensure overall coordination between risk assessment owners.

EVALUATION

The update of the cartography of risks and the main characteristics of the risk management system are presented every year to both the Audit Committee and the Board of Directors.

The ethics, compliance and sustainable development Committee review cartography of risks regarding ethics, compliance, sustainable development and social responsibility in order to advise Risks Committee about identified risks and existing risks prevention process.

The risk assessment process allows the Group to take into consideration the impact that potential events may have on the achievement of business objectives. Such events are considered from two perspectives, likelihood and impact. Likelihood represents the possibility that a given event will occur and impact represents its effect. A combination of qualitative and quantitative methods is used in making the assessment.

Data from past events are used in making risk assessments as they provide a more objective basis than entirely subjective assessments. Detailed information on potential impact and likelihood of occurrence is checked and assessed. Potential events are assessed both individually and as part of a sequence or combination of events.

The interrelationship of likelihood and impact is integrated into the risk assessment process. Risk is also considered from a Group, Sector, or risk portfolio perspective.

Taken together, risks in different businesses may exceed the sum of the individual risks or conversely risks may be offset across the Group or a Sector.

The time horizon used to assess the impact of risk is three years, which ensures that identified mitigation actions are embedded in the budget and three-year plan. Any major risks assessed outside the three-year period are kept under review.

The cartography of risks exercise also allows to confirm that the appropriate insurance have been subscribed with regards to the insurable risks (see "Insurance" in the Risks section of the Registration Document 2011/12 filed with the AMF).

By essence, risk assessment process cannot provide a guarantee that Group's objectives will be totally achieved.

RISK MANAGEMENT

Under the coordination of the Strategy Department, Sectors and Corporate functions update this assessment as part of the budget and three-year plan process. Detailed documentation for each risk category is produced, highlighting the causes of the risks, potential consequences and the actions taken to mitigate them. Risk owners appropriately designated by the Sector and Corporate Management are responsible for monitoring the timely implementation of the action plans. Action plan status and results are reviewed and presented at each risk assessment exercise.

For each Sector, the risk assessment is approved by the management team under the control of the Sector President. Risk assessment for transverse Corporate activities is made by the relevant Senior Corporate officer. Group, Sector and Corporate risk maps are reviewed and approved by the Risk Committee under the Chairmanship of the Chairman and Chief Executive Officer.

Each Sector President is responsible for the effective management of risks within his Sector. In addition, functional Vice Presidents (within finance, legal, human resources, ethics and compliance ...) are responsible for managing risks pertaining to their own processes.

CONTROL ACTIVITIES

Control activities are the range of activities that are undertaken at every level of the Group to ensure that the Group's rules, policies and procedures are effectively carried out.

These control activities may embrace a variety of controls including checking the accuracy, completeness, authorisation, validation and recording of transactions or to ensure the duties are segregated among different people to reduce the risk of error or fraud.

INFORMATION AND REPORTING

Information accuracy and completeness is essential both to achieve business objectives and to report to all interested parties including external parties, in compliance with applicable securities laws and regulations. Internal control over financial reporting deals with internal control procedures in respect of the preparation and the

processing of financial information. For financial information and reporting see section "Procedures for the production of the Group financial statements and other accounting and financial information".

MONITORING OF INTERNAL CONTROL

Unit Management has the responsibility of maintaining internal control at all times.

An Internal Control Questionnaire (or "self-assessment questionnaire") has been developed which differentiates requirements to units based on their contribution to the Group's financial statements, using a risk-based approach and covering the complete Group perimeter. Units with the most contribution and/or risk must provide more information and answer more questions in the self-assessment questionnaire than those with less contribution or risk.

The self-assessment questionnaire also includes the key information system applications used in the production of financial information to help ensure the integrity of the process.

The self-assessment questionnaire is based on 13 cycles which include the general control environment, revenues, purchasing, human resources, capital expenditure, inventories, manufacturing, treasury, financial reporting, information systems & technology, tax, legal, Environment Health & Safety (EHS).

Recently, a specific self-assessment questionnaire has been set up to cover major constructions sites activities in Thermal Power and Renewable Power.

The owner of each control activity within the cycle is required to answer questions relating to the relevant activity. Each answer is assessed and rated based on a maturity model which takes into account the levels of control and the completeness of the documentation. Detailed evidence is required to support answers given.

Where the results of the self-assessment questionnaire indicate that controls are not at the required level either in design, operation or documentation, corrective action plans are required to be put in place. Each action plan should have an owner and a detailed timetable to complete the action and update the required control, which may include ensuring documentation is updated. The progress of action plans is regularly followed up. The self-assessment questionnaire results are approved by unit Management (Finance and Managing Directors) and are subject to review both by quality reviewers at Sector level and by Internal Audit. The results are presented annually to the Audit Committee. Good practices identified during this self-assessment process are promoted.

During September 2011 self-assessment questionnaire review, around 4,600 users have been mobilised and also Internal Control Department of 29 persons including 4 IT specialists brought support to the units.

Also in order to maintain self-assessment questionnaire quality, test scripts have been created to evaluate 30 key control activities. Those test scripts are performed annually by independent assessors in order

to assess control activity robustness. The results are communicated to unit management and reviewed during an Audit Committee meeting.

MAIN ACTORS OF INTERNAL CONTROL AND RISK MANAGEMENT

MAIN ACTORS OF INTERNAL CONTROL

SENIOR MANAGEMENT

The Chairman and Chief Executive Officer is responsible for the internal control and risk management systems and for ensuring that internal control and risk management procedures are designed and operated effectively within the Group. Management at all levels is responsible for developing, operating and monitoring the systems of internal control and for providing necessary assurance that it has done so.

AUDIT COMMITTEE

The Audit Committee reviews and evaluates twice a year the internal control procedures including those relating to financial information, contributing to the preparation of the financial statements of the Group. A review and evaluation of the cartography of risks, including risk assessment and risk management is also made.

Within the Audit Committee, the scope of planned internal audit activities is reviewed in advance and the Internal Audit Department develops a four-year plan and determines the allocation of resources taking account of the perceived risks.

The Audit Committee then provides a report to the Board of Directors.

For more information regarding the Audit Committee, see the first part of the corporate governance report.

DISCLOSURE COMMITTEES

The Chairman and Chief Executive Officer and the Chief Financial Officer have established Disclosure Committees at Corporate and Sector levels in order to assist them in evaluating the effectiveness of the Group's disclosure controls and procedures that are designed to ensure that material financial and other information required to be disclosed is recorded, processed, summarised and reported on a timely basis and that appropriate information is communicated to Management including the Chairman and Chief Executive Officer and Chief Financial Officer to allow timely decisions regarding such disclosure.

The Corporate Disclosure Committee is composed of the Chief Financial Officer, the General Counsel, the Senior Vice President Internal Control, the Group Controller, the Vice President Tenders & Projects Control, and a member of each of the Sector Managements.

Each Sector has established its own Disclosure Committee, which reports to the Corporate Disclosure Committee as to the results of its review of the disclosure controls and procedures, and on its evaluation of the effectiveness within its Sector.

The Group Corporate Disclosure Committee met twice during fiscal year 2011/12 under the Chairmanship of the Chief Financial Officer. The consolidated financial statements for the fiscal year ended 31 March 2011 and the Management discussion and analysis and other financial information disclosed in the Annual Report were

reviewed. The interim consolidated financial statements for the 6 months period to 30 September 2011 were reviewed. Reports from the Sector Disclosure Committees were received at each meeting.

In the reviews of the consolidated financial statements the Committee considered the disclosures made to determine and confirm their relevance, accuracy, completeness and presentations.

FINANCE FUNCTION

The finance function controls business, operations and projects to optimise the Group's profitability and cash generation whilst providing internal and external stakeholders with reliable information including financial information.

The finance function defines the Group's principles and financial policies in terms of tenders and projects control, funding, treasury, internal control, accounting, tax and management control, designs and leads key financial processes (three-year plan, budget, business reviews), as well as reporting tools to determine and appraise Sectors' performance and analyses the Group's performance and produces the consolidated financial statements.

More specifically, the Accounting and Management Control Department:

- defines the formats, indicators, processes and timing for three-year plans, budgets and forecasts, analyses the Group's actual and forecasted performance and manages the Corporate budget;
- is responsible for designing and issuing the relevant accounting procedures, ensuring that they are in compliance with accounting principles and policies, and producing consolidated and parent company financial statements, as well as financial information for external stakeholders.

In particular, the Department:

- specifies the Group's accounting principles and procedures in compliance with IFRS;
- provides Sectors with instructions on accounting principles; and
- controls and investigates data consistency and compliance with the Group's accounting principles.

The Tax Department defines the overall tax policy and planning for the Group and ensures proper compliance with regard to tax returns and payments.

INTERNAL AUDIT DEPARTMENT

The Senior Vice President Internal Audit, who is in charge of a 28-member Department, reports to the Chairman and Chief Executive Officer and works in close cooperation with the Chief Financial Officer. The Senior Vice President Internal Audit has also regular meetings with the General Counsel and with the Senior Vice President Ethics and Compliance. Since 2009, competencies in information systems have been developed, and since 2009 the headcount of the second office in Kuala Lumpur (Malaysia) has been reinforced. Since 2008, the Internal Control function is under the supervision of the Senior Vice President Internal Audit to increase synergies between internal control and internal audit.

The main role of the Internal Audit Department is to advise the Chairman and Chief Executive Officer and the Audit Committee on

the adequacy and effectiveness of the internal control system in all phases of the Group's business.

The Internal Audit Department operates in accordance with the terms of an Internal Audit Charter approved by the Audit Committee and has authority to examine any and all aspects of operations.

In particular, the Internal Audit Department evaluates controls that promote:

- compliance with applicable laws and with internal policies and procedures;
- physical safeguarding of assets including risk identification;
- availability, reliability, integrity, confidentiality of information and reporting; and
- efficiency of business processes, functions, and activities.

Internal Audit may participate in specific assignments such as acquisition and disposal operations, information system implementation, assistance mission or investigations.

An additional role is to recommend improvement in Group's procedures and whenever possible promote good practices.

The Internal Audit Department takes into account the cartography of risks and risk profiles in assessing its audit programmes.

The effectiveness and adequacy of internal controls and compliance with accounting policies and procedures are reviewed regularly by the Internal Audit Department. After each internal audit assignment, a report is issued setting out the audit findings and recommendations. The Internal Audit Department reviews on each mission the results of the self-assessment questionnaire and supporting evidential files and includes comments on the status in its report. Copies of the report are given to the Managing Director and the Finance Director of the audited units and to the Group Management.

The results are also summarised in the bi-annual internal audit reports, which are presented to the Audit Committee on the overall results of the internal audits as well as on any other matter which affects internal control. These reports provide the basis for the Audit Committee to review the effectiveness of the Internal Audit Department work.

Management of the audited unit must take adequate actions within a reasonable timeframe to correct deficiencies reported by the Internal Audit Department and to respond in a timely and appropriate manner to findings and recommendations of both Internal Audit Department and of the Independent Auditors regarding internal control and policies and procedures within the Group.

Internal Audit holds on a regular basis some working sessions with the External Auditors in order to share on their respective audit results and audit planning.

ALSTOM Internal Audit was awarded IFACI certification in October 2007 which was successfully renewed in December 2010 for a 3-year period. IFACI is the French branch of the international Institute of Internal Auditors (IIA). This is the result of a long process launched at the end of 2005 with an external review of Internal Audit performance. The certification demonstrates that ALSTOM Internal Audit is compliant with the IIA standards, including independence and objectivity, proficiency and due professional care, quality assurance and improvement programme, nature of work, communication of results.

INTERNAL CONTROL DEPARTMENT

The Internal Control function at Group level is responsible for promoting and coordinating all actions and projects aiming at defining the Group's requirements in terms of internal control, and updating the Internal Control Manual and Internal Control Questionnaire. It is also in charge of following the global results of the self-assessment campaigns, the main deficiencies identified in the Group's internal control and their respective action plans.

The Group Internal Control Department is relayed in each Sector by a team of professionals in internal control under the responsibility of a Sector Internal Control Director who reports to the Senior Vice President Finance of his/her Sector. These Sector teams have also their own relays in countries or units.

The Sector Internal Control teams assist unit and business management in implementing internal control rules and instructions, remediating deficiencies, and improving in general the internal control level. They closely follow the results of the self-assessment campaigns, participate to the major projects of their respective Sector (such as the implementation of a new information system) in order to bring in their expertise, and propose various initiatives to address internal control challenges specific to their Sector.

The Group and Sector Internal Control Directors formally meet every month and an agenda is predefined to discuss the internal control issues identified, follow the on-going actions, share good practices, define areas for improvement, and maintain in general a high level of communication and collaboration between the Sectors. These meetings are systematically minuted.

In December 2010, the Internal Control Department was awarded on behalf of Alstom the "Great Prize of Internal Control" by IFACI.

ETHICS & COMPLIANCE DEPARTMENT

Ethics and Compliance stands as a top priority for Alstom, and the Department has the responsibility of the Alstom Integrity Programme aiming at implementing the culture of integrity as well as the application of all the rules in relation to Business Ethics and Personal Integrity.

In September 2010, the Board of Directors created the Ethics, Compliance and Sustainability Committee ("EC&S Committee"). Since its creation, it is comprised of three independent Directors. The EC&S Committee reviews Alstom's policies on ethics and compliance matters and the systems and procedures in place to effectuate these policies and provides the Board of Directors with its views. Alstom Senior Vice President Ethics & Compliance is secretary for the Ethics and Compliance part.

The main role of Ethics & Compliance at Group and Sector level is to:

- promote and explain Alstom's culture of integrity ensuring that the highest standards of integrity and ethics are applied throughout the Group;
- ensure compliance with international and national laws and regulations, and with Alstom policies;
- prevent all illegal activities and unlawful payments;
- control the process of qualification of business advisor proposed by the Sectors in relation to the development of business and sales, and monitor the corresponding due diligence;

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- implement all necessary policies. In particular, the Ethics & Compliance Department regularly issues detailed Group instructions on specific topics; and
- monitor the performance of the Alstom Integrity Programme and related activities on a continuous basis.

The Ethics & Compliance Department comprises about 20 people. Ethics & Compliance has full authority and independence through its reporting to the Group General Counsel. Moreover, the Senior Vice President Ethics & Compliance has a direct access to ALSTOM Chairman and Chief Executive Officer and to the EC&S Committee. The Senior Vice President Ethics & Compliance is then fully independent and has an unfiltered access to the governing authorities of Alstom.

In addition to the Senior Vice President Ethics & Compliance, the Ethics & Compliance Department comprises a Compliance Officer in charge of the Alstom Integrity Programme Development, a Compliance Officer in charge of the Due Diligence and a Compliance Officer in charge of Checking & Control of the payment to business advisors.

The Sector Compliance Officers in charge of the application of the Ethics & Compliance policy in their Sectors report directly to the Senior Vice President Ethics & Compliance with a functional reporting to the respective Sector General Counsel. A Compliance Officer is also appointed in Brazil, China, India and the USA.

The Sector Compliance Process Managers, dealing with the process in relation to the qualification of business advisors and resellers, report operationally to the Sectors with a functional reporting to their respective Sector Compliance Officer.

To reinforce the resources of Ethics & Compliance, a community of approximately 250 Ethics & Compliance Ambassadors as of today, all volunteers to promote the integrity culture of the Group, exists since May 2010.

The Ethics & Compliance Ambassadors are:

- if they agree, the Country Presidents in charge of the governance in their country;
- volunteers coming exclusively from the legal, finance and human resources functions at all levels of the organisation.

The mission of the Ethics & Compliance Ambassadors consists in:

- being a key contact on all the Ethics & Compliance topics in their organisation;
- helping to disseminate the keys Ethics & Compliance messages, instructions and procedures;
- being able to direct the persons towards the appropriate experts;
- supporting people in behaving ethically and in taking ethical decisions;
- participating to the risk assessment in terms of Ethics & Compliance;
- promoting Ethics & Compliance e-learning modules;
- organising awareness sessions; and
- providing feedback to the Ethics & Compliance team on issues and concerns.

The Ethics & Compliance Ambassadors have a direct contact to Ethics & Compliance through the Compliance Officer for the Development of the Alstom Integrity Programme, who provides them with the appropriate support and tools in their mission. At country level a co-ordination by the Country President is necessary to properly manage this initiative. All the E&C Ambassadors were trained. In 2011/12, they animated E&C Awareness sessions, gathering more than 1,000 people and have launched many initiatives contributing to the promotion of ethics and compliance in their respective countries.

Ethics & Compliance liaises regularly with Alstom Corporate functions in particular Legal, Finance, Internal Audit, Human Resources and Communication to better determine and promote Alstom ethical principles throughout the whole organisation.

During fiscal year 2011/12, approximately 2,300 employees have been trained on ethics and compliance, bringing the total population trained worldwide to approximately 7,300 people since 2006. In addition, 1,750 employees selected by the Sectors and Corporate have also completed the e-learning modules on both Prevention of Corruption and Competition Law during the past fiscal year.

To ensure that all Managers and Professionals in the Group understand and adhere to the principles expressed in the Code of Ethics, the e-learning module called e-Ethics has been launched in all countries and in eight languages. The completion of the module is mandatory for all Managers & Professionals. In March 2012, it was officially deployed within Grid Sector.

In addition, meetings with small groups of people animated by the Senior Vice President E&C and the Sector Compliance Officers have been developed to discuss the ethical challenges they face, share ideas to solve them and thus reinforce the integrity culture of Alstom.

To ensure that all our stakeholders are well informed about the Alstom Integrity Programme, the Ethics & Compliance Department works in close relationship with the Communications and a variety of communication methods are employed.

For employees:

- a dedicated, visible and regularly updated section on Altair, Alstom's intranet, called "Ethics & Compliance", containing not only the E&C Instructions but also information on Prevention of Corruption and Competition Law compliance, and a monthly Newsletter;
- regular news in Alstom's weekly newspaper, Newsflash and articles in local internal newspaper, whether at country or site levels; and
- posters displayed in all locations.

For external stakeholders:

- a dedicated section, entitled "Ethics" on Alstom's internet web site, www.alstom.com. In this section, all the versions of the Code of Ethics are available and can be downloaded, and the E&C Principles relating to Gifts & Hospitality, Political Contributions, Charitable Contributions, Sponsorship, Conflicts of Interests, Consulting companies, business advisors and resellers.

On 12 September 2011, the Alstom Integrity Programme received from ETHIC Intelligence a valid 2 years certificate, see paragraph "Risk in relation with internal trade" hereafter.

INFORMATION SYSTEMS FUNCTION

The Information Systems and Technology (IS&T) function is composed of Group and Sectors Information Systems (IS) Departments and Information Technology Shared Service Centers (ITSSC).

During fiscal year 2011/12, IS&T continued its Transformation Programme started in 2008. A worldwide organisation has been implemented to improve the standardisation and rationalisation of delivered solutions and services and to optimise the related costs.

The IT Shared Service Center (ITSSC) is now fully operational and covers all Alstom countries. It is organised in three lines:

- "Global Information Technology Operations" is responsible for the management of worldwide IT infrastructure, end-user computers, datacenters and telecommunications;
- "Application Solutions Centre" is in charge of the delivery, support and maintenance of Group applications, optimizing costs per application and standardizing related services;
- "Information Security" is responsible for the management of Alstom IT security.

Sector IS Department for Grid has recently joined the global IS&T function to be aligned with others Sectors' organisations.

The actions implemented over the recent years have already shown the following progress:

- the setting of an IS&T Governance which relies on the definition of IS&T principles, processes and rules. These are being communicated through the IS&T section of the Group Instructions;
- the improved ability to manage the IS&T risks as a result of:
 - global management of Group systems and infrastructure,
 - central responsibilities for the management of IS&T risks, projects and architecture,
 - dedicated IS&T Compliance team at Sector and Group level, to advise managers in charge of processes and applications, to follow-up on remediation plans, to assist Alstom organisation on IS&T issues, to ensure the implementation of Internal Control instructions in new systems and applications and to enforce global IT controls and security. The Internal Control Questionnaire (ICQ) was fully reviewed during fiscal year 2011/12 to better identify IS&T risks through newly added controls and enforcement of existing ones.
- a reduction of the IS&T costs.

Major transverse projects have been completed:

- consolidation of Alstom network access to a sole provider;
- implementation of a new and global collaboration tool including the change of emails/messaging solution.

The deployment of the unique SAP solution (ERP application) for Thermal Power and Renewable Power is still in progress. The integration of Grid toward Alstom IS&T standards is now in its completion phase.

MANAGEMENT OF SPECIFIC RISKS

RISKS IN RELATION TO CONTRACTS

Corporate Risk Committee

The Corporate Risk Committee is chaired by the Chairman and Chief Executive Officer and aims to report on the main project risks both at tender stage and during execution, as well as internal audit results and other specific matters.

The Corporate Risk Committee is composed of the Chairman and Chief Executive Officer, the Sectors' Presidents, the Chief Financial Officer, the General Counsel, the Senior Vice President Internal Audit, the Senior Vice President International Network, the Senior Vice President Project and Export Finance and the Vice President Tenders and Projects Control, and meets on a monthly basis in order to:

- highlight risks essentially from major tenders reviewed in the preceding month and exceeding €50 million or deviating from defined criteria. The tenders reviewed by the Tenders & Projects Control Department are required to be approved by the Chairman and Chief Executive Officer or the Chief Financial Officer before the bid date;
- be briefed on the project reviews particularly those attended by the Tenders & Projects Control Department during the preceding month;
- review matters reported by Internal Audit and/or the International Network Department; and
- be briefed on specific concerns and topics (e.g. cartography of risks, bidding policy for specific sensitive countries) which may arise from time to time and have an impact on the Sectors activities.

Sector procedures

In a similar way, each Sector has established risk review procedures, which are consistent with the Group's principles. In particular, the relevant Sector's Management must be advised of:

- important changes occurring after tender submission regarding tender assumptions and of the related impact on the assessment of relevant risks;
- material changes within project execution which could impinge significantly on the project result.

The Sector risk review procedures on tenders include a checklist of major risk elements to be systematically addressed. These elements include in particular, but are not limited to: customer profile, project contractual organisation and partnership, supplier/subcontracting risk, technical & technology risk, costs solidity, project schedule, contract terms & conditions, payment security, bank guarantees,

foreign exchange exposure, country risk, tax aspects, bid financials (selling price, margins, risks & opportunities, provisions, project cash profile, etc.). Any deviation to the Group's principles is highlighted and challenged. The implementation of the procedures and the formalisation of the review and approvals are supported in each Sector by a specific reporting and validation tool.

In addition, the Internal Control Manual specifies that project reviews held within the Sectors must be minuted and held every three months for contracts which could have a major effect on the relevant unit's financial performance, or every six months in other circumstances.

RISKS IN RELATION TO FINANCIAL MARKETS

Corporate funding & treasury

The Funding and Treasury Department defines rules and procedures regarding cash management, currency risk hedging, as well as bonds and guarantees. In addition, it manages the related risks (market, liquidity, foreign exchange and interest rate), the relationships with subsidiaries, the cash pooling structure and the netting process.

The central organisation facilitates the financial risk management as all financial transactions are performed or at least supervised by the Corporate front-office, reported in a dedicated reporting tool, and under the control of a strictly independent middle office. The Funding and Treasury Department is solely entitled to raise loans and invest cash surplus except when local regulations do not permit it. In such cases, the involvement and approval from the Funding and Treasury Department remain mandatory before any commitment. It has also defined a detailed list of authorised banks which the units are allowed to deal with. For further information regarding the management of financial risk, see Note 25 to the consolidated financial statements for the fiscal year ended 31 March 2012.

Corporate Pension Committee

Pensions and other employee benefits are governed and monitored by the Corporate Pension Committee which is composed of the Corporate Treasury, Consolidation and Compensation & Benefits functions, according to the following principles:

- participation of a Corporate officer to the Board of Trustees and/or Investment Committees;
- assets/liabilities management approach so that only risks necessary to cover Alstom's liabilities are taken;
- simplicity in the investment strategy to ensure visibility on the portfolio risk;
- systematic support from an external investment advisor in main countries;
- a global policy on employee benefits to address principles for pension plan design, funding & investment, administration and governance;
- a responsibility chart whereby changes to plan design, funding & investment and administration must be authorised by designated Corporate officers; and
- quarterly meetings of the Corporate Pension Committee to monitor the schemes' evolution.

RISKS IN RELATION TO INTERNATIONAL TRADE

Ethics & Compliance Department

The Group may use business advisors in order to build competitive sales offers.

Such a large and diversified company as Alstom, serving complex worldwide markets, cannot only rely on its own sales resources. Depending on the circumstances, the Sectors may need to complement their knowledge, their expertise and/or their sales resources by hiring reputed lobbyists or business advisors who are committed to act with integrity and to comply with Alstom rules as well as the international and local laws. These requirements are essential as risks exist for the Group, should such a business advisors behaves unethically and uses illegal practices.

In order to meet these objectives, Alstom has deployed all its efforts to strengthen its internal procedures, increasing centralisation of control pertaining to business advisory agreements.

To be in a position to control the relationship between a business advisor and a Sector, Group Instructions have been established and are checked at key milestones by the Ethics & Compliance Department. Alstom has deployed all its efforts since early 2000 to strengthen its internal procedures, increasing centralisation of control. In this respect the Ethics & Compliance Department acts as a quality control Department. It has introduced and implemented clear and transparent procedures, ensuring they are strictly applied in the operational Sectors and ensuring the use of external investigation tools and means to check the integrity and competence of appointed business advisors. The procedures are regularly strengthened to take into account past experience or proactive initiatives to eliminate possible risks. In December 2011, to have a comprehensive and harmonised policy to deal for all Sectors, after Grid's integration, an updated version have been published and widely communicated in the Group. The updated Group Instruction includes additional controls at key steps

The rules and procedure to manage the relationship with business advisors were granted a certificate in March 2009 by the company ETHIC Intelligence after an audit conducted by the Swiss company SGS.

As a next step, three certifications have been undertaken in 2011 by ETHIC Intelligence:

- the renewal of the certification of the procedure for business advisors for Thermal Power, Renewable Power and Transport, granted for 2 years in March 2009. The certificate was awarded on 8 April 2011;
- the certification of the "sales intermediaries" policy for Grid. The certificate was awarded on 17 May 2011; and
- the certification of the Alstom Integrity Programme as a whole, started in June 2011. The certificate was awarded on 12 September 2011.

Overall, in 2011, the audit was led in 8 countries located in 13 sites. 140 Alstom employees were interviewed, among whom the Chairman and Chief Executive Officer, members of the Executive Committee and of the Ethics & Compliance Department, Country

Presidents, representatives of Sales, Sourcing & Supply Chain, Project Management, Legal, Finance, Internal Audit, Communications, Human Resources, Sustainable Development functions and E&C Ambassadors. Five business advisors and two external audit companies were also included.

The certification of the Alstom Integrity Programme provides the following benefits:

- a clear statement at internal level that Alstom is fully committed to strictly apply the certified procedures corresponding to the highest international standards;
- the assurance that Alstom has implemented the appropriate rules; and
- a continuous improvement of the programmes in place thanks to the recommendations from the Certification Committee.

LEGAL RISKS

Legal function

The Legal Function is responsible for monitoring and mitigating risks arising out of the activities of the Group, as well participating in the Group's efforts to ensure full compliance with applicable laws and the Alstom Code of Ethics. Legal is comprised of Sector Legal Departments, Country Counsels and the Corporate Legal Department.

The Sector Legal Departments are headed by a Sector General Counsel, who reports functionally to the Group General Counsel and operationally to his Sector President. The Sector Legal Departments are responsible for handling legal matters for their Sector. They are in particular involved in the negotiation of contracts, from tendering to signature. They also participate in contract management, including legal training for contract managers, management of legal risks and legal support throughout the project execution. Legal support during execution involves preparing and negotiating contract modifications, preparing and negotiating customer, co-contractor and subcontractor claims, such as for extra time and costs, providing legal support in disputes resolution and negotiations with insurers. Contract management manuals have been implemented in the Sectors. The main risks in relation to contract performance are presented in the Risks Factors section of the Registration Document 2011/12 filed with the AMF.

The Country Counsels, appointed in several countries where the Group is present, provide legal support to one or more Sectors and are responsible for corporate law matters in their country. The Country Counsels report functionally to the Group General Counsel, operationally to their Country President, and as appropriate to the Sector General Counsels.

The Corporate Legal Department is headed by the Group General Counsel, reporting to the Chief Executive Officer. The Corporate Legal Department provides legal assistance to the Board of Directors and senior management, to other corporate functions, Sectors and Countries, as appropriate, in dispute resolution, acquisitions and disposals of businesses, finance and stock market law, insurance, intellectual property, competition law, sourcing and criminal law. The Ethics & Compliance Department reports to the Group General Counsel.

The Group General Counsel attends all Board, Audit, and EC&S Committees meetings to which he provides on a regular basis an update on ongoing legal proceedings and investigations.

The Corporate Legal Department handles major disputes affecting the whole Group, compliance matters involving criminal investigations and legal issues arising out of disposals not connected to a Sector (e.g. former Marine division). It monitors the Group exposure reporting relating to disputes. All Group legal entities must submit a report on being notified of a dispute or the commencement of a litigation and on becoming aware that a third party is likely to commence a dispute or claim. In addition, Country Counsels submit an Annual Report concerning the status of all potential or pending law suits. The Corporate Legal Department is responsible for analysing and compiling the Group Annual Litigation Report, which is submitted annually to the Corporate Disclosure Committee, the Audit Committee and the Group Statutory Auditors every year. The major legal risks and disputes are presented respectively in the Risks Factors section and Note 28.2 to the Consolidated Financial Statements of Registration Document 2011/12 filed with the AMF.

Legal provides at all levels of the Group (Sector, Country, Corporate) training on the management of legal risks to a wide and varied group of communities within the Group, such as Project Managers, Contract Managers, operational and functional Managers and Directors and Officers of the Group subsidiaries.

RISKS IN RELATION TO ENVIRONMENT, HEALTH AND SAFETY (EHS)

EHS Department

The Corporate EHS Department is responsible for defining the global risk management policy regarding EHS, coordinating and following EHS actions and programmes through the Group. It is supported in its mission by a network of EHS managers at country, business and Sector levels.

A global policy covering the management of EHS risks at an individual operating unit level has been put in place, to achieve a high level of performance including strict compliance of local norms and regulations. This global policy is designed and co-ordinated at Corporate level and is adapted and implemented locally. Independent specialists on risk analysis carry out the annual audit programme of Alstom manufacturing sites around the world. In addition to this, and in order to spread the Group EHS risk control system, an internal assessors accreditation programme is in place since 2008. Both internal and External Auditors support the operating units in the creation of specific action and improvement plans.

The completion of the action plans is measured and followed up through a monthly Corporate reporting process.

Through the programme, the Group seeks primarily to:

- develop products and services that have an acceptable impact on the environment along the product life cycle from manufacturing, product use to end of useful life;
- evaluate the environmental impact of new industrial processes prior to their implementation, as well as the discontinuation of existing processes or the disposal of existing sites;

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- improve technology in order to reduce the consumption of energy and natural resources and to minimise waste and pollution;
- ensure to its employees, suppliers and contractors, involved in contracts execution, the best risks protection regarding safety and health; and
- promote the application of the Group EHS management principles to its sub-contractors and suppliers.

EHS programmes are implemented at each of the operating units. Such programmes cover health and safety issues, both at the design stage of the workplace and product equipment through to their implementation and use, as well as Accident & Occupational Illness Prevention programmes.

A particular attention is given to high risks activities performed by Group employees, suppliers or contractors during contracts execution. A specific prevention plan is supervised by the Group VP EHS aiming to reduce the occurrence of severe accidents. This plan is regularly reported to the Executive Committee and the EC&S Committee of the Board.

The Assets & Business Interruption Management programmes are designed to minimise exposure to loss or damage to the Group's assets and to ensure business continuity. This includes exposure to fire, breakdown, and natural catastrophes, as well as theft or deliberate damage.

The EHS coordination guarantees the consistency of the prevention programmes at a central level. The EHS performance indicators are gathered on a monthly basis by a reporting system covering all the business and operational centres in order to guide the risk management approach.

During fiscal year 2011/12, 130 EHS audits were carried out, 48% by the accredited internal assessors and 52% by External Auditors. All these evaluations have been reviewed by the local Managing Directors in order to validate the suggested areas of improvement.

RISKS IN RELATION TO THE DESIGN AND USE OF COMPLEX TECHNOLOGY

Corporate procedure

The management of risks related to the design and use of complex technology is governed by the Corporate instruction "Design for Quality" (DFQ). This instruction defines how ALSTOM manages development of goods and services, especially the mandatory gate reviews to be held along each development phase from technology to product development and contract execution.

Each Sector has developed and implemented its own procedures and organisation to manage the R&D process in compliance with the Corporate instruction.

Sector procedures

Transport Design for Quality Procedure, completed with a set of checklists, define the detailed process, control milestones, actors' responsibilities, indicators and records to be implemented by each Product Line for technology development, product development and contracts.

Thermal Power & Renewable Power Technology Development Quality manual (TDQ) and Product Development Quality manual (PDQ) derive from the Design for Quality procedure and define similarly the processes, control milestones, roles and responsibilities, tools and practices to be implemented by each business. A dedicated tool supports the review and approval of technology risks included in offers and contracts.

Grid Design for Quality Instruction, in accordance with the Corporate Procedure, enacts the rules applying to the R&D process, including key steps and control milestones, roles and responsibilities, which are to be set up and followed by each Business. The Grid R&D White Book provides Business with supporting checklists, tools and best practices.

Sector organisations

The different development processes are all stage-gated with gate reviews starting at the initiation of the developments until the feedback of the customer.

In Transport Sector, the Technology Approval Board (TAB) validates new technologies and new architectures to be employed in the development of a product/system. The Technology Approval Board is chaired by the Transport Technical Advisor and is composed of the Transport R&D Controller, the Products Strategy Vice President of the involved Product Line and the Transport R&D Director. It is attended by the R&D Programme Manager and Platform Director involved. The closing of the technology phase by the Technology Approval Board is mandatory before entering the product development phase.

The Development Review Board (DRB) governs up-stream product development for Platforms, ensuring that product/system developments meet quality/cost/delivery performances. It also ensures that product/system development is in line with the Design for Quality process. The Development Review Board is chaired by the Product Line Senior Vice President involved, and is composed of the Finance Controller, the Products Strategy Vice President of the involved Product Line, and the Transport R&D Director. It is attended by the R&D Programme Manager and Platform Director involved. The DRD is the Body entitled to pronounce the "Free-For-Tender" of a new product/system, regarding the level of maturity of its development.

All gate reviews of the technology and product phases are validated by the Technology Approval Board and the Development Review Board. Gate reviews during contract development are validated by "Sourcing, Quality & Continuous Improvement", the Transport Quality organisation. A Gate Review Dashboard allows to monitor the progress of the gate reviews through a centralised tool.

In the Thermal Power and Renewable Power Sector, gate reviews for technology, product and contract developments are the responsibility of Steering Committees under the Chairmanship of the Business and Product Line management responsible for the product and involving the relevant functions. The transfer of a new technology into a product development is subject to a formal Release Gate Review (RGR) that must occur before the Product Concept Gate Review. The completion of the stages of development that could make a new product available for offer in the market is also controlled by a formal RGR.

Gate reviews during contract execution are organised at business and Sector level. The review process is ruled by a directive which specifies the minimum requirements. The Thermal Power and Renewable Power Technology function is responsible for deploying and implementing processes to make sure that R&D programs are executed timely and within budget and that appropriate reporting is done. This is measured on the Technology Balanced Score Card. The Technology function has launched in 2009 a standardisation of the technical risk management and reporting, allowing an aggregation of the technical risks for Thermal Power and Renewable Power.

A R&D Investment Board is in charge to ensure that Power development portfolio is reviewed and controlled. This Board is chaired by the Sector President, co-chaired by Technology Senior Vice President and composed of the Business Heads.

In Grid Sector, each Business is responsible for identifying the risks associated with the projects, as well as defining the means used to mitigate and eliminate these risks, in respect of Grid Quality processes.

Technology Development Quality process, which applies to new technologies, is supervised by Steering Committees involving R&D and Marketing management at the Sector, Business and Product Line levels. Gate Reviews are approved by Grid R&D Vice-President when implying emerging technologies and common projects, or by Business Unit R&D Vice-President for other projects.

For Product Development, Product Line Sales and Quality Directors are part of the Steering Committees. The decision to develop a new product must be previously approved by the Business Executive Vice-President, and further Gate Reviews are validated by the relevant functions at the Business and Product Line levels. The release of a new product offering must be supported by a Product Launch Plan performed by the Product Line management.

Enforcement and monitoring of the Design for Quality Process are under the responsibility of the Grid R&D Vice-President, the Business R&D Vice-President and the concerned Product Line R&D Directors. Product Line R&D Directors are also accountable for establishing a Technology and Product development strategic plan every year, which is reviewed and approved by the Sector R&D Vice-President and the Business R&D Vice-President.

PROCEDURES FOR THE PRODUCTION OF THE GROUP FINANCIAL STATEMENTS AND OTHER ACCOUNTING AND FINANCIAL INFORMATION

The accounts of reporting units are prepared in accordance with the Group's accounting policies.

The data is then adjusted, where necessary, to produce the local statutory and tax accounts. An integrated consolidation software is used for both management reporting purposes and also to produce the Group financial statements. The 2008 release of the consolidation software further facilitates the reconciliation between contract data and financial reporting.

The main reporting processes facilitate consolidation of financial data to produce the consolidated financial statements and forecast data, as well as regular management information.

ACCOUNTING STANDARDS

The consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union. The consolidated financial statements comply with accounting policies as detailed in Note 2 of the consolidated financial statements at 31 March 2012.

ACCOUNTS CLOSING PROCESS

The reporting units produce monthly statements which are used to determine the Group's monthly operating income, cash flow and balance sheet.

ROLE OF THE GROUP'S ACCOUNTING AND MANAGEMENT CONTROL DEPARTMENT

The list of entities to be accounted for by the equity or proportionate methods or fully consolidated is drawn up by the Group's Accounting and Management Control Department. This Department also checks the quality of the reporting packages submitted by the units, focusing primarily on inter-company eliminations, and the accounting treatment of non-recurring transactions for the period, and movements between the opening and closing balance sheet used to prepare the statement of cash flows and reconciliations between legal entities and reporting entities.

The Department also checks the results of procedures, including foreign exchange, inter-company eliminations, transfers to minority interests and recognition of the effects of changes in scope of consolidation.

The Group's consolidated financial statements are also analysed in detail, to understand and check the main contributions by Sectors, businesses or subsidiaries, as well as the transactions reflected in the accounts.

Key control points include the preparation and validation of the statement of changes in shareholder's equity and the statement of cash flows.

FINANCIAL INFORMATION AND REPORTING

The Group's rules and procedures in relation to financial reporting and accounting are set out in the Internal Control Manual and the Reporting and Accounting Manual.

Application and compliance with these principles, rules and procedures are under the direct responsibility of each unit Finance Director. All Finance Directors report directly to the financial officers of the relevant business and Sector and ultimately to the Group Chief Financial Officer.

Unit Finance Directors must ensure that information provided *via* the Group accounting and reporting information system covering the complete Group perimeter fully reflects required disclosures, the results of the period and the financial position at the end of the period in question and they must send a written confirmation thereof.

More precisely, each reporting unit must send to the Group Consolidation Department an annual self-assessment return, along with a checklist, which must be individually signed off by the responsible Finance Director and Managing Director. This

Chairman's report

checklist covers in particular, but is not limited to, cash and bank reconciliations, project reviews, provision movements, inter-company balances, hedging instruments, bonds and guarantees and significant accounting estimates and entries.

In addition, a checklist must also be signed off by each Sector Senior Vice President Finance.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make various estimates and use assumptions regarded as realistic and reasonable. These estimates or assumptions could affect the value of the Group's assets, liabilities, equity, net profit and contingent assets and liabilities at the date of the financial statements. Management reviews estimates on an on-going basis using currently available information. Actual results may differ from those estimates, due to changes in facts and circumstances.

For more information regarding the use of estimates and critical accounting policies, see Note 2.2 to the consolidated financial statements for the fiscal year ended 31 March 2012.

Estimates of future cash flows reflect Management's current best estimate of the probable outflow of financial resources that will be required to settle contractual obligations. The estimates are therefore subject to change, due to changes in circumstances surrounding the execution of contracts.

Management regularly reviews the effectiveness of internal control over financial reporting, in particular to ensure the timeliness and accuracy of accounting for transactions and assets in circulation, it verifies that transactions have been recorded consistently, in accordance with IFRS as applied by the Group and as set out in the Reporting and Accounting Manual.

Levallois-Perret, 3 May 2012

The Chairman of the Board of Directors

EXECUTIVE COMMITTEE

Composition as of 3 May 2012

The Executive Committee is composed of the following persons:

	Main Function	Entered Executive Committee Date	Age
Patrick Kron	Chairman and Chief Executive Officer	January 2003	58
Philippe Cochet	Executive Vice President; President of Thermal Power Sector	July 2011	52
Jérôme Péresse	Executive Vice President; President of Renewable Power Sector	July 2011	45
Henri Poupart-Lafarge	Executive Vice President; President of Transport Sector	October 2004	43
Grégoire Poux-Guillaume	Executive Vice President; President of Grid Sector	July 2011	42
Nicolas Tissot	Chief Financial Officer	May 2010	44
Keith Carr	General Counsel	July 2011	46
Bruno Guillemet	Senior Vice President Human Resources	July 2011	55

The Executive Committee met 11 times during the fiscal year.

Compensation of Members of the Executive Committee

The compensation of the Executive Committee members, excluding the Chairman and Chief Executive Officer, is decided annually by the Chairman and Chief Executive Officer and reviewed by the Nominations and Remuneration Committee. It consists of a fixed component and a variable component tied to the realisation of performance objectives determined at the beginning of the fiscal year.

For fiscal year 2011/12, the variable compensation is tied on the one hand, to the realisation of Group objectives related to free cash flow, operational margin and the level of margin in the backlog and also to the same objectives related to their only Sector for Sectors' Presidents, and on the other hand, to the realisation of specific objectives for each Sector or function. These specific objectives refer to the programmes of priority actions included in the budgets and strategic plans, and are evaluated by the Nominations and Remuneration Committee. If the set objectives are met, the financial objectives represent 30% or 36% depending on the members concerned and the specific objectives 20% or 24% of the annual base salary. The financial objectives can vary in a 0-60% or 0-72% range, and the specific objectives can vary in a 0-20% or 0-24% range, depending on performance. Therefore, the variable salary varies in a 0-80% or 0-96% range of the annual fixed salary depending on the members of the Executive Committee.

Total compensation packages are tied to both the Company's financial performance and individual and team contributions. They are based on best practices within the industry, compensation surveys and advice from specialised international counsels.

The overall amount of the gross compensation due to the members of the Executive Committee, excluding the Chairman and Chief Executive Officer's remuneration detailed on page 187, by the Company and the companies controlled by the Company within the meaning

of Article L. 233-16 of the French Commercial Code in respect of fiscal year 2011/12 amounted to €4,532,000. The fixed component represents €2,744,000 (seven members of the Executive Committee concerned as of 31 March 2012 of which two were present in the Group for nine months only, excluding the Chairman and Chief Executive Officer) and the variable component linked to the results of fiscal year 2011/12 represents €1,788,000 (seven members of the Executive Committee concerned as of 31 March 2012 of which two were present in the Group for nine months only, excluding the Chairman and Chief Executive Officer).

The total corresponding amount paid in respect of fiscal year 2010/11 to the members of the Executive Committee (five members of the Executive Committee concerned as of 31 March 2011, excluding the Chairman and Chief Executive Officer) was €4,671,000.

The members of the Executive Committee benefit from supplementary retirement schemes (defined contribution plan and defined benefit plan). The total amount of the defined benefit obligation as of 31 March 2012 for the members of the Executive Committee (except for the Chairman and Chief Executive Officer) is €2,326,510 including the legal retirement indemnities plus the taxes applicable to supplemental retirement schemes as increased since 1 January 2010.

The total amount of contributions paid by the Group, within the defined contribution plan, was €173,143 for the fiscal year 2011/12 (excluding the Chairman and Chief Executive Officer).

There are no amounts set aside or accrued to provide specific benefits to members of the Executive Committee (including the Chairman and Chief Executive Officer) other than amounts to provide pension or similar benefits.

STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF ALSTOM

Year ended 31 March 2012

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of ALSTOM, and in accordance with Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your company in accordance with Article L. 225-37 of the French Commercial Code for the year ended 31 March 2012.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code in particular relating to corporate governance.

It is our responsibility:

- to report to you our observations on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information set out in the Chairman's report. These procedures mainly consisted of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our work are properly described in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

OTHER INFORMATION

We attest that the Chairman's report sets out the other information required by Article L. 225-37 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, 4 May 2012

The Statutory Auditors

PricewaterhouseCoopers Audit
Olivier Lotz

Mazars
Thierry Colin

INTERESTS OF THE OFFICERS AND EMPLOYEES IN THE SHARE CAPITAL

Stock options and performance share plans

GRANTING POLICY

Generally every year, the Company sets up a stock options plan in France and outside France within the framework of the authorisation granted by the General Shareholders' Meeting.

The Board of Directors grants stock options plans upon the proposal of the Nominations and Remuneration Committee, which reviews all terms of these plans, including the granting criteria. The awards are made with a regular frequency, at the end of September each year. Exceptionally, the award of the 2010 Plan (LTI plan No. 13) was postponed to December 2010 due to the matters on the agenda of the September 2010 Board meeting.

Through the Long-term Incentive Plans that were put in place starting in the 2007/08 fiscal year, the Board of Directors wanted to combine the allocation of stock options with the free allocation of shares and subject the exercise of all stock options and the delivery of all shares to identical performance conditions and attendance requirements (please refer to the characteristics of these plans, as set forth in subsequent pages).

The respective proportions of stock options and performance shares allocated vary according to beneficiaries' level of responsibility, it being specified that the proportion of stock options increases as responsibility levels increase. With respect to the lowest hierarchical positions, only performance shares were allocated in this way within the framework of the LTI plans offered since fiscal year 2008/09.

Beneficiaries of stock options and performance shares are generally selected among the executives of profit centres, functional executives, country presidents, managers of large projects and, more generally, holders of key salaried positions in the Company and its subsidiaries, which have made a significant contribution to the Group's results.

During fiscal year 2011/12, these beneficiaries represent approximately 1,832 people (approximately 1,700 people in 2010/11) corresponding to 2% of total Group's employees (same rate since 2004).

Apart from the members of the Executive Committee, the choice of beneficiaries and the number of options and performance shares granted are based on the level of responsibilities and job performance of each person. Individual grants of members of the Executive

Committee are based on the level of responsibilities and are in line with market practice. Their grants are made within the plan put in place annually; the characteristics of the options and/or performance shares granted to members of the Executive Committee are similar to those of all the other grants.

As such, the long term incentive plan of 4 October 2011 (LTI No. 14) granted during fiscal year 2011/12 bears on a total amount of conditional stock options (1,369,180 stock options granted) and free performance shares (804,040 allocation rights granted) corresponding to 0.46% and 0.27%, respectively, of the share capital as of the grant date totalling 0.74% of the share capital.

The long term incentive plan (LTI No. 13) of 13 December 2010 bears on a total amount of conditional stock options (1,235,120 stock options granted) and free performance shares (740,860 allocation rights granted) corresponding to respectively 0.42% and 0.25% of the share capital as of the grant date, and a total of 0.67% of the share capital.

The policy followed by the Company consisting in defining the allocations in term of percentage of capital granted rather than in number of shares, which leads to a decrease in the number of options and performance shares granted when the share price is increasing and conversely has not been strictly followed for the LTI No. 14 in order to limit the potential dilution which may result from the Plan.

Executive Committee's members (excluding the Chairman and Chief Executive Officer) received in 2011, 275,000 conditional stock options and 33,000 free performance shares representing 14% of the total number of options and free performance shares granted.

For information on the allocation to the Chairman and Chief Executive Officer, see section Compensation of Executive and Non-Executive Directors of the Chairman's report (see pages 187 and 188).

The Company reserves the right to set up new plans in the future combining allotment of stock options and free shares, for amounts based on the level of responsibilities and job performance of the beneficiaries. As done in the past, the Company may continue to make the exercise of all or part of the future grants conditional to the achievement of performance conditions linked to the Group's financial objectives.

MAIN CHARACTERISTICS OF THE STOCK OPTIONS

- Frequency: annual allocation at the end of September of each year. In 2010, the allocation has been exceptionally completed in December 2010.
- No discount: yes.
- Term of the options: 8 years (since the LTI plan No. 12).
- Exercise deferral: 3 years.
- Shares can be sold: at expiration of a 4-year period for French residents (3-year period for non French residents).
- Performance conditions: yes (since fiscal year 2006/07, all options are granted subject to Group performance conditions to be met as of the end of the third fiscal year or of each of the three fiscal years – the latter applies to the two last plans – ended following the grant date).
- Holding requirement: yes, for the members of the Executive Committee since fiscal year 2007/08 (see below).

For each plan, the options' subscription price, determined by the Board when the Board of Directors grants the options, has no discount. It corresponds to the average price of the shares during the twenty trading days preceding the day when the Board of Directors grants the options.

The option life of the plans was ten years and has been reduced to eight years as from the LTI plan No. 12 granted on 21 September 2009. The options are generally exercisable at the expiry of a vesting period of three years as from the grant date. In France, as per current tax law, beneficiaries shall also keep the shares subscribed up until the expiry of a four-year period following the grant date of the plan.

Since 2004, over the eight plans set up, seven plans make the exercise of all or part of the options conditional to the achievements of Group's financial objectives. Since 2006, all the options granted are conditional and submitted to the achievement of internal performance conditions set forth in the table below. The performance condition retained since 2006 is the future operating margin level of the Group, which is the same criterion used for performance shares and the objectives of the Group. As of today, it was not considered appropriate to add to this internal performance criteria, an external criteria based on the performance of the Group compared to those of competitors whose scopes are not directly comparable.

Under the plan granted during fiscal year 2011/12 (LTI plan No. 14 of 4 October 2011), the percentage of options exercisable will be subject to the achievement of predetermined Group's operating margin levels for the fiscal years 2011/12, 2012/13 and 2013/14 (see Note 21 to the consolidated financial statements for fiscal year 2011/12).

The exercise of options is also subject to the beneficiary's presence within the Group, with some exceptions. Plans No. 7, 8 and 9 allowed an early exercise before the expiry of the three-year vesting period in certain circumstances of change of control, among which in case of a public offering to buy and/or exchange the Company's shares.

MAIN CHARACTERISTICS OF THE PERFORMANCE SHARES

- Frequency: annual allocation at the end of September of each year.
- Performance requirement: yes, the final allocation of all shares is contingent upon the satisfaction of Group performance requirements as of the end of the third fiscal year or of each of the three fiscal years – the latter applies to the two last plans – ended following the grant date.
- Final allocation: once in full at expiration of a 3-year term for French residents and of a 4-year term for non French residents.
- Holding requirement: 2 years for French residents.
- Specific holding requirement for members of the Executive Committee: yes since fiscal year 2007/08 (see below).

Generally speaking, the shares are allocated following an acquisition period of three years following the date upon which the Board of Directors allocated the shares in France or four years outside of France, subject to satisfying performance requirements linked to the Company.

The definitive allocation of the performance shares to beneficiaries within the LTI plans granted since 2007, is subject to the same conditions associated with the Group's performance at the end of or over a three-year period as the exercise of the conditional stock options. The definitive allocation is also subject to conditions associated with the executive's presence within the Group, save in exceptional cases as provided for in the plan.

The LTI plan No. 14 granted on 4 October 2011 renders the percentage of effective allocation of the shares subject to the achievement of predetermined Group's operating margin levels for the fiscal years 2011/12, 2012/13 and 2013/14 (see Note 21 to the consolidated financial statements for fiscal year 2011/12).

These are new shares to be issued at the moment of their final allocation by deduction from the reserves.

While subject to these set conditions being satisfied, the definitive allocation of shares under the LTI plan No. 14 can occur (with the exception of the occurrence of an early definitive allocation) following an acquisition period ending, for beneficiaries residing in France, on the day the Group's consolidated financial results for the 2013/14 fiscal year are published and, for the beneficiaries who do not reside in France, four years following the date upon which the Board of Directors allocated the shares, subject to the beneficiaries' presence within the Group, save in exceptional cases as provided for in the plan.

REQUIREMENT TO HOLD THE SHARES APPLICABLE TO MEMBERS OF THE EXECUTIVE COMMITTEE – RULES OF CONDUCT

For each plan since the 2007 plan (LTI No. 10), the Board of Directors determines the custody requirements applicable to executive and Non-Executive Directors (mandataires sociaux), which have also been made applicable to beneficiaries who are members of the Executive Committee.

Therefore, for the entire period of time during which they perform their duties, such beneficiaries must hold, in registered form, a number of shares resulting from the exercise of options and the free allocation granted within these plans and corresponding to 25% of the theoretical net gain (after taxes and social security withholdings)

Interests of the officers and employees in the share capital

calculated on each date of exercise of options and on the effective date of allocation of the performance shares.

Moreover, rules of conduct applicable within the Group in case inside information is held, prevent any sale of shares during periods preceding the approval of the Group's results and more generally when inside information is held. Any request to exercise stock options is subject to prior authorisation of the Human Resources Department in order to monitor compliance with the blackout trading periods by beneficiaries registered on the Group's insiders lists (see also pages 178 and 179). In addition to this lock-up requirement applicable only to insiders, specific legal obligations are also applicable to all recipients of performance shares, irrespective of whether or not they hold the status of insider. Such obligations preclude them from selling any performance shares during certain periods determined by law.

SUMMARY OF THE MAIN CHARACTERISTICS OF THE STOCK OPTIONS PLANS GRANTED OUTSTANDING AT THE END OF FISCAL YEAR 2011/12

The total number of options that could be exercised according to the outstanding plans corresponds to 2.71% of the share capital as of 31 March 2012 (subject to achievement of the performance conditions – see Note 21 to the consolidated financial statements as of 31 March 2012).

The main characteristics of all stocks option plans implemented by the Company and outstanding as of 31 March 2012 are summarised below. No other company of the Group has implemented stocks option plans giving right to the Company's shares.

	Plan No. 7 (conditional options)	Plan No. 8	Plan No. 9 (conditional options)	Plan No. 10 included in plan LTI No. 10 (conditional options)	Plan No. 12 included in plan LTI No. 12 (conditional options)	Plan No. 13 included in plan LTI No. 13 (conditional options)	Plan No. 14 included in plan LTI No. 14 (conditional options)
Date of Shareholders' Meeting	9 July 2004	9 July 2004	9 July 2004	26 June 2007	26 June 2007	22 June 2010	22 June 2010
Date of Board meeting	17 Sept. 2004	27 Sept. 2005	28 Sept. 2006	25 Sept. 2007	21 Sept. 2009	13 Dec. 2010	4 October 2011
Initial exercise price ⁽¹⁾	€17.20	€35.75	€74.66	€135	€49.98	€33.14	€26.39
Adjusted exercise price ⁽²⁾	€8.60	€17.88	€37.33	€67.50	-	-	-
Beginning of stock options exercise period	17 Sept. 2007	27 Sept. 2008	28 Sept. 2009	25 Sept. 2010	21 Sept. 2012	13 Dec. 2013	4 October 2014
Expiry date	16 Sept. 2014	26 Sept. 2015	27 Sept. 2016	24 Sept. 2017	20 Sept. 2017	12 Dec. 2018	3 October 2019
Number of beneficiaries	1,007	1,030	1,053	1,196	436	528	514
Total number of options (adjusted if any) ⁽²⁾	5,566,000	2,803,000	3,367,500	1,697,200	871,350	1,235,120	1,369,180
Total number of exercised options	4,488,319	1,641,557	526,967	1,000	0	0	0
Total number of cancelled options ⁽²⁾	421,200	270,500	366,250	196,900	54,700	109,130	104,990
Number of remaining options to be exercised as of 31 March 2012 ⁽²⁾	656,481	890,943	2,474,283	1,499,300	816,650 ⁽⁴⁾	1,125,990 ⁽⁵⁾	1,264,190 ⁽⁵⁾
Percentage of capital as of 31 March 2012 that may be created	0.223%	0.302%	0.840%	0.509%	0.277% ⁽⁴⁾	0.382% ⁽⁵⁾	0.429% ⁽⁵⁾
Number of shares that may be subscribed as of 31 March 2012 by members of the Executive Committee ^{(2) (3)}	9,572	8,000	325,000	171,00	125,250 ⁽⁴⁾	134,150 ⁽⁵⁾	375,000 ⁽⁵⁾
of which number of shares that may be subscribed by Mr Patrick Kron as of 31 March 2012	-	-	240,000	115,000	80,000 ⁽⁴⁾	-	100,000 ⁽⁵⁾

(1) Subscription price without discount corresponding to the average opening price of the shares during the 20 trading days preceding the day on which the options were granted by the Board. For plan No. 7, the initial exercise price has been multiplied by 40 to take account of the Company's share consolidation of 3 August 2005.

(2) Option plan No. 7 have been adjusted to consider the Company's share consolidation of 3 August 2005: a new share with a nominal value of €14 for 40 shares with a nominal value of €0.35. Then option plans No. 7, 8, 9 and 10 have been adjusted to take into account the two-for-one split in the par value from €14 to €7 as of 7 July 2008.

(3) Refers to members of the Executive Committee as of 31 March 2012 and not to members as of the grand date.

(4) After the 2011/12 fiscal year ended, 60% of these options were cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012). Only 40% of these options will accordingly be exercisable.

(5) After the 2011/12 fiscal year ended, 10% of these options were cancelled upon the application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (See Note 21 to the consolidated financial statements as of 31 March 2012).

Interests of the officers and employees in the share capital

Terms of exercise/Performance conditions ^{(6) (7)}

Plan No. 7 (conditional options)	Plan No. 8	Plan No. 9 (conditional options)	Plan No. 10 included in plan LTI No. 10 (conditional options)	Plan No. 12 Included in plan LTI No. 12 (conditional options)	Plan No. 13 Included in plan LTI No. 13 (conditional options)	Plan No. 14 included in plan LTI No. 14 (conditional options)
<ul style="list-style-type: none"> 100% of options can be exercised from 17/09/2007, upon the following conditions being met: the exercise of 50% of options granted was conditional to 2 targets being met at the 2005/06 financial year closing; the targets have been met: a positive free cash flow of the Group and a Group operating margin above or equal to 5% as per IFRS rules. 	<ul style="list-style-type: none"> 100% of options can be exercised from 27/09/2008. 	<ul style="list-style-type: none"> 100% of options can be exercised from 28/09/2009 if the 2007/08 Group operating margin (the "2007/08 Margin") is equal or above 7.5%. 80% of options can be exercised if the 2007/08 Margin is between 7% (included) and 7.5% (excluded). 40% of options can be exercised if the 2007/08 Margin is below 7%. <p>Performance condition met: 100% of the options exercisable as from 28/09/2009.</p>	<ul style="list-style-type: none"> 100% of options can be exercised from 25/09/2010 if the 2009/10 Group operating margin (the "2009/10 Margin") is equal or above 8.5%. 80% of options can be exercised if the 2009/10 Margin is between 8% (included) and 8.5% (excluded). 40% of options can be exercised if the 2009/10 Margin is between 7.5% (included) and 8% (excluded) No option can be exercised if the 2009/10 Margin is below 7.5%. <p>Performance condition met: 100% of the options exercisable as from 25/09/2010.</p>	<ul style="list-style-type: none"> 100% of options can be exercised from 21/09/2012 if the 2011/12 Group operating margin (the "2011/12 Margin") is equal or above 8.7%. 80% of options can be exercised if the 2011/12 Margin is between 8.2% (included) and 8.7% (excluded). 60% of options can be exercised if the 2011/12 Margin is between 7.2% (included) and 8.2% (excluded). 40% of options can be exercised if the 2011/12 Margin is between 6.5% (included) and 7.2% (excluded). No option can be exercised if the 2011/12 Margin is below 6.5%. <p>Performance condition met: Only 40% of the options will be exercisable as from 21/09/2012</p>	<ul style="list-style-type: none"> The percentage of options which can be exercised from 13/12/2013 will vary according to predetermined levels of the Group's operating margin for the 2010/11, 2011/12 and 2012/13 fiscal years (the "Margins"). 100% of options can be exercised if the Margins are equal or above 7.5%. No option can be exercised if the Margins are below 6.5%. <p>For more details, refer to Note 21 to the consolidated financial statements as of 31 March 2012.</p> <p>Status of achievement: As of today, 70% of the options are vested and 10% are cancelled based on the performance conditions linked to the results of fiscal years 2010/11 and 2011/12. The remaining options will be subject to the results of fiscal year 2012/13.</p>	<ul style="list-style-type: none"> The percentage of options which can be exercised from 4/10/2014 will vary according to predetermined levels of the Group's operating margin for the 2011/12, 2012/13 and 2013/14 fiscal years (the "Margins"). 100% of options can be exercised if the Margins are equal or above 7.5%. No option can be exercised if the Margins are below 6.5%. <p>For more details, refer to Note 21 to the consolidated financial statements as of 31 March 2012.</p> <p>Status of achievement: As of today 30% of the options are vested and 10% are cancelled based on the performance condition linked to the results of fiscal year 2011/12. The remaining options will be subject to the results of fiscal years 2012/13 and 2013/14.</p>

(6) The exercise is also subject to employment condition within the Group unless exception.

(7) The thresholds of the operating margin for fiscal year 2011/12 referred to in LTI No. 12 have been adjusted by the Board of Directors to take into account the temporary dilutive impact of the integration of Grid. (see Note 21 to the financial statements as of 31 March 2011).

Interests of the officers and employees in the share capital

Plans No. 3 and No. 5, granted in 2001 and 2005 respectively, expired during fiscal year 2009/10. No option was exercised under these plans. Plan No. 6 granted in 2003 expired during fiscal year 2010/11. Plan No. 11 became entirely null and void as the performance conditions linked to the results of fiscal year 2010/11 were not achieved. No option has been exercised under this plan.

After the fiscal year-end, 60% of the stock options offered in the context of LTI plan No. 12 and 10% of those offered in the context of LTI plans No. 13 and No. 14 were cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012).

CONDITIONAL STOCK OPTIONS GRANTED TO ALSTOM'S EXECUTIVE AND NON-EXECUTIVE DIRECTORS (MANDATAIRES SOCIAUX) DURING FISCAL YEAR 2011/12 AND OPTIONS EXERCISED BY THEM

The total number of options granted during fiscal year 2011/12 under plan LTI No. 14 to Mr Patrick Kron, Chairman and Chief Executive Officer of the Company and the only Executive Director (*dirigeant mandataire social*) of the Company as of 31 March 2012, is provided in the Compensation of Executive and Non-Executive Directors (*mandataires sociaux*) section of the Chairman's report (see pages 188, 192 and 193). No options were exercised by him during such fiscal year.

The allocation granted to Mr Philippe Joubert under this plan in connection with his position as Deputy Chief Executive Officer was cancelled as a result of his resignation from his corporate mandate effective on 1 February 2012 (see page 190). The Deputy Chief Executive Officer did not exercise any options over the course of the fiscal year.

The Company has granted no options to any other *mandataire social* during fiscal year 2011/12.

CONDITIONAL STOCK OPTIONS GRANTED DURING FISCAL YEAR 2011/12 TO THE TEN EMPLOYEES WHO ARE NOT ALSTOM'S EXECUTIVE OR NON-EXECUTIVE DIRECTORS AND WHO RECEIVED THE LARGEST NUMBER OF OPTIONS

A total of 317,420 conditional options was granted to the ten employees who received the greatest numbers of options (other than *mandataires sociaux*) under plan LTI No. 14.

STOCK OPTIONS EXERCISED DURING FISCAL YEAR 2011/12 BY THE TEN EMPLOYEES WHO ARE NOT ALSTOM'S EXECUTIVE OR NON-EXECUTIVE DIRECTORS AND WHO EXERCISED THE LARGEST NUMBER OF OPTIONS

	Number of shares subscribed ⁽¹⁾	Average share price ⁽¹⁾ (in €)
Total number of options exercised during the fiscal year by the ten first employees who are not Executive or Non-Executive Directors and who exercised the largest number of options	33,890	15.02

(1) Relates to exercise of options of plan No. 7, No. 8 and No. 9. Figures have been adjusted to consider the two-for-one stock split as of 7 July 2008.

SUMMARY OF THE MAIN CHARACTERISTICS OF THE FREE PERFORMANCE SHARE ALLOCATION PLANS OUTSTANDING AS OF THE END OF FISCAL YEAR 2011/12

The total number of performance shares that could be delivered according to the performance share plans during fiscal year 2011/12 and not already finally delivered corresponds to 0.51% of the share capital as of 31 March 2012 (subject to achievement of the performance conditions – see Note 21 to the consolidated financial statements as of 31 March 2012).

Interests of the officers and employees in the share capital

	2009 Plan (LTI No. 12) (performance shares)	2010 Plan (LTI No. 13) (performance shares)	2011 Plan (LTI No. 14) (performance shares)
Date of Shareholders' Meeting	26 June 2007	22 June 2010	22 June 2010
Date of Board meeting	21 September 2009	13 December 2010	4 October 2011
Initial number of beneficiaries	1,360 beneficiaries	1,716 beneficiaries	1,832 beneficiaries
Initial number of rights entitling their holders to an allocation of shares	522,220 shares	740,860 shares	804,040 shares
Number of remaining rights as of 31 March 2012 entitling their holders to an allocation of shares	471,420 shares ⁽⁴⁾	683,310 shares ⁽⁵⁾	766,200 shares ⁽⁵⁾
Final delivery of the shares (subject to performance conditions)	<ul style="list-style-type: none"> For beneficiaries of French companies: the fifth business day following the day of publication of the consolidated accounts for fiscal year 2011/12 (e.g. May 2012). For beneficiaries of companies outside France: 23 September 2013. 	<ul style="list-style-type: none"> For beneficiaries of French companies: the fifth business day following the day of publication of the consolidated accounts for fiscal year 2012/13 (e.g. May 2013). For beneficiaries of companies outside France: 15 December 2014. 	<ul style="list-style-type: none"> For beneficiaries of French companies: the fifth business day following the day of publication of the consolidated accounts for fiscal year 2013/14 (e.g. May 2014). For beneficiaries of companies outside France: 5 October 2015.
Percentage of capital that may be created (calculated on the capital as of 31 March 2012)	0.160% ⁽⁴⁾	0.232% ⁽⁵⁾	0.260% ⁽⁵⁾
Number of shares that may be delivered to members of the Executive Committee ⁽¹⁾	6,560 shares ⁽⁴⁾	11,490 shares ⁽⁵⁾	43,000 shares ⁽⁵⁾
Performance conditions ^{(2) (6)}	<ul style="list-style-type: none"> 100% of the shares delivered if the 2011/12 Group operating margin (the "2011/12 Margin") is equal or above 8.7%. 80% of the shares delivered if the 2011/12 Margin is between 8.2% (included) and 8.7% (excluded). 60% of the shares delivered if the 2011/12 Margin is between 7.2% (included) and 8.2% (excluded). 40% of the shares delivered if the 2011/12 Margin is between 6.5% (included) and 7.2% (excluded). <p>No shares delivered if the 2011/12 Margin is below 6.5%. Performance condition achieved: 40% of the shares will be delivered as a result of the achievement of the performance condition.</p>	<ul style="list-style-type: none"> The percentage of shares to be delivered will vary according to the levels of the Group's operating margin for the 2010/11, 2011/12 and 2012/13 fiscal years (the "Margins"). 100% of the shares can be delivered if the Margins are equal or above 7.5%. No share can be delivered if the Margins are below 6.5%. <p>For more details, refer to Note 21 to the consolidated financial statements as of 31 March 2012.</p> <p>Status of achievement: As of today, delivery of 70% of the shares is certain and 10% of the award is cancelled based on the performance conditions linked to the results of fiscal years 2010/11 and 2011/12. The remaining shares will be subject to the results of fiscal year 2012/13.</p>	<ul style="list-style-type: none"> The percentage of shares to be delivered will vary according to the levels of the Group's operating margin for the 2011/12, 2012/13 and 2013/14 fiscal years (the "Margins"). 100% of the shares can be delivered if the Margins are equal or above 7.5%. No share can be delivered if the Margins are below 6.5%. <p>For more details, refer to Note 21 to the consolidated financial statements as of 31 March 2012.</p> <p>Status of achievement: As of today, delivery of 30% of the shares is certain and 10% of the award is cancelled based on the performance condition linked to the results of fiscal year 2011/12. The remaining shares will be subject to the results of fiscal years 2012/13 and 2013/14.</p>
Shares retention period	<ul style="list-style-type: none"> 2 years, except for shares to be delivered on 23 September 2013 unless exception set forth by the plan ⁽³⁾. 	<ul style="list-style-type: none"> 2 years, except for shares to be delivered on 15 December 2014 unless exception set forth by the plan ⁽³⁾. 	<ul style="list-style-type: none"> 2 years, except for shares to be delivered on 5 October 2015 unless exception set forth by the plan ⁽³⁾.

(1) Refers to the Executive Committee as of 31 March 2012. The number of rights to which Mr Patrick Kron is entitled under LTIP Plan No. 14 is presented in the section Compensation of Executive and Non-Executive Directors of the Chairman's report (see page 193).

(2) Final allocations are also contingent upon attendance requirements within the Group unless an exception is made within the plan.

(3) A specific holding requirement applies to the beneficiaries who are members of the Executive Committee (see page 210).

(4) After the fiscal year 2011/12 ended, 60% of the rights to the grant of free shares offered have been cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of 31 March 2012). Only 40% will be delivered.

(5) After the fiscal year 2011/12 ended, 10% of these rights were cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (See Note 21 to the consolidated financial statements as of 31 March 2012).

(6) The thresholds of the operating margin for fiscal year 2011/12 referred to in LTI No. 12 have been adjusted by the Board of Directors to take into account the temporary dilutive impact of the integration of Grid. (see Note 21 to the consolidated financial statements as of 31 March 2011)

Interests of the officers and employees in the share capital

The free shares plan LTI No. 10 was fully and finally delivered during the fiscal year 2011/12 with the final allocation on 26 September 2011 of the balance of shares that were subject to a vesting period of 4 years (with no holding period).

The Plan LTI No. 11 became null and void as the performance conditions linked to the results of the fiscal year 2010/11 approved by the Board on 3 May 2011, were not reached. No performance share was delivered under this plan.

After the fiscal year-end, 60% of the rights to the grant of free shares offered in the context of LTI plan No. 12 and 10% of those offered in the context of LTI plans No. 13 and No. 14 were cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year approved by the Board of Directors on 3 May 2012 (see Note 21 to the consolidated financial statements as of fiscal year 2011/12).

FREE ALLOCATION OF SHARES TO ALSTOM'S EXECUTIVE AND NON-EXECUTIVE DIRECTORS (MANDATAIRES SOCIAUX) DURING FISCAL YEAR 2011/12

The total number of performance shares allocated under Plan LTI No. 14 to Mr Patrick Kron, Chairman and Chief Executive Officer of

the Company and the only Executive Director (*dirigeant mandataire social*) of the Company as of 31 March 2012, is indicated in the section of the Chairman's report related to the compensation of Executive and Non-Executive Directors (see pages 188 and 193).

The allocation granted under this Plan to Mr Philippe Joubert in his capacity as Deputy Chief Executive Officer has been cancelled following his resignation from his mandate effective on 1 February 2012 (see page 190).

The Company has granted no performance share to any other *mandataire social* during fiscal year 2011/12 or under Plans previously implemented by the Company.

FREE SHARES ALLOCATED DURING FISCAL YEAR 2011/12 TO THE TEN EMPLOYEES WHO ARE NOT ALSTOM'S EXECUTIVE OR NON-EXECUTIVE DIRECTORS AND WHO RECEIVED THE LARGEST NUMBER OF FREE SHARES

A total of 39,940 performance shares was granted to the ten employees who received the greatest numbers of conditional free shares (other than *mandataires sociaux*) under Plan LTI No. 14.

Free shares plans for the subscribers outside France to "Alstom Sharing" offers

Within the employee share purchase schemes called "Alstom Sharing 2007" and "Alstom Sharing 2009" (described hereafter page 217) reserved for Group employees and former employees participating in the Group's savings plan in 19 and 22 countries respectively including France, implemented during the fiscal years 2007/08 and 2008/09, the Board of Directors decided that the employees outside France subscribing to the "structured" formula will receive, instead of the employer company match offered to the subscribers to this formula in France, shares allocated for free by ALSTOM. These are new shares to be issued at the moment of their final allocation by deduction from the reserves.

ALSTOM SHARING 2007

After having acknowledged the completion of the capital increase reserved for members of the *plan d'épargne Groupe* Alstom (the "Alstom Group Savings Plan", or "PEG") and of the capital increase reserved for the Company "Sharing Plus" proposed within the framework of the Alstom Sharing 2007 offering, the Board of Directors, acting pursuant to the powers granted to it by the Shareholders' Meeting held on 26 June 2007, decided on 18 March 2008 to carry out this free allocation, the principle of which was agreed to on 25 September 2007. The Board consequently, decided that a maximum number of 51,336 new shares of par value €14 each to be issued by the Company (or 102,672 shares of par value €7 each following the two-for-one split in the par value of the share dated 7 July 2008), would be allocated for free to subscribers of the "leverage" formula of the Alstom Sharing Plus 2007 offering in Australia, Belgium, Brazil, Canada, China, Germany, India, Italy, Malaysia, Mexico, The Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States, on the basis of one free share for each FCPE unit or share subscribed

(depending on the case) by a given participant under the "leverage" formula, up to a maximum of four free shares per participant.

These free shares will be issued and delivered in one time to the participants on 1 July 2013, after the acquisition period ending on 30 June 2013 (unless early delivery events) provided that the employee is still part of the Alstom Group, save in exceptional cases as provided for in the plan. At that time, participants may sell the free shares freely, except for beneficiaries residing in France or subject to a French social security regime as of the date the shares are delivered. Indeed, following the acquisition period, these latter beneficiaries will be subject to a two-year period during which the shares cannot be sold.

ALSTOM SHARING 2009

Within the framework of the Alstom Sharing 2009 offering, after having acknowledged the completion of the capital increase reserved for members of the Alstom Group Savings Plan (*plan d'épargne Groupe*) and of the capital increase reserved for Sharing Plus, the Board of Directors, acting pursuant to the powers granted to it by the Shareholders' Meeting dated 26 June 2007, decided on 4 May 2009 to carry out the free allocation, the principle of which had been decided on 23 September 2008. Consequently, the Board of Directors decided that a maximum amount of 137,817 new shares to be issued by the Company of par value €7 each would be allocated for free to subscribers of the offering known as Two for One 2009 residing outside of France in Australia, Belgium, Brazil, Canada, the Czech Republic, China, Germany, India, Indonesia, Italy, Malaysia, Mexico, the Netherlands, Poland, Portugal, Romania, Spain, Sweden, Switzerland, the United Kingdom, and the United States within the proportions set by the terms of the offering and up to the limit of a maximum amount of 15 free shares per participant.

Interests of the officers and employees in the share capital

These free shares will be issued and delivered to the participants in one time on 1 July 2014, after the acquisition period ending on 30 June 2014 (unless early delivery events) provided that the employee is still part of the Alstom Group, save in exceptional cases as provided for in the plan. At that time, participants may sell the free

shares freely, except for beneficiaries residing in France or subject to a French social security regime as of the date the shares are delivered. Indeed, following the acquisition period, these latter beneficiaries will be subject to a two-year period during which the shares cannot be sold.

SUMMARY OF THE CHARACTERISTICS OF THE OUTSTANDING FREE SHARE ALLOCATION PLANS CARRIED OUT WITHIN THE FRAMEWORK OF THE "ALSTOM SHARING" OFFERINGS

	Alstom Sharing 2007 Plan	Alstom Sharing 2009 Plan
Date of Shareholders' Meeting	26 June 2007	26 June 2007
Date of Board meeting	26 September 2007-18 March 2008	23 September 2008-4 May 2009
Initial number of beneficiaries	13,400 beneficiaries exclusively outside France	11,068 beneficiaries exclusively outside France
Initial number of rights entitling their holders to an allocation of shares (adjusted) ⁽¹⁾	102,672 shares	137,817 shares
Number of remaining rights as of 31 March 2012 entitling their holders to an allocation of shares	94,216 shares	131,511 shares
Issue and final delivery of the shares	1 July 2013	1 July 2014
Percentage of capital as of 31 March 2012 that may be created	0.03%	0.05%
Number of shares that may be delivered to members of the Executive Committee	-	-
Performance conditions	N/A	N/A
Shares retention period	None (unless exception set forth by the plan)	None (unless exception set forth by the plan)

(1) Alstom Sharing 2007 Plan has been adjusted to consider the two-for-one stock split as of 7 July 2008.

The total maximum number of shares that can be delivered according to the two outstanding "Alstom Sharing" share plans corresponds to 0.08% of the share capital as of 31 March 2012.

Employee profit-sharing

PROFIT SHARING

All the French subsidiaries of the Group to which the French law of 7 November 1990 applies have entered into employee profit sharing agreements. An exceptional profit-sharing scheme (*accord de participation dérogatoire*) benefiting at least 90% of the employees of the French companies of the Group took effect on 30 September 2011. The amounts paid in respect of the French statutory employee profit sharing agreements over the last three years are as follows:

Fiscal year ended 31 March (in € million)	2009	2010	2011
Statutory employee profit sharing agreements	15.5	22.6	20.3

SPECIFIC PROFIT SHARING

As of today, more than 98% of employees in the Group's French subsidiaries benefit from a specific profit sharing plan (*accord d'intéressement*). The amounts paid in respect of fiscal year 2011/12 are not yet known to date, because they depend on a series of criteria defined in profit sharing plans applicable for each subsidiary, the final result of which are known within six months as from the end of fiscal year, i.e. 30 September of each year. The amounts paid in respect of specific profit sharing plans for the past three fiscal years are as follows:

Fiscal year ended 31 March (in € million)	2009	2010	2011
Specific employee profit sharing plans	30.4	29.2	44.2

EMPLOYEE SAVINGS PLAN AND RETIREMENT SAVINGS PLAN

Today, Alstom's French employees can invest their savings resulting from profit-sharing, specific profit-sharing, or voluntary savings

in the Group Savings Plan not invested in the Company securities or in a "PERCO" collective savings and retirement plan. This latter plan receives an employer matching contribution from the Company in the maximum amount of €500 for €1,500 contributed over the year. In 2011, the French employees contributed €16.3 million in

Interests of the officers and employees in the share capital

the Group Savings Plan and €9.2 million in the PERCO savings plan. These contributions to the PERCO triggered an employer matching contribution of €2.8 million paid by Alstom. The employer matching contribution for 2011 is particularly high due to its payment on a quarterly basis as from 2011.

EMPLOYEE SHAREHOLDINGS WITHIN THE GROUP SAVINGS PLAN

Within the Group Savings Plan, employee savings can also be invested in the Company securities.

Since its initial public offering and first listing, the Company implemented five share capital increases reserved for the employees participating in the Group Savings Plan. For the first one realised concurrently with the first listing in 1998, a total of 2,941,869 shares were issued at a price of FRF167 per share (corresponding, after the share consolidation of 3 August 2005, to the equivalent of 73,546 new shares issued at the price of €1,018.36 per share).

In August 2000, a capital increase reserved for employees of the Company and its subsidiaries participating in the Group Savings Plan was approved for fiscal year 2000/01. As a result of this share capital increase, 1,689,056 new shares, with a nominal value of €6 per share, were issued at €24 per share (*i.e.*, after stock split, 84,452 new shares at €480 per share). These two operations have been directly subscribed by the employees.

In November 2004, a new capital increase was offered to the Company's employees (as well as to its former employees) in eight countries including France. Around 13,000 employees have subscribed this capital increase through a mutual fund in France and directly in the other countries. The capital increase brought in the subscription of 49,814,644 shares at a nominal value of €0.35 each and issued at €0.35 per share (equivalent to, after the par value split, 2,490,732 new shares at a price of €7 per share); the shares were offered with an employer matching contribution (for employees only) of €0.135 per old share with a maximum amount of €810 per subscriber.

ALSTOM SHARING 2007

During fiscal year 2007/08, an employee share purchase scheme called "Alstom Sharing 2007" reserved for Group employees (and former employees) with three months' seniority was offered in 19 countries including France. A total of 1 million shares were offered under both a formula known as "leverage" formula and a "classic" formula and this offering for the subscription of shares was conducted within the framework of the Group Savings Plan (hereinafter referred to as the "PEG").

Approximately 32% of the Group's eligible permanent employees (or approximately 18,800 employees) have subscribed to this capital increase, either through direct shareholding or *via* a *fonds commun de placement d'entreprise* (French employee shareholding vehicle, or "FCPE"), depending on the countries. The capital increase brought in the subscription of 350,012 shares with a par value of €14 each (or 700,024 shares of par value €7 each following the two-for-one par value split), corresponding to a capital increase par value amount of €4,900,168 and issued at a price of €113.93 per share (or €56.97 following the par value split) which includes a 20% discount relative to the average of the first prices of the ALSTOM share during the twenty trading days preceding the fixing of the price.

The shares or FCPE units subscribed will remain locked up to 30 June 2013, with the exception of the occurrence of early exit events.

In France, the employees subscribing to the "leverage" formula benefited from an employer matching contribution in an amount corresponding to the amount of their own personal contribution, which was limited to the subscription of four shares at the subscription price (or eight shares of par value €7 each following the split). Outside of France, this employer matching contribution has been replaced by shares allocated for free by the Board of Directors in its meeting of 18 March 2008 (see page 215 on this free allocation of shares).

Within the framework of the "leverage" formula, the leverage mechanism offered by the partner bank in certain cases took the form of an allocation of Stock Appreciation Rights (SARs) by the employer. Consequently, the transaction gave rise to a capital increase reserved for Sharing Plus, a company held by the credit institution participating in the offering, at the Company's request, for the implementation of the "leverage" formula in certain countries outside of France. This capital increase bears on the subscription of 256,808 shares of a par value of €14 each, issued at the unit price of €113.93, and representing a par value capital increase amount of €3,595,312 (corresponding to an amount of 513,616 shares at a price of €56.97 each following the par value split).

ALSTOM SHARING 2009

During fiscal year 2008/09, an employee share purchase scheme called "Alstom Sharing 2009" reserved for Group employees (and former employees) with three months' seniority was offered within the PEG in 22 countries including France through an offer called "Two for One 2009" and a "classic" offer. Approximately 28% of the Group's eligible permanent employees (or approximately 18,400 employees) have subscribed to this capital increase.

On 30 April 2009, the capital increase brought in the subscription of 743,606 shares with a par value of €7 each, corresponding to a capital increase par value amount of €5,205,242 (*i.e.* 0.26% of the share capital as of 31 March 2009) and issued at a price of €30.84 per share, which includes a 20% discount relative to the average of the first prices of the ALSTOM share during the twenty trading days preceding the fixing of the price. The shares or FCPE units subscribed will remain locked up to 30 June 2014, with the exception of the occurrence of early exit events.

In addition, outside of France, the employer matching contribution offered within the framework of the "Two for One 2009" offering was replaced by a free allocation of shares implemented by the Board of Directors held on 4 May 2009 (see page 215 for information on this free allocation).

The transaction also gave rise, on 30 April 2009, to a capital increase reserved for Sharing Plus, a company held by the credit institution participating in the offering at the Company's request for the implementation of the protection of the subscriber's personal contribution in the "Two for One 2009" offer, in certain countries outside of France which took the form of an allocation of Stock Protection Rights by the employer. This capital increase bears on the subscription of 348,505 shares of a par value of €7 each, issued at the unit price of €30.84, and representing a par value capital increase amount of €2,439,535.

As of 31 March 2012, the Group's employees and former employees hold approximately 1.45% of the Company's share capital, either directly or through a fund ("FCPE") (see page 286).

Summary of the operations of Executive and Non-Executive Directors or people mentioned in Article L. 621-18-2 of the French Monetary and Financial Code on the securities of the Company performed during fiscal year 2011/12

The following transaction has been declared to the AMF by the person concerned:

Notifying person	Financial instrument	Type of operation	Number of operations	Amount of operations
G�rard Hauser, Director	Shares	Acquisition	1	�9,959,

RELATED-PARTY AGREEMENTS AND COMMITMENTS

See the Statutory Auditors' special report to the Shareholders' Meeting convened on 26 June 2012 (page 152).

STATUTORY AUDITORS

Statutory Auditors

PricewaterhouseCoopers Audit

represented by Mr Olivier Lotz
63, rue de Villiers
92200 Neuilly-sur-Seine

Mazars SA

represented by Mr Thierry Colin
61, rue Henri Regnault
92400 Courbevoie

The Statutory Auditors were appointed by the Ordinary General Meeting held on 23 June 2009 for six fiscal years expiring when the Ordinary General Meeting will be called to review the accounts for fiscal year 2014/15.

Deputy Statutory Auditors

Mr Yves Nicolas

Deputy Auditor of PricewaterhouseCoopers Audit
63, rue de Villiers
92200 Neuilly-sur-Seine

Mr Patrick de Cambourg

Deputy Auditor of Mazars SA
61, rue Henri Regnault
92400 Courbevoie

The deputy Statutory Auditors were appointed by the Ordinary General Meeting held on 23 June 2009 for six fiscal years expiring when the Ordinary General Meeting will be called to review the accounts for fiscal year 2014/15.

Statutory Auditors' fees for fiscal year 2011/12

The Statutory Auditors' fees for fiscal year 2011/12 are included under Note 30 to the consolidated financial statements for fiscal year 2011/12.

External Audit Charter

In March 2010, ALSTOM and its new Statutory Auditors formalised, following the Audit Committee's approval, the new Audit Charter applicable until 31 March 2015 when the current Statutory Auditors' engagement comes to an end.


This charter defines the Group's external audit process under the various applicable laws and rules. By formalizing it, the parties officially commit themselves to respecting the said charter and to aiming for more transparency and efficiency.

The main rules defined apply to the following topics:

- principles on fee and assignment split between both auditing firms;
- work process between the two audit firms and relationship with ALSTOM, notably with the Internal Audit function;
- relationship between the Statutory Auditors and the Audit Committee;
- defining the allocation principles of assignments accessory to the audit mandate;
- reminder of pre-approval procedure of these assignments and of pre-approved assignments;
- reminder of prohibited assignments.

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SUSTAINABLE DEVELOPMENT AND ALSTOM'S SOCIAL RESPONSIBILITY

Alstom's contribution to Sustainable Development: Policy of Corporate Social Responsibility with quantitative objectives

MEET TODAY'S NEEDS WITHOUT COMPROMISING THE FUTURE AND CONTRIBUTE TO ACCESS TO ELECTRICITY AND MOBILITY FOR ALL

By 2050, there will be approximately 9 billion inhabitants in the world, living mainly in cities. They will need clean and affordable energy and efficient transportation means. Fossil-based energy sources, which represent 75% of today's energy consumption⁽¹⁾, will not be enough and means of transportation will have to be reviewed. In addition, their usage entails the major disadvantage of generating carbon dioxide (CO₂), a greenhouse gas (GHG), and pollutants which have a long-term impact on the environment, health and climate change.

2012 has been declared "Year of Sustainable Energy for All" by the United Nations General Assembly. Energy is a critical enabler of sustainable development. Providing electricity for businesses, communities and the wider economy to prosper and providing jobs are imperative to favour the growth of developing countries.

All parties involved in economic development are aware of this fact. There will not be one solution, but a combination of solutions made possible by the implementation of innovative technologies. Their development will require that governments be involved via coordinated action plans, with special attention given to developing countries. 60% of the infrastructures which will supply the world's electricity in 2030 are yet to be built. It is essential that they benefit from environmental-friendly technologies as quickly as possible.

GROUP CORPORATE SOCIAL RESPONSIBILITY (CSR)

Technology and new business models contribute to solve social and environmental issues. Alstom leads in designing innovative, environmentally-conscious technology solutions for power generation, power transmission and transport.

Alstom works to enhance access to electricity and facilitate mobility, ensuring sustainable economic growth and social progress across the value chain.

The Group's responsibility is also to manage its day-to-day activities whilst in partnership with its stakeholders and taking into account their expectations.

The main axes of the Group's policy are:

1. Environment:

- provide planet-conscious products, systems and solutions, helping its customers limit their impact on the environment;
- reduce the environmental footprint of its products and solutions;
- mitigate the impact of its operations on people and the environment.

2. Stakeholders:

- commit to customer satisfaction;
- develop an active partnership with suppliers, to achieve sustainable value chains;
- increase involvement in the life of surrounding communities.

3. Employees:

- offer the best working conditions;
- give everyone the opportunity to reach their potential professionally;
- leave no employee alone to cope with an employment problem.

This policy is outlined in subsections "Environmental performance", "Relationships with external stakeholders" and "Social performance".

The environmental performance is measured against five objectives: ISO 14001 certification in all manufacturing sites over 200 people, energy and GHG intensities reduction, water consumption reduction in water-stressed areas, volatile organic component (VOC) reduction and waste recycling.

Regarding social aspects, five programmes have been put in place: offering the best working conditions, reinforcing the company culture, adapting the workforce to the activities and markets via appropriate measures, developing competencies and managing careers, promoting equal opportunities.

The Group commits to implement its policy and ensure compliance with its internal rules across the full range of its operations.

(1) Source: International Energy Agency.

Sustainable development and Alstom's social responsibility

A REINFORCED ORGANISATION

At Group level, the CSR policy is under the responsibility of the Senior Vice President Strategy and Development.

In September 2010, the Alstom Board decided to create a new committee in charge of Ethics, Compliance and Sustainability (ECS). The ECS committee is composed of three independent directors. It reviews and assesses the Company's strategy, policies and procedures on issues related to corporate responsibility and sustainable development. (See Corporate governance – Charman's report -Board Committees).

In each Sector, a dedicated team is in charge of implementing the Group policies and setting specific programmes related to the Sector's activity. The objective is that all Group employees participate actively in living the values and achieving the objectives set by the Group's Corporate Social Responsibility vision.

STEERING THE ENVIRONMENTAL POLICY

Alstom has set up an organisation with follow-up tools to implement its environmental policy:

- a network of 520 managers, coordinated and animated by the Environment Health and Safety (EHS) Department at Group level;
- a management system using a standard chart called "EHS Roadmap". The Roadmap covers a range of areas including environmental management, water, ground and air pollution, waste production and recycling, and site security. It also deals with health and occupational injury prevention. All units are requested to implement a self-assessment using the "EHS Roadmap". At 31 March 2012, 140 EHS units (60% of the total) had conducted a self-assessment, with the Grid Sector progressively deploying it. These evaluations are checked by either external assessors or in-house specialists (accredited assessors). 130 assessments took place over fiscal year 2011/12, of which around half were completed by external assessors;
- a monthly reporting which covers over 90% of all employees working in the permanent facilities.

STEERING THE SOCIAL POLICY

- a network of 880 managers, coordinated and animated by the Human Resources (HR) Department at Group level;
- a policy called "It's all about people" and mandatory HR processes summarised in a brochure updated in 2009 and issued to all Alstom managers;

- a single Human Resources information system (HRIS). The HRIS was extended to Grid as of 1 April 2011;
- a management system for occupational injury prevention, based on the "EHS roadmap", identical to the one used for environmental management;
- a dashboard with indicators (the indicators are reported in this registration document).

STEERING THE POLICY REGARDING COMMUNITIES

Alstom's policy regarding communities is based on the Group's approach to be a local player. It relies on the Alstom International Network covering 179 countries. The role of the Country Presidents is to represent the Group locally and to develop relations with local institutions, organisations and communities.

DEFINITION OF INDICATORS

This section includes information as per Article L. 225-102-1 of the French Commercial Code and the decree and order.

Indicator data come from different sources:

- regarding social aspects, the indicators come from the Group HRIS or from a survey conducted in 21 countries on the figures of calendar year 2011 (Australia, Belgium, Brazil, Canada, China, Croatia, the Czech Republic, France, Germany, India, Italy, Malaysia, Mexico, Poland, Spain, Switzerland, Singapore, Sweden, Turkey, the UK, the USA), representing 87% of Alstom's workforce;
- regarding health and safety aspects, 18 indicators are reported monthly in the global EHS reporting platform "Teranga" and allow the Group to generate 12 additional indicators;
- regarding environmental aspects, 39 indicators are reported quarterly and 16 annually, which allow the Group to generate 12 additional indicators.

These indicators refer to the "Global Reporting Initiative" (GRI). However, certain indicators are not yet available on a consolidated basis or have been considered irrelevant with regard to the Group's diversified operations or due to difficulties in adopting standard definitions for all sites worldwide. In such cases, they have not been mentioned or have been limited in scope, which is then specified.

INDICATORS/KEY FIGURES

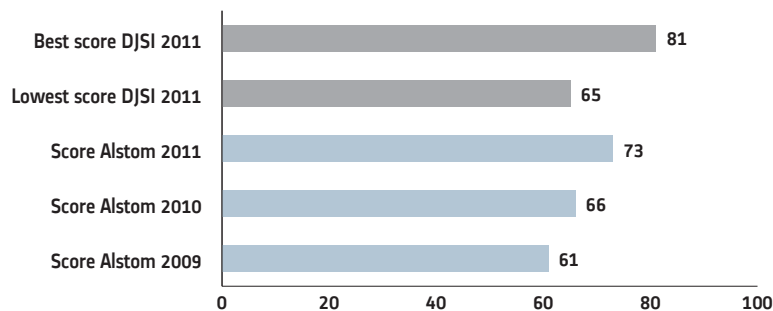
Indicators used for monitoring the performance of the Group	GRI Reference	Pages
Social Indicators		
Total Headcount	LA 1	247
Workforce by region	LA 1	249
Workforce by category (managers / non-managers)	LA 1	247
Workforce by Sector	LA 1	248
Percentage of women in the Group	LA 13	248
Percentage of female managers or engineers	LA 13	256
Turnover rate	LA 2	253
Number of employees who have received training on ethics	SO 3	251
Number of annual performance interviews	LA 2	255
Percentage of employees covered by a collective agreement	LA 4	261
Percentage of employees trained	LA 11	255
Average training hours per employee	LA 11	255
Injury frequency rate	LA 7	246
Injury severity rates	LA 7	246
OHSAS 18 000 Certification		236
Percentage of employees covered by an insurance in the event of accidental death	LA 12	247
Percentage of disabled people	LA 13	259
Number of employees covered by a profit-sharing agreement		253
Number of employees receiving a bonus remuneration		252
Relationships with suppliers and contractors (number of charters signed)	HR 2 - 6 - 7	266
Environmental Indicators		
Number of self-assessments on the "EHS roadmap"		223
ISO 14 001 Certification		236
Percentage of manufacturing sites of more than 200 employees certified ISO 14 001		236
Energy intensity	EN 1	237
Natural gas consumption	EN 1	237
Butane, propane and other gas consumption	EN 1	237
Heavy and fuel oil consumption	EN 1	237
Steam / heat consumption	EN 1	237
Electricity consumption	EN 1	237
Coal and other fuels consumption	EN 1	237
GHG emissions intensity	EN 16	238
CO ₂ emissions	EN 16	239
VOC emissions	EN 16	241
SO ₂ emissions	EN 16	242
NO _x emissions	EN 16	242
SF ₆ emissions	EN 16	239
Total waste production	EN 22	242
Waste production of which is recovered	EN 22	242
Percentage of recovered waste	EN 22	242
Total water consumption	EN 8	240
Total water consumption in areas affected by water restrictions	EN 8	240
Discharges of chemical oxygen demand in water	EN 21	241
Discharges of suspended matters in water	EN 21	241
Discharges of hydrocarbons in water	EN 21	241
Discharges of metals in water	EN 21	241

Sustainable development and Alstom's social responsibility

ASSESSMENT OF ALSTOM'S SOCIAL RESPONSIBILITY BY THIRD PARTIES

Alstom's social responsibility performance is measured by rating agencies such as SAM, EIRIS, Vigeo or Oekom with different methods and criteria.

The chart below summarises the evaluation of the Group's social responsibility in 2011 by the Switzerland-based rating agency SAM (Sustainable Asset Management) which rated Alstom as "Bronze Class". This places Alstom in the top 4% of the best companies of the Industrial Engineering (IEQ) sector (based on the Dow Jones Global Total Stock Market Index), with a good overall sustainability performance, especially in the environmental dimension.



This performance allowed Alstom to be selected in September 2011 as an index component on the Dow Jones Sustainability World Index and the Dow Jones Sustainability Europe Index.

Power Sectors' Sustainable Development strategy

In a constantly growing world where more than 1 billion people do not have access to electricity, there are numerous challenges for the power generation industry. The priority for Alstom is to generate clean, affordable and reliable energy. Both Renewable Power and Thermal Power Sectors support this priority and a common strategy has been established: the Clean Power Offering.

This strategy is organised around three axes:

- **Reducing the cost of electricity generation**, to ensure asset competitiveness and enable utilities to deliver affordable energy.

For both the new equipment and the installed base offering, the cost of electricity is driven down through component performance, plant optimisation, higher net efficiency, larger plant size design to decrease capital cost per MW installed, reduced operating and maintenance costs and shorter lead time. Cost reduction can also be achieved by optimising the product designs to maximise the use of modular designs and systems with improved constructability.

As far as the installed base is concerned, the cost of electricity is mainly driven down by the increase in the energy efficiency achieved thanks to the retrofit.

One estimates that, on average, the retrofit of a steam turbine or a hydro turbine can raise efficiency by around 5%.

- **Increasing the flexibility of electricity generation** to ensure that assets can adapt to both the fluctuating electricity demand with variable fuel market conditions and the increasing share of intermittent renewable power generation.
- **Lowering the environmental footprint**, through initial eco-friendly design.

Both the Thermal Power and the Renewable Power Sectors are delivering power generation solutions focused on these strategic axes to enable customers to optimise the performance of their future fleet. "Power 2020" is a 10-year view aimed at identifying business models and portfolio offerings, required to support the Business and Sectors in achieving their visions.

Additional activities are performed to support the Power Sectors with their sustainable development commitments. Initiatives are launched or consolidated under the management of the "Project Sustainability". The actions address the management of ecological, social and economic impacts either in Alstom facilities (offices or factories) or in products. These initiatives focus mainly on life-cycle assessments, green factory buildings, suppliers and contractors compliance or quantification of CO₂ avoided by customers.

CLEAN POWER OFFERING & CLIMATE CHANGE

190 million tons of CO₂ avoided in 2010 for Alstom customers from the operation of power projects completed between 2002 and 2010.

As a global provider of power generation technologies and service solutions, Alstom strongly supports the implementation of effective CO₂ emission reduction paths in the power generation activity leading to a limitation of the global impact of climate change. In order to stabilise temperature increase at a level of 2°C by 2100, the global power generation sector would need to reduce by more than 10Gt of CO₂ emissions every year between now and 2035 compared to the reference scenario (IEA World Energy Outlook 2010). The Clean Power offering is Alstom's commitment allowing to escape "Business-as-Usual" scenarios, and realise emission reduction paths with today's available and economically viable state-of-the-art power generation and service solutions.

All projects where Alstom has supplied one or many major power generation components impacting the efficiency of the installed base are systematically assessed in terms of their contribution to reduce CO₂ emissions for their respective customers. For this purpose Alstom develops a quantification approach on the basis of the international standard "GHG protocol" jointly developed by the World Resources Institute (WRI) and the World Business Council for Sustainable

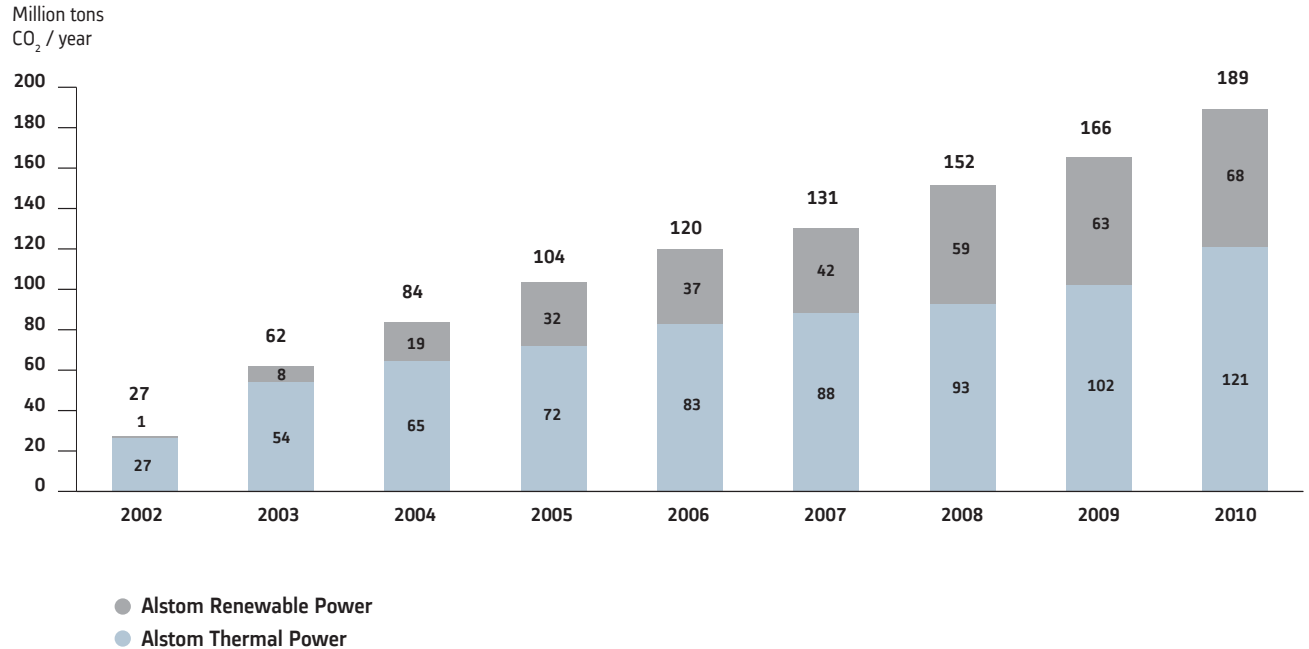
development (WBCSD). Thanks to this methodology, Alstom is able to measure the positive impact of its Clean Power Offering expressed in tons of CO₂ avoided.

In accordance with the ISO standard 14064-3, PricewaterhouseCoopers Audit expressed an opinion on the CO₂ emissions reduction calculated by Alstom over projects completed in 2009 and 2010. The corresponding reasonable assurance report, issued in April 2012, is available from Alstom Power.

Results of the quantification in 2011:

The results of the study demonstrated that, from a total of 1,323 new build and service projects supplied by Alstom Thermal Power and Alstom Renewable Power and completed between 2002 and 2010, the plant owners were able to reduce around 189 million tons of CO₂ per year by the end of 2010 compared to their corresponding Business-as-Usual scenarios. This cumulative figure results from the withdrawal of 503 million tons of CO₂ per year from the closure of existing power plants and from the avoidance of adding 458 million tons of CO₂ per year from alternative new power plants, while emitting 772 million tons of direct CO₂ emissions per year from power projects with Alstom technologies or benefiting from Alstom services, completed between 2002 and 2010.

CUMULATIVE ANNUAL CO₂ AVOIDANCE FOR THE GLOBAL POWER GENERATION SECTOR ACHIEVED WITH THE OPERATION OF THERMAL POWER AND RENEWABLE POWER OFFERINGS COMMISSIONED BETWEEN 2002 AND 2010 (BASED ON FIRST YEAR OF OPERATION VALUES).



The study proves that, thanks to this diversified portfolio, all power technologies and fuel types can contribute to abate CO₂ emissions in their respective grid contexts. 121 million tons of the cumulative yearly CO₂ emission reductions by the end of 2010 have been achieved with non-renewable power projects. Since 2002 the share of emission reductions from renewable sources has been continuously increasing from 31% at the end of 2006 up to 36% by the end of 2010. The results

of the study also reflect the need and potential of deploying clean power technologies in developing countries as a key lever to address the climate change challenge. By the end of 2010, 68% of the total CO₂ reductions from Alstom projects completed between 2002 and 2010 (representing 130 million tons of CO₂ yearly) came from projects executed in developing countries, positioning Alstom at the forefront of the providers of ambitious economically viable CO₂ solutions.

Sustainable development and Alstom's social responsibility

SUSTAINABLE DEVELOPMENT STRATEGY IN THE THERMAL POWER SECTOR

In the Thermal Power Sector, the implementation of the sustainable development strategy focuses on three main axes.

REDUCTION OF THE COST OF ELECTRICITY TO ENABLE UTILITIES TO DELIVER AFFORDABLE ELECTRICITY THROUGH IMPROVED EFFICIENCY, RETROFIT AND CONSTRUCTION COSTS REDUCTION

A better efficiency not only reduces the cost of electricity, but at the same time, significantly contributes to the reduction of CO₂ emissions and of natural resources consumption.

INCREASE EFFICIENCY OF STEAM POWER PLANTS

Increasing efficiency from 30% to 40% would reduce CO₂ emissions by 24% on coal plants.

A current example of Alstom's advanced position in efficiency performance is the ultra-supercritical hard coal power plant RDK 8 in Germany, which will be commissioned in 2012. It will be one of the first plants in the world with a steam pressure/temperature of 275 bar/600°C and a reheat temperature of 620°C. The resulting net efficiency will exceed 46%. The lignite-fired Niederaussem power plant in Germany is another example of Alstom's technology leadership. Alstom has delivered one of the world's largest and most advanced supercritical lignite boilers with an output of 1000MW and a net efficiency over 43%.

In the future, innovations will lead to steam power plants with net efficiencies above 50%. Technologies that Alstom is working on include the continuous development of new materials which will enable steam parameters to increase above 700°C, the development of lignite drying technology, flue gas heat recovery systems and double reheat steam cycles.

INCREASE EFFICIENCY OF GAS POWER PLANTS

Over the years, Alstom has made major system and component innovations, introduced incrementally, with successive gas turbine upgrades. The most recent upgrades of the GT24™ and GT26™ were announced last year, delivering a significant increase in performance as well as an improved operational flexibility, including the capability to go down to 20% load and lower whilst still maintaining low NO_x emissions.

The efficiency of the KA26 Combined Cycle Power Plant continues to increase and with the latest GT26™ upgrade, it is now able to achieve a combined cycle gross efficiency of more than 61%.

INCREASING FLEXIBILITY TO ENSURE THAT ASSETS ADAPT TO THE FLUCTUATING ELECTRICITY AND FUEL MARKET CONDITIONS AND TO THE INCREASING PROPORTION OF RENEWABLE ENERGY PRODUCTION

Increasing the flexibility of thermal power plants is required to enable the high penetration of intermittent renewable power into the grid. It is also essential to ensure thermal asset profitability despite changing market conditions and to deliver power on demand.

- The Steam business is continuously developing the operational flexibility of the steam power plant offering. One example is the dynamic response technology, which enables rapid changes in load to support grid frequency.

Besides the operational flexibility, the Steam business offers an advanced product portfolio with a wide range of fuel flexibility, including difficult-to-burn low rank coals. Alstom provides fuel handling and preparation, boiler and emission control systems to burn petcock, anthracite, bituminous, sub-bituminous, lignite, biomass (100% and co-firing), wastes, gas and oil with optimised performance and minimum emissions.

The Narva project, under construction in Estonia, makes use of Circulating Fluidised Bed (CFB) technology to burn locally available oil-shale together with up to 50% biomass, to provide a sustainable solution to the customer while reducing the environmental impact.

- The Gas business is also working on increasing the flexibility of gas turbine technologies. In the last decade, Alstom has introduced a number of technology improvements to answer this challenge. For more than 20 years, Alstom has been the pioneer in operational flexibility, since the introduction of the unique sequential combustion design.

In addition to an advanced work on gas plants flexibility, the Research and Development team is developing a new offer which combines thermal and renewable sources of energy. In the future, Alstom will be able to propose a solar and gas combined cycle plant integrated in a hybrid configuration. Both the solar field and the combined cycle generate steam that is sent to a shared steam turbine/generator, allowing a 24/7 dispatchable power. Alstom's preliminary concepts, based on Alstom partner's BrightSource Energy solar field, show that a large portion of a solar energy can be integrated into an Alstom Combined Cycle Power Plant. This type of plant can either lower the gas consumption and CO₂ emissions or increase the plant output whilst improving the overall efficiency.

- The Automation and Control business is working towards the optimisation of power plants use, therefore leading to better efficiency and flexibility. Automation and control solutions optimise the use of each type of power equipment (for example, the optimisation of the electricity quality produced by the generator) as well as the full regulation of all power plant assets (turbine, generator, boiler, and so on) including the balance of the plant. With more than 120,000 control points on large coal plants and simulation tools, Automation and Control enables the plant owner to reduce emissions and to increase the plant efficiency. The use advanced control technologies embedded with Distributed Control Systems has demonstrated the improvement of 0.5% of the boiler heat rate and a decrease by 12% in NO_x emissions for coal power plants not equipped with Selective Catalytic Reduction (SCR) or Selective Non-Catalytic Reduction (SNCR). Beyond the power plant, a new range of automation and control solutions enables Power Utilities to manage their entire generation fleet and adapt their production more easily to the market needs and rules.

FOCUS ON THE ENVIRONMENTAL FOOTPRINT TO INCREASE ASSET ECO-FRIENDLINESS

The combustion of fossil fuels (coal, oil and gas) discharges more CO₂ than any other energy source. Nevertheless, they will continue to be a major source of electricity generation due to their wide availability (providing security of supply), ease of access and low cost. Efficiency and flexibility are key levers to reduce costs and limit the environmental impact as illustrated in the previous chapters. In addition, concern over the environmental footprint of the offering is addressed by:

- limitation and capture of traditional pollutants (e.g. SO_x, NO_x, particulates, mercury or heavy metal);
- reduction and capture of CO₂ emissions;
- design efforts to reduce water intensity, land use, visual impact and noise.

LIMITATION AND CAPTURE OF TRADITIONAL POLLUTANTS EMISSIONS

All businesses reduce the traditional pollutants emission levels by increasing the efficiency of their products. For example, for gas turbine technology, besides higher power output and higher efficiency, low emissions are essential. The unique sequential combustion with EV (environmental) and SEV (sequential environmental) burners has maintained the level of the NO_x emissions of the GT24™ and GT26™ at better than required low levels. New developments have demonstrated the possibility to keep the low level of NO_x emissions at very low loads, giving another competitive advantage to these machines.

To reduce the remaining pollutants, Alstom provides leading-edge Air Quality Control Systems (AQCS) for electricity generation facilities and industrial applications. Alstom has developed a wide range of post-combustion solutions to capture traditional pollutants such as SO_x, NO_x and particulates. Alstom continuously improves its products to stay ahead of tightening regulations around the world. Today, Alstom's AQCS technologies can achieve the removal of up to 99% of SO_x, up to 95% of NO_x and over 99.75% of particulates.

Mercury emissions are a growing concern, particularly in the United States of America where strict federal emission limits on hazardous air pollutants, including acid gases, are in force. Alstom's portfolio of mercury control products achieves well over 90% removal and encompasses three technologies: KNX™, Filsorption™, and MerCure™. As required, these products can be deployed independently or jointly for higher performance, lower operating costs and better ash quality.

REDUCTION AND CAPTURE OF CO₂ EMISSIONS

As fossil fuels will continue to account for about 60% of the electricity production in 2030⁽¹⁾, the implementation of Carbon Capture & Storage (CCS) technologies is essential to limit the CO₂ emissions and therefore the climate change. Alstom focuses on both post-combustion and oxy-combustion technologies, as these can be applied to new power plants as well as the installed base. These technologies are currently under development and a number of pilots and demonstration projects around the world are already in operation or under construction. Alstom has also signed several

agreements with utilities and oil companies for further pilot CO₂ capture plants, using both oxy-combustion and post-combustion methods, in Canada, France, Germany, Norway, Poland, Sweden and the USA. One recent example is the signature of a feasibility study agreement for the first large scale CCS demonstration project in China (with the China Datang Corporation), capable of capturing above 1,000,000 metric tons of CO₂ annually with Alstom oxy-firing technologies.

Alstom's CO₂ capture technologies will be available on a commercial basis for full-scale power plant applications from around 2015/16.

DESIGN EFFORTS TO REDUCE ENVIRONMENTAL IMPACT

In addition to air emissions, Alstom considers water as another key challenge. It is the reason why Alstom continues to investigate opportunities for reduced water intensity impact from its power plants. These include designs for desalination incorporated into power plants, as well as the development of technologies for water recovery from lignite drying, flue gas heat recovery, carbon capture systems. Water produced from these sources can meet the plants operating requirements and potentially those of the local communities without consuming additional energy.

Building on extensive experience, Alstom has applied its plant optimisation capabilities to maximise the efficiency of the Medupi and Kusile coal power plants in South Africa, reducing both the level of CO₂ emissions (compared with the existing fleet) and the water consumption, a critical sustainability factor for this water-stressed area, by the use of the largest air cooled condensers ever built.

Alstom's Gas business has worked on another environmental impact: the integration of a power station in the landscape. The Langage 878MW Combined Cycle Power Plant, inaugurated on 21 March 2011, is a KA26-2 plant owned by Centrica Langage Limited. It was built by Alstom under a full turnkey contract. This project posed an interesting challenge. As it was located in the southwest of England, a very rural part of the UK, close to the city of Plymouth and a national park, Alstom had to ensure that the new power plant had as low a visual impact as possible from an architectural standpoint. A noticeable feature of this power plant is the low height of the two Heat Recovery Steam Generators (HRSG). To mitigate the visual impact of the HRSGs, Alstom lowered the foundations by around ten meters so that the overall height of the HRSGs was at the same level as that of the main turbine hall. In addition, the two gas turbine air intake systems were integrated within the turbine building and as such are only visible from above. The net result is a very compact, clean and stylish power plant. The Langage power plant is the perfect blend of high technical-engineering expertise and harmonious architectural design to best fit in with the rural Devon region.

SUSTAINABLE DEVELOPMENT STRATEGY IN THE RENEWABLE POWER SECTOR

In Renewable Power Sector, the sustainable development strategy focuses on low carbon technologies. Environmental footprint reduction is achieved through increasing efforts to improve the eco-friendliness of our solutions, civil engineering costs, land optimisation, visual impact or noise disturbance of the wind turbines.

(1) Source: International Energy Agency.

Sustainable development and Alstom's social responsibility

HYDROPOWER

Hydropower represents the world's most important source of renewable energy accounting for 16% of the global electricity generation⁽¹⁾. Up to now, Alstom has provided about 25% of the installed base hydro-electric capacity in the world. Alstom is the leader for new hydropower plants, refurbishment and the upgrading of existing plants and services thanks to its full range of equipment including turbines, generators, control systems, hydro mechanical equipment. Outputs range from 1MW to 900MW units.

Alstom is also the market leader for Pumped Storage Plants (PSP), the only existing mass-storage means for energy. The Variable Speed PSP is the technology chosen for two large projects in Switzerland (Limmern and Nant de Drance) as well as the Tehri project in India.

Alstom has put a strong focus on making this environmentally friendly technology even greener by developing dedicated solutions to improve the integration of hydroelectricity into the environment.

WIND POWER

Wind power will provide a significant part of the total electricity generated from renewable energy sources by the year 2020 and, according to the European Wind Energy Association targets, Europe should reach 400GW in 2030, 250GW onshore and 150GW offshore.

WIND POWER ONSHORE

Alstom gained a foothold in the wind-power market in 2007 with the acquisition of Ecotècnia (established in 1981). The current range of onshore wind turbines is based on two product platforms, the ECO80 platform (1.67-2MW) and the ECO100 platform (3MW).

This platform includes three different models (ECO100 and ECO110, rated at 3MW, and ECO122 rated at 2.7MW) in order to adapt and optimise efficiency in different wind conditions. Reliability and efficiency are the key parameters defining the platform that features the PURE TORQUE™: a unique and proven mechanical design protecting the drive train. Among other specific features, the products have a low-noise impact thanks to their design, a configuration lighter than the competitors' and potential to be installed in very different geographic areas thanks to two climate kits. The cold climate kit pack adds heaters to extend the operating temperature from -10°C down to -30°C. The hot kit offers special lubrication and bearings to extend the upper permissible ambient temperature from +40°C to +45°C. Through these climate kits, on-shore wind energy is accessible to customers in even more regions of the world.

WIND POWER OFFSHORE

Alstom is also developing a new generation offshore wind turbine of 6MW, Haliade 150.

Wind energy itself has a highly positive environmental balance as it is CO₂ emissions free throughout its operational life. To assess the CO₂ footprint of the product, including manufacturing, a life cycle analysis of the offshore turbine will be launched in the coming months. Additionally, the wind component solutions are 95% recyclable and any impact on site is reversible when dismantled. Finally, research and development design improvements allow a significant reduction of potential noise nuisance from Alstom's wind turbines.

(1) Source: International Energy Agency.

TIDAL STREAM ENERGY

Tidal stream energy is one of the technologies under development in Alstom Renewable Power. It is about extracting electrical energy from tidal currents, generated by the gravitational pulls of the moon and the sun.

Tidal stream turbines are governed by the same principles that apply to traditional wind turbines but take into account the fact that water is about 700 times denser than air. During its operational life, a tidal turbine will generate electricity with zero direct greenhouse gas emissions, a modest footprint on the bottom of the ocean and a negligible impact on marine life. Another major advantage is the complete predictability of this source of renewable energy.

BELUGA 9, intended for very powerful currents, will be Alstom's first tidal turbine generator with a capacity of up to 1MW. The first commercial prototype is planned to be deployed in 2012 in the Bay of Fundy, Canada.

WAVE ENERGY

Amongst the marine renewable energies, wave has one of the greatest potentials with between 200 and 300GW of available resources close to densely populated regions of Europe and North America. It is a CO₂ free and predictable source of energy.

Complementing its existing ocean product portfolio, Alstom entered the wave market by acquiring a 40% equity share in the Scottish AWS Ocean Energy company in June 2011. The technology developed by AWS is a 2.5MW output wave energy converter which comprises an array of 12 cells of flexible membrane absorbers which convert wave power to pneumatic power through the compression of air within cells that are inter-connected. Turbine-generator sets convert the pneumatic power to electricity.

AWS is willing to promote the environmental consciousness further. Life Cycle Analysis has been chosen as a tool to support this approach. It allows to better understand the global impacts of the products (on global warming, resources depletion, etc.), and to enter a continuous improvement loop. At an early stage of development, it contributes to pollution-free material selection and gives guidelines for operations, maintenance and end-of-life optimisation, by regularly updating the analysis through product development activities.

Full scale component testing will begin in 2012 and the first commercial scale prototype is planned to be deployed in 2014. Together with its client SSE Renewables, Alstom will develop the world largest wave farm off the coast of Orkney in Scotland, with a capacity of up to 200MW.

Ocean energy (including tidal and wave) should represent 40GW of the global installed capacity in 2030 according to the EU Ocean Energy Association.

GEOTHERMAL POWER

With a substantial global installed capacity (10.7GW in 2009), growing worldwide potential (12GW in 2020) and the ability to produce both base load electricity and heat from Combined Heat Power (CHP) plants, Geothermal will play a key role in the future energy mix in many countries. Mainly concentrated near tectonic

plate boundaries where the Earth's crust is thinner, geothermal resources are exploited mainly in 24 countries like in the U.S.A., the Philippines, Indonesia, Mexico, Iceland and New Zealand. In the long term, technology will be developed to facilitate the exploitation of lower temperature resources, which are available in more locations.

CONCENTRATED SOLAR POWER (CSP)

Unlike photovoltaic generation, CSP requires direct solar radiation with a potential of 3.2GW per year over 2016-2020. CSP furthermore offers the unique advantage of a fully dispatchable source when incorporating thermal storage solutions, hence allowing peak shifting up towards full night operations. In such configurations, it is expected that CSP will become a strategic pillar of the future energy mix.

The Alstom Renewable Power Solar activity aims to be the leading global provider of integrated solutions and components for Solar Power Plants. Its mission is to adapt and develop suitable solutions for the current and future utility scale Solar Power market and to offer optimised state-of-the-art power blocks for all types of solar thermal power plants, including hybrid solutions.

The partnership with BrightSource Energy Inc. brings together Alstom's extensive experience in the field of turnkey power plants and key power equipment (including steam turbines, generators and boilers). The technology produces electricity based on conventional steam cycles similar to fossil power plants – by creating high temperature steam which is converted using a conventional steam turbine. Thousands of small mirrors called heliostats track, reflect and

concentrate sunlight onto a boiler at the top of a tower to produce the high temperature steam which is expanded in the steam turbine driving the generator and thus producing electricity. Finally, the steam is condensed using an air-cooled condenser, closing the system loop in an environmentally friendly process.

BIOMASS

Power generation from biomass plays an important role in the renewables strategies of many countries, thanks to its unique advantages of dependable base load power generation, abundant fuel availability in many places, its well proven technology, and its suitability for effective combined heat and power (CHP) schemes. At an estimated global 5GW of new construction per year, most energy outlook studies consistently place biomass power as the predominant renewable generation technology, right behind hydro and wind.

Alstom, for the last 20 years, has been a global driver of this sustainable technology, offering key equipment such as steam turbine/generator sets for dedicated biomass and CHP projects of up to 150MW as well as biomass co-firing solutions for large coal plants. Prominent examples are Alstom's recent orders for two 50MW turbine/generator sets to dedicated biomass plants in the USA and the recently completed addition of a 10% (400MW) biomass co-firing capacity to the 4,000MW Drax (UK) power station, making Drax the world's largest biomass plant with more than 2 million tons of CO₂ emission reduction per year.

Sustainable Development strategy in the Grid Sector

The energy industry is facing new and complex challenges. By 2030, the world's population is expected to rise to over eight billion people⁽¹⁾. Electricity consumption in emerging nations will grow by over 220% and the use of renewable energy sources by over 250%.

Alstom Grid is at the heart of these challenges, creating the energy highways that interconnect regions and countries. More than ever, Alstom Grid is tasked with transmitting electricity safely, efficiently and intelligently, while integrating new sources of power generation such as wind, solar and biomass, in a necessary effort to reduce global CO₂ emissions.

Two important factors are driving growth in the electricity transmission industry: the need to modernise and renew grids in mature markets and the need to construct new infrastructures in emerging markets.

Throughout the world, growth is closely linked to a greater awareness of environmental issues. The search for higher yields from conventional power generation sources, the integration of more and more renewable energies and the growing use of distributed energy sources mean that huge investments must be made to improve grid

evolution. These initiatives are a source of opportunities for the sale of products and systems integrating power electronics and the most advanced grid management innovations, which increasingly rely on digital technology. And very importantly, they parallel the emergence of the Smart Grid – intelligent infrastructures combining grid management with information technologies.

With 130 years of leading industry experience, Alstom Grid's objective is to be the global reference in grid performance. This leadership imposes taking a competitive, pioneering role in sustainable development. Alstom Grid is committed to developing customer-valued network solutions.

THE SMART GRID

Electrical networks worldwide have started to face new challenges: the search for a cleaner and more sustainable energy mix; the guarantee of a stable and reliable power grid to respond to increasing electricity consumption; and the need to adapt existing infrastructures to new digital technologies and massively increasing electricity

(1) Source: International Energy Agency.

Sustainable development and Alstom's social responsibility

flows. With energy markets becoming more and more deregulated, individual end-consumers managing their electricity consumption in an increasingly pro-active way, and new urban energy resources (or "distributed energy resources") being progressively integrated to the grid (through district-scale "micro-grids"), all these elements are combining to create the new generation of power grid: the Smart Grid.

The key drivers for the Smart Grid market include, on the one hand, the need to reduce the environmental impacts of the power grid, in particular CO₂ emissions, while increasing the integration of renewable energy sources (wind farms, solar farms, etc.) and greener products and, on the other hand, the need to improve the grid's energy efficiency by enabling utilities to operate their assets closer to the limit, thus significantly reducing losses and optimising their generation portfolios.

The Grid Sector has become a key player in this highly competitive and dynamic global market. The Grid Sector's portfolio of smart grid systems relies on combinations between its key technologies: smart power electronics, digital substation solutions and Control Room Information Technology platforms. Smart distribution systems for energy-efficient eco-cities complete the offering, helping to transform the day-to-day management of urban energy.

SUPER GRID

The Smart Grid is finally the necessary complement of the future super grids, which will connect regional or national power grids across countries and continents to transport electricity generated by renewable energy resources at increasingly greater distances to the final consumer.

To reach these goals, grid operators are pushing towards the creation of a full Direct Current (DC) grid as the best way to transport electricity over long distances, interconnect asynchronous networks and integrate intermittent energy resources. The super grid will increase efficiency (less power losses, maximum use of existing assets...) and flexibility (possibility to solve the problem of differences of frequencies between grids...). In the deployment of this upcoming worldwide market, the Grid Sector has already positioned itself through the Medgrid project, which aims to connect Europe and North Africa.

INTEGRATION OF WIND ENERGY

Integrating more renewable energy sources into the network is a company-wide priority. Not only is the Grid Sector a world leader in wind farm connections and "smart" wind power management but it is pioneering the way in offshore wind farm connections. The potential of wind energy, particularly from offshore sources, is vast. Today, the Grid Sector offshore wind farm connections bring a total of over two gigawatts of power to onshore electricity networks.

Harvesting the energy potential of wind in severe and unstable ocean conditions comes with great challenges. The further a wind farm is located from the shore, the more important the reliability of the connection is. Alstom is meeting these challenges with innovation, having developed the High Voltage Direct Current (HVDC) MaxSine, a Voltage Source Converter (SVC) solution that enables the most efficient DC transmission of offshore wind power to the onshore grid. Alstom has also found a way to bring the grid closer to the

wind turbines themselves, by installing floating offshore electrical substations. In fact, the Grid Sector designed and constructed the first offshore substations in the UK as well as in the North and Baltic Seas.

As with all asynchronous renewable energy sources, reliable and efficient energy management systems are critical to optimise availability. Alstom Grid Network Management Systems provide intelligent wind generation management, paving the way for Smart Grid integration with wind power management systems, including renewable fleet management and electrical system protection and control.

The Grid Sector offers wind farm solutions that comply with national, international and customer-specific standards: an offer that includes know-how in feasibility studies, power connection design and power quality solutions such as STATCOM and SVC. The range of solutions encompasses High Voltage products as well as offshore platform solutions for High Voltage Direct Current and High Voltage Alternate Current. For onshore wind farms, Alstom Grid delivers turnkey Medium Voltage/High Voltage substations for switching, controlling and managing transmission systems. Multiple solutions are tailor-made to fit the needs of each customer as well as a more responsible energy future.

ECO-DESIGN AND SOLUTIONS TO LIMIT ENVIRONMENTAL IMPACT

Eco-design consists of integrating environmental concerns into the process of product or service design or re-design, to minimise the environmental impact at every stage of a product's lifecycle. From manufacture to utilisation and end-of-life dismantling, eco-design is an integral support function of research and development. It creates the link between design and development for future technologies and products.

Applying eco-design within the Grid Sector is based on IEC standard 62430 "Environmentally conscious design for electrical and electronic products", which specifies the norms and procedures destined to integrate environmental issues into the conception process and the development of products, including combinations of products as found in electrical sub-stations, as well as the materials and elements that compose each product.

In the development phase, the product's environmental impact and the means to reduce that impact are defined. Future products must respect international and local environmental regulations, as well as internal Environment Health & Safety rules, including the identification, the suppression and the replacement of dangerous substances, if this is possible.

The identification of advantages that can be developed for end-of-life products are listed in the "End-of-Life product manual", notably the reduction of waste, recycling and valorisation, and the reduction of risks and environmental impact associated with waste treatment and elimination processes. Finally, the proof of the environmental benefit of a product is supported by the analysis of the product lifecycle. For this, the Grid Sector uses SIMAPRO, an environmental analysis tool that can quantify with precision the impact of products on the main environmental concerns such as global warming, ozone deterioration, water acidification, air pollution and dwindling natural resources.

During 2011, an eco-conception working group focused on several objectives, such as the development of the eco-design Roadmap. The roadmap has been unified with other Alstom Sectors, to be the basis for the yearly assessment of eco-design projects and help to set new objectives based on:

- the eco-design Policy, the environmental regulations applicable to products and services, the development of eco-design skills within the Group, the responsibility of the design centres and customer expectations regarding the environmental impacts of the products;
- a design process with key environmental impacts per products range, and objectives regarding impact reduction, proper material selection versus eco- and human toxicity (with the ban of certain hazardous substances), and product lifecycle analysis.

ENVIRONMENTALLY FRIENDLY OFFERS

Alstom Grid's solutions offer significant environmental benefits, including better product performance across up to seven "green" criteria, and covering the three phases of the product lifecycle, in manufacturing (reducing the consumption of natural resources), in operations (lower CO₂ emissions, limits on environmental risks, noise reduction, space savings and greater energy efficiency) and for end of life (improving product recycling capabilities).

As an example, the latest gas-insulated substations show significant environmental improvements compared to the previous generation. New solutions have to demonstrate that, at least for one of the seven criteria, they provide significant advantages compared to the reference products (products from previous generation or without particular option) and they are at least equivalent for the other criteria.

SERVICE SOLUTIONS FOR LIFELONG EFFICIENCY

Alstom Grid offers innovative, sustainable and high quality service to optimise electrical infrastructures, increase equipment, return-on-investment and prolong asset lifecycles. Customer needs range from punctual interventions to long-term partnerships and include network design, asset maintenance and evolution, emergency support and predictive maintenance. The 52 local service centres in 33 countries are managed by strict quality management systems and fulfil the requirements of ISO 9001, environmental standards ISO 14001, and OHSAS 18001.

Long-term maintenance solutions provide lifetime support on high voltage equipment or entire networks, from annual inspections to minor or major maintenance work to increase infrastructure reliability. Renovation, modernisation and extension services improve performance and resolve obsolescence issues. Equipment that is maintained throughout its lifecycle and replaced and/or updated as needed to keep pace with environmental standards, is equipment that is functioning efficiently with less waste. Alstom Grid offers a wide range of consulting solutions to proactively ensure better, more energy-efficient performance.

Sustainable Development strategy in the Transport Sector

The worldwide population is expected to reach 9 billion inhabitants before 2050, 70% of which will live in cities⁽¹⁾. Developing countries will account for 85% of this demographic growth. Passenger and freight rail traffic will accompany this growth which will trigger an increasing demand for mobility in emerging countries.

Today, the share related to transportation in the world global energy use is estimated at 19% and the share of CO₂ emissions at 23%⁽²⁾. Given current trends, transport related energy use and CO₂ emissions are projected to increase by more than 50% by 2030 and 80% by 2050.

In order to reduce worldwide emissions and to limit the most adverse effects of climate change, global emissions levels should be cut by half as advised by the Intergovernmental Panel on Climate Change (IPCC)⁽²⁾. To contribute to such a reduction, the transportation sector will have to significantly reduce its energy consumption and CO₂ emissions.

Alstom Transport shares the vision of the White Paper on Transportation published by the European Commission in March 2011, which has set an objective to reduce CO₂ emissions from transport in Europe by 60% by 2050 by improving energy efficiency of transport modes and encouraging a modal shift without curbing mobility.

Rail is rightly seen as the most environment-friendly mean of transportation. In addition to being generally the most energy-efficient mode, its benefits in terms of noise, space-use and safety make it a truly sustainable transport mode⁽³⁾.

In 2011, Alstom Transport has set its priorities in terms of sustainable development:

- innovating and further developing green solutions for high environmental performance in rolling-stock, smart railways systems and value-added services;

(1) Source: UNFPA, The United Nations Population Fund.

(2) Source: International Energy Agency.

(3) UIC – High Speed Rail – Fast Track to Sustainable Mobility.

Sustainable development and Alstom's social responsibility

- strengthening the collaboration with customers and partners on sustainability;
- reducing the environmental footprint of operations;
- promoting initiatives and raising awareness on sustainable development.

Alstom Transport is publicly committed to Sustainable Development. It has signed the UITP Charter on Sustainable Development in 2004. Together with 150 signatories, it commits to ensure that the principles of sustainable development are embedded into its activities and that the development of the public transport sector remains sustainable in terms of social, economic and environmental impact.

Alstom's offer combines economic performance and technological innovation to serve passengers and meet the challenges of Sustainable Development. This strategy expresses the Group's desire to prepare the future while preserving the planet.

DESIGNING TRAINS WITH HIGH ENVIRONMENTAL PERFORMANCE

Rail infrastructure shapes territories, influences ways of life and affects economic development. Alstom integrates environmental parameters at the design stage to achieve sustainable mobility.

This process, called eco-design, consists in controlling and reducing the impact that products have on the environment at every stage of their lifecycle, from manufacture to recycling. Alstom carried out an in-depth reflection on this issue and issued in 2009 its first Eco-Design policy. It sets priorities for eco-design:

- energy savings;
- non-pollutant raw materials;
- noise and vibrations reduction;
- fluids and particulate emissions control;
- landscape integration.

The "Eco-design" Centre of Excellence has been established in Valenciennes (France) since 2003; it involves an active network of 60 specialists of product environmental performance.

Today life-cycle assessments are conducted in many projects such as the CITADIS™ Tram, the new generation of Tram-Train, the DT5 Metro of Hamburg, the Regiolis train, the new Montreal and Amsterdam metros. Alstom also actively supports its customers through carbon footprint surveys, recyclability assessments, Environmental Product Declarations and the specific demands that may emerge. In the design of products, Alstom Transport consistently promotes a life-cycle approach maximizing environmental and economic benefits over time.

In 2011, Alstom Transport deployed eco-design instructions in engineering processes in order to guarantee full compliance with the sustainability criteria expected by its customers in the contract execution. In the future, Alstom Transport plans to further develop the integration of environmental objectives in research and development projects. Alstom Transport will also further develop declarations on

the environmental products' performance in order to anticipate and satisfy customers' requirements.

In France, the Transport Sector also participates in the "I-Trans" competitiveness cluster which works on the conception of new materials and has a partnership with Ecole Centrale de Lille to integrate environmental parameters in traction drive design and optimise efficiency while minimising environmental impacts.

REDUCING ENERGY CONSUMPTION AND CO₂ EMISSIONS

Electricity prices have been significantly rising in the last 5 years and energy consumption is becoming a major concern of customers. Trains are the most competitive means of motorised transport in this field.

For example, on inter-city travel, the latest high-speed train model - AGV™ - developed by the Transport Sector consumes, per passenger, the equivalent of only 0.4 litre of fuel per 100 km, which represents around 5 times less than an airplane in primary energy equivalent⁽¹⁾.

Similarly, metros and trams consume in general over 3 times less than buses and 4 times less than cars in kWh per passenger in primary energy equivalent⁽²⁾. This represents about 5 times fewer CO₂ emissions than a bus, 7 times less than a car in Europe⁽²⁾. Despite the very good results already achieved, rail is improving energy efficiency even further.

Innovative improvements include:

- lighter trains through composite materials;
- more efficient traction systems;
- energy-efficient auxiliaries;
- braking energy recovery;
- smart metering and eco-driving tools;
- alternative fuels.

These solutions are already in place for the AGV™, with a carriage design with lighter metal parts, an exterior skin only 2.5mm thick and composite materials in the transoms linking the bogies to the carriages. Regarding the braking, up to 8MW can be fed back to the grid, equivalent to the power produced by four windmills.

Alstom is leading for the rolling-stock application of permanent magnet motors for which the weight to power ratio is reduced by 30% versus asynchronous motors while energy efficiency is improved by more than 3%. The first trains equipped were very high-speed trains but permanent magnet motors are now progressively deployed on other trains (regional trains, tram-train, tramways).

Regarding auxiliaries, heating and ventilation systems can be regulated when there are less passengers, using information on train weight, hence reducing equipment consumption outside peak hours by 30%. The Alstom Regiolis train is equipped this way. As for lighting, LEDs are progressively deployed on trains for energy efficiency and optimisation over the life-cycle. This is the case for the Amsterdam metro for example.

(1) For trains powered by electricity, fair comparison on energy efficiency must be done integrating the efficiency of the electricity production system.

(2) Source: ADEME.

Thanks to continuous investments in research and development, Alstom has reduced the weight and energy consumption of its high-speed trains, metros and regional trains by 10 to 15% compared to previous generations.

To keep its competitive advantage with respect to the environment, research at its Engineering System centre at Saint-Ouen, France, has notably led to the development of the HESOP™ reversible substation, which enables almost all electrical energy recoverable from trains with regenerative braking systems to be fed back into the grid. This system has been under testing since May 2011 in a joint project with the Régie Autonome des Transports Parisiens (RATP) at Bobigny-Pablo Picasso station on the Paris tram Line 1. Measures carried out have confirmed HESOP's performance for energy recovery and quality of electricity recovered. In November 2011, this innovation received an award of the "Prix Entreprises et Environnement" from the French Ministry of Environment.

Solutions developed to recover braking energy also include on-board storage of the recovered braking energy (supercapacitors, fly wheels, batteries). Supercapacitors that enable tramways to run autonomously between two stations have demonstrated their efficiency in test organised with the Régie Autonome des Transports Parisiens (RATP) with the Dualis™ train set in Paris (STEEM project). Further developments are on-going in order to move from prototype to industrial solutions and finally allow tramways to run autonomously with a 15% reduction in energy consumption.

All new trains can be equipped with meters either for billing or for tracking and optimising energy consumption. For example, train meters can determine and display to the driver the instant consumption, total and average consumption over a trip, average consumption of the train and separate consumed and recovered energy.

In the same way, Alstom has developed and tested jointly with the tram operator Trambaix in Barcelona, a smart meter that can fit into existing tramways and is able to record data on average consumption by type traction, auxiliaries, dissipated in rheostat, recovered energy.

Indeed the ability to easily access energy data by function on all trains is key to determine key influencing factors (timetable, speed, external temperature, occupancy rate) and adjust operating conditions to optimise the system's energy consumption.

Finally, Alstom is also developing hybrid mode rail solutions (combined use of a heat engine and a battery to provide energy) or bi-mode (use of different sources of energy). Mitteldeutsche Eisenbahngesellschaft (MEG), a DB Schenker Rail subsidiary, has purchased from Alstom Transport five hybrid shunting locomotives for long-term testing under a lease agreement. The contract with MEG is the first large scale industrial use of such technology in Europe. After extensive endurance testing of the prototype since 2008, the first of the 5 locomotives were delivered beginning of 2012. Hybrid technology, which can be used in all heavy shunting services, reduces fuel consumption by approximately 50% compared to a conventional solution.

INTEGRATING BIO-MATERIALS AND IMPROVING RECYCLABILITY

Alstom is proactive in design choices to eliminate dangerous substances whenever substitution is feasible:

- substituting water-soluble paints to solvent-based paintings for most of the rolling stock whenever achievable;
- favouring biodegradable oils in trains;
- favouring riveting and bolting when assembling parts to facilitate end-of-life recycling;
- providing customers with the materials safety information and decommissioning instructions;
- tracking and substituting where necessary substances falling under the European Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

As for the recyclability of its equipments and systems, Alstom is conducting research in order to:

- develop the use of biomaterials from renewable resources such as wood, hemp and wool as thermal and/or sound insulation in trains. For instance, a bamboo floor was developed and has been tested;
- create innovative thermosetting composite materials with limited environmental impacts in the frame of Finather, an ambitious research project run jointly with other industrial partners.

METROPOLIS™ and CITADIS™ trams are now at least 90% recyclable, with levels of 95% achieved in the Hamburg metro. Stockholm's suburban CORADIA™ Lirex™ train holds the record for recyclability at 98% thanks to easily-recycled materials such as aluminium, steel and copper.

IMPROVING THE ACOUSTIC COMFORT OF TRAINS

The reduction of inside and outside noise pollution is another environmental aspect which Alstom takes into consideration.

Several research topics have been developed to optimise the acoustic radiation of the wheel-track interface, either through the use of low-noise wheels or by modifying the noise transfer path with absorbent skirts allowing for a reduction of up to 2 decibels for exterior pass-by noise. Transport Sector products like AGV™, PENDOLINO™, CITADIS™ Dualis™ and PRIMA™ II locomotive have benefited from these improvements.

In the field of very high-speed, acoustic comfort has been substantially improved. This performance has been achieved by using models, but also through work carried out on the frontal aspect of the train-set to improve its penetration through the air and by streamlining the leading bogies. As a result, within 30 years, high-speed trains have doubled their speed while keeping external noise emissions at the same levels.

Alstom's key solutions include:

- aero-acoustic modelling on rolling-stock;

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- redesigned HVAC (resonators, micro-perforated ducts) for reduced interior noise (e.g. CITADIS™ Rotterdam);
- new wheel dampers for high-speed trains and metros to avoid squeal;
- re-designed traction motor rotors (new PENDOLINO™, metros).

On average, new trains are now 3 to 5 decibels more silent than previous generations.

Similarly Alstom has developed simulation tools for railway systems to simulate noise levels and define optimised infrastructures for noise reduction.

Research is being carried out to reduce vibration levels. The work focuses on ballast, which reduces the vibrations thanks to its "rheological" properties, that is to say its effects on the dissipation of vibratory energy. For example, elastomer base plates have been placed under the cross-ties of the new line built by Alstom between Paris and London to diminish the vibrations due to train movement.

Alstom has also developed, jointly with a partner, high attenuation sleepers, a vibration mitigation track system. This solution attenuates vibration, like floating slab track systems but at a lower cost.

DESIGNING SYSTEMS TO PRESERVE THEIR SURROUNDINGS

Concerns about preserving heritage, including landscape and nature, for the long term have led to noteworthy innovations:

- a range of "catenaryless" solutions enabling CITADIS™ tramways to be integrated harmoniously into their urban environment with APS (Alimentation Par le Sol-Ground Power Supply), an exclusive and revolutionary electricity supply system, or via on-board energy power system (batteries). First used on the Bordeaux tramway network, APS is now also in commercial service in the cities of Reims and Angers, and under construction in Orléans, Dubai, and Tours. On-board batteries are used on the Nice tramway. Combined solution involving APS (Ground-Power Supply) and supercapacitors for braking energy recovery is under industrialization;
- the diesel particulate filter for trains: the CORADIA™ Lint regional train in use in the Frankfurt area in Germany has a fine particulate emission rate of under 0.025 g/kWh and is fitted with a filter reducing soot particulate emissions by 95%;
- additionally, Alstom's Appitrack equipment allows to reduce construction impacts significantly by automated and much quicker track laying processes.

MAKING TRAINS ACCESSIBLE TO ALL

Accessibility is one of the key levers in increasing the modal shift towards the rail transport sector. It is also a tool of social integration. For the Transport Sector, the global target is to provide each person with proper access to any type of train in any configuration of the platforms.

Alstom engineers work on interior design to meet the needs of future generations. In line with Alstom's vision of sustainability, the engineers design products to suit the users of tomorrow, particularly

those who will be using Alstom trains in 30 years time. They have already taken into account changes in the morphology of future generation passengers and on-board personnel such as the increased height and the growing demand for comfort. AGV™ bodies have been widened to provide space for more comfortable seats.

Alstom has always focused on ensuring accessibility for the disabled and has integrated this concept into the core design of all its products. In 1987, the Grenoble tramway, designed in conjunction with associations for the disabled and with government bodies, was the first vehicle to feature a low floor over 70% of its length. Alstom was also one of the signatories of France's National Accessibility Charter in December 2003.

The Transport Sector aims to develop all sorts of devices such as passenger information systems that facilitate mobility for disabled people. In addition, Alstom has recently designed and developed specific kits which can be adapted onto existing regional trains and tramways in order to facilitate accessibility for people with limited mobility.

COLLABORATING WITH THE ECO-SYSTEM

In April 2011, the RATP and Alstom announced the creation of a research laboratory dedicated to developing the automatic metro of the future. The combined expertise will allow Metrolab to develop complete systems covering infrastructure, rolling stock, signaling, passenger information, operations and maintenance.

Alstom is also collaborating in the Eco-Rail Innovation project targeting zero emissions in the rail sector by 2050. The project was launched by Deutsche Bahn. 12 well-known industrial enterprises, research institutions and organisations have agreed to collaborate to develop technical innovations for smart mobility solutions, test them in practice and prepare them for the market. Focus is on promoting low-emission, energy-efficient components and drive systems – such as energy-storage devices for rail vehicles.

As for eco-design, collaboration with suppliers is essential. For example, Alstom Transport teams joined efforts with suppliers in order to replace plasticizer DEHP, targeted by the European REACH regulation, and previously used for seat headrest fabric. It has now effectively been replaced by DINP (diisononyl phthalate) on the Regiolis trains.

Alstom is also actively participating in professional organisations (UNIFE, FIF, VDB, FIEEC, ZVEI) to support the harmonisation of standards regarding energy metering and efficiency, hazardous substances and recyclability, noise reduction and life-cycle assessments.

In 2010, Alstom Transport signed a Convention with La Rochelle School of Management to support the development of a Chair on Engineering of Corporate Responsibility and Innovation with a focus on improving the social responsibility background of products, systems, services and developing research on Societal Engineering, in major Transport infrastructure projects. In 2011, work focused on the analysis of expectations from transport operators on sustainability and their potential impact on the industry.

For more information <http://www.cleanmobility.alstom.com>

ENVIRONMENTAL PERFORMANCE

The report presents the results for the five objectives the Group set in 2008 and 2009 in order to reduce the environmental impacts of its operations. It also presents the other environmental indicators and general actions taken in favour of the environment, including the application of the REACH directive.

In this part of the report, the environmental results are presented by calendar year and the certifications are presented by fiscal year.

In 2011, the Group is in line with the objectives for the ISO 14001 certification for production sites over 200 employees, the energy intensity reduction, the water consumption reduction in the water-

stressed areas and waste recovery. The non-methanous volatile organic compounds (VOCs) have slightly increased due to the improvement of the reporting quality in the Renewable Power Sector. The Greenhouse Gas (GHG) emissions are increasing due to the integration of the SF₆ gas impact in the Grid Sector.

PricewaterhouseCoopers has reviewed 48 safety & environmental indicators (21 last year), and the processes for ISO 14001 certification and EHS assessments. A sample of 30 units has been examined. The reviewed indicators are specified with the ★ symbol. The review report is available at the end of this section.

Certification of Units

OBJECTIVE: ALL MANUFACTURING SITES OVER 200 EMPLOYEES CERTIFIED ISO 14001 BY 2012

Result: 83% of the manufacturing sites over 200 employees are certified ISO 14001 (Environment) at 31 March 2012.

The number of manufacturing sites over 200 employees has increased due to the integration of the Grid Sector. The results are significantly superior this year: 83% of certified sites in 2011/12 compared to 69% in 2010/11.

This programme supports the aim to reduce the environmental impacts of operations. The requirements for ISO 14001 and OSHAS 18001 (Safety) certifications are integrated in the Alstom EHS Roadmap and contribute to the improvement process of Environment, Health and Safety on sites.

Other certifications are also managed by the sites for quality (ISO 9001). In addition, some German sites are also certified under EMAS (EU Eco-Management and Audit Scheme).

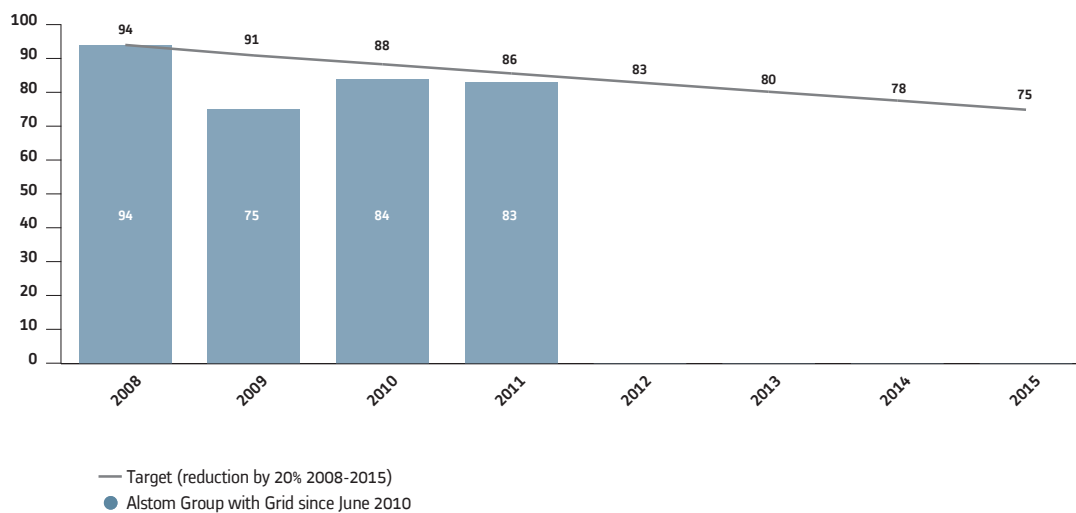
Energy consumption

OBJECTIVES: REDUCTION OF THE ENERGY AND GREENHOUSE GAS (GHG) INTENSITY EMISSIONS BY 20% IN PERMANENT FACILITIES BETWEEN 2008 AND 2015

ENERGY INTENSITY REDUCTION BY 20% BETWEEN 2008 AND 2015

Result: At the end of 2011, a reduction of the intensity (★ 83) by 12% was achieved as compared to the base year. The intensity is measured in terms of the amount of energy used in relation to sales. Thermal Power and Transport energy intensity decreases contribute significantly to the Group's results.

ENERGY INTENSITY (MWH/SALES IN MILLION €)



Source: Alstom.

DETAILS OF ENERGY CONSUMPTION

ENERGY CONSUMPTION IN PERMANENT FACILITIES

	2008	2009	2010	2011
GWh of natural gas	768	650	822	★ 651
GWh of butane, propane and other gases	26	28	37	★ 46
GWh heavy and fuel oil	95	31	86	★ 86
GWh of steam/heat	139	133	152	★ 124
GWh of electricity	616	607	664	★ 713
GWh of coal & other fuels	69	23	8	★ 7
TOTAL ENERGY CONSUMPTION (GWH)	1,713	1,471	1,769	★ 1,629

Source: Alstom.

★ These indicators have been reviewed by PricewaterhouseCoopers.

Note: Data from previous years have been adjusted vs. last year's registration document.

The decrease in energy consumption between 2010 and 2011 (-8%) is due to a significant decrease of natural gas use and thermal energy (-20%), due to a warmer winter in Europe as well as actions on energy efficiency.

The Renewable Power Sector's electricity consumption increased in most regions. It is explained by the fact that the whole activity went up: for instance, increase by 35% in 2011 in Tracy (Canada).

In addition, an improvement came out (decrease of gas and energy consumption for heating in general). This is due to the installation of:

- one Variable Frequency Drive (a frequency inverter) for air compressors (China - Tianjin);
- one ground sourced heating system (China - Tianjin);
- one solar system for lighting (China - Tianjin);

Environmental performance

- building management systems for temperature control in office areas (China - Tianjin);
- implementation of meter and sub-metering systems for all workshops, key equipment and facilities (China - Tianjin).

In the Grid Sector, the "Energy Treasure Hunt" program raises awareness – this is an approach based on Kaizen and lean principles to reduce energy losses. Involving a multi-disciplinary team including operations, maintenance, EHS and resources external to the plant, and structured in 3 parts - non-operational, start-up, normal operation - it aims to identify:

- energy saving opportunities by detecting energy misuse during non-operational time;
- opportunities to improve start-up energy efficiency;
- opportunities for energy efficiency for each equipment by:
 - reviewing in detail all processes and pieces of equipment assigned to the Group,
 - inventorying each and every piece of equipment.

The employees are trained to be able to conduct energy treasure hunts by themselves.

Already implemented in France, such as in Villeurbanne, it is planned to be generalised in France and China during fiscal year 2012-2013.

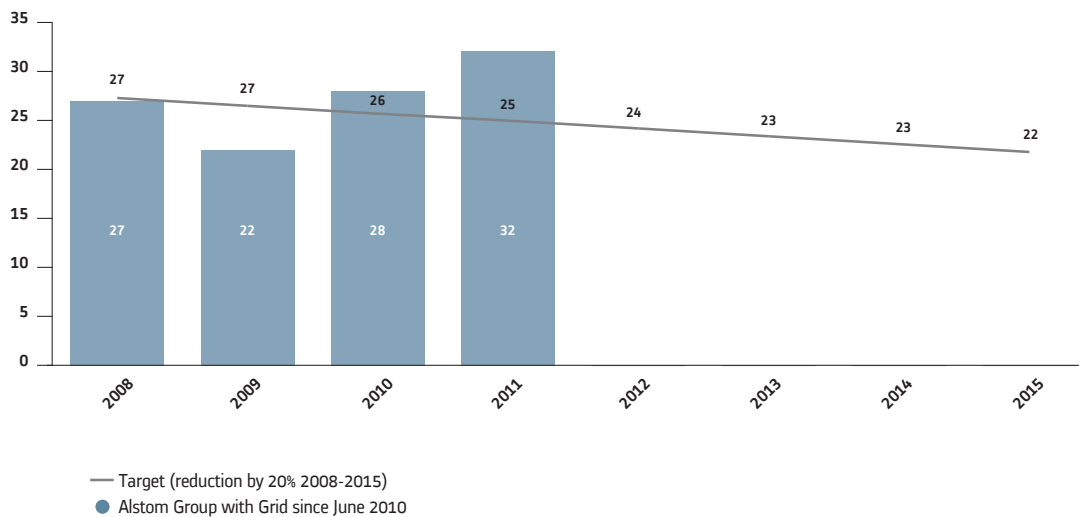
In the Transport Sector, electricity and gas are mainly used by heating systems and painting. A good reduction trend in both absolute emissions and intensity was observed during 2011. Climate conditions at end of 2011 (warm winter) explain the reduction of energy consumption as well as some actions implemented such as:

- change of the heating system (Poland – Katowice);
- increase of employee awareness on eco-efficiency (France – Reichshoffen);
- energy management system (EMS) implementation (France – Valenciennes);
- replacement of compressors by variable speed compressors (Italy - Sesto and Germany - Salzgitter).

GHG EMISSION INTENSITY REDUCTION BY 20% BETWEEN 2008 AND 2015

Result: At the end of 2011, an increase of the GHG emissions intensity (★ 32) by 18% was measured as compared to the base year. The intensity is measured in terms of tons of CO₂ equivalent produced in relation to sales. This increase is due to the integration of SF₆ gas impact emitted by the Grid Sector (Grid SF₆ emissions have been taken into account since June 2010).

GREENHOUSE GAS EMISSIONS INTENSITY (TONS CO₂ EQ/SALES IN MILLION €)



Source: Alstom.

GHG EMISSIONS DETAILS

GHG EMISSIONS FROM ENERGY USAGE IN PERMANENT FACILITIES

	2008	2009	2010	2011
Direct CO ₂ emissions from natural gas, butane, propane, coal and oil consumption (Ktons CO ₂ eq)	211	153	199	★ 167
Indirect CO ₂ emissions from steam, heat and electricity consumption (Ktons CO ₂ eq)	280	280	321	★ 341
TOTAL CO₂ EMISSIONS FROM ENERGY CONSUMPTION (KTONS CO₂ EQ)	491	433	520	★ 508
CO ₂ fugitive emissions from SF ₆ , PFC and HFC (Ktons CO ₂ eq)	5	2	72	★ 119
TOTAL CO₂ EMISSIONS FROM ENERGY CONSUMPTION AND OTHER DIRECT EMISSIONS (KTONS CO₂ EQ)	496	435	593	★ 627

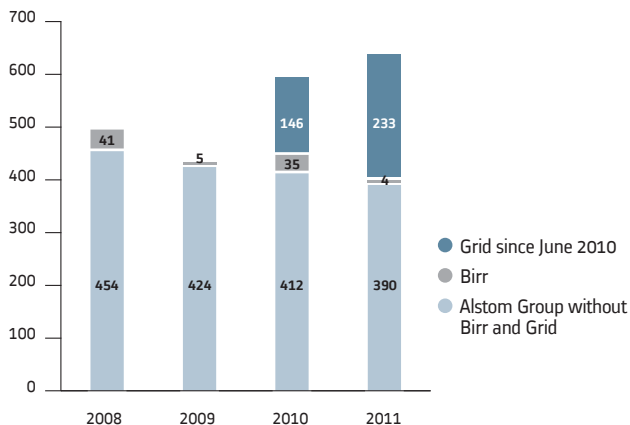
Source: Alstom

★ These indicators have been reviewed by PricewaterhouseCoopers.

Note: Data from previous years have been adjusted vs. last year's registration document.

The direct CO₂ emissions linked to fossil energy usage decreased by 17% between 2010 and 2011 in line with the energy consumption.

GHG EMISSIONS IN PERMANENT FACILITIES, IN THE BIRR FACILITY AND GRID SECTOR (KTONS CO₂ EQ.)



Source: Alstom.

The GHG emissions decreased by almost 6% in the permanent facilities excluding Grid. 37% of the year 2011 emissions come from the Grid SF₆ contribution.

The Birr test centre tests turbines in real operating conditions, so electricity is produced and sent to the Swiss distribution network. The site activity depends on the number of turbines delivered and thus is difficult to control.

DEFINITION OF THE INTENSITY OF ENERGY AND GREENHOUSE GAS EMISSIONS

- The intensity of energy and greenhouse gas emissions (GHG) is measured in terms of the amount of energy used and tons of CO₂ equivalent produced in relation to sales.

- The indicators are calculated with the total calendar year sales.
- The GHG intensity indicator includes other gases (SF₆, PFC and HFC) concerned by the Kyoto protocol.

SF₆ CONTRIBUTION

The use of SF₆ is essential to the Grid business and its customers, due to its particular dielectric properties. It is used in high and medium voltage switchgears for its breaking and insulation characteristics. However, it presents a high global warming potential, 23,900 times more than CO₂. It means that even if the physical quantity of SF₆ in the atmosphere is very small, it has the ability to absorb 23,900 times more infra-red radiations than carbon dioxide. Therefore its importance as a greenhouse gas is critical and the emission of SF₆ into the atmosphere must be prevented as much as possible.

The permanent target of Alstom Grid to minimise its impacts on the environment permeates through the reduction of SF₆ emissions in products, processes, production & testing equipment and commissioning techniques.

The day-to-day implementation of best handling practices by all those involved in the gas cycle is, nevertheless, the most important factor in a continuing environmental-friendly process.

In 2011, Grid handled around 800 tons of SF₆ and 5 tons were released into the atmosphere on Grid's permanent sites during testing and filling operations. This represents a leakage rate of 0.6% on Grid sites.

These emissions are around 80% of Grid's direct CO₂ equivalent emissions. Grid commits to reduce the emission of SF₆ by 3% each year by reducing the sealing length and the SF₆ mass in sub-stations thanks to the eco-design policy, as well as by the implementation of best handling practices on Grid sites.

Renewable Power also contributes to GHG emissions. An increase in direct CO₂ production is noticed in 2011 due to the increase in usage of fossil fuels in Baroda, India.



OTHER INFORMATION RELATED TO CO₂ EMISSIONS

COMPANY CARS CO₂ EMISSIONS (KTONS)

	2009	2010	2011
Alstom Group with Grid since June 2010	13	19	22

Emissions from Company vehicles are slightly increasing this year due to the integration of the Grid Sector. On a like-for-like basis compared to 2010, the consumption is stable (14 kttons in 2011 vs. 15 kttons in 2010).

Water consumption

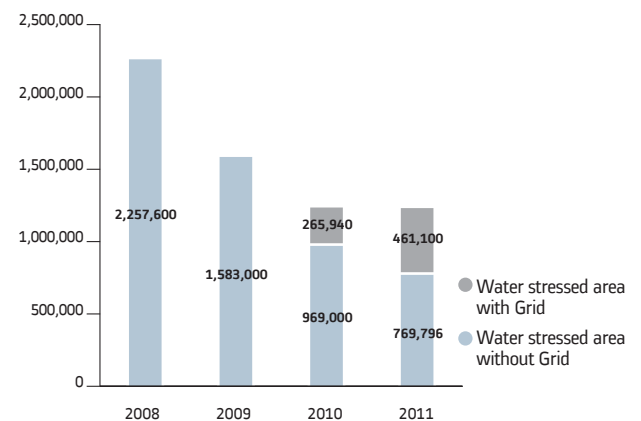
CONSUMPTION IN WATER-STRESSED AREAS

OBJECTIVE: WATER CONSUMPTION REDUCTION BY 20% IN PERMANENT FACILITIES BETWEEN 2010 AND 2015 IN WATER-STRESSED AREAS

The map used to define the water-stressed areas is the one published by the World Resources Institute. There are 38 sites located in these areas. This year, the objective is revised, using the 2010 consumption in water-stressed areas (including 6 months' contribution of Grid sites) as baseline.

Result: The overall consumption remained stable from one year to the other due to a decrease by 20% in Thermal Power, Renewable Power and Transport sites, which compensates for the Grid Sector integration.

WATER CONSUMPTION IN WATER-STRESSED AREA FACILITIES (M³)



Source: Alstom.
Note: Grid data included since June 2010.

WATER CONSUMPTION REDUCTION IN THE WHOLE GROUP

Even if the Group did not specify targets for all its sites, it systematically strives to limit water consumption. In 2011, water consumption slightly increased by 4% due to the Grid Sector integration.

DETAIL ON WATER CONSUMPTION

WATER CONSUMPTION IN PERMANENT FACILITIES

	2008	2009	2010	2011
Thousands of cubic meters of public network	3,344	2,630	2,045	★ 2,191
Thousands of cubic meters of ground water	1,685	1,722	1,848	★ 1,871
Thousands of cubic meters of surface water	625	464	554	★ 547
TOTAL WATER CONSUMPTION (IN THOUSANDS OF CUBIC METERS)	5,654	4,816	4,447	★ 4,610

Source: Alstom.

★ These indicators have been reviewed by PricewaterhouseCoopers.

Note: Data from previous years have been adjusted vs. last year's registration document.

ACHIEVEMENTS IN THE GROUP'S WATER CONSUMPTION REDUCTION

Around 30 units consume more than 70% of the water used within the Group's permanent facilities. The top consumers are located in the UK, India, France, Germany, China and Brazil. Significant achievements have been reached locally, for example:

Within Renewable Power, in India - Baroda, the water consumption decreased in 2011 due to the inclusion of a few monitoring systems (provision of self-closing spring, leakage checking schedule).

On the other hand, some increase of water consumption happened. This is mainly due to the opening of a new site in China – Tianjin.

In the Grid Sector, water is mainly used in cooling systems and for washing operations:

- reduction of water consumption has been achieved by using rain water collection in Brazil;

- China - Wuhan: a green building site is using a rain water collection and storage installation. The water collected is used for landscape watering, road and car cleaning, etc. (about 5,000 tons of water saved a year);
- Brazil – Canoas: a proactive detection of leakages by implementing strong measuring actions helps reduce water consumption.

The Transport Sector water usage is mainly for washing, during maintenance activities and water tightness tests, and cooling for other test activities. Some examples of actions which contribute to the overall water consumption limitation:

- France – Villeurbanne: recycling of water in place- water closing loop;
- UK: deployment of an action plan on water – Leaks "search", train water fill-in instruction modified (to save water), pro-active leaks follow-up (better follow-up of water consumption to improve leak detection);
- Italy – Savigliano: leakages identified on cooling towers end of year 2010 were solved this year.

WATERBORNE DISCHARGES

WATERBORNE DISCHARGES IN PERMANENT FACILITIES

	2008	2009	2010	2011
Chemical Oxygen Demand (tons)	198	176	124	205
Suspended Matters (tons)	113	68	52	41
Hydrocarbons (tons)	2.7	5.2	1.4	0.9
Metals (tons)	-	2.4	2.4	0.9

Source: Alstom.

The impact on the water discharged by the Group's production facilities is globally considered as relatively limited, although certain sites may at times be confronted with specific issues.

Airborne emissions

NON METHANOUS VOLATILE ORGANIC COMPOUNDS (VOC) EMISSIONS

OBJECTIVE: REDUCTION OF NON-METHANOUS VOC EMISSIONS BY 10% BETWEEN 2010 AND 2015.

Alstom has set the objective to reduce the non-methanous volatile organic compounds emissions by 10% between 2010 and 2015.

Result: Despite the actions implemented, the VOC emissions have increased compared to 2010 data due to the full integration in the reporting system of the Hydro sites activity in China, Spain and Portugal.

DETAIL ON NON-METHANOUS VOC EMISSIONS

VOC EMISSIONS IN PERMANENT FACILITIES

	2008	2009	2010	2011
VOC (metric tons)	678	684	783	★ 1,004

Source: Alstom.

★ These indicators have been reviewed by PricewaterhouseCoopers.

Environmental performance

In the Renewable Power Sector, the uptrend is explained by a 26% increase of paint and chemicals use compared with 2010 in China – Tianjin. The VOC amount has also dramatically increased in India - Baroda since a new standard measurement procedure for emissions was implemented. It has been reported that 48% of the VOC emissions are from paint shops and 33% from electrical shops. The main processes involved in the electrical shop are the lamination (production of bars) and the insulation of electrical coils.

In the Grid Sector, in Turkey – Gebze, water-based paint is used instead of solvent-based paint.

Transport's VOC origin is paint and usual industrial solvents. The substitution of solvent-based paint by water-based paint continued in 2011.

SO₂ AND NO_x EMISSIONSSO₂ AND NO_x EMISSIONS IN PERMANENT FACILITIES

	2008	2009	2010	2011
SO ₂ (metric tons)	95	30	20 ^(*)	45 ^(*)
NO _x (metric tons)	194	162	128 ^(*)	154 ^(*)

Source: Alstom.

(*) Without the Birr site.

Waste management

OBJECTIVE: RECOVERY OF 80% OF THE TOTAL WASTE BY 2015

Alstom has continued its action to reduce the production of waste and continue in the trend of increasing waste recovery with a 78% recovery

rate in 2011. The total production of waste increased this year due to the Grid Sector integration (20%). The trend is in accordance with the objectives set by the Group.

Examples of action plans to offset the environmental impact of operations

A number of action plans has already been implemented on a local level to offset the environmental impact of operations. A few examples of achievements are listed below.

GREEN BUILDINGS

- In November 2011, Alstom opened its new wind turbine plant in Brazil, its first wind facility in Latin America. The plant, located in the industrial complex of Camaçari, State of Bahia, will have an output capacity of 300MW per year. This new plant has been built according to the LEED certification. The LEED (Leadership in Energy and Environmental Design) was established by the USGBC (United States Green Building Council) and involves a rating system to define and certify sustainable buildings. It confirms that the construction follows the environmental benefit concepts, which are: SS (Sustainable Site), WE (Water Efficiency), EA (Energy and Atmosphere), MR (Materials and Resources), IEQ (Indoor Environmental Quality) and ID (Innovation in Design).

- In March 2012, the manufacturing site in Chattanooga (USA), inaugurated in 2010, was formally awarded LEED GOLD Certification and ISO 9001. The construction process itself was undertaken utilising sustainable principles: the 3,400 tons of steel used were recycled, and concrete debris was used for road construction. The green features of the new facility include: skylights to maximise the use of daylight in shops and offices, waste heat recovery in the centralised HVAC system, insulated siding to improve the building energy efficiency, rain water capture for irrigation of the landscape. The site is working to bring public transport to the entrance gate, while the closest parking spaces are reserved for bicycles and low-emission vehicles.

ENVIRONMENT-BASED CRITERIA IN PROFIT-SHARING SCHEMES

To increase the employees' awareness on the saving of resources and to highlight that environmental performance is part of the global Group's performance, the profit-sharing schemes have set criteria based on the environment.

In France, for instance, the profit-sharing agreement at headquarters sets paper consumption reduction as a criterion. Alstom Grid profit-sharing agreements include, for example, criteria related to SF₆ emission reductions in Aix-Les-Bains site, or a number of EHS suggestions in Villeurbanne site.

ENVIRONMENTAL ENERGY CONSUMPTION AWARENESS

Thermal Service Oceania has plans in place to increase the employees' environmental awareness through engagement programs that assess operations regularly promoting Alstom's commitment, but also seeking feedback from the workforce and educating them with regards to Alstom actions to improve its environmental performance. This is done through:

- government partnerships such as being a Sustainability Advantage Member through the Department of Environment, Climate Change and Water New South Wales Australia;
- promoting the outcome and corrective actions resulting from the Environmental Impact studies as per the above action plan;
- initiatives as simple as pre-start meetings, toolbox talks and KPI (key performance indicators) boards on site which fosters and promotes the workforce's involvement in reducing the impact on the environment.

ECO-FRIENDLY WAYS OF TRANSPORTATION

Alstom conducts actions to encourage its employees to use eco-friendly ways of transportation at local level.

For example, Alstom Grid in the USA has an on-going programme offering employee incentives to reduce commuting and other vehicle trips by:

- offering flex time, compressed work weeks, and telecommuting to reduce commute time;
- providing an on-site cafeteria and exercise room to eliminate the need to leave the facility during the day for these activities;
- providing locker rooms for use by people utilising the exercise room or riding their bicycle to work;

- providing an indoor bicycle storage room and guaranteed ride home after dark or during bad weather to encourage people to commute using a bicycle;
- publishing a local online tool for employees to sign up for local carpools/vanpools;
- providing reserved parking spots for carpooling employees;
- providing a monthly subsidy to employees utilising public transportation (buses and trains);
- providing cash incentives for participating in any of these alternative transportation options.

A very significant portion of the employee population participates in a combination of these alternative commuting options, and/or uses the company plug-in electric vehicle for company-related trips. Alstom is a strong supporter of the well-known Redmond (USA) bicycle community, with dozens of employees commuting to and from work on their bicycles almost every day throughout the entire year.

The company also purchased a plug-in electric vehicle in 2011. The company has used the electric vehicle for several local customer visits, and employees have taken local trips.

RECYCLING

In Chile, the government created an NGO (Chile-Enter) that has the objective to recycle unused computers and retrofit them so they can be used in the not-for-profit sector and in schools. Alstom was one of the first companies in the country to sign a contract with Chile-Enter. Every year, Alstom donates computers for this programme.

PERFORMANCE RECOGNITION

- All sites of Alstom Transport in the UK have been awarded the Silver Award (Recycling Stars). This award clearly illustrates Alstom's commitment to continuous improvement under ISO 14001 and represents a real contribution to Alstom's Corporate Social Responsibility (CSR) programme.
- In China, in a national Clean Technology Campaign co-organised by the Chinese Academy of Social Sciences (China's top social research agency run by the Central Government) and China's top business newspaper 21st Century Business Herald, Alstom won in December 2011 the "Clean Technology Pioneer" award for its innovative technologies and low carbon solutions in power generation, power transmission and rail transport to build sustainable infrastructures and address the global climate change.

Elimination of asbestos

It has been Alstom's policy for many years to ban the presence of asbestos in all its operational units and to have asbestos-free materials in its buildings (leased or owned) and equipment used by the Group worldwide, including in countries where asbestos is not prohibited. As far back as 2006 and 2007, the Group wrote instructions to frame the surveying process and the workers' protection, which have been updated and improved since then.

Within this framework, Alstom has fixed an ambitious objective: the eradication of asbestos by the end of 2015, as much as reasonably and economically practicable. To reach this target, asbestos surveys have been organised on all units and have been followed by financially assessed abatement plans. The Grid Sector, especially, has led a campaign to evaluate the current state of more than 100 sites located in 40 countries, in order to put the units in accordance with the Alstom standard.

REACH Directive management

The REACH Regulation⁽¹⁾ entered into force in June 2007. This regulation gives the European industries legal obligations in manufacturing, importing and using chemicals.

As a complex product and services supplier working in an international environment, the Alstom Group is impacted by the REACH regulation on its conception activities and project implementations carried out in and out of Europe.

There are two main prospective impacts:

- the obligation to inform the clients about substances of very high concern (called "SVHC");
- the risk of a lack of supply for hazardous substances; suppliers could stop providing them.

One estimates that, in a general way:

- Alstom does not need to register any substance because it does not import or manufacture any chemical substance in quantities above 1t/year per European entity;

- Alstom does not need to notify the European Chemical Agency (ECHA) or communicate to its customers the presence in its products of any SVHC included in the "candidate list" of the ECHA, because the Group does not supply products containing more than 0.1% of these identified substances;
- Alstom sets up the recommended measures to prevent human and environmental risks related to the use of chemicals.

However, exceptions to these rules might exist. They will have to be clearly assigned and authorised for each case.

In order to guarantee accordance with these guidelines, Alstom uses an approach that requires deals with exclusive representatives for chemicals importation into the European Economic Area, prescriptions to suppliers concerning substances and articles listed in the REACH regulation, information gathering from suppliers about the possible presence of hazardous substances in the products, identification by internal experts of hazardous articles, setting up of substitution programmes when it is necessary and the update of the internal process of chemical hazard management.

(1) European Regulation n° 1907/2006 for Registration, Evaluation, Authorisation and Restriction of Chemicals.

SOCIAL PERFORMANCE

Group Human Resources Policy

Alstom's Human Resources (HR) policy contributes to shaping the Group in relation to evolutions in the economic, social and technical environment.

During the fiscal year, the Group focused particularly on:

- adapting its organisation to better match the market and technology evolutions;
- increasing operational efficiency: sharing experience and cross-Sector fertilisation.

The 5 HR Policy programmes aim to:

- offer the best working conditions;
- adapt the workforce to the activities and markets;
- reinforce the company culture;
- develop competencies and manage careers;
- promote equal opportunities.

Offering the best working conditions

Alstom's first priority is the prevention of occupational accidents and diseases.

PricewaterhouseCoopers has reviewed 48 safety & environmental indicators, and the processes for ISO 14001 certification and EHS assessments. A sample of 30 units has been examined. The reviewed indicators are specified with the ★ symbol. The review report is available at the end of this section.

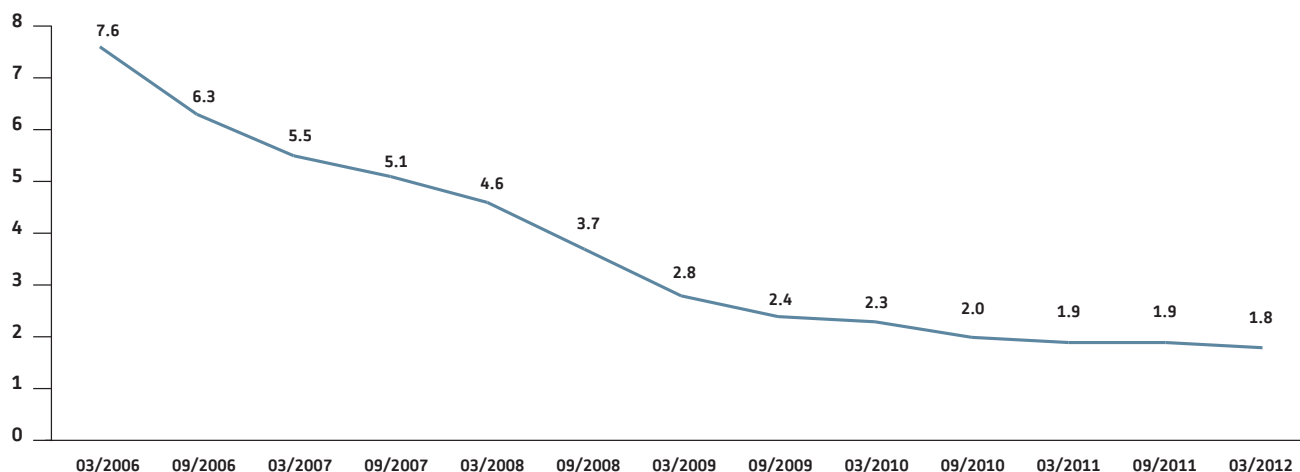
OCCUPATIONAL ACCIDENTS PREVENTION

Due to the nature of the projects that Alstom undertakes in both manufacturing and construction, there is a major risk of severe injuries. Reducing the frequency of these injuries has been an Alstom priority for many years and a "Zero Severe Injury" programme is in place.

OBJECTIVE: AN INJURY FREQUENCY RATE (IFR) BELOW 1 BY DECEMBER 2015

RESULT: IFR (ALSTOM EMPLOYEES): 1.8 AT MARCH 2012

(number of accidents of Alstom employees with time lost due to injury per million hours worked)



Source Alstom.

The figures of the above graph include the Grid Sector performance as of 1/01/2010.

KEY FIGURES ON OCCUPATIONAL ACCIDENTS PREVENTION

	2009/10	2010/11	2011/12
Number of trainees in EHS	650	859	1,700
Number of fatal accidents of employees	1	2	★ 4
Other fatal accidents linked with Alstom activities such as contractors	3	11	★ 7
Frequency rate of workplace accidents (employees)	2.3	1.9	★ 1.8
Severity rate of workplace accidents (employees)	0.07	0.07	★ 0.05

Source: Alstom.

★ These indicators have been reviewed by PricewaterhouseCoopers.

The year 2011/12 was marked by fatal accidents among Alstom's employees and contractors working on Alstom sites. Despite the reduction of accidents of Alstom's employees (a reduction by 52% since 2008), severe accidents still occur. Therefore, safety has become an absolute priority for all Sectors, deploying compliance processes and severe accident prevention initiatives (SAPI).

To reinforce these actions, the Group's Executive Committee decided in November 2011 to launch a Fatality Prevention Plan. Based on three actions, this plan is designed to focus on more risky activities:

- action 1 consists in the analysis of severe accidents and the follow-up of corrective actions, reviewed by each Sector President;
- action 2 focuses on the description and strict respect of the fundamental safety rules to apply to high-risk activities in all Sectors worldwide;
- action 3 aims for a stronger control of contractors involved in operational activities, to ensure Alstom EHS standards are known and followed.

Supported by a communication campaign and training programmes, like the "Alstom International EHS Passport", these actions strive for zero accident, with full commitment from the management to make sure the irreparable never happens again.

SAFETY AWARDS

The Group stakeholders recognise the Health and Safety (EHS) performance. Some examples in fiscal year 2011/12:

- The Pembroke power station project in the UK has received a "Five Star" environment health and safety (EHS) rating from external assessor the British Safety Council (BSC):
 - fifty-seven different parameters were tested by the BSC auditor, who awarded top marks in forty-seven of them, giving Pembroke 4,932 points out of a possible 5,000 - and an overall score of 98.64%;
 - Alstom is lead contractor on the project, with responsibility for on-site EHS, to deliver the 2,160MW combined-cycle power plant under a full turnkey contract. Two thousand workers were on site at the peak of the three-year construction phase;

- the independent audit was commissioned by the client RWE. The scope of the audit, agreed by RWE and BSC, covered five areas: safety organisation, management control systems, emergency control systems, measurement and control systems, and workplace implementation. As part of his investigation, the auditor interviewed key personnel, reviewed safety management documentation and personally inspected the site.

- In March 2012, Thermal Power Services Muizen in Belgium passed the significant milestone of 2,500 days (nearly 7 years) without a Lost Time Accident (LTA). The management team in Muizen has made safety the Number 1 priority to ensure that each employee returns home safe and sound at the end of each day. With this in mind, EHS practices have been integrated into the heart of business strategy and project management. Employees at every level are involved and empowered in the training programmes, risk analyses and specific actions related to safety. The new EHS culture and practices, together with the implementation of a new safety management system, has enabled Muizen to achieve three new EHS certifications since 2010: LSC (VCA) Petrochemical (Belgian and Dutch certification required to work with petrochemical customers), OHSAS 18001 and ISO 14001.
- In Transport, the EHS Award "EHS & Me Challenge 2011" rewarded 5 sites for their best practices to the control of high risk activities and environmental protection:

- Algiers tramway (Algeria): "Safety Award" for sub-contractors management;
- Sesto (Italy): "Safety Award" for risk reduction on electrical works;
- Charleroi (Belgium): ex-aequo "Safety Award" for risk reduction on electrical works;
- SATEE (Shanghai - China): "Environment Award" for wood packaging recycling;
- Santiago (Chile): "Special Award" for the EHS compliance process.

OCCUPATIONAL DISEASES

Due to the absence of an international definition of occupational diseases, it is impossible to aggregate the data in this domain.

In France (18,000 employees), in 2011, 37 occupational diseases were registered.

HEALTH AND SAFETY AWARENESS

To raise the employees' awareness of health and safety and to highlight that the performance in this field is part of the global Group performance, the profit-sharing schemes often set criteria based on health and safety.

- In France, for instance, the Alstom Thermal Power Service Business has set the injury frequency rate reduction as criterion in the calculation of the profit sharing and the Alstom Grid profit sharing agreements include criteria related to the number of general safety inspections in Villeurbanne, La Défense, Saint Priest and Massy.

- In India, the injury frequency rate accounts for 35% of the collective premium.

The sites conduct many other actions to help focus on safety, with the employee representatives, such as a daily minute dedicated to safety in Brazil.

LIFE INSURANCE

OBJECTIVE: ALL EMPLOYEES RECEIVE AT LEAST ONE YEAR SALARY IN CASE OF ACCIDENTAL DEATH

Results: the evolution of employee coverage is quite satisfactory.

	2009/10	2010/11	2011/12
Ratio of employees covered by a life insurance in case of accidental death	97%	98%	99%
Ratio of employees covered by a life insurance giving one year salary	78%	88%	94%

Source: Alstom.

The data come from a survey conducted in 21 countries representing 87% of the Group's total headcount.

In countries such as Poland, employer contributions to insurance policies are considered as a taxable benefit, leading some employees to decline this offer.

In India, in 2011, the insurance in case of fatality has been extended to all death causes with a premium representing 5 years of salary and a cap depending on the grading.

Group workforce at 31 March 2012

The figures in the following tables include permanent and fixed-term contracts.

BREAKDOWN BY REGION

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	Total
Workforce	54,586	10,306	5,763	20,386	2,957	93,998
Out of which long-term absentees (LTA)	1,054	74	145	71	9	1,353
% of total workforce	58.07	10.96	6.13	21.69	3.15	

BREAKDOWN BY CATEGORY (INCLUDING LTA)

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	Total	% of total workforce
Engineers & managers	25,756	5,252	2,219	9,796	1,352	44,375	47.21
Other employees	28,830	5,054	3,544	10,590	1,605	49,623	52.79

SUSTAINABLE DEVELOPMENT

Social performance

BREAKDOWN BY SECTOR (INCLUDING LTA)

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	% of total workforce
Thermal Power (37,991)	21,344	5,764	277	9,689	917	40.42
Renewable Power (9,563)	3,360	754	2,438	3,011		10.17
Grid (19,088)	8,859	1,722	1,307	6,149	1,051	20.31
Transport (25,332)	19,532	1,905	1,631	1,315	949	26.95
Other (2,024)	1,491	161	110	222	40	2.15

BREAKDOWN BY GENDER (TOTAL WORKFORCE BY REGION, INCLUDING LTA)

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	% of total workforce
Men	45,210	8,647	4,924	17,460	2,547	84
Women	9,376	1,659	839	2,926	410	16

BREAKDOWN BY TYPE OF CONTRACT (INCLUDING LTA)

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	Total
Permanent contracts	52,166	9,011	5,684	16,831	1,757	85,449
Fixed-term contracts	2,420	1,295	79	3,555	1,200	8,549
Temporary workers	4,603	840	194	2,584	181	8,401
Interns	1,587	43	272	462	24	2,388

WORKFORCE CHANGES DURING 2011/12 FISCAL YEAR (INCLUDING LTA)

	Europe	North America	Central & South America	Asia/ Pacific	Africa/ Middle East	Total
Hiring on permanent contracts	3,729	1,416	898	3,609	270	9,922
Hiring on fixed-term contracts	1,825	2,749	155	3,098	349	8,176
Resignations	2,104	417	231	1,340	108	4,200
Redundancies	390	107	2	148	4	651
Other departures ^(*)	2,140	544	481	1,201	139	4,505

(*) Including retirements, not including disposals and acquisitions.
Source: Alstom.

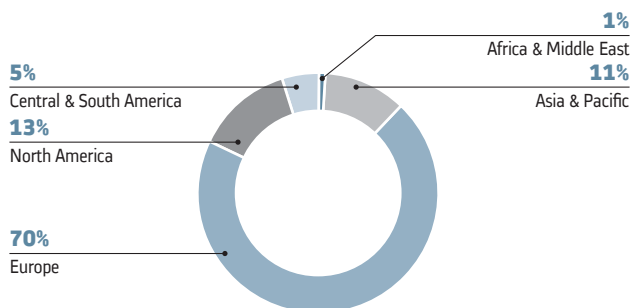
Adapting the workforce to the markets and activities

At 31 March 2012, Alstom employed about 94,000 people.

The priority is to have the competencies needed for the current and future development of the Group and to integrate the newcomers.

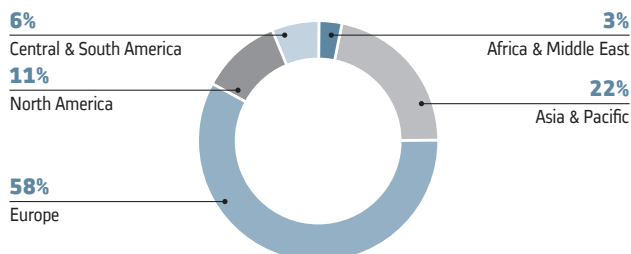
These charts show the workforce by region over the past 6 years.

WORKFORCE BREAKDOWN BY REGION 2005/2006 (TOTAL WORKFORCE)



Source: Alstom.

WORKFORCE BREAKDOWN BY REGION 2011/2012 (TOTAL WORKFORCE)

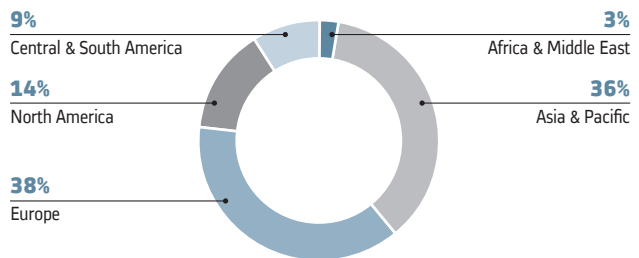


Source: Alstom.

The evolution of the workforce breakdown by region demonstrates the development of the Asia/Pacific region, for which the relative part has more than doubled.

Alstom recruited over 9,900 permanent employees over fiscal year 2011/12. The Group does not face any difficulty to recruit, due to its reputation and its active relationship and partnership with schools and universities.

RECRUITMENT BY REGION IN 2011/12 (PERMANENT CONTRACTS)



Source Alstom.

DEVELOPING ACTIVE RELATIONSHIPS WITH UNIVERSITIES

As Alstom has recruited over 9,900 permanent employees, finding the right competencies is key. Relationships with schools and universities are actively managed in more than 35 countries, for a triple objective, e.g. to:

- make Alstom well-known and identify future employees;
- establish partnerships, including in research and development;
- participate in the national effort for education and training in the countries where the Group operates.

A few examples of partnerships

- In South Africa, a professorship funded at the University of Witwatersrand.

The Alstom Chair in Clean Energy Systems Technology (ACCEST) was inaugurated in December 2011 at the University of Witwatersrand, in Johannesburg, through a partnership, which will see Alstom investing over €1.6 million in various projects at the University till 2016. The chair will address the technology and the system of electricity generation and transmission of South Africa, recognising the need for growth and environmental sustainability.

According to a 2010 report by the Engineering Council of South Africa, "the international benchmark of an average population per engineer shows that South Africa lags behind other developing countries. In South Africa, one engineer services 3,166, compared to Brazil's 227 and Malaysia's 543 per engineer." These figures severely constrain the ambition of the country as it prepares to develop new systems for the green economy.

Eleven topics have been defined grouped into three themes: distributed electricity integration for isolated areas, wave energy electrical technologies and innovative sulphur removal adapted to South Africa, paving the way for other clean power technologies including carbon capture technologies. The students undertaking PhDs and MSc programmes will have the opportunity to select projects from the topics defined. As the programme of the



Social performance

chair goes forward, the topics can evolve organically. The chair will contribute to the development of the next generation of clean energy engineers. These engineers will make the best use of Africa's energy resources, design and operate clean energy systems, integrate and optimise different energy sources including renewable energy, and provide the critical knowledge relevant to South Africa.

- In Morocco, agreements with 2 major schools, EHTP and EMI.
In 2011, Alstom joined forces with École Hassania des Travaux Publics (EHTP) providing 5 scholarships for engineers (including 1 woman) and 3 internships. In addition, two Alstom engineers are teachers in this school. A partnership has also been started with École Mohammadia Ingénieurs (EMI), providing 3-month internships in France for 8 students engineers and 2 scholarships (including 1 woman) for a "rail transportation" master degree in France.
- In China, a partnership agreement with several major universities.
In April 2008, Alstom signed a 5-year partnership agreement with Beijing's École Centrale de Pekin (ECPK). This partnership is in line with Alstom's objective to promote local engineers to positions involving management responsibilities.
Alstom sponsors 7 Universities: Chongqing University, Zhejiang University, Southeast University, Hohai University, Xi'an Jiaotong University, Huazhong University of Sciences & technology, Harbin Institute of Technology.
In September 2011, Alstom signed a research and development collaboration agreement with Shanghai Jiaotong University for Transport.
In November 2011, Alstom sponsored the "Green Energy and Clean Power" Young Scholar Forum at Hust, event hosted by the School of Energy and Power Engineering of Hust.
- In India, relations with a number of universities, with sponsorship events at Punjab Engineering College, NIT Surathkal, Delhi Technological University, and MSU.
There were also a number of on-campus events as part of the "Campus Recruitment Program", at which 177 students were recruited from a wide range of institutions.
- In Canada, a wide range of events organised with various universities, including career fairs, scholarships (IGEE with Polytechnique University), graduate recruitment events from a number of Universities. There is also a large number of other branding activities in order to attract future employees.
- In Malaysia, a partnership with IET Malaysia to create awareness and to brand Alstom as an employer of choice.
There are also career events at the French Chamber of Commerce and Industry in Malaysia.
- In Switzerland, a partnership with IAESTE (International Association for the Exchange of Students for Technical Experience), ASVZ (Academic Sports Club Zurich), and ETH Career Centre.
There are also a number of sponsorship activities, career fairs, presentations, and other such events.

- In Italy, events set up with Politecnico di Milano, including presentations, meeting students, workshops, etc.
- In Brazil, partnerships with two Universities (UNESP and UNIFEI).
There are a number of events at these key universities and others. They also have a number of programmes, e.g. Internship Program, Local Trainee Program, FGDP, VIE (Volontariat International en Entreprise), and International Internships.
- In the USA, relations with many Universities across all Sectors, with a wide range of activities, including career fairs, sponsorships, trainings, and various recruitment activities such as with:
 - the Rochester Institute of Technology, where Alstom supports employee development through tuition assistance;
 - the University of Washington and participation in career fairs; Alstom also supports the new UW (University of Washington) – WSU (Washington State University) State-wide consortium being developed;
 - the Amarillo College (Texas) and their Wind Energy programme. The Group has hired 5 associates graduates or students in the Wind Energy programme to work in the Amarillo nacelle assembly facility.
- In France, support of the "Econoving" professorship.

Since 2008, the Group has teamed up with five industrial partners to provide funding for a 5-year eco-innovation professorship set up by a group of engineering schools and universities including École Centrale de Paris, Supélec, Université d'Orsay Paris XI and Université de Versailles Saint-Quentin in partnership with major companies such as SNCF. This post-doctoral course aims to provide a talent pool for key industrial areas linked to eco-innovation, such as optimisation science, applied research, information technology, intelligent power supply systems and energy conversion technologies. The "Chaire Econoving 2" project was awarded first prize in the Research and Innovation category of the AEF Universités – Entreprises awards, and recognised as the best shared initiative on 16 March 2012.

In addition, since 2010 and for a period of three years, Alstom has sponsored the professorship of Excellence of Law and Business Ethics of the University of Cergy-Pontoise. Created in June 2007, it is the first academic Chair in France which gathers researchers and professionals to reflect upon a common subject and to promote scientific and academic activities related to Ethics and Governance, Socially Responsible Investment, reporting, rating, responsible employment, corporate social responsibility, energy and environment, compliance and healthcare.

- Apprenticeships.

In France, Alstom was present at the launch of The Club of Apprentices at CNAM, as it is involved in this project to promote apprenticeships.

The Group has also established a relationship with the London Business School, being a part of their annual "Paris Business Trek" and had the opportunities to meet a large number of students, who have shown great interest in Alstom opportunities.

INTEGRATING NEW EMPLOYEES

Recruitment is followed by numerous actions to facilitate the integration of new employees into their teams.

At Group level, Alstom conducts an induction programme called Alstom Connection, which gathers newly-hired employees to learn about the Group's activities and values, hear senior management, visit Alstom sites and build a first network. During the fiscal year, two sessions were held.

In addition, local programmes to facilitate the integration of newcomers are designed. For instance, in India, 132 new engineers benefited from a comprehensive induction programme, the "Young

Engineers Graduate (YEG) Integration Program", to help them have a smooth transition from campus to corporate life. The programme focused on behaviours rather than technical competencies. The programme included a full-day EHS audit to highlight the importance of this matter for the Group. These engineers spent one day with 60 orphans: the children painted pictures related to the environment on T-shirts which were sold during an auction sold to benefit the orphanage. In addition, the participants spent 3 days working with villagers to maintain rainwater harvesting equipment related to a project supported by the Alstom Foundation. During these days, an innovation working group worked on how to address the water scarcity issue. One of the outcomes of the working group was to empower the women in the maintenance of the springs.

Reinforcing the company culture

To maintain a high level of engagement, the Group relies on:

- a common culture based on the Group's values and ethical principles which reinforce the sense of belonging;
- an action plan to encourage employee involvement in the life of the company.

SENSE OF BELONGING

The creation of a common culture is important to hold the Group together and reinforce the sense of belonging.

ALSTOM VALUES

Alstom's three core values – Team, Trust and Action – contribute to this objective. They are explained via awareness-raising actions and training at local level and supported by an e-learning programme.

RESPECTING BUSINESS ETHICS

Alstom's reputation of integrity is a key objective and this reputation is built through a permanent strengthening of the Group's ethical rules and procedures as well as the adhesion of all the employees who must know and rigorously apply the principles of Alstom's Code of Ethics.

The mission of the Ethics & Compliance (E&C) Department is to propose and supervise the content of the Alstom Integrity Programme and to foster its worldwide implementation throughout the Group. This culture must permeate the whole organisation, the tone from the top being extended by the tone from the management up to the tone from the employees.

The Alstom Integrity Programme comprises several items:

- The Code of Ethics applies to every employee within the Group. Published in 2001, it was reviewed in 2007 and updated in March 2010 and has been translated into 21 languages, English, French, Arabic, Chinese, Croatian, Czech, Dutch, Finnish, German, Greek, Hungarian, Indonesian, Italian, Japanese, Polish, Portuguese (Portugal and Brazil), Romanian, Russian, Spanish, Turkish.

The Code of Ethics prescribes essential rules of conduct with regards to the relationships with business partners, Alstom commitments as a socially responsible company, human resources policies and commitment to protect the Group's assets.

In addition, the Code of Ethics details the Alert Procedure which allows any employee to report violations related to the prevention of corruption, competition and security and accounting laws and regulations. The identity of the people who exercise this right is kept confidential wherever possible. In the United States of America, the company provides "The Alstom US Business Conduct Hot Line" for this very purpose. This hotline guarantees anonymity.

- Very strict Group Instructions govern Alstom's relationship with Business Advisors, Resellers and Consulting Companies. Other Group Instructions with regards to the management of Conflicts of Interest, Gifts & Hospitality, Political and Charitable Contributions and Sponsorships must be also applied by every employee.
- Face-to-face training sessions and e-learning programmes are essential to explain the policy in terms of Ethics & Compliance. Since January 2006, more than 7.200 persons have participated in a compliance session. Two e-learning modules dedicated to the Prevention of Corruption and Competition Law are available and concerned employees are formally requested to complete the e-learning exercises.

The e-Ethics training module in relation to the Code of Ethics, which is available in 8 languages, was launched in March 2010, the first targeted audience being Managers & Professionals who were all required to complete it. In March 2012, it was deployed in the Grid Sector.

- A community of approximately 250 E&C Ambassadors. They are all volunteers and come mainly from the Legal, Finance and HR functions or are Alstom Country Presidents. They have been appointed to disseminate the Alstom Integrity Culture through E&C Awareness sessions and to be a point of contact for questions about Ethics & Compliance. The Ethics & Compliance Ambassadors have a direct contact with the Ethics & Compliance Department through the Compliance Officer for the Development of the Alstom Integrity Programme, who provides them with the appropriate support and tools for their mission. For example, the E&C Ambassadors receive a monthly Ethics & Compliance Newsletter providing them with press articles and real-case ethical dilemmas.

- A variety of internal communication methods ensure that employees are well informed about E&C in Alstom: a visible and regularly updated "Ethics and Compliance" section on Alstom's intranet, posters displayed in all locations, regular news in Alstom's weekly newsletter.

On 12 September 2011, the Alstom Integrity Programme was awarded an ETHIC Intelligence certificate for 2 years.

Alstom is committed to promote Ethics and Compliance principles in business worldwide. The Head of Ethics & Compliance is a member of the United Nations Global Compact Working Group on the Tenth Principle, of the ECOA (Ethics and Compliance Officers association in the USA), of the IBE (Institute of Business Ethics in the UK) and of the ICC France (International Chamber of Commerce).

On a local level, Alstom sponsors the Ethos Institute in Brazil and the Centre for Business Ethics and Corporate Governance in Russia. In addition, since 2010 and for a period of three years, Alstom has sponsored the Chair of Excellence of "Law and Business Ethics" of the University of Cergy-Pontoise, in France.

EMPLOYEE INVOLVEMENT IN THE COMPANY

Employee involvement and motivation are also key for Alstom. The Group's strength is based on the dynamism and creativity of its employees and several actions have been taken to encourage employee involvement.

EMPLOYEE INVOLVEMENT IN INNOVATION

In addition to communication on the Group and Sector events at least once a week, events valorising employee contribution are organised.

- An example at Group level: promotion of innovative employees.
In 2008, Alstom launched the "Alstom Innovation Awards", an in-house yearly competition designed to reward employees who have successfully developed and implemented innovative solutions. In 2011, more than 1,100 Alstom employees from 22 countries took part in the competition, submitting 399 applications. Two simple criteria are used to assess innovations. "It is new" recognises that the innovation has introduced new components, technologies or processes that differ substantially from solutions used in the past. "It works" demonstrates that the innovation has delivered measurable results.
The dynamism of the Group in innovation can be measured by the number of patents. In 2011, with 257 patents, Alstom was ranked 54th in the list of applicants by the EPO (European Patent Office);
- Specific actions to reinforce employee motivation are taken at local level: for instance, in Indonesia, to increase the productivity through better motivation, a programme involving 250 employees has been set up. A more specific programme with the same objective was designed for 50 young graduates.

WELL-BEING POLICY

In several countries, specific programmes are in place to improve the employees' health and well-being at work. A few examples:

- In India, the objective is to move from an insurance approach to a wellness policy.

All major sites are equipped with a medical dispensary including a consultant doctor.

The wellness policy is reinforced by a campaign on health issues with a portal giving information on nutrition and prevention of diseases for employees and their family. The employees' medical data are analysed (in an anonymous way) in order to decide specific action plans.

Since the campaign, the medical costs have decreased significantly, partly due to the information delivered, for example on the dangers of water-related diseases, and partly due to the negotiation of prices with clinics and hospitals (20% reduction for planned surgery).

- In Germany, on all major manufacturing sites, employees can be helped by a psychologist in case of professional or private difficulties. In addition, they can access a hot-line for the same purpose. Such a programme has already been implemented in France since 2010.
- In Switzerland, Alstom's Social Services supported over 300 employees in 2011 in many cases with the involvement of line and HR managers, providing them with individual support to solve conflicts at work, serious psychological problems and personal problems. 32% of the raised issues were related to workplace problems.
- In Turkey, 2 days a week, a psychologist is available for confidential support to the employees who are in conflict with their manager.
- In Poland, via the services of a specialised company, the Thermal Power Sector offers employees fringe benefits related to a MultiSport card which ensures that the employees have practically unrestricted access to the best and most popular sports facilities on the whole territory of Poland. Transport Sector and Grid Sector are to join the programme in the nearest future.
In addition, the Thermal Power Sector additionally offers a great deal of other pro-health activities to its employees. 1,744 employees used the funding for physical activity in 2011.

REMUNERATION SCHEMES BASED ON PERFORMANCE CRITERIA

SHORT TERM INCENTIVE SCHEME

Alstom's annual short term incentive scheme is based on two performance factors, financial performance (60% of the incentive target) and individual performance (40% of the incentive target). The Target Incentive is the incentive payment that is received when 100% of the financial goals and individual objectives are met. In case the financial results exceed the goals, the incentive paid out may exceed the Target Incentive.

Eligibility and incentive target rates are linked to the job grading and influenced by local market practice in each country. More than 25,000 managers (Grid Sector included) benefited from this remuneration scheme at 31 March 2012.

PROFIT SHARING

Alstom's policy aims to recognise collective performance. Profit sharing schemes are in place in 13 countries (namely France, Brazil, Canada, Chile, China, Croatia, Finland, Ireland, Italy, Mexico, Poland, the UK and the USA) covering about 37,000 of the Group's permanent employees.

EMPLOYEE SHAREHOLDING

Since its initial public offering and first listing, the Group has implemented five capital increases reserved for employees (June 1998, August 2000, November 2004, December 2007, February 2009) and a plan to allocate free shares to all employees (May 2006). At 31 March 2012, the current and former Group employees held 1.45% of the Alstom share capital, either directly or through mutual funds. The Group aims to pursue this campaign to further promote employee shareholding.

SPECIFIC RETENTION PLANS

- In China, Alstom has implemented a retention plan for its managers. This plan includes a premium with deferred payment equal to 10 to 15% of their annual base salary. In 2012, the plan was extended to a new category of employees. The premium is paid if the employee is still present after a 3-year vesting period.
- In India, Alstom has implemented differed incentive plan as a retention tool to increase the stability of its management to retain key talents as well as to further promote their performance. This plan grants an annual premium based on job classification and individual performance with a specific accrual and pay-out schedule. The plan started in 2011 with pay-outs scheduled from 2014 to 2018.

It does not apply to the managers whose performance over the year was not considered sufficient.

INDICATORS TO MEASURE INVOLVEMENT

Regular indicators to measure motivation are the resignation rate at Group level and opinion surveys at Sector level.

Resignation rates, which also reflect the general employment situation in each geographical area in which the company operates, are one of the criteria used to determine the level of satisfaction of Group employees. The rates are closely monitored at both Sector and regional levels.

RESIGNATION RATE

Resignation rate for employees on permanent contracts in each region:

	2009/10	2010/11	2011/12
Europe + Africa/Middle East	1.65%	2.55%	4.10%
Asia/Pacific	5.83%	6.37%	7.96%
Americas	2.39%	3.05%	4.41%
TOTAL	2.41%	3.42%	4.92%

The increase of the resignation rate is due to several factors, mainly the attractiveness from other sectors of the economy with a strong growth, and, in Europe, the restructuring plan in the Thermal Power Sector. For instance, the resignation rate in China is 9% at Alstom and 14% at national level.

EMPLOYEE SATISFACTION SURVEY

During the 2010/11 fiscal year, the Power and Transport Sectors conducted global opinion surveys with very good results for the commitment to Alstom and satisfaction at work.

In June 2011, the Grid Sector sent an Employee Opinion Survey to all its employees. Over 11,000 employees responded (63%) both on-line and via paper forms, showing their strong desire to have their say. Despite the many changes faced by the Sector over the past two years, the results were encouraging, with positive feedback about the perception of Alstom, and about its corporate and social responsibility. In addition, the employees showed a high level personal engagement. However, four areas of improvement were identified, for which more than 50 people worldwide were involved in working groups to build one global action plan subsequently validated by the Sector Executive Committee. Actions were launched in February 2012, and all will be closely followed by indicators and regular pulse checks. The four main actions are: instil a quality culture, boost direct communication between management and teams, improve the employees' perception of the Group's competitive image, and develop individual talents and foster employee recognition.

COMPANY WIDE CORPORATE SOCIAL RESPONSIBILITY SURVEY

In January 2011, a survey, involving mainly Alstom Country Presidents and opinion leaders was launched, on the expectations of Company stakeholders from developed and emerging countries. The strong Country Presidents' participation demonstrated the interest of this topic everywhere in the world. One of the outcomes was that the main expectation of the Group's stakeholders is its contribution to environment protection, but in the emerging countries, there is also a need for a stronger involvement in local development and education. The analysis of the findings will help Alstom to better define its action plan towards local stakeholders and communities.

In November 2011, Alstom conducted a survey targeting 60,000 employees in 7 languages and focusing on measuring employees' awareness of CSR and sustainability matters, their knowledge of these topics in general and of Alstom's performance. The employees were also asked to propose suggestions for action and express willingness to actively contribute.

The response rate was exceptional with over 33,650 respondents (59%), 210,000 suggestions for initiatives and hundreds of people volunteering to actively become part of the CSR community.

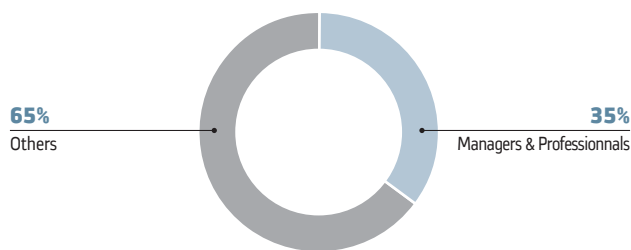
The main take-away of the survey was that 77% of the respondents think that Sustainable Development is key to the company's differentiation but that the knowledge of the respondents on how the company is actually performing in this field should be improved. Therefore an action plan has been put in place to bridge that gap through an awareness campaign that will be deployed in 2012.

Developing competencies and managing careers

Alstom is a high-technology company that handles large-scale, complex projects over the long-term. The quality of its teams, their skills and their commitment to the Group are crucial to its overall success.

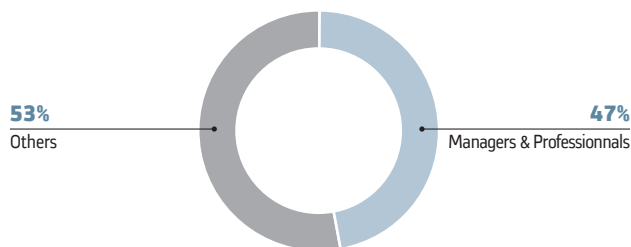
EVOLUTION OF COMPETENCIES BETWEEN 2006 AND 2012

BREAKDOWN BY CATEGORY IN 2005/2006



Source Alstom.

BREAKDOWN BY CATEGORY IN 2011/2012



Source Alstom.

Alstom aims to provide employees with maximum opportunities for personal growth through career management and development of competencies.

CAREER MANAGEMENT

CAREER DEVELOPMENT PROGRAMMES

To better manage both people management and diversity, specific career development programmes are implemented at local level:

- For instance, in Asia and Latin America, Alstom Transport has implemented a programme named GOAL to support local managers for their career in the Group.

In Asia, 52 employees have participated in the programme since its creation in 2009: 33% have progressed in their position, 27% have been promoted, 25% have had no change and 15% resigned.

This programme has been extended to Latin America since 2010 and 61 people, including 11 women, have followed it.

- In China, in 2011, two training programmes were specifically designed to facilitate the promotion with the delivery of a certificate, the MAP for managers and the PAP for professionals. 50% of the 48 participants were promoted after their training.
- In Mexico, a 14-day programme for 25 local managers aimed to raise their qualification in order to facilitate their career in the Group.

The success of these local programmes triggered the development of an overall programme at Group level, the AMP (Accelerated Management Programme): 75% of the 60 trainees come from the BRICs (Brazil, Russia, India and China). In addition, each trainee is mentored by a top manager to boost the training session.

Programmes are also designed for workers. For instance:

- In Poland, a programme of Generation Exchange & Successor Development has been followed by 31 employees to mitigate the leavings concerning mainly process engineers, moulders, pourers, quality controllers (60% blue collar, 40% white collar workers). To secure key competencies and know-how in 2009, every specialist retiring from a key position was replaced by an assigned successor who had completed a development programme and responsibility take-over process. Today these 31 people continue their development under the Manufacturing Specialist Development Programme (MSDP). It is focused on high-potential people representing key manufacturing processes. Professional development is based on individual development plans and is supported by assigned mentors. High-potential people are supported by the company to achieve higher education degrees (Bachelor, Masters, PhD) in manufacturing methods and other key competencies.
- In Romania, a 48-hour training, the QMP Program, was designed to improve the qualification of the maintenance operators (mechanics, electricians, welders, painters, logistics people like forklift drivers, workers in the warehouses, etc.). Each person needs to perform and pass the final test for 4 basic courses, EHS awareness, quality awareness, product safety, visual inspection and to perform one specialty course related to his current job. 383 people were certified between September 2011 and end of January 2012.
- In Brazil, a programme for 40 blue collars allows them to reach high-school level.

CAREER PATH MANAGEMENT

The career path management relies on three processes:

ANNUAL PERFORMANCE INTERVIEW

Objective: all employees benefit from an annual performance interview

Indicator: number of managers and professionals with an annual performance interview

	2009/10	2010/11	2011/12
	ND	30,300 ^(*)	38,800

(*) Figure 2010/11 revised to cover only managers and professionals.

All managers and professionals are covered by this process, which includes the setting of objectives and a development plan. To increase the efficiency of this process, the training of managers related to people development has been strengthened.

In addition, a new module designed by Alstom University focuses on how the manager has to give feedback on employee performance.

PEOPLE REVIEWS

People Reviews allow to match the current and future needs of the Group (based on a competency mapping) and the available competencies, and to set career paths with a transversal vision.

The Group includes most of its managers in people reviews carried out in sites, businesses, sectors and functions and the Group as a whole.

INTERNAL MOBILITY

Objective: appoint at least 60% of the Group's top managers through internal promotion.

Indicator: internal promotion rate of executive managers (1,570 people)

	2009/10	2010/11	2011/12
	70%	79%	85%

In several countries like China or France, monthly resourcing forums are held to better identify the available competencies, the business needs and to facilitate cross-Sector moves.

In addition, thanks to the deployment of E-Talent (common resourcing software) the number of vacant positions posted on the site increased from 20% in 2010 to 43% in 2011. The objective is to reach 60% by 2015. The posting of vacant positions brings transparency, easier relocation, new career opportunities.

PERCENTAGE OF VACANT POSITIONS INTERNALLY POSTED

	2010/11	2011/12	2012/13 (objective by 2015)
	20%	43%	60%

COMPETENCY MANAGEMENT

Objective: Shape the competencies that the Group needs, taking into account the employees' expectations.

Indicators: - ratio of employees trained during the fiscal year
- average number of training hours per employee

	2009/10	2010/11	2011/12 ^(*)
Percentage of employees who have had training	67%	69%	74%
Average number of training hours/employee (total workforce)	21h	20h	19h

(*) Perimeter: 21 countries representing 87% of the workforce.

ALSTOM UNIVERSITY

The mission of Alstom University is to support our strategic business goals. By instilling a learning culture and community approach, our aim is to ensure that employees have the knowledge, skills and tools necessary to contribute to both Alstom's and the individual's success.

Alstom University's vision and challenges for the upcoming year will mainly focus on:

- understanding the needs of both businesses and employees and continuously adapting the learning content;
- boosting the relation with businesses by implementing Governance models;
- increasing efficiency by the standardisation of processes;
- supporting the functional communities in developing individual and group learning paths based on know-how assessment;
- promoting and managing our internal trainer community;
- providing locally the best learning environment to all Businesses.

Objective: design and conduct common training for all Group activities

Indicator: number of trainees in Alstom University

	2009/10	2010/11	2011/12
	6,300	8,900 ^(*)	8,231

(*) During 2010-11, a one shot programme (*Power Sales*) was deployed with 1839 participants trained.

2011 achievements:

- number of sessions: 629;
- number of Distance Learning licenses purchased: over 3,000;
- number of Distance Learning programmes: 98 out of which 20 customised;
- extension of ISO 9001 Certification for the quality of the Alstom University process to all 5 Regional Campuses in November 2011;
- May 9th, 2011 Alstom University received in Philadelphia the Best New Corporate University & Best Practice awards at the 12th Annual Corporate University Xchange Awards for Excellence and Innovation.

ALSTOM COLLABORATIVE WAY (ACW)

Alstom takes into account the quick development of information technologies. The "Alstom Collaborative Way (ACW)" programme plays a crucial role in the development of a culture based on sharing and learning amongst peers.

ALSTOM COLLABORATIVE WAY DEPLOYMENT

	2009/10	2010/11	2011/12
Telepresence: average hours/month per site	54 h (11 sites)	62 h (12 sites)	77 h (21 sites)
Web conferences	1,100 meetings 3,400 participants	4,700 meetings 14,500 participants	54,614 meetings 223,951 participants
Document sharing systems	21 document sharing spaces 25,000 hits per day	41 document sharing spaces 24,000 hits per day	48 document sharing spaces 20,000 hits per day
Wikis	75	83	89
Blogs	7	6	7

Since March 2010, the CO₂ emission reduction achieved by telepresence has been estimated on the assumption that one participant would have travelled: 35,700 tons of CO₂ were saved.

The increase of web conferences was due to the deployment of LiveMeeting (part of the Workplace project) throughout the Group.

Over next year, the trend should show a wider use of these collaborative tools through the deployment of SharePoint.

Equal opportunities**PROMOTING GENDER EQUALITY**

It is the Group's policy to promote equal opportunities for men and women on the basis of equal employment and qualifications. This principle is included in Alstom's Code of Ethics and in the Company's HR policy.

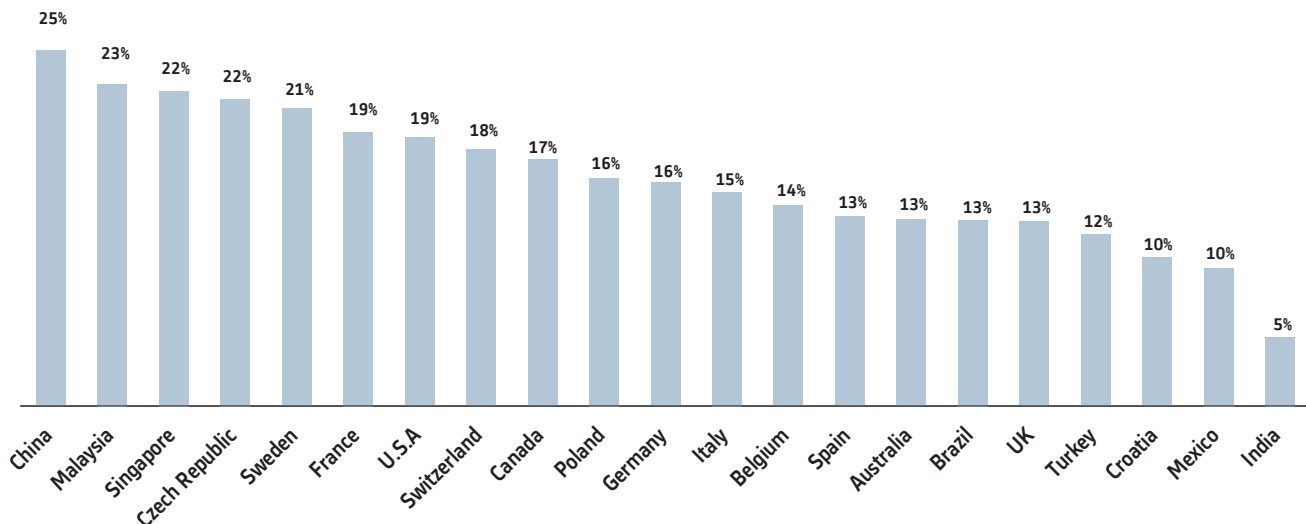
In the past, Alstom businesses attracted a majority of male engineers. Today, Alstom gives great importance to optimising the integration of women in its activities, even if the expected results of its action plan have not yet materialised.

INDICATORS RELATED TO WOMEN

	2009/10	2010/11	2011/12
Percentage of women in the workforce	16%	16%	16%
Percentage of women: management	16.5%	16.5%	15%
Percentage of women: executives (1,570 people)	9%	11%	11%
Percentage of women trained versus total women by calendar year	66%	70%	71%

The proportion of women in the headcount varies greatly between countries.

PERCENTAGE OF WOMEN PER COUNTRY



The Group has no specific targets for the percentage of women in its total workforce but it develops an active policy to favour their integration.

SUPPORTING ASSOCIATIONS DEDICATED TO WOMEN PROMOTION

To increase female applications, Alstom promotes industry careers among female students in several countries, in partnership with relevant associations.

- In the USA, Alstom has established numerous partnerships and participated in many programmes and activities that demonstrate its commitment to Diversity and Equal Employment Opportunity more specifically for women. Alstom is a member of the Equal Employment Advisory Council (EEAC). The EEAC is the nation's largest non-profit association of employers dedicated exclusively to the advancement of practical and effective programmes to eliminate workplace discrimination. Alstom is a member of the Industrial Liaison Group (ILG). The ILG promotes Affirmative Action and Equal Employment Opportunity by working closely with the US Government Office of Federal Contract Compliance Programs and Employment Opportunity Commission to:
 - advocate the positions and viewpoints of the constituents;
 - comment and provide feedback on Regulatory and Legislative initiatives;
 - educate the constituents on developments regarding equal employment opportunity, affirmative action and related regulatory changes.
- In France, a new partnership has been started with "Déployons nos Elles", a non-profit organisation which promotes industrial jobs in colleges by organising exchanges with engineer women and visits of workshops.

INITIATIVES TO FIGHT DISCRIMINATION

Concrete achievements have been accomplished in order to fight discrimination and harassment.

- In the USA, policies on Workplace Harassment Prevention, Equal Opportunity and Affirmative Action have been created for

the country. A Harassment Hotline has been established for any employee who feels harassed or discriminated against.

- In Australia, a specific training on discrimination and harassment has been designed; it comprises two elements: a 2-hour face-to-face session with an outside counsel explaining the relevant legislative requirements and on-line tutorial and testing. A specific module is designed for the managers. All employees must participate in both modules.
- In Switzerland, the WAVE network (Women Adding Value to Engineering), created in 2007, has the objective to encourage the professional development of members and to enhance employees' professional/personal life balance. The main goals of the WAVE network are to actively promote diversity, efficiently communicate Alstom-related information, nurture professional relationships between educated female employees that share a male-dominated work environment and stimulate professional development at different career stages.

In 2011, WAVE was announced as an Alstom sponsored group for professional female employees and received its own homepage on the Alstom intranet. In the future, the aim is to keep on organizing 6 events per year.
- In Spain, a statement was signed on 11 January 2012 by the top management of the Country and Sectors in order to highlight their determination to exclude all discrimination especially based on gender and eliminate all kinds of disadvantages. Information regarding all measures to promote gender equality will be spread at internal and external levels. Communication regarding Alstom's reputation will focus on this aspect. The human resources policy will be strengthened in order to ensure that any kind of discrimination is eliminated. The unions will be part of all decisions made in this domain.

EQUAL OPPORTUNITY POLICY AT GROUP LEVEL

In 2011, a strong momentum was devoted to gender equality. The Group Human Resources director launched on March 8th 2012 the WEB programme (Women Empowerment for Business), promoted by WEB ambassadors and reaffirmed his full support to networks similar to WAVE. In addition, specific focus is given to women careers during people reviews. Alstom also supports the EVE programme, aiming to train men and women in female leadership and 10 people were trained this year as a pilot. The men have a quota of 20% because it is necessary for them to understand the obstacles that women are faced with.

A negotiation has been launched with the EMF (European Metalworkers Federation) in order to find an agreement related to equal opportunity in 2012.

BALANCE BETWEEN PERSONAL AND PROFESSIONAL LIFE

In several countries, measures have been taken to encourage a good balance between personal and professional life.

- In France, in 2011, 4 agreements (ALSTOM Management, ALSTOM Grid, ALSTOM Power Service and ALSTOM Power Systems) related to equal opportunity were signed with a focus on the balance between personal and professional life. To facilitate the life of women at work, it is necessary to encourage men to be more involved in family life. The agreements include measures such as:
 - the reduction of daily working hours for pregnant women;
 - a gradual work resumption week after maternity or adoption leave;

- the payment of complete salary in case of paternity leave;
- support upon return from maternity leave;
- pay rise guarantee for male or female employees on leave;
- a specific allowance in case of child illness requiring parental attendance;
- measures to support single parents such as flexible working time;
- special leaves for family events.

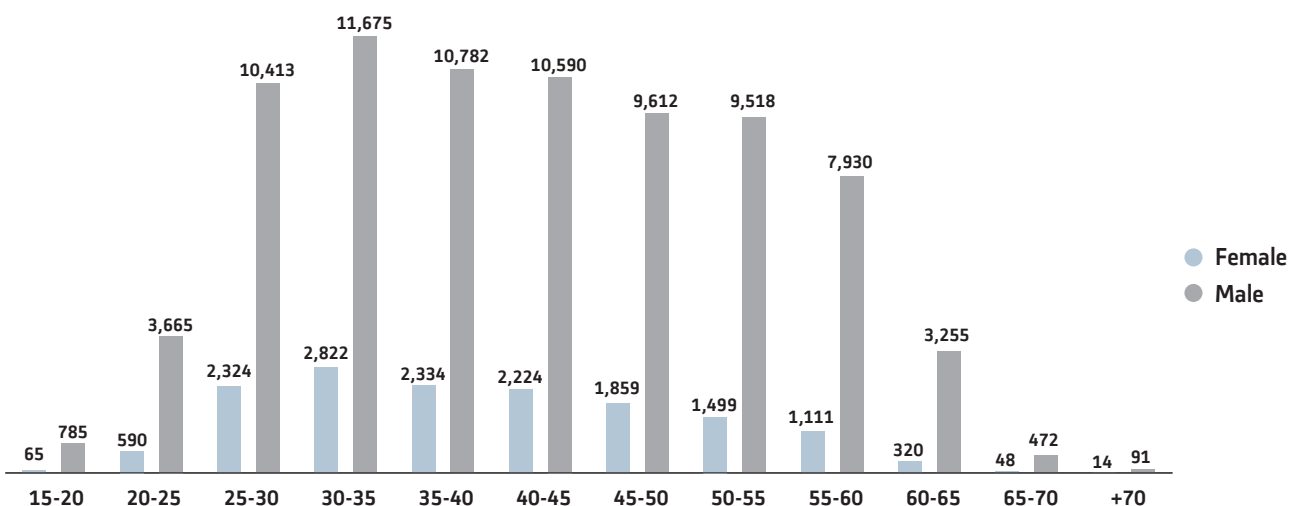
The implementation of all these agreements is followed by indicators. ALSTOM Transport signed an agreement in September 2011, but this agreement has to be completed with indicators. ALSTOM Hydro France and ALSTOM ITC will each sign an agreement by July 2012.

Each Transport site in France has a budget to finance day-care nurseries or to participate in childcare costs.

- In Turkey, during one year after maternity leave, mothers benefit from a reduction of working hours.
- In India, only women used to benefit from the reimbursement of medical expenses for maternity capped at 1,000€. In 2011, the decision was made to extend this advantage to fathers.
- In Brazil, an agreement with the unions extended maternity leaves from 4 to 6 months.

Alstom has conducted a survey in 21 countries representing 87% of the total headcount, in order to assess possible salary discrepancies between men and women. The results are difficult to interpret for a number of reasons, in particular because of the very limited number of women in certain categories and of differences in positions and seniority.

AGE PYRAMID BY GENDER (TOTAL WORKFORCE) – MARCH 2012



Source: Alstom.

EMPLOYMENT OF DISABLED PEOPLE

The Group subsidiaries are required to comply with country-specific legislations promoting the integration and employment of disabled people. In addition, the Alstom Code of Ethics strictly prohibits any discrimination on the basis of health or disability.

The following table shows the results of a survey conducted in 21 key countries, to measure the integration of people with disabilities in the total workforce. The data are significant only where local regulations set minimum quotas.

PERCENTAGE OF EMPLOYEES WITH DISABILITIES

	2009	2010	2011
France	3.2%	3.4%	3.4%
Germany	5.4%	5.4%	5.5%
Italy	2.3%	2.7%	2.7%
Spain	0.4%	0.3%	0.4%

- In the USA, Alstom has created a Reasonable Accommodation Policy to outline the company's commitment to the fair and equal employment of individuals with disabilities.
- In China, more than 700 working uniforms have been ordered from the "Hong Kong Factory for the Blind".
- In France, Alstom has participated in disability recruitment forums, in "handicafés" within universities with the help of FEDEEH (federation specialised in support for disabled persons). Alstom also organised meetings with the Foundation of the University of La Rochelle which promotes the training and recruitment of disabled people.

Alstom organised internal trainings to help HR officers better understand various situations involving disabilities and to help prepare job interviews and the integration of people with disabilities.

- The internet version of this report is accessible to blind people.

PROMOTING DIVERSITY

Alstom is fully aware of the strength resulting from the large number of nationalities, cultures and approaches represented in its employees. Specific action plans have been developed at local level to take advantage of this asset.

Two indicators measure diversity:

- the number of French senior executives has declined from 52% in 2006 to 45% in 2009, to 37% in 2010 and 39% in March 2012 (36% without Grid);
- the number of expatriates coming from Asia: at 31 March 2012, 68 expatriates out of 946 came from Asia, against 89 out of 922 in March 2011. The decrease was mainly due to the economic situation in Europe.

In the USA, Alstom is a Sponsor of the Society of Hispanic Professional Engineers (SHPE). SHPE is a social-technical organisation whose primary function is to enhance and achieve the potential of Hispanics in engineering, maths and science. Alstom is a Sponsor of the National Society of Women Engineers (SWE), an organisation that empowers women and students to succeed and advance in the field of engineering. Female Alstom employees have spoken at universities such as MIT and UCONN to discuss careers in engineering. Several business units support members of SWE at local colleges and universities.

Alstom is also a Sponsor of the National Society of Black Engineers (NSBE). NSBE is dedicated to the academic and professional success of Afro-American engineers and students.

Alstom is profiled Diversity/Careers in the Engineering and IT Magazine.

In an effort to increase the recruitment of women, minorities, veterans and individuals with disabilities in the USA, Alstom subscribes to The National Labor Exchange. This organisation helps members attract diverse candidates, comply with the Office of Federal Contract Compliance Program (OFCCP) requirements, meet mandatory job-listing requirements for veterans covered under the Vietnam Era Veteran's Readjustment Assistance Act (VEVRAA), and attain overall affirmative action goals. Some of the websites that Alstom is featured on through The National Labor Exchange include: [The Black Perspective](#), [Diversity Working](#), [EqualityMagazines.com](#), [Hispanic Today](#), [IMDiversity](#), [Women For Hire](#), and [Women in Business and Industry](#). The Alstom logo and a link to the Group's career site are posted on each of these sites.

FACILITATING ACCESS TO EMPLOYMENT

Alstom recognises its responsibility to facilitate the access of people, especially young people, to employment and develop local initiatives with this goal. For instance:

- In Mexico, in Mazatlan, a programme has been designed to help 15 young people without qualification to access employment. These people are either at work when the workload permits, or in training sessions.
- In Brazil, in Bahia, 12 young engineers without experience were hired and sent to Barcelona, Spain, to be trained and learn about a different culture. 14 other young graduates were sent in various countries during 18 months for the same purpose.

In addition, in Taubate, two programmes, Escola Formare and Pescare managed by the IOCHPE organisation, allowed 30 young people from underprivileged backgrounds to have a one-year training in a professional environment. 120 people from Alstom volunteered to provide training.

Social performance

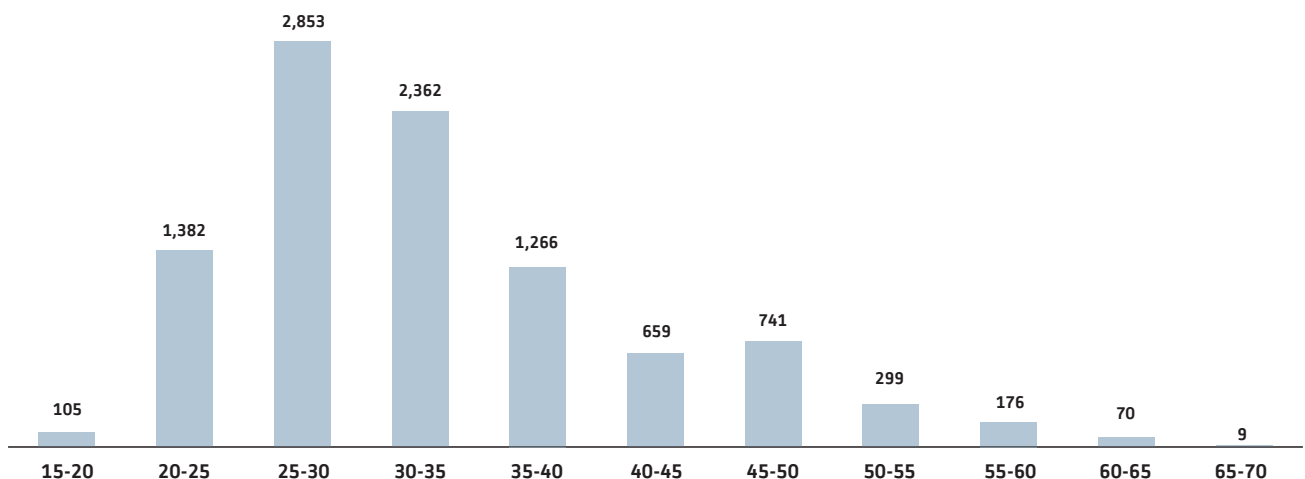
- In France, in March 2012, Alstom signed with the Ministry of Labour the “Engagement national pour l’emploi des habitants des quartiers prioritaires de la politique de la ville”, with a set objective; for La Courneuve site for instance to hire 20 people from disadvantaged areas in permanent contracts, 25 apprentices and 15 internships, by 2014. In 2011, La Courneuve hired 38 permanent contracts from these areas, 12 apprentices and 11 interns.
- In Germany, Alstom sub-contracts to social enterprises which provide work for prisoners and people encountering difficulties to access employment.
- In Spain, in Bilbao, Alstom collaborates with the Professional School of Somorrostro supporting the education of 4 students with low financial resources. This school is the one used to staff the plant with non-experienced people.

More information is available on www.alstom.com.

MANAGING SENIOR CAREERS

Age is obviously not a discrimination criterion. Over the last fiscal year, 1,295 people aged over 45 were hired, corresponding to 13% of the new permanent recruits.

AGE PYRAMID OF NEW HIRES 2011/12 - PERMANENT CONTRACTS



Source: Alstom.

- In France, the “Knowledge Management and Age Pyramid Anticipation” agreement was concluded in January 2012 to facilitate the continuation of professional activity until retirement in all French Alstom units. The agreement has set up concrete actions to develop skills, access to training, and anticipate job evolutions. Moreover, knowledge management and mentoring development are also part of the agreement objectives, as well as the way to enable Alstom employees to organise the end of their career and the preparation of a smooth transition between work and retirement.
To maintain people employed until their retirement age is also a target of this new agreement which sets key indicators to follow up the elder employee rate within the organisation.
- Among the significant evolutions compared to the previous 2009 agreement, the “Formalised Mentoring” programme can be highlighted: a formal agreement sets the terms and conditions of the mentoring and a close follow-up of the development plan is organised to ensure the transfer of competencies to the successor. Specific means are provided to the mentor, such as dedicated days to carry out this mission and a premium if the training objectives are achieved.
- In Switzerland, all employees who have reached age 50 are invited to a seminar to help them make their plans, with information on financial planning and pensions, property and inheritance law. At age 57, a seminar, “57plus”, focuses on the final career years, health during retirement, social network.

Employee relations

An internal survey, conducted in 21 countries and representing 87% of the Group headcount, showed that 72% of the Group's employees are covered by a national or intra-company collective bargaining agreement.

COLLECTIVE BARGAINING AGREEMENTS

Alstom's Management works closely with the European Works Forum (EWF): 10 select committees, 2 regular plenary sessions, 4 extraordinary plenary meetings, 10 meetings of 4 working groups (3 for the Thermal Power Sector, 5 for the Transport Sector, 1 for Grid and 1 for IS&T). The exchanges were mainly regarding the adaptation of the workforce to the workload in the Thermal Power Sector, in the Transport Sector in Spain, Germany and Italy and in the Grid Sector in France and Germany, in the frame of the agreement related to the Anticipation of Change and Evolution signed in February 2011. This agreement between Alstom and the EMF (European Metalworkers' Federation) now in force in the 30 countries where they are present, is based on the good practices of countries, such as the workforce and competency planning in France, temporary work-time reduction in Germany or geographic mobility in Italy. The objective is to safeguard employment, accompany the redeployment of employees, increase employee competencies and organise the social dialogue at European, national and local levels.

The exchanges were also related to the organisation of the Information Systems and Technology (IS&T) Department with the outsourcing of the data centres and the help desk.

Many agreements related to salaries, working time, medical care, restructuring and profit sharing were signed at local level with the employee representatives during year 2011. For instance:

- in Morocco, all the employee representative institutions were set up in 2011, including the Health and Safety Committee.
- in France, several agreements were signed to reinforce the unity of the Group:
 - an agreement related to a statutory profit sharing plan at Group level, to reinforce the trans-Sector solidarity and the sense of belonging to Alstom;
 - 2 agreements related to the update and trans-Sector harmonisation of the death and disability insurance and medical schemes;
- in Indonesia, a new union for engineers was organised in 2011, for negotiations on salaries and career opportunities.

The list of the agreements signed in 2011 is available on www.alstom.com.

MANAGEMENT OF RESTRUCTURING IMPACTS

Alstom strives to limit the social impact of restructurings. The principle stated in the Group's policy "It's all about People" is: "nobody is left to cope alone with an employment problem". In February 2011, Alstom and the EFM (European Metalworkers' Federation) signed an agreement related to the Anticipation of Changes and Evolution. The restructuring plans therefore follow this guideline. For instance:

- In Italy, in the frame of the European Agreement, a local agreement was signed on 31 August 2011 to set the social plans for the reduction of 280 positions in Colleferro, Guidonia, Bologna, Savigliano, with proposals of internal mobility, pre-retirements, voluntary departures, working time reduction.
- In Salzgitter, Germany, an initial plan to restore profitability involved structural cost reduction and productivity measures resulting in 700 positions in excess.

After negotiation and an agreement signed with the local Union and the Workers Council in July 2011, the plan is to integrate measures such as voluntary departures, pre-retirement, mobility, increased work-time flexibility and productivity-based variable pay scheme. This will result in fewer redundancies.

The capacity-related part of the plan will be adapted to the recent market evolutions in Germany.

- In Barcelona, Spain, a redundancy plan concerning 400 positions was set up in the frame of an agreement with the trade unions, including retirement measures, temporary work time reduction and relocations.
- In Switzerland, in October 2010, a restructuring plan concerning a reduction of 760 positions was announced. A social plan was negotiated with the Staff Council. The social plan defines support such as possibilities for prolongation of the notice period under certain conditions, financial support for bridge models, early retirement and qualification for new positions, support for internal transfers, relocation support. Therefore, two internal job centres were established. By March 2012, these internal job centres have managed about 200 employees and solutions have been found for 170 people.
- In Lapa, Brazil, 150 positions were redundant. After an agreement with the unions, the social plan included working time reduction, voluntary departures, training during 4 or 5 months to upgrade qualifications.
- In Calgary, Canada, the close-down of a workshop in August 2011 resulted in 50 redundancies. Having being prepared for two years, solutions were proposed to all employees, including retirements and relocations in the client company and inside Alstom.
- In Ottawa, Canada, where 50 positions were closed in the Thermal Power Sector, 30 people were reassigned within the Group and a cooperative was created.

Length and organisation of working time

ORGANISATION OF WORKING TIME

Work practices at the Group's industrial, commercial and administrative sites vary greatly depending on the site, type of activity, geographical location and local legislation.

In France, out of 16,750 employees, 10% of the employees work on 2x8 shifts, 3% on 3x8 shifts and 2% on weekend shifts.

OVERTIME

Overtime refers to hours worked beyond the legal limits set by the relevant national legislations. The concept of overtime may vary from one country to the next and in some cases is not applicable. This somewhat mitigates the relevance of this benchmark as a consolidated indicator.

In France, the average figure of overtime is 38.5 hours/per employee for calendar year 2011.

USE OF EXTERNAL EMPLOYEES

The number of temporary workers as a full-time equivalent (FTE) was 9% of the total workforce in the first quarter of 2012.

For fiscal year 2011/12, contractors worked an estimated 115 million hours at Alstom sites and on construction sites, corresponding to the equivalent of 60,000 people on the basis of a 40-hour work week and 48 weeks/year (63,000 people in 2010/11).

RELATIONSHIPS WITH EXTERNAL STAKEHOLDERS

Relationships with customers

Alstom has put in place special procedures to better anticipate the needs of its customers.

I – The **Power Sectors** put customer relations at the top of their priorities. The Global Power Sales organisation based in countries, covering both the Thermal Power and Renewable Power Sectors, aims to be close to its customers, to better understand their needs and requirements and be able to answer in a timely manner. Global and Key Account Managers ensure a close and long lasting relationship with customers. The “One Face To the Customer” concept ensures coordination of the businesses activities and ensures a better match with customer expectations and satisfaction. In addition:

- a customer satisfaction survey was renewed in 2011 to measure the evolution since 2005 and 2008; more than 480 customers participated in the worldwide survey highlighting Power Sectors’ strengths and areas for improvement;
- customer satisfaction surveys are also conducted at business level following the completion of most projects;
- working groups comprising customers and Group experts discuss specific products and technologies. Sharing views and experiences, particularly with regards to technical expectations, is extremely useful for Alstom to improve existing products and develop new offerings;
- technical events such as Clean Power Days, Product Roadshows and Technical Seminars are organised worldwide to encourage technical exchanges with customers and technical associations.

II - In the **Grid Sector**, customer intimacy is a key priority. The Company aims to be recognised as a reference in grid performance, developing intimate relationships with its customers based on trust and understanding.

- The Grid Sector carries out yearly customer quality surveys with 20,000 contacts throughout all regions. Feedback, assessed on a one-to-one basis through a customer call-back process, is fed when necessary into the Sector’s Customer Complaint Handling System to launch corrective actions.
- The Grid Sector strengthens customer intimacy through Strategic Key Account Management (there are 42 Strategic Key Accounts including utilities and industries). The mission of the Key Account Management is to promote and develop customer intimacy to ensure customer loyalty and increase customer satisfaction. A yearly Key Account Plan ensures in-depth account review including interviews with key customers

to gain feedback on cost, quality, delivery, service and relationships. The information is documented and reviewed into clear action plans for each individual key account, used to fine-tune strategy and develop tailored products and services. In a fast moving international environment, Key Account Management regularly holds, for each Strategic Key Account, a Key Account Day event to better understand the customer’s business, develop joint solutions and evaluate new technology.

- The Grid Sector regularly holds User Groups worldwide in the fields of Network Management Solutions, Substation Automation Solutions, Air-insulated Switchgears and Gas-insulated Switchgears. These events allow participants to exchange views with peers while keeping abreast with the latest trends and developments in grid solutions. By regularly listening to customer feedback during User Groups, Alstom Grid gains a unique insight, which helps to ensure that Alstom Grid solutions evolve with the customers’ needs and challenges. More than 100 customer events, such as road shows and customer days, were held in 2011, and are also important channels for Alstom Grid to interact with customers.
- The Grid Sector also offers technical training through its Technical Institute to accompany customers throughout their equipment lifetime. Expert technical knowledge is transferred through a proven pedagogical approach and continuously improved with systematic customer satisfaction surveys. Local accessibility to Technical Training on the full Grid scope is ensured through the global network of 16 training centres, always in proximity to a factory, and through on-line e-learning. During the last year over 13,000 trainee days were achieved.
- Finally, the Grid Sector has launched its “All Ambassadors” programme, targeting key customer-facing and internal interface employees from all Product Lines and Regions.

III - In the **Transport Sector**, Alstom assesses the needs of customers and the market-based on in-depth interviews with its customers with a view to documenting market trends and key growth drivers, and gaining feedback on their views of its TIS products and services. The information is subsequently incorporated into the “Customer Needs Review”, which is used to fine-tune the strategy and develop products and services.

In parallel, an important satisfaction survey to understand the perception of the Alstom Transport customers has been launched. This study will be the starting point of an annual follow-up programme comparable to those put in place in other Sectors.

Relationships with governments, international organisations and think tanks

Alstom wants to be known for the quality of its contributions to the policy debate around sustainable, environmentally sound power generation, transmission and transport, engaging government and international organisations in the development of policies.

As a company with a long history and unique portfolio of clean power and sustainable transport technologies, Alstom has the experience and expertise to help drive low-carbon development, tackle climate change and ensure sustainable economic growth.

Alstom therefore engages in advocacy, both directly with governments, international organisations and other influencers, and through memberships in selected coalitions that share the policy vision.

The messages which Alstom contributes to the policy debate focus on the following:

- the need for a carbon market to drive investment in low-carbon technologies;
- the need for a portfolio of technologies to cut greenhouse gas emissions while extending access to energy;
- the key role of energy efficiency on the supply side (more efficient electricity generation and transmission) as well as the demand side;
- the need for public support for the research, development and demonstration of low-carbon technologies;
- the importance of long-term policy clarity to investment in all countries and the crucial role of policy support for local infrastructure, supply chain development and absorption capacity in developing countries;
- the key role of financing of large infrastructure projects by International Financial Institutions (IFIs);
- the support to fair competition and open trade, promoting real reciprocity in access to public procurement;
- the importance to commit to the application of ethical rules in a consistent manner to ensure fair competition;
- the key role of open markets including the dismantling of trade barriers on environmental goods and services;
- the role of IPR (Intellectual Property Rights) protection in incentivizing investment in low-carbon technology.

Convinced that the Sustainable Development goal will be reached only if all parties are involved, Alstom participates in a number of leading bodies.

- in 2008, Alstom joined the Global Compact, designed to encourage companies to commit to a set of key values spanning human rights, labour standards, environmental protection and ethics in business practices. Alstom is actively involved in this network and promotes the ten principles that summarise its key values;
- in 2009, Alstom joined the World Business Council for Sustainable Development (WBCSD), which comprises 190 international firms campaigning to promote the three pillars of sustainable

development: economic growth, environmental balance and social progress;

- Alstom has signed the sustainable development charter drawn up by the International Association of Public Transport (UITP);
- Alstom is a founding member of the Australia-based Global Carbon Capture and Storage Institute;
- in 2009, Alstom joined the International Emission Trading Association (IETA), created in 1999 to establish a functional international framework for trading in greenhouse gas emission reductions;
- in 2010, Alstom joined The Prince of Wales's Corporate Leaders Group on Climate Change and the European Union Corporate Leaders Group on Climate Change (CLGCC) which bring together business leaders from major European and international companies who believe that there is an urgent need to develop new and long-term policies for tackling climate change;
- in 2011, Alstom joined the "Comité 21", a French network of stakeholders from the private, public and not-for-profit sectors. This network's mission is to create the conditions of exchange between its members to effectively deploy sustainable development partnerships at the local level;
- Alstom is also a member of The Climate Group, an independent, not-for-profit organisation that works internationally to bring together governments and businesses to reduce emissions and accelerate the implementation of clean technologies.

During the fiscal year, Alstom was involved in many programmes directly linked to Sustainable Development.

• Low carbon technologies

- participation in Carbon Capture and Storage demonstrator projects at European level and in the launch of the large "NER300" technology demonstrator fund (using the New Entrant Reserve of Phase III of the Emission Trading Scheme). This programme, worth approximately €4billion, will be shared between CO₂ Capture and Storage (CCS) demonstrators, Offshore Wind, Smart Grid, etc. The participation paves the way for the full commercial and industrial deployment of these technologies.

Several proposals with different partners were submitted by Alstom in Poland, Belgium, Germany, Romania, Spain and France in the framework of this NER300 programme. It is essential that different technologies be tested on an industrial scale in order to evaluate their respective contributions to greenhouse gas (GHG) reduction and to the deployment of renewable energies;

- participation in the International Energy Agency (IEA) Programmes, including the Green House Gas Programme and the Clean Coal Centre;
- participation in the USA Department of Energy programmes.

- **Smart grid**

EU Project "TWENTIES" in which Alstom Grid develops key technologies in Direct Current (DC) transmission and on-line stability, needed to deploy a new European grid able to connect renewable energy sources (mainly wind).

- **Energy storage**

Participation in a large number of conferences, workshops and programmes on energy storage; the Group's solutions combining hydro (pumped storage variable speed turbines), and smart energy management solutions using "virtual" power plants and network modelling are largely put forward.

- **Smart cities**

Contribution to eco-friendly cities. Many cities in Europe have committed through the "Covenant of Mayors" to improve their CO₂ footprint. The EU is committed to help develop eco-friendly cities through a combination of renewable energy, "smart" buildings, and eco-friendly mobility solutions. Alstom and its partners, Bouygues and Embix, will actively participate in the programme launched by the European Commission on the demonstration for "Smart Cities" in 2012.

Relationships with suppliers and contractors

Suppliers and contractors are closely linked to the activities and success of the Company as well as to its Corporate Social Responsibility. Alstom naturally seeks to foster long-term ties involving these partners in its growth strategy in line with a responsible purchasing approach.

Reducing sustainable development risks in its supply chain is one of Alstom's main priorities.

As any other company, Alstom faces all types of sustainable development risks. Regarding its industrial activity, Alstom has identified the main sustainable development risks from its suppliers as mainly those related to pollution, to the usage of specific hazardous substances, and to working conditions as illegal work, no compliance with ILO, maximum working hours overpassed, insufficient wages and especially inadequate health and safety conditions.

The Company takes special care to reduce these identified risks, but takes into account all suppliers' risks related to the environment, social, ethics and suppliers management.

ACTION PLAN

Alstom has initiated a policy regarding responsible purchasing. This policy has resulted in:

- **The definition of sustainable development standards**

The definition of sustainable development standards results in a "Charter for sustainable development between Alstom and its suppliers and sub-contractors", which Alstom's suppliers and sub-contractors are requested to sign. This charter implies respect of the principles set in the United Nations Universal Declaration of Human Rights, the International Labour Organisation's Fundamental Conventions, the Guiding Principles of the Organisation for Economic Co-operation and Development, the rules of conduct of the International Chamber of Commerce (ICC) and also in Alstom's Code of Ethics. In March 2012, more than 8,500 Alstom partners had already expressed their commitment by signing this charter. The compliance with the charter is also integrated in Alstom's general purchasing conditions.

- **The assessment of suppliers in regard of these standards in order to evaluate risks and remediation action plans**

Alstom has also introduced an assessment process for its main suppliers and contractors. The assessments are conducted by Ecovadis, a company specialised in sustainable development evaluations. These assessments are based on environmental, social and ethical criteria, including supplier requirements to be passed on to secondary suppliers. At the end of fiscal year 2011/12, 1,225 suppliers had been assessed, representing nearly 41% of Alstom's total purchasing volume.

A risk mapping, based on 6,500 suppliers representing about 80% of the spending, was concluded through criteria like procurement, commodities, country... This classification helps to prioritise the assessments of suppliers.

To complete the global toolkit of evaluation of suppliers, Alstom has developed standards for audits adapted to its activities. Alstom has requested the help of a third party, a specialised audit company. This enables Alstom to improve the quality of its audits, develop knowledge of its auditors and use the competences of external resources when necessary.

- **Improvement action plans of suppliers**

These evaluation tools enable to measure the sustainable development performance of suppliers. Those considered as non-compliant with Alstom's sustainable sourcing policy are required to put in place corrective action plans. In order to support their effort, Alstom provides them with information like their sustainable development performance, their strengths and weaknesses as well as the main issues to be worked on. In addition to this advice, Alstom enables them to be reassessed as soon as the corrective action plans are in place. In case a non-compliant supplier does not put in place any corrective action or make any commitment for improvement, Alstom should cease its collaboration.

DEPLOYMENT

In line with measures targeting its suppliers, Alstom has provided training for sourcing people on the subject of responsible purchasing. Besides the online training on responsible purchasing, Alstom has developed a specific training dedicated to its main buyers and auditors. The aim is for the participant to understand Alstom's priorities, to be able to use the evaluation and to support the suppliers if action plans are required. This programme is held mainly through electronic

technology in order to be easily deployed in the different countries where Alstom operates. Today, 680 people have been trained through electronic tools or face-to-face, as in China and India where more than 150 people have been trained.

Alstom is also supporting its suppliers by enabling them to use the training available on the company website.

For the coming year, Alstom will pursue the actions initiated last year, with emphasis on the improvement of its suppliers.

INDICATORS

	2009/10	2010/11 with Grid	2011/12
Amount of purchase in million € (estimate)	11,800	12,400	11,600
Number of charters signed	1,500	4,500	8,500
Number of suppliers assessed	492	850	1,225
Number of people trained through specific programmes	89	300	680

Relationships with local communities

RESPECT OF HUMAN RIGHTS

Alstom has adopted and implements a policy which fully complies with the United Nations Universal Declaration of Human Rights and with the Fundamental Conventions of the International Labour Organisation.

- Alstom conducts an annual survey to ensure the absence of any incident regarding child labour and forced labour, freedom of association or any kind of discrimination. During calendar year 2011, no incident was reported, except a few cases of gender discrimination which have been solved;
- respect of human rights is part of the criteria examined by the Corporate Risk Committee when assessing the projects, as a breach may have significant consequences on the feasibility of the project, its financing or its implementation and the Group's reputation;
- the charter that Alstom suppliers and sub-contractors are requested to adhere to stipulate that the principles of the United Nations Universal Declaration of Human Rights are respected;
- Alstom is a member of the Global Compact, promoting respect of human rights within its sphere of influence. During the fiscal year, Alstom participated in two Global Compact working groups aiming to provide guidelines for investors and companies operating in conflict-affected and high-risk areas and at fighting corruption. Alstom encourages its managers to be involved in their local Global Compact network.

IMPACT ON LOCAL DEVELOPMENT

Alstom's Corporate Social Responsibility policy takes into account the impact of the Group's business operations on local development.

SUPPORTING INNOVATIVE START-UPS

As part of its open innovation strategy, Alstom engages proactively with start-ups that propose new materials, components, engineering concepts and solutions that could be integrated into or marketed along with Alstom's products. The strategy has a particular emphasis on enabling technologies that are not necessarily within Alstom's main research and development focus but are nevertheless important in building a sustainable competitive advantage for the company. Apart from entering into partnerships for the joint development or commercialisation of new applications, Alstom also looks to selectively invest in such innovative high-growth companies, particularly through the following initiatives:

- investment in Emertec IV, an early-stage venture capital fund, along with partners such as the French National Energy Research Institute, the CEA, GDF Suez, CDC Enterprises and the RATP, the Parisian public transport operator. The fund has so far invested in 15 young companies or start-ups with fields of activity related to energy efficiency, renewable energies, protection of the environment, and mobility;
- commitment of €30 million over the next 10 years to Aster II, a global venture capital fund that invests in start-up companies active in the energy industry, mobility, living-space, green chemistry and materials. This is a joint initiative with Schneider Electric and Rhodia-Solvay and seeks to identify – on a global scale – emerging technology leaders to provide them with the capital necessary to pursue their growth plans. Aster II has made four investments in Europe and the USA to date. Given the high quality of this joint effort, in early 2012, the European Investment Fund joined as fourth major investor in Aster II;

Relationships with external stakeholders

- with Rotem Industries Ltd and Gefen Biomed Investments - two Israeli firms specialising in cutting-edge technology - creation of HORIZON, a joint venture to finance and support start-ups in the field of renewable and alternative energies and energy-efficient technologies. Alstom holds a 50% share in the joint venture. The company is based in Dimona, in the south of Israel, and has started to finance business projects.

PARTICIPATION IN LOCAL DEVELOPMENT

Alstom is a global actor committed to develop partnerships with academics and help small and medium enterprises' (SMEs) growth where it is present. A few examples:

CONTRIBUTING TO PROGRAMMES RELATED TO TECHNOLOGY AND INNOVATION

- in France, the Group contributes to eight "competitiveness clusters" (out of 71 at national level), where Alstom engineers work with their counterparts from other companies and university researchers on shared challenges: Embedded Systems (Systemøtic) in Île-de-France Paris; Transport Systems of the Future (I-TRANS) and Up-Tex (as a final user of new textiles) in Nord-Pas-de-Calais/Picardie; Microtechnique in Franche-Comté; New Energies (Tenerrdis) in Rhône-Alpes; Nuclear Pole in Bourgogne; Renewable energy in Grenoble and Power Electronics (Aerospace Valley) in Midi-Pyrénées/Aquitaine.
- in addition, Alstom is part of the European programme ARTEMIS (Advanced Research and Technology for Embedded Intelligence and Systems) which aims to standardise the embedded systems at European level;
- Alstom is also a member of the Executive Committee of the EICOSE programme (European Institute for Complex Safety Critical Systems Engineering), as a representative of Rail Transportation;
- in Belgium, Alstom chairs the Board of the cluster "Logistics in Wallonia".

SUPPORTING LOCAL COMPANIES

- Alstom's support to French SMEs to export: Alstom works with the government on supporting Small and Medium Enterprises growth. In 2009, Alstom made a commitment by signing the "International SME Pact" promoted by the French government to assist French innovative SMEs in their international expansion. As a global company present in more than 100 countries, Alstom is able to share its experience to strengthen their export strategies in the targeted markets. Alstom is one of the members which has carried out most SME-support projects since 2009: Alstom supported 18 SMEs by providing strategic advice, introducing them to local customers or partners or by offering them accommodation in its offices abroad;

- Alstom contributed to forums such as the 3rd forum of the eco-enterprises on 9 February 2012, aiming to develop the relationships between large and small innovative companies;
- Alstom and the Certesens signed a five-year industrial partnership to study the colours, smells, sounds or touch that passengers wish to find on board trains, metros or tramways. The Certesens is a public-private platform. The aim of this new centre is to give research workers and companies' tools to improve the perceived quality of their products or to create new ones;

The Certesens will also train several dozen "testers" to evaluate sensory perceptions in as objective a manner as possible. Companies will be able to call on these testers or send their own research workers to Certesens.

CHARITABLE CONTRIBUTIONS

Alstom encourages initiatives designed to support local communities. The total budgeted contributions to charities are not completely identified at Group level. These initiatives, mainly social, are consistent with local needs and are developed in close cooperation with local associations.

These actions can support various charitable causes, cultural or sports events, initiatives for health or education; Alstom also provides punctual help in case of natural disasters, specific attention is given to actions for education facilitating access to employment.

The charitable contributions are regulated by a Group instruction: they have to answer an environmental or social need in local communities and to be justified by a legitimate charitable purpose.

- The object of the charitable contributions must be compliant with the Alstom's Code of Ethics. This means that it is forbidden to contribute to organisations whose activities are in contradiction with the principles of the Group's Code of Ethics;
- the amount of the charitable contributions is not ruled by this instruction. It is ruled by the Delegation of Authority rules. Prior to any funds, goods or services granted by Alstom, decisions to engage any charitable contribution must be approved according to the applicable Delegation of Authority rules. Charitable contributions must be properly documented and recorded, after checking the identity of the management and the integrity of the charitable institution;
- all donations must be reported to the Corporate Social Responsibility (CSR) department.

The list of charitable contributions is available on www.alstom.com.

The Alstom Corporate Foundation

Around the world, Alstom and its partners lead actions with local organisations to improve the living conditions of the communities surrounding the Group's plants and sites. The Alstom Foundation enables the Group to strengthen these initiatives by providing finance for a variety of concrete actions in environmental protection.

Since its creation in 2007, the Alstom Corporate Foundation has financed eleven projects in 2008, thirteen in 2009, nineteen in 2010 and sixteen in 2011. All projects are presented and supported by Alstom employees. They must focus on the protection of the environment, respond to local needs and be developed with local actors. The Foundation has a budget of €1 million per year.

The Foundation's Board of Directors, which conducts the selection of projects each year, is composed of internal as well as external representatives, Nicole Pasteur (Director of Research at the CNRS, Director of the Institute of Sciences of the Evolution of Montpellier), Jacques Attali (President of PlaNet Finance), Robert Barbault (Director of the Biodiversity Department at the Museum of Natural History), Claude Mandil (former Director of the International Energy Agency).

The 16 projects supported by the Foundation in 2011/12 can be classified under four headings:

ECONOMIC DEVELOPMENT

The five projects in this category are intended to facilitate economic development in relation to the environment:

- development of ecotourism at El Mirador Park in Guatemala (2nd year);
- development of technology to reduce the water consumption in micro power plants in rural India;
- valorisation of waste in Porto Velho, Brazil;
- support of waste-collecting cooperatives and development of an awareness campaign related to recycling in Buenos Aires, Argentina;
- development of a sustainable economic scheme around waste collection in Egypt (2nd year).

SOCIAL SUPPORT

In this category, the Foundation projects are more focused on social aspects while taking into account the other aspects of sustainable development:

- agroforestry in the Dominican Republic;
- drip irrigation and rainwater harvesting structures in Bargarh, India;
- eco-friendly rehabilitation of a school and children centre in Argentina;
- rehabilitation of a square in Santiago, Chile;
- construction of 15 rainwater tanks in Bali, Indonesia;
- installation of solar panels for 50 Bedouins in the Negev desert, Israel;
- renovation of a community kitchen to promote self-sufficiency of alone women in Mexico.

EDUCATION AND AWARENESS OF ENVIRONMENTAL ISSUES

The third category aims to increase public awareness of the improvements that can be made to the environment:

- supply of eco-stoves to 300 families in Bhutan;
- protection of coral reefs in Malaysia (4th year) with a strong volunteer involvement of Alstom employees.

NATURE CONSERVATION

Two nature conservation projects have been selected to help local communities to understand the importance of this protection:

- construction of wells and tree-planting in the Dogon territory in Mali (3rd year);
- atlantic Forest restoration in Brazil (3rd year).

More information about the projects can be found on the following link: <http://www.foundation.alstom.com>.

REVIEW REPORT BY ONE OF THE STATUTORY AUDITORS ON A SELECTION OF ENVIRONMENT, HEALTH AND SAFETY INDICATORS PUBLISHED IN THE 2011-2012 REGISTRATION DOCUMENT OF ALSTOM

This is a free translation into English of the review report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English speaking readers. The review report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Chairman of the board of Directors,

Further to your request and in our capacity as Statutory Auditors of Alstom, we have carried out a review for the purpose of enabling us to express moderate assurance on a selection of Environment, Health and Safety (EHS) indicators and topics published in the 2011-2012 Registration Document, indicated by a ★ symbol.

The selection of EHS indicators and topics is as follows:

- Environment, Health and Safety:
 - Indicator: EHS severe incidents/accidents
- Health and Safety:
 - Indicator: Number of employee fatalities
 - Indicator: Frequency rate of occupational injuries
 - Indicator: Severity rate of occupational injuries
- Environment:
 - Indicator: Water consumption
 - Indicator: Natural gas consumption
 - Indicator: Butane, propane and other gas consumption
 - Indicator: Fuel consumption
 - Indicator: Steam consumption
 - Indicator: Electricity consumption
 - Indicator: Coal and other fuel consumption
 - Indicator: Total energy consumption
 - Indicator: Energy intensity
- Indicator: Annual direct CO₂ emissions
- Indicator: Annual indirect CO₂ emissions
- Indicator: CO₂ emissions intensity
- Indicator: Annual CO₂ emissions for Group vehicles
- Indicator: Fugitive emissions from gases other than CO₂
- Indicator: Non-methane volatile organic compound emissions
- Indicator: Total waste production
- Indicator: Total recycled waste
- EHS Roadmap assessments and ISO certification:
 - Indicator: Number of self-assessments conducted
 - Indicator: Number of formal assessments conducted
 - Topic: Organisation of Roadmap assessments conducted at Group level
 - Indicator: ISO 14001 certification coverage
 - Topic: ISO 14001 certification

These indicators and topics were prepared under the responsibility of Alstom's EHS department, in accordance with the standards set out in the EHS Reporting Manual used by the Group's sites and applicable for the financial period ended 31 March 2012. These standards are available from the EHS department.

Our responsibility is to express an opinion on the selected indicators and topics, based on our work.

Nature and scope of work

We conducted our work in accordance with IFAC - ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and professional standards applicable in France.

We carried out the procedures described below to obtain moderate assurance that no material irregularities exist with regard to the selection of EHS indicators. We did not perform all of the procedures required to obtain reasonable assurance (a higher level of assurance).

- We reviewed the reporting procedures used by the Group in light of the consistency, relevance, reliability, objectivity, and understandability of the data.
- At Group level:
 - we performed analytical procedures and verified, on a test basis, that the data underlying the indicators had been correctly calculated and consolidated. This work involved, in particular, conducting interviews with the persons from the EHS department responsible for compiling and consolidating the data and drawing up and applying the procedures;
 - we carried out interviews with the EHS analyst tasked with writing on selected topics and reviewed the qualitative and quantitative data providing the basis for these topics.
- We selected a sample of EHS reporting entities:
 - Canada: Montreal, Transport TIS (ER117);
 - China: Shanghai, Grid PTR (Chentai) (ER615); Suzhou and Yangzhou, Grid GIS, SER, AIS (ER619);
 - France: Belfort, Transport TRS (ER139); La Rochelle, Transport TRS (ER140); Saint-Ouen Headquarters (ER143); Levallois Corporate (ER 132); France Thermal Services (ER136);
 - Germany: Salzgitter, Transport TRS (ER155); Mönchengladbach, Grid PTR (ER611);
 - Italy: Bari, Bologna, Verona, Transport TIS (ER175); Italy Thermal Products (ER173);
 - Mexico: Mexico, Grid AIS, SER, SAS, ACS (ER 633); Mexico, Transport TLS (ER 184); Mexico, Transport TGS (ER 340); Morelia, Thermal Power TMU (ER 269);
 - Poland: Wroclaw Thermal Power TMU (ER193);
 - Romania: Bucharest, Transport TLS (ER198);
 - Sweden: Steam Boilers Sweden (ER206); Sweden and NLL Thermal Services (ER 207);
 - Switzerland: Switzerland Steam Headquarters (ER209); Switzerland Gas region ELA (ER 210); Switzerland Corporate (ER343); Switzerland Hydro Germanic (ER244);
 - United Kingdom: UK Thermal Services (ER218); UK Corporate (ER219);
 - United States: Rochester, Transport TIS (ER238); Steam Auxiliary & Components US (ER232); Chattanooga, Steam Boilers Manufacturing (ER239); Redmond, Grid NMS (ER636).

This selection was made on the basis of quantitative and qualitative criteria applied to the indicators.

- At the level of the entities selected we:
 - checked that the procedures had been correctly understood and implemented at these sites on the basis of interviews conducted with the persons responsible for preparing the data;
 - performed in-depth checks on a test basis to verify the calculations and reconcile the data with the supporting documents.
- The contribution of these entities to the Group's consolidated indicators accounts for 22% of hours worked for EHS, Health and Safety indicators and 24% on average for Environment indicators.

We were assisted in our work by our sustainable development specialists.

Conclusion

Based on our work, no material irregularities came to light causing us to believe that the EHS indicators and topics reviewed were not compiled, in all material respects, in accordance with the standards

set out in the EHS Reporting Manual used by Alstom sites and applicable for the period ended 31 March 2012.

Neuilly sur Seine, 4 May 2012

One of the Statutory Auditors
PricewaterhouseCoopers Audit
Olivier Lotz

Partner of the Sustainable Development Department
of PricewaterhouseCoopers Advisory
Thierry Raes

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(1) In the absence of defined recommended references, this information is not available.

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INFORMATION ON THE GROUP AND THE HOLDING COMPANY

Historical information

The Group was created in 1989, when the parent company GEC ALSTHOM NV was a holding company incorporated under the laws of The Netherlands, by The General Electric Company plc ("GEC") and Alcatel, its 50-50 shareholders, in order to consolidate in one single Group the businesses since then carried out by certain of their respective subsidiaries. This joint venture realised during a time of consolidation in the energy sector, aimed at benefiting from certain complementary products and markets of Alcatel and GEC respectively.

At the end of 1997, the two shareholders decided to list the Company on the Paris, New York and London Stock Exchanges and to put part of their shares on the market. They chose Paris as the main listing exchange and they decided to transfer to a French public limited company (*société anonyme*), renamed Alstom (previously Jotelec), the whole of the activities till then carried out by GEC ALSTHOM NV. Before the IPO and listing on the Stock Exchange of Alstom (or the "Company"), almost the whole of the assets directly or indirectly held by GEC ALSTHOM NV was transferred to one of its French subsidiary, Alstom France SA, 100% owned by Alstom. This company, since then renamed ALSTOM Holdings, is the sub-holding of the Group, which owns the operational subsidiaries of the Group (see below "Simplified organisation chart of the Group at 31 March 2012").

Since the quotation of Alstom in 1998, the Group's scope was deeply changed a few times. The most significant operation was the acquisition of ABB power generation activities in two phases: first, in July 1999, a joint venture was set up and then in May 2000, Alstom bought ABB share in the above-mentioned joint venture. At the same time, Alstom re-focused on its core business, notably by selling its Contracting Sector in July 2001.

The Group sold its Transmission & Distribution and Marine Sectors in 2004 and 2006 respectively. In June 2010, Alstom acquired the Transmission activities of Areva now the Grid Sector of the Group.

The operational activities of the Group, which were until that date split into three Sectors (Power, Grid and Transport) are organised in four Sectors since July 2011 (Thermal Power, Renewable Power, Grid and Transport). The split of the current Power Sector into two Sectors, Thermal and Renewable, has simplified the management of both entities and better addresses their specific markets.

Identity of the Company

COMPANY NAME AND REGISTERED OFFICE

Alstom
3, avenue André Malraux – 92300 Levallois-Perret
Tel.: 01 41 49 20 00

LEGAL FORM, APPLICABLE LEGISLATION, AND COMPETENT JURISDICTIONS

Limited liability company (French "*société anonyme à conseil d'administration*") incorporated under the laws of France and regulated notably by the French Commercial Code.

DURATION

Alstom was incorporated under the name "Jotelec" on 17 November 1992 and its existence will expire on 17 November 2091, unless it is earlier dissolved or its life is extended.

REGISTRATION NUMBER

389 058 447 RCS Nanterre.

CODE APE

66 19 A.

Summary of key provisions of the Articles of Association

PURPOSE OF THE COMPANY

(Extract of Article 3 of the Articles of Association)

The purposes of Alstom are directly or indirectly:

- the conduct of all industrial, commercial, shipping, financial, real property and asset transactions in France and abroad, notably in the following fields:
 - energy,
 - transmission and distribution of energy,
 - transport,
 - industrial equipment,
 - naval construction and repair work,
 - engineering and consultancy, design and/or production studies and general contracting associated with public or private works and construction, and
 - more generally, activities related or incidental to the above;
- participation, by every means, directly or indirectly, in any operations which may be associated with its purpose, by the creation of new companies, capital contributions, subscription or purchase of stocks or rights, merger with such companies or otherwise; the creation, acquisition, lease or take over of business goodwill or businesses; the adoption, acquisition, operation or sale of any processes and patents relating to such activities; and
- generally undertaking all industrial, commercial, financial and civil operations and real property and asset transactions that may be directly or indirectly associated with Alstom purposes or with any similar or related.

Furthermore, Alstom may acquire an interest, of whatever form, in any French or foreign business or organisation.

FISCAL YEAR

(Extract of Article 18 of the Articles of Association)

From 1 April to 31 March.

SHAREHOLDERS' MEETINGS

(Extract of Article 15 of the Articles of Association)

CONVENING AND PROCEEDINGS – AGENDA

Ordinary and Extraordinary General Meetings, satisfying the legal conditions for quorum and majority voting, exercise the powers respectively attributed to them by the law. They are convened in accordance with the rules and the terms laid down by law.

Meetings are held at the registered office of Alstom or at any other place determined by the Board, either within the “*département*” in which the registered office is located or in any other French territory.

The agenda of the meeting is drawn up by the Board of Directors if the Board has called the meeting and, if not, by the person calling the meeting. However, one or more shareholders satisfying the conditions laid down by law may request the inclusion of draft resolutions on

the agenda. Questions not appearing on the agenda may not be considered.

ADMISSION AND REPRESENTATION

Ordinary and Extraordinary General Meetings are made up of all shareholders without distinction between the class of shares which they hold.

In all Shareholders' Meetings, shareholders are only entitled to exercise their right to vote if their shares have been recorded in the accounts in the name of the shareholder or the intermediary registered for its account pursuant to the legal and regulatory provisions on the third business day preceding the date of the Shareholders' Meeting at midnight, Paris time, either in the accounts of registered securities held by the Company for registered shares, or in the accounts of bearer securities held by an intermediary authorised for bearer shares.

This accounting record is officially acknowledged in accordance with the terms laid down by law.

Shareholders may vote by proxy or by correspondence at General Meetings under the conditions laid down by law.

In order to be taken into account, the voting forms and proxies must be received by the Company at least three days prior to the Meeting, unless a shorter term is decided by the Board of Directors or is stipulated by law.

Pursuant to the Board of Directors' decision, communicated by way of notice of meeting and/or the convocation to the meeting, any shareholder may vote at a Shareholders' Meeting, by proxy or by correspondence *via* any electronic means of telecommunication in accordance with the conditions set by law. In these cases, forms for voting at a distance or by proxy, as well as participation certificates, can be completed by way of a duly signed electronic medium under the conditions set forth by the applicable legal and regulatory provisions.

To this end, completing and electronically signing the form can be done directly on the Internet site created by the centralizing agent of the Shareholders' Meeting. The electronic signature of the form can be carried out (i) by entering an identification code and password, under the conditions that comply with the provisions of the first sentence of the second paragraph of Article 1316-4 of the French Civil Code, or (ii) by any other process satisfying the conditions defined in the first sentence of the second paragraph of Article 1316-4 of the French Civil Code. The power to vote by proxy or the vote expressed as such before the Shareholders' Meeting by way of this electronic method as well as, if applicable, the proof of receipt delivered after the power to vote by proxy or the vote is expressed, will be considered as a written proof that is irrevocable and binding to all, excluding cases of sales of securities that are subject to the notification set forth in paragraph IV of Article R. 225-85 of the French Commercial Code.

Any shareholder having voted at a distance, or sent a proxy or requested his or her admission card or an attendance certificate, may at any time sell all or some of his or her shares pursuant to which he or she transmitted his or her vote or proxy or requested one of these documents. Any sale occurring prior to the third business day before the Shareholders' Meeting at midnight, Paris time, shall be taken into account in the conditions laid down by law.

Information on the Group and the holding company

The Board of Directors shall have the powers to organise, within the limits of the law, the attendance and voting of the shareholders at General Meetings by videoconferencing or by any telecommunications means enabling the identification of such shareholders. If applicable, this decision of the Board of Directors shall be communicated in the notice of the meeting and/or the invitation to attend. Those shareholders attending Shareholders' Meetings by videoconference or by these other means are deemed to be present for the purposes of calculating the quorum and the majority.

VOTING RIGHTS

Each member of the meeting is entitled to as many votes as the number of shares which he holds or represents.

At all Ordinary, Extraordinary or Special General Meetings, the voting right on shares shall, in cases where such shares are subject to usufruct, be exercisable by the usufructuary. There are no double voting rights.

NOTIFICATION OF HOLDINGS EXCEEDING CERTAIN PERCENTAGES

(Extracts of Article 7 of the Articles of Association)

In addition to the legal obligation to notify the Company of certain shareholding levels or voting rights, any individual or legal entity who holds directly or indirectly, alone or in concert pursuant to articles L. 233-10 et seq. of the *Code de commerce* a number of shares in the Company giving a shareholding equal to or in excess of 0.5% of the total number of shares or voting rights issued must notify the Company by recorded letter with proof of receipt within five trading days of this threshold being exceeded. Notification is to be repeated under the same conditions whenever a new threshold of a multiple of 0.5% of the total number of shares or voting rights is exceeded, up to and including threshold of 50%.

To determine these thresholds, shares assimilated to the shares owned as defined by the legislative and regulatory provisions of article L. 233-7 et seq. of the *Code de commerce*, will be taken into account.

In each of the above-mentioned notifications, the declaring person must certify that the notification includes all stock held or owned in the sense of the preceding paragraph. Such notification must also state: the declarer's identity as well as that of individuals or legal entities acting in concert with him, the total number of shares or voting rights that he holds directly or indirectly, alone or in concert, the date and the source of exceeding the threshold, as well as if needs be the information mentioned in the third paragraph of I of article L. 233-7 of the *Code de commerce*.

Any shareholder whose participation in the shareholding or in voting rights falls below one of the above-mentioned thresholds is also required to notify the Company within the same length of time of five trading days and by the same means.

IDENTIFICATION OF HOLDERS OF BEARER SHARES

(Extract of Article 7 of the Articles of Association)

The Company may, under the conditions laid down by the legal and regulatory provisions in force, request any officially authorised organisation or intermediary to pass on all information concerning its shareholders or holders of its stock conferring an immediate or subsequent right to vote, their identity and the number of shares that they hold.

APPROPRIATION OF INCOME

(Extract of Article 20 of the Articles of Association)

The profits for fiscal year consist of the revenues relating to the preceding fiscal year, less overheads and other company expenditure including provisions and depreciation allowances. At least 5% is set aside from the profits less any previous losses if appropriate to form the legal reserve fund. This provision ceases to be mandatory once the value of the fund reaches one-tenth of the share capital.

The remainder (less the above deductions) of the retained earnings and withdrawals from the reserves which the General Meeting has at its disposal shall, if the General Meeting so desires, be distributed among the shares, once the sums carried forward by the said Meeting or transferred by it to one or more reserve funds have been deducted.

After the General Meeting has approved the accounts, any losses are carried forward and imputed to the profits of future fiscal years until they are discharged.

Each shareholder may be granted, at the General Meeting, for all or part of the dividend or interim dividend to be distributed, an option to be paid the dividend or interim dividends in cash or in shares of Alstom, under the current legal and regulatory conditions.

The Articles of Association do not contain any provision, which may delay, postpone or prevent a change of control.

Documents accessible to the public

The legal documents relating to the Company and the Group, which are required to be accessible by the shareholders according to the applicable law are available for inspection at the Company's registered office and some of them are available on the Group's website (www.alstom.com or www.alstom.fr), in particular in sections "Investors/Regulated information" as per Article L. 451-1-2 of the French *Code monétaire et financier*, "Investors/Capital structure" for the bylaws and "About us/Corporate governance" for the Internal Rules and regulation of the Board of Directors and Internal Rules of the Committees of the Board.

The Group Annual Reports for the last five fiscal years are also available on the Company's website, section "Investors/Publications/Registration Documents".

Activity of the holding company

ALSTOM is the holding Company of the Group. ALSTOM investments consist exclusively of the shares of ALSTOM Holdings. ALSTOM centralises a large part of the external financing of the Group and directs the funds so obtained to its subsidiary ALSTOM Holdings through loans and current account. Fees from its indirect subsidiaries for the use of the ALSTOM name are ALSTOM's main other source of revenue.

For more information, see section "Financial information – Statutory accounts – Comments on statutory accounts".

Intellectual property

The Group owns or benefits from licenses for the use of several trademarks, patents and other intellectual property rights. All these rights contribute to the good performance of the business, but none of

the licenses alone currently has a material relevance for the activities of the Group.

Property

The Group carries out its activities on some sites upon which it has rights of different nature. The Group has full ownership of most of its main industrial sites.

The Group set up a leasing strategy for its offices buildings, which applies notably to the headquarters of the Group and of the Sectors.

The gross value of land and buildings fully owned and leased (financial leases) as of 31 March 2012 is à €1,956 million. The depreciation booked for the above is €682 million. These amounts do not include operating leases.

The Group's tangible assets are subject to costs for general maintenance and repairs required for their good functioning, to meet with legal and quality requirements, including environmental, health and safety matters.

ADDITIONAL INFORMATION

Information on the Group and the holding company

MAIN INDUSTRIAL SITES HELD IN FULL PROPERTY (NON EXHAUSTIVE LIST)

		Main businesses
Belgium	Marchienne au Pont Charleroi	Thermal Power Transport
Brazil	Cabo de Santo Agostinho Canoas Lapa Taubaté Itajuba	Renewable Power Renewable Power & Grid Transport Renewable Power Grid
China	Beihzong Shangāi Guangzhou Suzhou Tianjin Wuhan Yangzhou	Thermal Power Grid Grid Grid Renewable Power Thermal Power & Grid Grid
Czech Republic	Brno	Thermal Power
France	Aix-les-Bains Aytré/La Rochelle Belfort Grenoble Le Creusot Ornans Reichshoffen Tarbes Valenciennes Villeurbanne	Grid Transport Thermal Power & Transport Renewable Power Transport Transport Transport Transport Transport Transport Grid
Germany	Berlin Bexbach Kassel Mannheim Salzgitter Stuttgart Ludwiglust Mönchengladbach	Thermal Power Thermal Power Thermal Power & Grid Thermal Power Transport Thermal Power Grid Grid
India	Chennai Durgapur Hosur Naini Shahabad Vadodara	Transport & Grid Thermal Power Grid Grid Thermal Power Renewable Power & Grid
Italy	Noventa di Piave Savigliano	Grid Transport
Mexico	Toluca	Grid
Switzerland	Birr Oberentfelden	Thermal Power Grid
Turkey	Gebze	Grid
United Kingdom	Stafford	Grid
USA	Charleroi (Pennsylvania) Chattanooga (TN) Concordia (Kansas) Richmond (Virginia) Waynesboro (Virginia) Wellsville (NY)	Grid Thermal Power Thermal Power Thermal Power Grid Thermal Power

Material contracts

In the past two years immediately before the issue of this *Document de Référence*, Alstom and/or companies of the Group have not entered into material agreements, other than the agreements identified below.

Main acquisitions, disposals, partnerships, joint ventures and changes in scope of consolidation are identified in Note 3 of the consolidated financial statements as of 31 March 2012, in section "Management report on consolidated financial statements fiscal year 2011/12 – Main events of fiscal year 2011/12" and in section "Details on shareholdings taken and sold during fiscal year 2011/12" below.

On 20 January 2010, Alstom and Schneider Electric, acting under a consortium agreement, signed an agreement with Areva with the purpose of acquiring its Transmission and Distribution activities. Following the approvals from competition authorities, the closing of the acquisition took place on 7 June 2010 and the consortium acquired the entire capital of Areva T&D Holding. The consortium agreement established that, at the closing date of the transaction, Transmission activities and Distribution activities are transferred respectively to Alstom and Schneider Electric.

On 13 September 2010, Alstom and two Chinese companies, China Northern Locomotive & Rolling Stock Industry Corporation ("CNR") and Shanghai Electric Group Limited ("SEC"), signed a collaboration agreement for the development of urban mass transit

in China, allowing Alstom together with CNR and SEC to expand the capabilities and competitiveness of its existing two joint ventures, Shanghai Alstom Transport Co. Ltd, ("SATCO") and Shanghai Alstom Transport Electrical Equipment Co., Ltd ("SATEE").

On 7 December 2010, Alstom signed with the Chinese Ministry of Railway a long term agreement to form strategic partnerships for both Chinese and defined international railway markets. Under the terms of this agreement, Alstom and the Ministry of Railway will accelerate their collaboration on a wide spectrum of rail transport mainlines segments, including rolling stock and signaling, based on the development of the current cooperation platforms.

On 9 December 2010, Alstom signed strategic agreements with major Russian energy companies to jointly provide power generation products and services for Russia's power industry, confirming its strategy to become a key partner for Russian infrastructure development. These agreements were signed in the fields of hydropower generation, thermal power generation, nuclear power generation and electricity transmission.

On 20 April 2011, Alstom and Shanghai Electric signed a letter of intent for the creation of Alstom-Shanghai Electric Boilers Co., a 50/50 joint company combining both partners' activities in the boiler market for coal fired power plants.

Details on shareholdings taken and sold during fiscal year 2011/12

Section including information as per Article L. 233-6 of the French Commercial Code.

DETAILS ON DIRECT OR INDIRECT SHAREHOLDINGS TAKEN DURING FISCAL YEAR 2011/12

Following the transfer of Areva's Transmission and Distribution activities respectively to Alstom and Schneider Electric, ALSTOM Holdings acquired on 30 March 2012 the shareholding of Schneider Electric Services International in ALSTOM Sextant 5, the vehicle used for the acquisition completed in consortium with Schneider Electric on 7 June 2010.

On 20 March 2012, ESC RusHydro, RusHydro, ALSTOM Power Holdings and ALSTOM Holdings completed the formation of a joint venture company to be engaged in the manufacture of hydroelectric power generation equipment and software for power automation. ALSTOM Power Holdings holds 50% of the joint venture.

On 11 January 2012, ALSTOM Ferroviaria S.p.A acquired the remaining 30% of the share capital of Oswaldo Cariboni Lecco S.p.A., an Italian company specialised in electrical components for overhead catenary systems to achieve 100% ownership.

ALSTOM Transport S.A. created two joint venture companies specialised in cable systems, Cabliance Maroc formed on 20 December 2011, and Cabliance Belgium formed on 23 November 2011, each with Nexans Harness. Alstom holds 50% of each joint venture.

On 5 December 2011, ALSTOM Grid Inc. signed an agreement to purchase certain assets of Evolution Scada, LLC, a company which provides control system software for management of pipelines.

On 25 November 2011, ALSTOM Holdings created a joint venture with Bouygues Immobilier and Exprimm (both in the Bouygues Group) called EMBIX, to service the energy positive buildings market. ALSTOM Holdings holds 50% of the joint venture.

On 18 November 2011, ALSTOM Holdings and Komplexnye Energetichskye Rechenye Ltd signed a joint venture agreement to form a company to be engaged in high voltage technologies. ALSTOM Holdings will hold 50% of the joint venture.

On 19 September 2011, ALSTOM Transport S.A. completed the formation of a research and development joint venture with the Régie Autonome des Transport Parisiens (RATP), called Metrolab, to design and develop a new generation driverless metro system. ALSTOM Transport Développement holds 50% of the joint venture.

On 8 August 2011, ALSTOM Sextant 4 acquired 100% of the share capital of La Ferme Eolienne du Carnet from Vinci Construction France, to be used as a site for testing of offshore wind turbines.

On 21 June 2011 Alstom UK Holdings Limited acquired 42.3% of AWS Ocean Energy Ltd, a developer of wave energy converters, with an option to increase its shareholding to 51.53%.

ADDITIONAL INFORMATION

Information on the Group and the holding company

On 17 May and 25 July 2011, ALSTOM Holdings and ALSTOM Transport S.A. finalised cooperation agreements related to the joint venture with CJSC Transmashholding and JSC Remlocomotiv, called Electrovoz Kurastyru Zauyty LLP, for the manufacture of freight and passenger electric locomotives in the Republic of Kazakhstan. ALSTOM Holdings holds 25% of the joint venture.

In May 2011, ALSTOM Holdings completed the acquisition of 25%+1 share of the share capital of The Breakers Investments B.V., owner of 100% of the share capital of CJSC Transmashholding, a Russian company engaged in the business of manufacture of railway and transportation equipment in the Russian Federation and CEI.

DETAILS ON DIRECT OR INDIRECT SHAREHOLDINGS SOLD DURING FISCAL YEAR 2011/12

On 18 January 2012, Keen Master Limited, an Alstom subsidiary, sold 70% of the share capital of Wuxi Aluminium Casting Co. Ltd. to Jiangsu Jinxin Electric Appliance Co., Ltd.

On 20 July 2011, ALSTOM Belgium S.A. sold 85.7% of the share capital of ALSTOM Belgium SA Power Service to an individual.

On 29 June 2011 Technos et Compagnie sold its resin activity to Technos Résines Services.

Significant change in the financial or commercial condition

To the Company's knowledge and as of the date of this *Document de Référence*, no significant change in the financial or commercial condition of the Group has occurred since 3 May 2012, date of approval of the latest statutory and consolidated accounts published.

Financial rating

ALSTOM is rated by the rating agencies Moody's Investors Services and Standard & Poor's since May 2008. These ratings, and their evolution over the year are the following as of 7 May 2012.

Agencies	January 2012 ^(*)	May 2012 ^(**)
Moody's Investors Services		
Short-term rating	P-2	P-2
Long-term rating	Baa2 (outlook negative)	Baa2 (outlook negative)
Standard & Poor's		
Short-term rating	A-2	A-2
Long-term rating	BBB (outlook stable)	ABB (outlook negative)

(*) On 17 January 2012, Moody's Investor Services changed the long-term rating from Baa1 (outlook stable) to Baa2 (outlook negative). The short term ratings remain unchanged.

(**) On 7 May 2012, Standard & Poor's confirmed the long-term and short-term ratings, but revised its outlook from stable to negative.

INFORMATION ON THE SHARE CAPITAL

As of 31 March 2012, Alstom's share capital amounted to €2,061,735,760 consisting of 294,533,680 shares of the same class and fully paid with a nominal value of €7 per share, following the operations completed during fiscal year 2011/12, which are detailed in the table pages 284 and 285 in section "Changes in share capital" below.

As of 14 May 2012, the share capital amounted to €2,062,314,891, divided into 294,616,413 shares of €7 par value each, following the issuance of 82,733 new shares since 31 March 2012 resulting from the exercise of options and the allocation of performance shares.

There are no double voting rights or voting rights restrictions attached to the shares comprising the share capital. The number of voting rights is identical to the number of shares.

To the knowledge of the Company, there is to date no pledge on the shares of the Company or of its significant subsidiaries.

Following the consolidation of the Company's shares completed on 3 August 2005, the shareholders had two years, *i.e.* until 4 August

2007, to claim the consolidated shares. On 6 August 2007, the consolidated shares not claimed by their beneficiaries were sold on the stock exchange and the net proceeds of the sale will be held at their disposal for a period of ten years on a blocked account opened with the financial institution appointed by the Company to hold the Company's share registry.

Following the decision of the Ordinary and Extraordinary General Meeting of 24 June 2008 in its 16th resolution, the par value of the share was split in two on 7 July 2008. Each share of par value €14 comprising the share capital as of this date was in full right, exchanged for 2 shares of par value €7 each and entitled to the same rights as the previous shares.

As a consequence of these operations, the number of shares that could possibly be obtained by the beneficiaries of stock options and free allocation of shares, as well as the redemption ratio of the ORA were adjusted.

Financial authorisations

Section including information as per Article L. 225-100 of the French Commercial Code.

The table below sets forth the financial authorisations that are in force as of 3 May 2012 and their use during fiscal year 2011/12:

Nature of the authorisation	Maximum nominal amount authorised	Nominal amount used during expired fiscal year	Available amount	Expiry/Duration
Issuance of securities				
Delegation of competence to issue shares and securities giving access to the share capital with preferential subscription right and/or by capitalisation of reserves (AGM 22 June 2010, Resolution No. 12)	Share capital: €600 million (i.e. 29.2% of the share capital) ⁽¹⁾ Debt securities: €2 billion ⁽²⁾	None	Maximal authorised amount	22 August 2012 (duration: 26 months)
Delegation of competence to issue shares and securities giving access to the share capital with cancellation of the preferential subscription right and option to offer a priority right (AGM 22 June 2010, Resolution No. 13)	Share capital: €300 million, i.e. 14.6% of the share capital, less any capital increase in consideration of contributions in kind issued by virtue of Resolution No. 14 ^{(1) (3)} Debt securities: €1.5 billion ⁽²⁾	None	Maximal authorised amount	22 August 2012 (duration: 26 months)
Authorisation to increase the share capital by up to 10% of the share capital in consideration of contributions in kind (AGM 22 June 2010, Resolution No. 14)	10% of the share capital at the date of the Shareholders' Meeting. Such maximum amount shall reduce the overall limit set in Resolution No. 13 ^{(1) (3)}	None	Maximal authorised amount	22 August 2012 (duration: 26 months)
Offerings to employees and executives				
Authorisation to issue shares and other securities granting rights to the share capital reserved for members of a Group savings plan (AGM 22 June 2010, Resolution No. 15)	2% of the share capital at the date of Shareholders' Meeting, less any amount issued by virtue of Resolution No. 16 ^{(1) (4)}	None	Maximal authorised amount	22 August 2012 (duration: 26 months)
Delegation of authority to issue shares for the benefit of a category of beneficiaries (AGM 22 June 2010, Resolution No. 16)	0.5% of the share capital at the date of the Shareholders' Meeting, to be deducted from the overall limit set in Resolution No. 15 ^{(1) (4)}	None	Maximal authorised amount	22 December 2011 (duration: 18 months)
Free allocation of existing or new shares to employees (AGM 22 June 2010, Resolution No. 17)	1% of the share capital at the date of the Shareholders' Meeting, to be deducted from the overall limit set in Resolution No. 18 ⁽⁵⁾	804,040 shares, i.e. approx. 0.27% of the share capital ^{(6) (7)}	1,395,990 shares, i.e. 0.47% of the share capital ⁽⁶⁾ , to be deducted from the available amount under Resolution No. 18	22 August 2013 (duration: 38 months)
Authorisation to grant stock options to subscribe or purchase shares (AGM 22 June 2010, Resolution No. 18)	2.5% of the share capital at the date of Board grant, less any amount issued by virtue of Resolution No. 17 ⁽⁵⁾	1,369,180 i.e. approx. 0.46% ⁽⁶⁾ of the share capital ^{(6) (7)}	4,747,925 shares, less any amount issued by virtue of Resolution No. 17 (resulting in a remaining balance available of 3,203,025 options i.e. 1.09% of the share capital ⁽⁶⁾)	22 August 2013 (duration: 38 months)
Share buy back and reduction of the share capital				
Authorisation to repurchase shares (AGM 28 June 2011, Resolution No. 10)	10% of the share capital as of 31 March 2011	200,000 shares	29,241,930	28 December 2012 (duration: 18 months)
Authorisation to reduce the share capital (AGM 28 June 2011, Resolution No. 11)	10% of the share capital	200,000 shares	29,253,368	28 June 2013 (duration: 24 months)

(1) Global limitation of the capital increases resulting from these five authorisations to €600 million corresponding to 29.2% of the share capital as of 31 March 2010 (before any adjustments).

(2) Global limitation of the amount of debt securities resulting from these authorisations to €2 billion.

(3) Global limitation of capital increases resulting from these three authorisations to €300 million corresponding to 14.6% of the share capital as of 31 March 2010 (before any adjustments).

(4) Global limitation of capital increases related to employee shareholding resulting from these authorisations to 2% of the share capital (before any adjustments).

(5) Global limitation of capital increases resulting from these authorisations to grant stock options and free shares to 2.5% of the share capital as of the Shareholders' Meeting (before adjustments). This amount does not reduce the global amount of €600 million.

(6) On the basis of the share capital as of 31 March 2012.

(7) Corresponding to the long term incentive plan (LTI No. 14) implemented on 4 October 2011 entirely subject to achievement of the Group's performance targets over three fiscal years (See Registration Document 2011/12 section "Corporate Governance" p 214 and Note 21 to the consolidated financial statements p 111 and 112).

Information on the share capital

It will be proposed to the next Shareholders' Meeting to be held on 26 June 2012 to renew all of the delegations to issue capital securities which will expire in 2012 in order to enable the Company to continue to secure the means to finance its growth strategy and seize any market opportunities.

Within the framework of the proposed financial delegations, the total amount of authorised capital increases (ninth, tenth, eleventh, twelfth and thirteenth resolutions including employee shareholding transactions issuances as per the fourteenth and fifteenth resolutions) would remain subject to a ceiling of €600 million (overall limit), or 29.1% of the share capital as of 31 March 2012, including a maximum of €300 million or 14.6% of the share capital as of 31 March 2012 for capital increases with no preferential subscription right (through public offers or private placements) which include the capital increases in consideration of contributions in kind (thirteenth resolution) for which the 10% ceiling does not autonomously apply.

The delegation of authority proposed in the context of the twelfth resolution to increase the amount of the initial issuance by up to 15% with or without preferential subscription rights, is not autonomous and would therefore be included in the aggregate ceiling authorised for the initial issuance and in the overall ceiling set under the ninth resolution.

It is also proposed to renew the authorisations related to capital increases relative to employee shareholding transactions (fourteenth and fifteenth resolutions) with a specific ceiling which would remain set at 2% of the share capital as of the day of the Shareholders' Meeting and would reduce the overall capital increase limit of €600 million set in the ninth resolution. These authorisations are intended for the development of employee savings, which total approximately 1.45% of the share capital of the Company as of 31 March 2012 (either directly or *via* Alstom Fonds Commun de Placement (French shareholding vehicle, or "FCP").

The summary table below provides a synopsis of the proposed financial authorisations:

Nature of the authorisation	Maximum nominal amount authorised	Expiry/Duration
Issuance of securities		
Delegation of competence to issue shares and securities giving access to the share capital with preferential subscription right and/or by capitalisation of reserves (AGM 26 June 2012, Resolution No. 9)	Share capital: €600 million (corresponds to 29.1% of the share capital) ^{(1) (5)} Debt securities: €2 billion ⁽²⁾	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares and securities giving access to the share capital with cancellation of the preferential subscription right and public offer and option to offer a priority right (AGM 26 June 2012, Resolution No. 10)	Share capital: €300 million (corresponds to 14.6% of the share capital ⁽⁵⁾ , less any capital increase with cancellation of the preferential subscription right and private placement and any capital increase in consideration of contributions in kind issued by virtue of Resolutions No. 11, 12 and 13 ^{(1) (3)} Debt securities: €1.5 billion ⁽²⁾	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares and securities giving access to the share capital with cancellation of the preferential subscription right and private placement and option to offer a priority right (AGM 26 June 2012, Resolution No. 11)	Share capital: €300 million (corresponds to 14.6% of the share capital ⁽⁵⁾ , less any capital increase with cancellation of the preferential subscription right and public offer and in consideration of contributions in kind issued by virtue of Resolutions No. 10, 12 and 13 ^{(1) (3)} Debt securities: €1.5 billion ⁽²⁾	26 August 2014 (duration: 26 months)
Delegation of competence to the Board of Directors to increase by 15% the amount of the initial issue with maintenance or cancellation of the preferential subscription right. (AGM 26 June 2012, Resolution No. 12)	Not to exceed 15% of the initial issuance, and to be deducted from the maximum amounts authorised by the delegations of authority under which the initial issuance is carried out (Resolutions No. 9, 10 and 11) ^{(1) (3)}	26 August 2014 (duration: 26 months)
Delegation of authority to increase the share capital by up to 10% of the share capital in consideration of contributions in kind (AGM 26 June 2012, Resolution No. 13)	10% of the share capital to be deducted from the overall limits set in Resolution No. 10 and 11 ^{(1) (3)}	26 August 2014 (duration: 26 months)
Offerings to employees and executives		
Delegation of authority to issue shares and other securities granting rights to the share capital reserved for members of a Group savings plan (AGM 26 June 2012, Resolution No. 14)	2% of the share capital at the date of Shareholders' Meeting, less any amount issued by virtue of the Resolution No. 15 ^{(1) (4)}	26 August 2014 (duration: 26 months)
Delegation of competence to issue shares for the benefit of a category of beneficiaries (AGM 26 June 2012, Resolution No. 15)	0.5% of the share capital at the date of the Shareholders' Meeting, to be deducted from the overall limit set in Resolution No. 14 ^{(1) (4)}	26 December 2013 (duration: 18 months)
Share buy back and reduction		
Share buy back authorisation (AGM 26 June 2012, Resolution No. 8)	10% of the share capital as of 31 mars 2012	26 December 2013 (duration: 18 months)

(1) Global limitation of the capital increases resulting from the seven authorisations to €600 million corresponding to 29.1% of the share capital as of 31 March 2012 before any adjustments.

(2) Global limitation of the amount of debt securities resulting from these authorisations to €2 billion.

(3) Global limitation of capital increases resulting from these four authorisations without preferential subscription right to €300 million corresponding to 14.6% of the share capital as of 31 March 2012 (before any adjustments).

(4) Global limitation of capital increases related to employee shareholding resulting from these authorisations to 2% of the share capital as of this Shareholders' Meeting (before any adjustments).

(5) On the basis of the share capital as of 31 March 2012.



ADDITIONAL INFORMATION

Information on the share capital

Changes in share capital

	Number of shares issued	Nominal amount of capital increase (in €)	Paid in capital amount (in €)	Resulting total number of shares	Capital (in €)
31 MARCH 2009				287,653,703	2,013,575,921
Increase in share capital reserved to employees and resulting from the exercise of options (30 April 2009)	1,141,631	7,991,417	26,390,774.24	288,795,334	2,021,567,338
Increase in share capital resulting from the exercise of options (18 June 2009)	64,970	454,790	562,012.80	288,860,304	2,022,022,128
Decrease of capital by cancellation of purchased shares (23 June 2009)	(700,000)	(4,900,000)	(28,719,132.00)	288,160,304	2,017,122,128
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (9 July 2009)	15,086	105,602	62,075.93	288,175,390	2,017,227,730
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (30 September 2009)	629,692	4,407,844	7,201,001.75	288,805,082	2,021,635,574
Increase in share capital resulting from the exercise of options and free allocation of shares (31 October 2009)	140,811	985,677	2,909,570.45	288,945,893	2,022,621,251
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (30 November 2009)	81,278	568,946	1,124,832.88	289,027,171	2,023,190,197
Increase in share capital resulting from the exercise of options (31 December 2009)	86,229	603,603	1,345,809.97	289,113,400	2,023,793,800
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ and options (31 January 2010)	153,640	1,075,480	2,797,183.49	289,267,040	2,024,869,280
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ and options (28 February 2010)	41,880	293,160	680,442.80	289,308,920	2,025,162,440
Contribution in kind by Bouygues ⁽²⁾ (12 March 2010)	4,400,000	30,800,000	189,078,491.60	293,708,920	2,055,962,440
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (31 March 2010)	133,076	931,532	1,794,750.45	293,841,996	2,056,893,972
31 MARCH 2010				293,841,996	2,056,893,972
Increase in share capital resulting from the exercise of options and free allocation of shares (30 April 2010)	9,716	68,012	223,653.50	293,857,712	2,056,961,984
Increase in share capital resulting from the free allocation of shares under the Plan Alstom 2007 (11 May 2010)	101,760	712,320	0	293,953,472	2,057,674,304
Increase in share capital resulting from the free allocation of shares under the Plan Awards ofr All 2006 (20 May 2010)	109,776	768,432	0	294,063,248	2,058,442,736
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (31 May 2010)	11,092	77,644	144,789.28	294,074,340	2,058,520,380
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (30 June 2010)	39,505	276,535	287,548.17	294,113,845	2,058,796,915
Increase in share capital resulting from the exercise of options and free allocation of shares (31 July 2010)	67,631	473,417	720,637.80	294,181,476	2,059,270,332
Increase in share capital resulting from the exercise of options and free allocation of shares (31 August 2010)	6,775	47,425	43,126.40	294,188,251	2,059,317,757
Increase in share capital resulting from the exercise of options (30 September 2010)	25,227	176,589	247,859.60	294,213,478	2,059,494,346

(1) Subordinated bonds reimbursable into shares issue 2% December 2008.

(2) Contribution in kind by Bouygues SA to Alstom of 7,523,990 ALSTOM Hydro Holding shares against 4,400,000 newly issued Alstom shares, in accordance with the delegation granted to the Board of Directors by the Annual General Shareholders' Meeting on 24 June 2008.

ADDITIONAL INFORMATION

Information on the share capital

	Number of shares issued	Nominal amount of capital increase (in €)	Paid in capital amount (in €)	Resulting total number of shares	Capital (in €)
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ and options (31 October 2010)	16,795	117,565	178,257.79	294,230,273	2,059,611,911
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (30 November 2010)	5,883	41,181	45,084.57	294,236,156	2,059,653,092
Increase in share capital resulting from the exercise of options and free allocation of shares (31 Dec. 2010)	29,308	205,156	286,693.20	294,265,464	2,059,858,248
Increase in share capital resulting from the exercise of options (31 January 2011)	37,430	262,010	465,069.50	294,302,894	2,060,120,258
Increase in share capital resulting from the exercise of options and free allocation of shares (28 February 2011)	72,447	507,129	1,176,311.79	294,375,341	2,060,627,387
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ and options (31 March 2011)	43,963	307,741	672,313.53	294,419,304	2,060,935,128
31 MARCH 2011				294,419,304	2,060,935,128
Increase in share capital resulting from the exercise of options and free allocation of shares (30 April 2011)	20,649	144,543	280,713.68	294,439,953	2,061,079,671
Increase in share capital resulting from the free allocation of shares under the Plan Alstom 2007 (11 May 2011)	19,750	138,250	307,890.50	294,459,703	2,061,217,921
Increase in share capital resulting from the free allocation of shares under the Plan Awards for All 2006 (20 May 2011)	48,484	339,388	793,850.70	294,508,187	2,061,557,309
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (31 May 2011)	7,513	52,591	72,048.00	294,515,700	2,061,609,900
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ , options and free allocation of shares (30 June 2011)	133	931	176.00	294,515,833	2,061,610,831
Increase in share capital resulting from free allocation of shares under the Plan LTI No. 10 (31 July 2011)	118,480	829,360	-	294,634,313	2,062,440,191
Increase in share capital resulting from the exercise of options (31 August 2011)	515	3,605	800.00	294,634,828	2,062,443,796
Reduction in share capital resulting from the exercise of options (30 September 2011)	(150,000)	(1,050,000)	(2,684,901.12)	294,484,828	2,061,393,796
Increase in share capital resulting from the exercise of options (1) (30 November 2011)	8,358	58,506	59,072.00	294,493,186	2,061,452,302
Increase in share capital resulting from the exercise (31 December 2011)	4,966	34,762	13,225.60	294,498,152	2,061,487,064
Reduction in share capital resulting (16 January 2012)	(50,000)	(350,000)	(855,242.07)	294,448,152	2,061,137,064
Increase in share capital resulting from the exercise of options (31 January 2012)	8,600	60,200	41,600.00	294,456,752	2,061,197,064
Increase in share capital resulting from the exercise of options and free allocation of shares (29 February 2012)	58,608	410,256	595,490.40	294,515,360	2,061,607,520
Increase in share capital resulting from the exercise of ORA ⁽¹⁾ and options (31 March 2012)	18,320	128,240	103,808	294,533,680	2,061,735,760
31 MARCH 2012				294,533,680	2,061,735,760

(1) Subordinated bonds reimbursable into shares issue 2% December 2008.

Ownership of Alstom shares

Information as per Articles L. 225-102 and L. 233-13 of the French Commercial Code.

To the Company's knowledge based on notifications received by the Company, the table below shows the voting rights and the shares held by shareholders with more than 0.50% of the Company's share capital as of 31 March 2012:

	Share capital as of 31 March 2012		Share capital as of 31 March 2011		Share capital as of 31 March 2010	
	Number of shares	% of the share capital and voting rights ⁽¹⁾	Number of shares	% of the share capital and voting rights ⁽¹⁾	Number of shares	% of the share capital and voting rights ⁽¹⁾
Public	134,798,141	45.77%	134,955,227	45.86%	174,636,982	59.44%
Bouygues SA	90,543,867	30.74%	90,543,867	30.75%	90,543,867	30.81%
Franklin Resources Inc.	16,225,465	5.51%	14,940,234	5.07%	4,526,025	1.54%
FMR LLC	7,229,711	2.45%	15,023,564	5.10%	-	-
Norges Bank	5,835,364	1.98%	5,829,965	1.98%	-	-
Amundi	5,432,726	1.84%	5,883,494	2.00%	-	-
Natixis Asset Management	4,438,557	1.51%	4,325,570	1.47%	5,637,834	1.92%
Employees ⁽²⁾	4,260,214	1.45%	3,896,674	1.32%	4,260,638	1.45%
UBS Investment Bank	3,680,708	1.25%	2,791,276	0.95%	2,742,544	0.93%
Groupama Asset Management	3,511,872	1.19%	3,511,872	1.19%	3,511,872	1.20%
Edmond de Rothschild Asset Management	3,435,566	1.17%	-	-	-	-
Caisse des Dépôts et Consignations	3,155,418	1.07%	4,151,266	1.41%	4,151,266	1.41%
UBS Global Asset Management	3,019,002	1.03%	863,487	0.29%	863,487	0.29%
Citigroup Global Markets Ltd	2,596,414	0.88%	-	-	-	-
HSBC Holdings Plc	1,710,061	0.58%	-	-	-	-
Credit Suisse Group AG	1,665,544	0.57%	2,864,033	0.97%	2,967,481	1.01%
Legal & General Group Plc	1,512,457	0.51%	2,974,106	1.01%	-	-
CM-CIC Asset Management	1,482,593	0.50%	1,864,669	0.63%	-	-
TOTAL	294,533,680	100.00%	294,419,304	100.00%	293,841,996	100.00%

(1) % calculated based on the share capital as of 31 March of each year and not based on the share capital on the date of the declaration.

(2) Shares held by employees and former employees of the Group savings plan as of 31 March 2012, which corresponds to approximately 0.81% held directly and approximately 0.64% held through FCPE.

To the knowledge of the Company, on the basis of declarations of threshold crossing received, excluding notifications received from registered brokers, no other shareholder holds, directly or indirectly, more than 0.50% of the share capital or voting rights of the Company as of 31 March 2012.

After 31 March 2012, the Company has received the following declarations of threshold crossing:

- FMR LLC notified that it held on 5 April 2012, 5,801,150 Alstom shares, i.e. 1.97% of the share capital and voting rights;
- BNP Paribas Asset Management notified that it held on 13 April 2012 (directly or through instruments giving rights to Alstom shares), 1,571,993 Alstom shares, i.e. 0.53% of the share capital and voting rights and, on 17 April 2012, 1,714,498 Alstom shares, i.e. 0.54% of the share capital and voting rights; and
- UBS Investment Bank notified that it held on 9 May 2012, 1,523,431 Alstom shares, i.e. 0.52% of the share capital and voting rights.

To the knowledge of the Company there is no shareholders' agreement concerning the share capital of the Company.

On 25 November 2009, Bouygues notified the exercise of its option to sale its 50% shareholding in ALSTOM Hydro Holding and took the firm commitment to acquire 4,400,000 Alstom shares against this shareholding. The new Alstom shares were issued on 12 March 2010 and Bouygues increased its shareholdings to 30.81% of the share capital and voting rights of Alstom at that date, and on 1 February 2011 Bouygues held 30.77% of the share capital and voting rights of Alstom. Bouygues was on the list of the entities concerned by the Article 234-11, first and second *alinéa* of the AMF General Regulation, which was published by the AMF. Consequently Bouygues had no obligation to reduce its shareholding below 30% before 1 February 2012, nor to file a public tender pursuant to conditions set out in this regulation.

As of 3 May 2012, 46,045 shares are held by the individual Directors of the Company and 20,969 shares are held by the members of the Executive Committee (excluding Chairman and Chief Executive Officer), representing in total approximately 0.02% of Alstom's share capital and voting rights as of 31 March 2012. The company Bouygues SA, Director of Alstom, holds 30.74% of the share capital and voting rights of the Company as of 3 May 2012.

A table identifying the operations as per Article L. 621-18-2 of the French Monetary and Financial Code is available in section "Corporate governance – Interest of the officers and employees in the share capital".

Alstom does not hold, directly or indirectly through companies it controls, any of its own shares and each Director holds at least the number of shares recommended by the Director's Charter annexed to the Board Internal Rules, *i.e.* 500 shares.

Securities giving access to the share capital

The securities giving access to the Company's share capital are composed of:

- the rights resulting from free allocations of shares; and
- stock options to subscribe shares.

The subordinated 2% bonds due December 2008 reimbursable in Company's shares ("ORA") were reimbursed in shares on 31 December 2008, as described below.

There are no other securities granting rights to the share capital of the Company.

SUBORDINATED 2% BONDS DUE DECEMBER 2008 REIMBURSABLE IN COMPANY'S SHARES ("ORA")

In December 2003 the Company issued subordinated 2% bonds due December 2008 for €901,313,660.80 and reimbursable in Company's shares ("ORA") with preferential subscription rights which may lead to the issue of a maximum of 643,795,472 new shares with a ratio of 0.0628 Alstom share of €7 par value, after adjustments of the redemption ratio following the operation on the share capital.

On 31 December 2008 the ORA were reimbursed in shares pursuant to the terms and conditions of the bonds. As of 31 March

2012, 81,394 ORA, representing 0.01% of the issue, were held by bondholders who did not yet notify the Company if they request at redemption the number of shares resulting either from the rounding down to the nearest whole number (with cash compensation by the Company) or the rounding up to the nearest whole number (with cash payment by the bondholder).

FREE ALLOCATIONS OF SHARES

See sections:

- "Corporate governance – Interest of the officers and employees in the share capital – Stock options plans and performance share plans"; and
- "Corporate governance – Interest of the officers and employees in the share capital – Free shares plans for the subscribers outside France to "Alstom Sharing Offers".

STOCK OPTIONS

See section "Corporate governance – Interest of the officers and employees in the share capital – Stock options plans and performance share plans".

Potential share capital

AS OF 31 MARCH 2012

	Total number of shares that may be issued	Amount of corresponding capital increase (in €)	% of the share capital as of 31 March 2012
Shares that may result from the exercise of existing stock option plans ⁽¹⁾	8,727,837	61,094,859	2.96%
Shares that may be issued on the basis Performance Shares Plans ⁽¹⁾	1,920,930	13,446,510	0.65%
Shares that will be issued on the basis of the free allocation of shares for the subscribers outside France to Alstom Sharing Offers	225,727	1,580,089	0.008%
TOTAL ⁽¹⁾			3.69%

(1) Subject to satisfaction of all performance conditions. See section "Information on the share capital – Interests of the officers and employees in the share capital – Stock options plans and performance shares plans" and Note 21 to the Consolidated Financial Statements. After 31 March 2012, 60% of the options in the LTI plan No. 12 and 10% of the allocations of options and performance shares in the LTI plans No. 13 and 14 were cancelled upon application of the performance condition linked to the results of the 2011/12 fiscal year. Consequently the potential share capital resulting from outstanding options and rights to performance shares is decreased to 3.30% of the share capital.



Repurchase of shares

Information as per Article L. 225-11 of the French Commercial Code.

USE BY THE BOARD OF DIRECTORS OF THE AUTHORISATION GRANTED BY THE SHAREHOLDERS' MEETING

Acting pursuant to Article L. 225-209 of the French Commercial Code, the Ordinary and Extraordinary General Meeting held on 28 June 2011 authorised the Board of Directors to purchase on a stock exchange or otherwise, and by any means, Alstom's shares within the limit of a number of shares representing 10% of Alstom's share capital as of 31 March 2011, *i.e.* a theoretical number of 29,441,930 shares for a maximum purchase price of €70, subject to adjustments in relation to operations on the share capital and for a duration of 18 months after the General Meeting expiring on 28 December 2012. Acting pursuant to this authorisation, the Company used this share purchase programme in view of the cancellation of the shares purchased. The company purchased 150,000 ALSTOM shares from 28 September to 3 October 2011, and 50,000 on 18 November 2011. The Company cancelled the 150,000 and 50,000 shares respectively on 3 November 2011 and 16 January 2012, by decisions of the Board of Directors acting pursuant to the authorisation of the Ordinary and Extraordinary General Meeting held on 28 June 2011, in its 11th resolution.

PRESENTATION OF THE SHARE PURCHASE PROGRAMME SUBMITTED TO THE APPROVAL OF THE ORDINARY AND EXTRAORDINARY GENERAL MEETING CALLED ON 26 JUNE 2012

The section below constitutes the presentation of the share purchase programme which will be submitted to the approval of the Ordinary and Extraordinary General Meeting called on 26 June 2012, pursuant to Article 241-2, of the General Regulation of the French Autorité des marchés financiers.

NUMBER OF SHARES AND PORTION OF THE SHARE CAPITAL HELD DIRECTLY OR INDIRECTLY BY ALSTOM

ALSTOM does not hold directly or indirectly any shares composing its share capital and any securities giving access to its share capital.

SPLIT OF OBJECTIVES

Not applicable.

OBJECTIVES OF THE SHARE PURCHASE PROGRAMME

This share purchase programme may be used:

- with the purpose to cancel the shares acquired under the conditions laid down by law;
- with the purpose of allocating or selling shares to employees, former employees or corporate officers of the Company and its affiliated companies as defined in Articles L. 225-180 and L. 233-16 of the French Commercial Code, in particular through employee purchase scheme, stock option plans or free allocations of shares pursuant to the conditions specified by law;

- in order to hold the shares purchased, or sell, transfer or exchange the shares purchased as part of or following any external growth transactions within the limit set forth in the 6th paragraph of Article L. 225-209 of the French Commercial Code;
- in order to deliver shares upon exercise of rights attached to securities giving access to the share capital;
- to ensure the liquidity of the market and to lead the Company's market through an authorised investment services provider within the framework of a liquidity contract complying with a code of ethics agreed upon by the French Stock Market Authority (AMF);
- as well as in order to implement any market practice that could potentially be allowed by the AMF and, more generally, to carry out any other transaction in compliance with applicable regulations.

The purchase, sale, transfer or exchange of these shares may occur, in accordance with the rules set by the relevant regulatory bodies, on regulated markets or off the market including multilateral trading facilities (MTFs) or *via* a systematic internaliser, by any means, including through block transfer or the use or exercise of any financial instruments, derivatives, particularly, through optional transactions such as the purchase and sale of options and at any time within the limits set forth by laws and regulations, excluding during any take-over period on the Company's share capital.

MAXIMUM PORTION OF SHARE CAPITAL AND MAXIMUM NUMBER OF SHARES WHICH MAY BE REPURCHASED

Pursuant to Article L. 225-209 et seq. of the French Commercial Code, the Board of Directors is allowed to purchase Company shares up to the number of shares that represent 10% of the Company's share capital as of 31 March 2012, *i.e.*, a theoretical maximum number of 29,453,368 shares of €7 nominal value, and a theoretical maximum aggregate purchase price of €2,061,735,760 based on the maximum purchase price set hereafter.

MAXIMUM PURCHASE PRICE

The purchase price may not exceed €70 per share, subject to adjustments relating to transactions affecting the Company's share capital. In the event of transactions dealing with the Company's share capital and, in particular, in the event of an increase in the share capital by the incorporation of reserves and the allocation of shares, free of charge, as well as in the event of a split or a consolidation of the shares, the maximum price indicated above shall be adjusted by a multiplying ratio equal to the number of shares included in the share capital before the transaction divided by the number of these shares after the transaction.

DURATION

The share purchase programme will valid during 18 months after the Shareholders' Meeting called to be held on 26 June 2012, *i.e.* 26 December 2013.

CHARACTERISTICS OF THE SHARES WHICH MAY BE PURCHASED

Shares listed on the Euronext Paris (Compartment A).
Name: ALSTOM.
ISIN Code: FR 0010220475.

Issue of debt securities

On 28 September 2010, the Board of Directors gave full power to the Chairman and Chief Executive Officer, for a one-year period, to issue, in one or more times, bonds within a maximum nominal amount of €2 billion. This authorisation, which expired on 28 September 2011, has been cancelled for its unused portion and renewed by the Board of Directors held on 4 October 2011 for a new one year period and for a maximum nominal amount of €2 billion.

Using this authorisation, the Company has implemented a Euro Medium Term Note Programme ("EMTM Programme") on 25 January 2012 for a maximum amount of €2 billion registered with the listing authority in Luxembourg (the "Commission de Surveillance du Secteur Financier"). Using this authorisation, the Company has launched two bonds issues during fiscal year 2011/12:

Autorisation date	Issue date	Amount	Maturity	Interest rate
4 October 2011	2 February 2012	EUR 500 million	2 March 2016	3.875%
4 October 2011	1 March 2012	RMB 500 million ^(*)	9 March 2015	4.25%

(*) I.e. approximately €60 million.

Dividends paid over the last three fiscal years

Information as per Article 243 bis of the French General Tax Code.

It will be proposed to the Ordinary and Extraordinary General Meeting called on 26 June 2012 to distribute dividends for a total amount of €235,626,944, corresponding to €0.80 per share of €7 nominal value. It represents a rate of distribution of €32% of the Group's net profit.

The dividend coupon will be detached from the share on 28 June 2012 and can be paid out in cash as from 3 July 2012. Under the assumption that, on the dividend payment date, the Company holds some of its own shares, the amount of the dividend on such shares would be carried over.

When such dividend is paid out to individuals residing in France for tax purposes, the dividend is subject to income tax at the progressive rate and eligible for a tax reduction of 40% resulting from Article 158-3-2° of the French General Tax Code and eligible for the annual fixed tax reduction, with the exception of the option for the 21% fixed full tax discharge withholding set forth in the fourth paragraph of Article 117 of the French General Tax Code that can be withheld at the time this dividend is cashed in or that may have been withheld from income received over the course of the same year.

The following dividends were distributed in respect of the previous fiscal years:

Fiscal year (in €)	2010/11	2009/10	2008/09
Dividend per share ^(*)	0.62	1.24	1.12

(*) Amount eligible for the tax reduction of 40% resulting from Article 158-3-2 of the French General Tax Code.

See section "Financial statements – Statutory accounts – Appropriation of the net income for the period ended 31 March 2012".

Elements which could have an impact in the event of a tender offer

Information as per Article L. 225-100-3 of the French Commercial Code.

STRUCTURE OF THE COMPANY'S SHARE CAPITAL

A table detailing the structure of ALSTOM's share capital is presented in section "Additional information – Information on the share capital – Ownership of Alstom shares".

BY-LAWS ARTICLES RESTRICTING THE EXERCISE OF VOTING RIGHTS AND THE TRANSFER OF SHARES, OR OTHER CLAUSES OF AGREEMENTS KNOWN BY THE COMPANY

None.

DIRECT OR INDIRECT SHAREHOLDINGS IN THE COMPANY

As of 3 May 2012, Bouygues SA holds 30.74% of the share capital and voting rights of ALSTOM.

See also section "Additional information – Information on the share capital – Ownership of Alstom shares".

LIST OF HOLDERS OF ANY SECURITY GRANTING SPECIAL CONTROL RIGHTS

None.

CONTROL MECHANISMS WITHIN EMPLOYEE SHAREHOLDING SCHEMES

The rules of the ALSTOM savings plan ("FCPE Alstom") provide that the Supervisory Board of the FCPE Alstom is entitled to vote in Alstom Shareholders' Meetings, and not employees directly.

Therefore the Supervisory Board only is entitled to decide on the answer to be given in case of a public offer. The FCPE Alstom held 0.64% of the Company's share capital and voting rights as of 31 March 2012.

SHAREHOLDERS' AGREEMENTS THAT MAY RESTRICT THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHTS

To the knowledge of ALSTOM, there are no shareholders' agreement that may restrict the transfer of Alstom's shares and/or the exercise of Alstom's voting rights.

SPECIFIC RULES GOVERNING THE NOMINATION AND REPLACEMENT OF DIRECTORS, AND THE MODIFICATION OF THE COMPANY'S BY-LAWS

None.

BOARD OF DIRECTORS' POWERS

The Shareholders' Meeting held on 28 June 2011 authorised the Board of Directors to acquire the Company's shares, within the limits set forth by laws and regulations, excluding during any take-over period.

It will be proposed to the next Ordinary and Extraordinary General Meeting to be held on 26 June 2012 to renew this authorisation, excluding during any take-over on the Company's share capital. See also section "Additional information – Information on the share capital – Repurchase of shares".

AGREEMENTS THAT MAY BE AMENDED OR TERMINATED IN CASE OF A CHANGE OF CONTROL OF THE COMPANY

The financing agreements, the terms of bonds issues and bonding programmes of the Group include change of control clauses.

The two bonds issues completed during fiscal year 2011/12 and described in section "Information on the Share capital – Issue of debt securities", contain each a change of control clause that allow any bondholder to request the early reimbursement of its bonds during a specific period of time, in case of change of control of Alstom.

The new committed Credit Facility, amounting to €1.350 billion, maturing in December 2016 and signed on 16 December 2011, which is fully undrawn, contains a change of control clause that allows each financial institution party to this agreement to request the cancellation of its credit commitment and the early reimbursement of its participation in the credit in case of change of control of Alstom.

The revolving committed bonding facility of a maximum amount of €8.275 billion maturing 27 July 2013 also contains a change of control clause which may result, in case of a change of control, in the programme being suspended, in the obligation to procure new bonds to replace outstanding bonds or to provide cash collateral, as well as the early reimbursement of our other debts as a result of their cross-default or cross-acceleration provisions.

The joint venture agreements that we have signed generally contain change of control clauses, that may trigger the obligation to sell our shareholding in these joint ventures.

AGREEMENTS PROVIDING INDEMNITIES TO BOARD MEMBERS OR EMPLOYEES, IF THEY RESIGNED OR ARE DISMISSED WITHOUT ACTUAL AND SERIOUS REASON OR IF THEIR EMPLOYMENT ENDS DUE A PUBLIC OFFER

None. See section "Corporate governance – Corporate governance and Executive and non-Executive – Directors' Compensation Report".

Shareholder information

The role of the Investor Relations team is to provide the whole financial community – individual shareholders, institutional investors and financial analysts – with complete and regularly updated information on the Group's strategy and its implementation.

ACTIVE COMMUNICATION POLICY FOR INDIVIDUAL SHAREHOLDERS

Besides the Annual General Meeting, Alstom develops opportunities to meet and communicate with its individual shareholders. During the fiscal year 2011/12, the Group took part in information meetings in Nice and Lille in France – organised in association with the FFCI (the French Investment Club Federation) and the CLIFF (the French Association for Investor Relations). In 2012, the Group will meet with its shareholders in Nantes and Nancy in France.

The Group also organises site visits in France for individual shareholders to give them a better insight into the way the business works. This year, some of them had the opportunity to visit the Valenciennes factory and discover its metro production lines; when others took a tour of the La Rochelle factory where high speed and very high speed trains (TGV⁽¹⁾ and AGV™) as well as tramways are assembled.

In addition to periodical financial publications, Alstom offers its shareholders a range of information tools, including the shareholders letter published twice a year in conjunction with the main financial events of the Group.

RELATIONS WITH INSTITUTIONAL INVESTORS AND FINANCIAL ANALYSTS

Roadshows are organised on several occasions over the year in major USA and Europe financial centres (France, the United Kingdom, Switzerland, Germany, Italy). Information meetings (presentations on Sectors, strategy etc.) as well as individual meetings with investors and analysts take place throughout the year.

The Group also organises an annual analysts/investors day to present its strategy and activities. This year, the event was dedicated to Alstom's presence and development in Russia and CIS for each Sector. It took place in Alstom Transport headquarters in Saint-Ouen, near Paris, where it gathered more than 50 analysts and investors.

The Group also participates in general or sectorial conferences organised by brokerage firms in France, the United Kingdom and the United States of America. During the fiscal year, the Group also had the opportunity to present its Corporate Governance policy as well as its Social and Environmental Responsibility.

STOCK MARKET NEWS

In 2011/12, the Alstom share price decreased by 32%. On 31 March 2012, the share price reached €29.26 and the stock market capitalisation of the Group was €8.6 billion.

KEEPING INVESTORS INFORMED

www.alstom.com or www.alstom.fr

The Investors' section of the Alstom website has been especially designed to provide shareholders with easy access to all of the Group's financial communications: share price quotes, the possibility to download the past 5 years' historical data, financial results, presentations, Registration Documents, shareholders letters, dates of important meetings, frequently asked questions, as well as a service that dispatches press releases by e-mail. Printed copies of the Registration Document for 2011/12 can be obtained in French and English by sending a request to the Investor Relations Department.

CONTACTS

Emmanuelle Châtelain – Vice President

Juliette Langlais – Deputy Vice President

Alstom

3, avenue André Malraux

92300 Levallois-Perret

Tel.: 33 1 41 49 20 00

Fax: 33 1 41 49 79 25

E-mail: investor.relations@chq.alstom.com

Toll free number from France: 0800 50 90 51, from Monday to Friday, from 9 am to 7 pm.

From abroad: +33 1 45 30 85 75 (calls will be charged at your local operator's standard international rate).

(1) TGV is a trademark from SNCF.



Listing of the shares

As of 31 March 2012

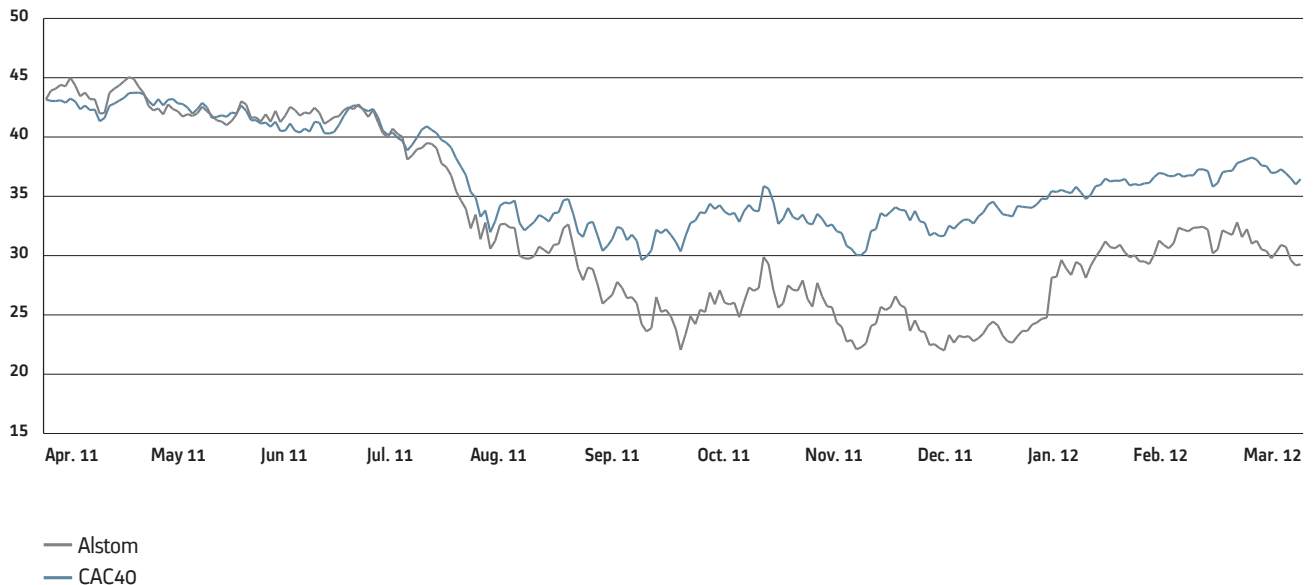


Place of listing:	Euronext Paris
ISIN Code:	FR0010220475
Ticker:	ALO
Nominal value:	€7
Number of shares:	294,533,680
Market capitalisation:	€8,618,055,477
Main indexes:	CAC 40 SBF 120 Euronext 100

The Alstom shares are no longer listed on the London Stock Exchange since 17 November 2003, nor on the New York Stock Exchange since 10 August 2004.

The Company has chosen not to create or otherwise sponsor an American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to the Company. This means that the Company cannot be relied upon to ensure the proper operation of such facility or to protect the rights of ADR holders, and the Company expressly disclaims any liability or submission to jurisdiction to any courts in the United States in respect of such facility. Persons choosing to deposit Alstom shares into such a facility or to acquire ADRs issued from such a facility do so at their own risk and on the basis of their own analysis of such facility.

SHARE PRICE EVOLUTION (IN €) – APRIL 2011/MARCH 2012

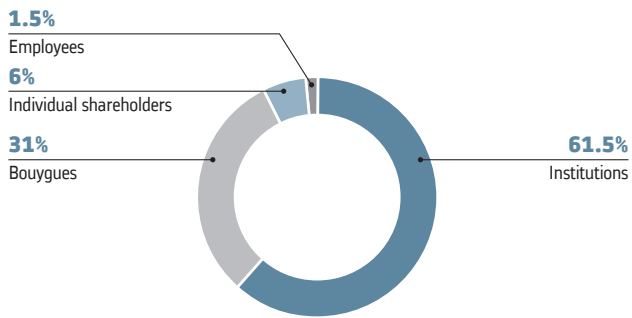


Alstom basis as of 1 April 2011: €43.17.
Source: Euronext Paris.

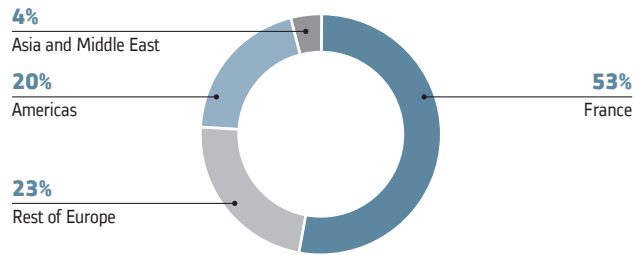
Information on the share capital

SHAREHOLDER STRUCTURE

According to a shareholder study carried out by Euroclear France and King Worldwide, the Group estimates that it has roughly 230,000 shareholders. On 31 March 2012, the share capital was distributed as shown below:



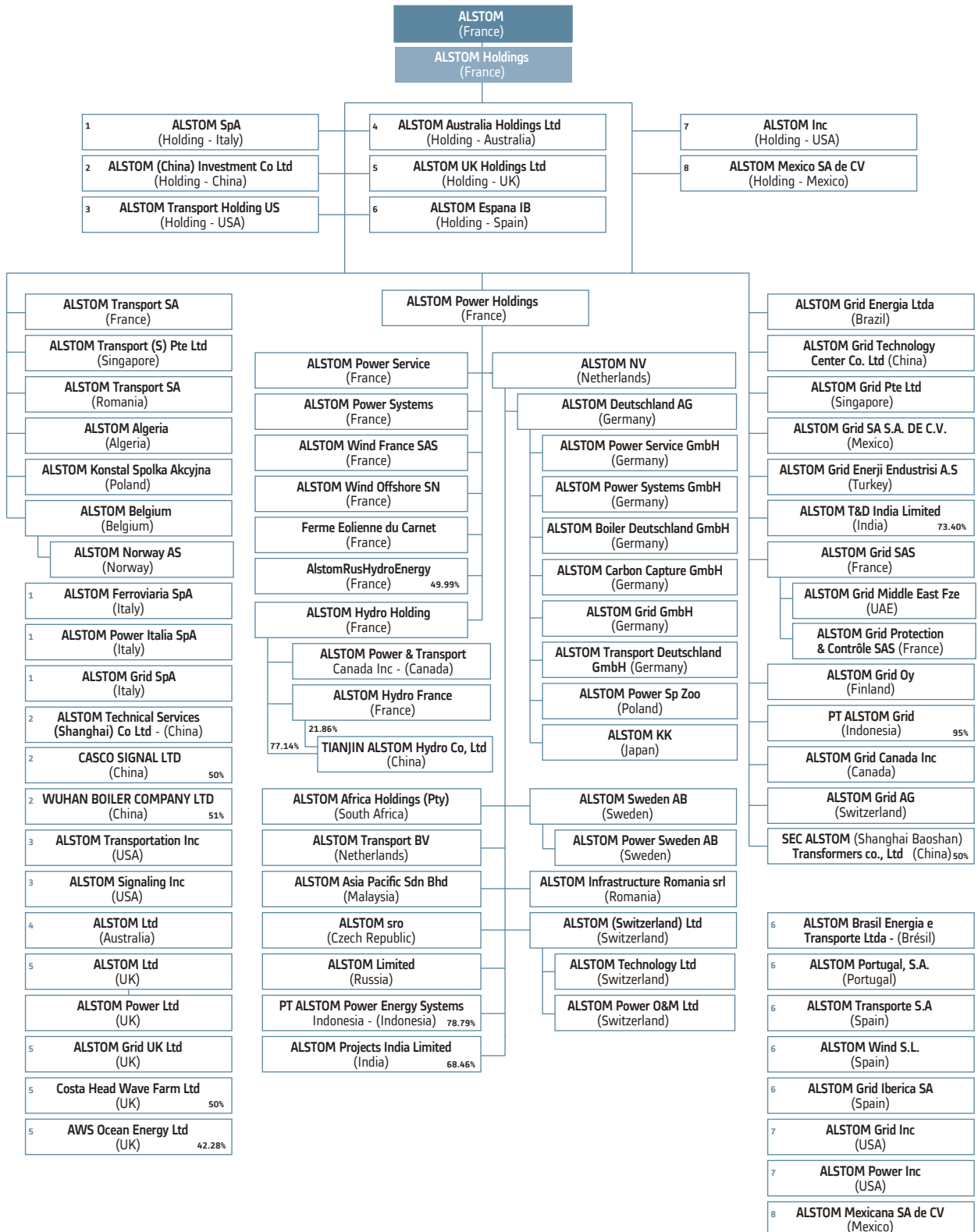
CAPITAL STRUCTURE BY REGION



ADDITIONAL INFORMATION

Simplified organisation chart as of 31 March 2012

SIMPLIFIED ORGANISATION CHART AS OF 31 MARCH 2012



Nota : Unless otherwise stated, companies are directly or indirectly wholly owned. The reference number in blue given to some subsidiaries indicates their direct or indirect link in share capital with the holding company having the same number, in black.

INFORMATION ON THE ANNUAL FINANCIAL REPORT

The Alstom Annual Financial Report for fiscal year 2011/12, established pursuant to Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the General Regulation of the French Autorité des marchés financiers, is made up of the sections at sub-sections of the French Registration Document identified in the table below:

Sections of the Registration Document	Pages of the Registration Document
"Consolidated financial statements"	76 to 132
"Statutory accounts"	135 to 149
"Management report on consolidated financial statements fiscal year 2011/12", which constitutes the Board of Directors' report on the Group management for the fiscal year ended 31 March 2012 and to which the Chairman's report (Article L. 225-37 of French Commercial Code) is attached	52 to 73
"Group description of activities", which is included in the Board of Directors' report on the Group management for the fiscal year ended 31 March 2012	6 to 50
"Risk factors", which is included in the Board of Directors' report on the Group management for the fiscal year ended 31 March 2012	156 to 163
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"Statutory Auditors' report on the consolidated financial statements"	133 to 134
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"Statutory Auditors' fees for fiscal year 2011/12"	129; 219
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INFORMATION ON THE REGISTRATION DOCUMENT

Information included by reference

Pursuant to Article 28 of EC Regulation No. 809-2004 of the Commission of 29 April 2004 regarding prospectuses, the following information is included by reference in this *Registration Document*:

- the consolidated and statutory financial statements for the fiscal year ended 31 March 2011, the Auditors' reports thereto and the Group's management report, as shown at pages 62 to 120, 123 to 137, 121 to 122, 139 and 38 to 58 respectively, of the Registration Document No. D.11-0522 filed with the French Stock Market Authority (Autorité des marchés financiers) on 26 May 2011;
- the consolidated and statutory financial statements for the fiscal year ended 31 March 2010, the Auditors' reports thereto and the Group's management report, as shown at pages 52 to 113, 116 to 128, 114 to 115, 130 and 4 to 48 respectively, of the Registration Document No. D.10-0470 filed with the French Stock Market Authority (Autorité des marchés financiers) on 26 May 2010.

The sections of these documents not included here are either not relevant for the investor, or covered in another part of this *Registration Document*.

Statement by the person responsible for the Registration Document ⁽¹⁾

After taking all reasonable measures, I state that, to my knowledge, the information contained in this *Registration Document* is accurate. There is no other information the omission of which would alter the scope thereof.

I state that, to my knowledge, the statutory accounts and the consolidated financial statements of Alstom (the "Company") for the fiscal year 2011/12 are established in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of operations of the Company and all enterprises included in the consolidation perimeter, and the management report included in pages 52 to 73 and pages 156 to 163 presents a true and fair view of the evolution of the operations, results of operations and financial position of the Company and all enterprises included in the consolidation perimeter, as well as a description of the main risks and uncertainties faced by them.

I have obtained from the Auditors, PricewaterhouseCoopers Audit et Mazars SA, a letter of completion of work in which they indicate that they have verified the information relating to the financial situation and financial statements given in this *Registration Document* and have read the whole *Registration Document*.

The historical financial information presented or included by reference in the *Registration Document* has been the subject of reports by the Auditors included on pages 133, 134 and 151 for the year ended 31 March 2012, and included by reference in this *Registration Document* for the years ending 31 March 2011 and 31 March 2010. The Auditors' report on the consolidated financial statement for fiscal year 2011/12 does not contain any observation. The Auditors' reports on the consolidated financial statements for fiscal years on 2010/2011 and 2009/2010, issued without qualification, contain observations relating to changes in methods following the IFRS standards applicable for the first time during the concerned fiscal year (see page 121 of the Registration Document 2010/11 and page 119 of the Registration Document 2009/2010).

Levallois-Perret, 25 May 2012.

Patrick Kron
Chairman and Chief Executive Officer

(1) This is a free translation of the statement signed and issued in French language by the Chairman and Chief Executive Officer of the Company and is provided solely for the convenience of English speaking readers.

TABLE OF RECONCILIATION

It may be used in connection with an offering of securities if it is accompanied by a prospectus (*Note d'opération*) for which the AMF has issued a visa.

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