PRESS INFORMATION

31st May 2005

FULL YEAR RESULTS 2004/05
1st April 2004 – 31st March 2005

ALSTOM's recovery is clearly reflected in the FY04/05 results:

- Orders received of €15.8 billion, up 15 per cent on a comparable basis from FY03/04
- Operating income at €550 million, multiplied by three on a comparable basis versus €168 million in the previous fiscal year; operating margin up from 1.2 per cent in FY03/04 to 4.0 per cent in FY04/05
- Net losses cut in half to €0.86 billion from €1.84 billion in FY03/04 in spite of significant non-recurring charges
- Net debt strongly reduced during the fiscal year, down to €1.4 billion from €3.7 billion
- Free Cash Flow showing strong improvement at -€170 million versus -€1007 million in the last fiscal year
- Liquidity reinforced due to the financial consolidation undertaken during the fiscal year

2005/06 objectives confirmed:

- 6 per cent operating margin leading to a return to profitability
- Positive Free Cash Flow with continuing debt reduction

The Board, in its meeting held on 30th May 2005, has approved the accounts for the fiscal year 2004/05. Commenting on these results, Patrick Kron, Chairman & Chief Executive Officer said:

"The results we are presenting today clearly demonstrate the ongoing recovery of ALSTOM. All key indicators are in line with, or better than the guidance previously given. These results enable us to confirm the FY 2005/06 targets announced in March 2003 when we launched our recovery plan: an operating margin of 6 per cent leading to a return to profitability and a positive Free Cash Flow.

Customers' renewed confidence in ALSTOM is clearly evidenced by €15.8 billion of orders, up 15 per cent on a comparable basis from FY03/04. This positive trend is not only quantitative but also qualitative. Margins on orders booked continue to improve; those in our current order book, which represents two years of sales, are in line with the profitability targets announced for the Group and its operational Sectors. On a geographical basis, the commercial success achieved in markets with strong growth potential is encouraging. Chinese orders reached €1.6 billion, more than twice the level of the previous year, and orders from India were close to €0.5 billion.

Our operational performance is greatly enhanced: the GT24/GT26 heavy-duty gas turbine issue is now resolved, with the remaining disbursements fully reserved. Agreements with our customers have been reached on 74 out of the 76 turbines sold. New orders – for a total of seven machines - have been secured in Spain and in Thailand, and new tenders are under review in several countries. We have actively pursued our cost-cutting programme; a set of restructuring measures, aimed at adapting our industrial and engineering capacity and improving our overall efficiency has led to a reduction of the workforce by 11,500 (8,000 departures to date), which should bring an annual reduction in costs of €500 million. We have focused on the improvement of contract execution, adapting our manpower, organisation and internal controls. These actions have allowed us, in spite of the low level of sales resulting from low order intake 12 to 18 months ago, to significantly increase our operational income, with the operating margin, on a comparable basis, rising from 1.2 per cent to 4 per cent. Our Free Cash Flow is also considerably better with net cash outflow reduced from €1,007 million last financial year to €170 million in 2004/05 – out of which €366 million were spent as part of the settlement of the GT24/26 problem.

Thanks to our ongoing disposal programme and to the capital increases which took place in July 2004, our net debt has been significantly reduced, from €3.7 billion to €1.4 billion in March 2005. The successful refinancing undertaken in February 2005 and our current headroom (our cash at holding company level and the available undrawn credit lines at 31 March 2005 stood at €2 billion) give us a considerable buffer to cover our future liquidity needs.

The progress achieved makes us confident for the future. The ambitious objectives we have set for March 2006 are thus confirmed: an operating margin of 6 per cent allowing for the return to profitability and a positive Free Cash Flow. Obviously we intend to further improve our performance beyond our current financial year: operating margin at the end March 2008 should be up by one or two percent, reaching 7 to 8 percent, and Free Cash Flow, thanks to a strict management of working capital, should also continue to show strong growth. Thus, from a significantly stronger base, ALSTOM will pursue an ambitious and profitable development strategy in its growing markets.

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ALSTOM's recovery is clearly reflected in the FY04/05 results

Key financial figures

The following tables set out, on a consolidated basis, some of our key financial and operating figures:

Total Group Actual figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	30 330	25 368	**27 203**	(16%)	7%
Orders received	19 123	16 500	**15 841**	(14%)	(4%)
Sales	21 351	16 688	**13 662**	(22%)	(18%)
Operating income (loss)	(507)	300	**550**		
Operating margin	(2.4%)	1.8%	**4.0%**		
Net income (loss)	(1 432)	(1 836)	**(865)**		
Free Cash Flow	(265)	(1 007)	**(170)**		

Total Group Comparable figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	26 180	24 792	**27 203**	(5%)	10%
Orders received	13 774	13 776	**15 841**	0%	15%
Sales	16 107	14 202	**13 662**	(12%)	(4%)
Operating income (loss)	(581)	168	**550**		
Operating margin	(3.6%)	1.2%	**4.0%**		

* French GAAP

Orders up 15 per cent as compared with previous fiscal year

During fiscal year 2004/05, we faced contrasted markets. Demand for new power generation equipment in Asia and particularly in China and India remained strong by contrast to the United States and some European countries, where demand remained very low. As a result of the increasing importance of environmental concerns, demand for environmental control equipment remained strong. In the field of Rail Transport, the European market has provided opportunities in Italy, Spain and France while the German and UK markets have been slower; the Asia market has been strong. The cruise ship market has become more active.

The strong rebound in our commercial activity illustrates the return of customer confidence: we have booked €15.8 billion of orders in fiscal year 2004/05, an increase of 15 per cent compared with fiscal year 2003/04 on a comparable basis, with all of our Sectors contributing to this increase. Of note among the main orders received are an order received in November 2004 for four new GT26 heavy-duty gas turbines in Thailand (the second order for these machines following an order received in Spain in January 2004), a contract in China for passenger trains (Electrical Multiple Units) and an order for two cruise ships.

Our backlog was €27 billion at 31 March 2005, representing approximately two years of sales.

Sales impacted by low level of orders in 2003

Sales were €13.6 billion in fiscal year 2004/05, decreasing by 4 per cent compared with fiscal year 2003/04 on a comparable basis, mainly in our Power Turbo-Systems / Power Environment and Marine Sectors, due to the impact of the low level of orders in the second half of fiscal year 2002/03 and in the first half of fiscal year 2003/04. Sales in other Sectors increased on a comparable basis.

Operating income improving strongly as a result of continuing cost reduction and improvement in contract execution

Our operating income in fiscal year 2004/05 was €550 million or 4.0 per cent of sales, as compared with €168 million or 1.2 per cent of sales in fiscal year 2003/04 on a comparable basis. This strong improvement of our operating margin despite a lower level of sales is notably due to a reduction in our cost base and to improved performance in the execution of our contracts.

Net loss cut in half

Net results showed a loss of €865 million, resulting notably from the high level of restructuring charges (€358 million), financial expenses (€346 million) and tax expenses (€203 million) from the write-off of deferred tax assets. The net loss was cut in half compared with €1,836 million in fiscal year 2003/04.

Free Cash Flow

Our Free Cash Flow was negative at -€170 million in fiscal year 2004/05, improving strongly despite cash outflows of €366 million related to GT24/GT26 gas turbines and the high level of restructuring and financial cash outflows. This progress was derived from a further improvement of our working capital in all Sectors excluding Marine.

Further scope adjustments

After the disposals of the Transmission & Distribution Sector and the Industrial Turbines activity carried out during fiscal year 2003/04, we have continued our disposal programme during fiscal year 2004/05, in line with the commitments made to the European Commission.

With respect to the disposals identified in May 2004:
- the locomotives manufacturing unit of Valencia, Spain, has been sold to Vossloh.
- the sale of our transport activities in Australia and New Zealand is in final negotiation.
- the disposal of our industrial boiler business is underway.

As for the other disposals needed to reach the total activity turnover of approximately €1.5 billion as agreed with the European Commission:
- an agreement has just been signed for the sale of our Flowsystems activity.
- miscellaneous activities have been sold in Australia.
- the sale of Power Conversion has been launched.

The completion of these disposals should cover our commitment made to the European Commission with respect to disposals of industrial activities.

Net debt strongly reduced

Net debt was reduced during the fiscal year to €1.4 billion on 31 March 2005 compared with €3.7 billion. This significant decrease is due to the capital increases and the proceeds of the disposals.

Bonding

We have syndicated our 2-year bonding programme launched in July 2004 with 17 banks, for a total of €7.4 billion. This program, together with the additional bilateral lines obtained recently, should cover our needs until July 2006.

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Sector Review

Power Turbo-Systems / Power Environment

Power Turbo-Systems / Power Environment Actual figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	7 308	6 448	**7 139**	(12%)	11%
Orders received	4 404	5 107	**5 181**	16%	1%
Sales	6 955	5 059	**4 256**	(27%)	(16%)
Operating income (loss)	(1 175)	(253)	**(35)**		
Operating margin	(16.9%)	(5.0%)	**(0.8%)**		

Power Turbo-Systems / Power Environment Comparable figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	7 062	6 395	**7 139**	(9%)	12%
Orders received	4 128	5 047	**5 181**	22%	3%
Sales	6 437	4 997	**4 256**	(22%)	(15%)
Operating income (loss)	(996)	(251)	**(35)**		
Operating margin	(15.5%)	(5.0%)	**(0.8%)**		

* French GAAP

Orders received in fiscal year 2004/05 by the Power Turbo-Systems / Power Environment Sector were 3 per cent higher than in fiscal year 2003/04 on a comparable basis, at €5.2 billion. The main improvements were due to the Hydro and Utility Boiler businesses. From a geographical point of view, orders have increased significantly in Asia, which provided 42 per cent of our orders received in fiscal year 2004/05.

Sales in fiscal year 2004/05 decreased by 15 per cent on a comparable basis. This was mainly due to the exceptionally low level of orders received during fiscal year 2002/03 and during the first half of fiscal year 2003/04.

The operating loss of €35 million in fiscal year 2004/05 is strongly reduced from the loss of €251 million recorded in fiscal year 2003/04, with operating margin improving from –5 per cent to –0.8 per cent. This marked improvement reflects a better portfolio of projects, improved project execution and a reduction of costs.

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Power Service

Power Service Actual figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	2 793	3 107	**3 669**	11%	18%
Orders received	2 934	3 023	**3 228**	3%	7%
Sales	2 678	2 747	**2 844**	3%	4%
Operating income (loss)	403	417	**473**		
Operating margin	15.0%	15.2%	**16.6%**		

Power Service Comparable figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	2 723	3 083	**3 669**	13%	19%
Orders received	2 775	2 967	**3 228**	7%	9%
Sales	2 579	2 690	**2 844**	4%	6%
Operating income (loss)	426	410	**473**		
Operating margin	16.5%	15.3%	**16.6%**		

* French GAAP

The power service market remained sound in fiscal year 2004/05. Orders received amounted to €3.2 billion, 9 per cent higher than fiscal year 2003/04 on a comparable basis. They remained at a high level despite the fact that a limited number of long-term maintenance contracts were booked over the fiscal year. Sales continued to increase at €2.8 billion.

The operating margin, at 16.6 per cent of sales, benefited from increased sales in the more profitable segments of the business and good contract execution.

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Transport

Transport Actual figures* (in € million)	Year ended 31 March			% Variation March 04/ March 03	% Variation March 05/ March 04
	2003	2004	2005		
Order backlog	14 676	14 321	**14 489**	(2%)	1%
Orders received	6 412	4 709	**5 490**	(27%)	17%
Sales	5 072	4 862	**5 134**	(4%)	6%
Operating income (loss)	(24)	64	**260**		
Operating margin	(0.5%)	1.3%	**5.1%**		

Transport Comparable figures* (in € million)	Year ended 31 March			% Variation March 04/ March 03	% Variation March 05/ March 04
	2003	2004	2005		
Order backlog	14 283	13 945	**14 489**	(2%)	4%
Orders received	6 054	4 687	**5 490**	(23%)	17%
Sales	4 877	4 836	**5 134**	(1%)	6%
Operating income (loss)	(8)	71	**260**		
Operating margin	(0.2%)	1.5%	**5.1%**		

* French GAAP

During fiscal year 2004/05, the market remained active in Europe and in Asia, especially in China where we were awarded a large contract for mainline passenger rolling stock. The market for urban transport has been sound and we were awarded several contracts in Europe, North America and South America. We also recorded significant successes in intercity and freight rolling stock, with orders for regional trains in Italy and Belgium and locomotives for France.

Orders received by Transport in fiscal year 2004/05 amounted to €5.5 billion, up 17 per cent on a comparable basis, mainly due to a higher order intake in Asia and in Southern Europe.

Sales increased by 6 per cent at €5.1 billion. The main contributor to this sales increase was Europe.

The operating margin amounted to 5.1 per cent of sales versus 1.5 per cent on a comparable basis for the previous fiscal year, mainly due to better project execution and continued cost reduction.

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Marine

Marine Actual figures* (in € million)	Year ended 31 March **2003**	**2004**	**2005**	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	1 523	817	**1 266**	(46%)	55%
Orders received	163	381	**1 104**	134%	190%
Sales	1 568	997	**630**	(36%)	(37%)
Operating income (loss)	24	(19)	**(103)**		
Operating margin	1.5%	(1.9%)	**(16.3%)**		

Marine Comparable figures* (in € million)	Year ended 31 March **2003**	**2004**	**2005**	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	1 523	817	**1 266**	(46%)	55%
Orders received	163	381	**1 104**	134%	190%
Sales	1 568	997	**630**	(36%)	(37%)
Operating income (loss)	24	(19)	**(103)**		
Operating margin	1.5%	(1.9%)	**(16.3%)**		

* French GAAP

In fiscal year 2004/05, the shipbuilding market experienced an increased level of orders, both for cruise ships and LNG tankers.

Orders received during fiscal year 2004/05 by our Marine Sector reached €1.1 billion and sales amounted to €630 million, reflecting the low level of orders during previous fiscal years.

A charge of approximately €50 million related to the difficulties experienced in the construction of an LNG tanker for Gaz de France, along with the under-activity during this fiscal year, have led to an operating loss of €103 million. Strengthening the order book and strongly reducing costs are the priorities of the Marine Sector.

Power Conversion

Power Conversion Actual figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	568	495	**529**	(13%)	7%
Orders received	533	434	**579**	(19%)	33%
Sales	523	499	**539**	(5%)	8%
Operating income (loss)	15	15	**36**		
Operating margin	2.9%	3.0%	**6.7%**		

Power Conversion Comparable figures* (in € million)	Year ended 31 March 2003	2004	2005	% Variation March 04/ March 03	% Variation March 05/ March 04
Order backlog	539	487	**529**	(10%)	9%
Orders received	494	433	**579**	(12%)	34%
Sales	492	498	**539**	1%	8%
Operating income (loss)	17	15	**36**		
Operating margin	3.5%	3.1%	**6.7%**		

* French GAAP

Orders received in fiscal year 2004/05 are up 34 per cent on a comparable basis at €579 million, mainly due to two large orders in the UK marine activity. Sales continued to increase at €539 million.

The operating margin, at 6.7 per cent, increased as a result of the actions launched across businesses to improve performance, as well as better market conditions.

Outlook

Fiscal year 2004/05 was a transition year. The encouraging results recorded during this period enable us to confirm our objectives for financial year 2005/06 and, looking further ahead, target an operating margin of 7 to 8 per cent in March 2008, a significant increase in Free Cash Flow and a continued reduction of net debt.

Once our base is strengthened, we are determined to pursue a profitable development strategy in the expanding markets where ALSTOM is already active. Through partnerships wherever appropriate and advantageous, we intend to take advantage of profitable growth opportunities, both in transport and energy, particularly in Asia which shows the strongest growth potential in our activities.

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This press release contains, and other written or oral reports and communications of ours may from time to time contain, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Examples of such forward-looking statements include, but are not limited to (i) projections or expectations of sales, income, operating margins, dividends, provisions, cash flow, debt or other financial items or ratios; (ii) statements of plans, objectives or goals of the Group or its management; (iii) statements of future product or economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes”, “anticipates”, “expects”, “intends”, “aims”, “plans” and “will” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.
By their very nature, forward-looking statements involve risks and uncertainties that the forecasts, projections and other forward-looking statements will not be achieved. Such statements are based on our current plans and expectations and are subject to a number of important factors that could cause actual results to differ materially from the plans, objectives and expectations expressed in such forward-looking statements.

These factors include:

(i) the inherent difficulty of forecasting future market conditions, level of infrastructure spending, GDP growth generally, interest rates and exchange rates; (ii) the effects of, and changes in, laws, regulations, governmental policy, taxation or accounting standards or practices; (iii) the effects of currency exchange rate movements and increases of overall prices of raw materials,; (iv) the effects of competition in the product markets and geographic areas in which we operate; (v) our ability to increase market share, control costs and enhance cash generation while maintaining high quality products and services; (vi) the timely development of new products and services; (vii) the results of our restructuring and cost reduction programmes; (viii) continued capability to obtain bonds in amounts that are sufficient to meet the needs of our business; (ix) the timing of and ability to meet the cash generation and other initiatives of our action plan; (x) the results of the investigations by the SEC; (xi) the outcome of the putative class action lawsuit filed against us and certain of our current and former officers; (xii) our ability to improve operating margins in a timely manner and to progressively increase the after-sales service and maintenance in our businesses; (xiii) the availability of external sources of financing on commercially reasonable terms; (xiv) the inherent technical complexity of many of our products and technologies and our ability to resolve effectively, on time, and at reasonable cost technical problems, infrastructure constraints or regulatory issues that inevitably arise, including in particular the problems encountered with the GT24/GT26 gas turbines; (xv) risks inherent in large contracts and/or significant fixed price contracts that comprise a substantial portion of our business; (xvi) the inherent difficulty in estimating our vendor financing risks or exposure and other credit risks, which may notably be affected by customers’ payment defaults; (xvii) our ability to invest successfully in, and compete at the leading edge of, technology developments across all of our sectors; (XVIII) the availability of adequate cash flow from operations or other sources of liquidity to achieve management’s objectives or goals, including our goal of reducing indebtedness; (xix) the effects of acquisitions and disposals generally and the outcome of claims related to our disposals; (xx) the unusual level of uncertainty at this time regarding the world economy in general; and (xxi) our success in adjusting to and managing the foregoing risks.

We caution you that this list of important factors is not exhaustive; when relying on forward-looking statements to make decisions with respect to us, you should carefully consider the foregoing factors and other uncertainties and events, as well as other factors described in other documents we file with or submit to, from time to time, the SEC and/or the AMF, including our Annual Report for the fiscal year ended 31 March 2004 and any update thereof . Such forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.