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PRESS INFORMATION

13 November 2003

ALSTOM FIRST HALF RESULTS 2004

1 April 2003 – 30 September 2003

First Half Results impacted by uncertainties over ALSTOM's situation

- Orders received: €7.4bn, down 23% on a comparable basis
- Sales: €8.9bn, down 9% on a comparable basis
- Operating margin: 1.5%
- Net income: €(624)m
- Free cash flow: €(674)m
- Economic debt reduced to €4.5bn

Progress on action plan

- €2.5 bn proceeds from disposals secured
- Financing package announced 22 September to strengthen the Group's financial structure, with positive feedback from customers
- Significant progress made on GT24/GT26 gas turbines issue
- Operational performance: restructuring accelerated with cost-reduction programmes underway

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Commenting on the results Patrick Kron, Chairman & Chief Executive Officer, said:

"ALSTOM's results for the first half of fiscal year 2004, though unsatisfactory, are generally in line with previous guidance.

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Our low level of order intake mainly reflects weak demand for new power equipment, the impact of customer concerns surrounding ALSTOM's past financial position and difficulties experienced during the period in obtaining contract bonds. Our income was hit by additional charges on some US contracts and a significant increase in financial and restructuring charges.

The financing package announced on 22 September 2003 is designed to strengthen substantially the Group's financial structure and we are now seeing positive reactions from customers, as illustrated by €700 million in orders having been secured in October by our Transport Sector. Despite difficult circumstances, we managed during

the first half to win good orders such as trams and metros in Europe, gas turbines in Algeria, a combined cycle plant in Bahrain, Power service in the US and Brazil and a major utility boiler in China.

We also made significant progress on the action plan announced last March designed to improve Group profitability and cash generation, to close out past operational issues and reduce our level of debt. To date we have secured €2.5 bn proceeds from disposals, including our small and medium-sized industrial turbines and our transmission & distribution activities; we continue to make encouraging headway on the GT24/GT26 issue, while major restructuring and cost-reduction programmes are underway worldwide to drastically cut our cost base.

My priority, and that of ALSTOM's management team, remains the continued full implementation of this action plan. The September financing agreement will be submitted for approval at a Shareholders' Meeting on 18 November and will be fully implemented as soon as possible thereafter. It will substantially increase our equity base through a capital increase and issue of bonds redeemable in shares, while providing the Group with adequate medium to long-term financing and on-going liquidity and contract bonding coverage. I believe the financing agreement is also a strong signal to the market that ALSTOM is back in normal business, not only with a commitment to meeting its operational improvement objectives, but above all its customers' needs and expectations."

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A summary of ALSTOM's MD&A for the six-month period is attached. A full copy of this document, which takes precedence over this press release, is available on ALSTOM's website, together with a full set of accounts and notes (www.alstom.com).

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ALSTOM: Summary of MD&A

Summary of 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)**	First Half Sept. 02	2nd Half March 03	Full Year 2002/03	First Half Sept. 03	% Variation Sept. 03/ Sept 02	% Variation Sept. 03/ March 03
Backlog	33,611	30,330	30,330	**27,174**	(19)%	(10)%
Orders received	10,537	8,586	19,123	**7,439**	(29)%	(13)%
Sales	10,769	10,582	21,351	**8,854**	(18)%	(16)%
Operating income	542	(1,049)	(507)	**132**		
Net income	11	(1,443)	(1,432)	**(624)**		
Free Cash Flow (1)	75	(340)	(265)	**(674)**		

Total Group **Comparable figures** (2) **(in € million)**	First Half Sept. 02	2nd Half March 03	Full Year 2002/03	First Half Sept. 03	% Variation Sept. 03/ Sept 02	% Variation Sept. 03/ March 03
Orders received	9,677	7,973	17,650	**7,439**	(23)%	(7)%
Sales	9,697	9,886	19,583	**8,854**	(9)%	(10)%

(1) We define free cash flow to mean net cash provided by (used in) operating activities plus capital expenditures, net of proceeds from disposals of property, plant and equipment (excluding proceeds from the sale of real estate as part of our strategic plan) and increase (decrease) in variation in existing receivables considered as a source of funding of our operations. Free cash flow is not a measurement of performance under either French or US GAAP.

(2) Adjusted for changes in business composition and exchange rates. Comparable figures are not measurements of performance under either French or US GAAP.

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Trading impacted by difficult markets and uncertainties surrounding ALSTOM's financial position

Since 31 March 2003, we have continued to face difficult markets in power generation new equipment and cruise-ships. The Transport market stayed relatively healthy, notably in the service activity, but as a whole lower than the record level of the previous year. The Power Service market remained sound. Against these adverse market conditions, uncertainty regarding the Group's financial position contributed to a significant decline in orders received.

Group order intake, at €7.4bn, was down 23% on a comparable basis. The order backlog amounted to just over €27bn at 30 September 2003, representing 18 months of sales. On a comparable basis, sales decreased by 9% against the first half of the previous fiscal year.

Results

Operating income was €132 million, or 1.5% of sales, after additional charges taken in relation to the US Transport business of €102 million and €60 million in respect of a utility boiler contract in the US, where two key sub-contractors went bankrupt.

Net income after goodwill amortisation was €(624) million as a result of the low operating income, significantly higher financial expenses and restructuring charges, and lower than anticipated deferred tax credits.

Free Cash Flow

Free cash flow was €(674) million in the first half of fiscal year 2004, including €394 million cash outflow on the GT24/GT26, higher restructuring and financial expenses combined with an increase in our working capital requirements.

Economic debt reduced by €399 million

Economic debt* was reduced to €4,519 million at 30 September 2003 from €4,918 million at 31 March 2003, following receipt of disposal proceeds partially offset by cash outflow.

* *We define economic debt as net debt including securitisation of future and existing receivables. Economic debt is not a measurement of performance under either French or US GAAP.*

Review by Sector

Power Turbo-Systems

A low level of activity in the power generation new equipment market continued, with overcapacity in some markets delaying decisions on new capital investments. On a comparable basis, orders fell by 36% to €839 million compared with the first half of fiscal year 2003, but rose 89% compared with the second half of fiscal year 2003. Sales on a comparable basis declined 16% to €1,211 million compared with the second half of fiscal year 2003.

Operating income was €(127) million, compared with €(1,306) million for the full fiscal year 2003 on a comparable basis, mainly as a result of the low level of sales recognised during the period.

Power Service

On a comparable basis, orders in Power Service rose 15% to €1,368 million compared with the second half of fiscal year 2003, mainly due to the booking of several medium-sized operations & maintenance contracts and a strong US service market. Orders were down 12%, however, as compared with the high level in the first half of fiscal year 2003. Sales rose 12% on a comparable basis to €1,361 million, compared with the first half of fiscal year 2003, and 8% compared with the second half of fiscal year 2003.

Operating income was €196 million, or 14.4% of sales, in the first half of the fiscal year on a comparable basis, compared with 15.3% for the full fiscal year 2003.

Power Environment

On a comparable basis, orders were relatively stable at €1,042 million compared with the second half of fiscal year 2003, but 23% lower than the first half of fiscal year 2003, reflecting an abrupt market downturn in the US and a drop in the number of projects in Latin America. Sales at €1,331 million were stable on a comparable basis versus the first half of fiscal year 2003.

Operating income, at €24 million, reflects the €60 million charge taken on a utility boiler contract in the US and the execution of some low-margin contracts in the Sector's Hydro business.

Transport

On a comparable basis, orders declined 47% compared with the first half of fiscal year 2003 to €1,672 million due to lower level of order intake in the US and to customers' concerns over the Group's financial situation.

Following the announcement of a new financing package at the end of September 2003, however, the Sector secured €700 million of new orders in October, illustrating that customer confidence is returning.

On a comparable basis, sales increased by 3% to €2,297 million compared with the first half of fiscal year 2003 reflecting the delivery of systems projects in Greece, Spain and France and the increased locomotive maintenance and refurbishment activities in Spain and Germany.

Transport's operating income was €(37) million after additional charges of €102 million taken in relation to the US Transport business. On a comparable basis, this compares with €85 million in the first half of fiscal year 2003 and €(95) million in the second half of fiscal year 2003 during which we recorded a €213 million provision on UK and US trains contracts.

Marine

The timing of the recovery in the cruise-ship market remains uncertain. Orders received in the Marine Sector represented €340 million for the first half of fiscal year 2004, including a cross channel ferry and an LNG tanker. Sales were €822 million, up 13% on a comparable basis compared with the first half of fiscal year 2003 and down 2% compared with the second half of fiscal year 2003; they include the delivery of two cruise-ships, *Island Princess* and *Crystal Serenity*, and a surveillance frigate to the Moroccan Navy. Construction continued on the largest passenger cruise-ship in the world, the *Queen Mary 2*, which satisfactorily completed its second series of sea-trials on 11 November 2003, as well as on another cruise ship, a yacht and an LNG tanker.

Transmission & Distribution

On a comparable basis, orders dropped by 5% compared with the first half of fiscal year 2003. Sales were down 4% compared to the same period last year, mainly due to a decrease in the UK and Germany.

T&D's operating income, at €84 million, or 5.4%, declined in comparison with 6.0% in the first half of fiscal year 2003, mainly as a result of the lower level of trading in its products and systems activities.

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12 March Action Plan Update

On 12 March 2003, we presented a strategy and action plan which includes the following elements:

- **Disposals programme: €2.5 bn proceeds secured**

As part of our March 2003 plan we increased our disposal programme to €3.0 billion. To date we have signed agreements for €2.5 bn but in order to fully value the assets to be disposed, we now expect the remainder to be achieved by March 2005.
These disposals include:

- *Industrial Turbines businesses*

The sale of our Industrial Turbines activities was completed in two stages on 30 April and on 1 August 2003, for total net proceeds of €950 million.

- *Transmission & Distribution activities*

On 25 September 2003, we signed a binding agreement to sell our T&D activities (excluding Power Conversion) to Areva for an enterprise value of €950 million, subject to closing adjustments. This transaction is expected to close in January 2004 after completion of usual conditions precedent.

- *Real Estate*

Total proceeds to date from our real estate programme have reached €415 million (€267 million received in fiscal year 2003 and €148 million in the first half of fiscal year 2004).

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- **Operational Issues: significant progress on GT24/GT26**

GT24/GT26 heavy-duty gas turbines

During the first half of fiscal year 2004, we continued to implement technical improvements to our GT24/GT26 gas turbines. The new upgrade packages have been tested successfully and deployment in the field has started. The machines' reliability has been demonstrated with 72 units in operation and more than 730 000 operating hours accumulated. The commercial situation is becoming clearer, with all of the cases of client litigation, which affected 7 units as of March 2003, now resolved via satisfactory commercial settlements.

Cash outflow related to the GT24/GT26 was in line with projections. We reported on 31 March 2003 that we had an overall mitigation target of €454 million. As of 30 September 2003, this overall mitigation target was lowered to €336 million, as a result of successful mitigation actions achieved to date, and of a €28 million charge for mitigation actions which did not materialise.

After mitigation, provisions remaining for GT24/GT26 were €1,193 million as of 30 September 2003.

Transport projects in UK and US

All 119 trains UK regional trains have been delivered but the in-service reliability improvement programme is still underway. On the West Coast Main Line contract, 28 trains from a total of 53 have been delivered in line with the customer's expectations. On completion of this contract in September 2004, our UK new build activities will be refocused on service/maintenance activities.

Internal reviews by auditors and legal teams of accounting irregularities in the US have been performed. Project reviews concerning this unit have also been completed directly by Sector management, leading to additional operating losses of €102 million in the first half of fiscal year 2004. Management has been changed and internal controls strengthened.

- **Improving operational performance: strong action taken**

Restructuring and cost reduction

We target €500 million savings as of fiscal year 2006 through restructuring and have other cost reduction initiatives, including Group-wide programmes to improve quality and sourcing efficiency.

Our Corporate and International Network organisations were significantly down-sized during the first half of fiscal year 2004. Plans to reduce our workforce by approximately 7,000 worldwide, mainly in Power Turbo-Systems, Transport and Power Environment Sectors have been launched and the process of consultation with trade union representatives at European level has been completed.

Since we have accelerated our restructuring plans, we expect to accrue significantly more related charges in fiscal year 2004 than in the previous years.

Stricter Risk Management

A new Risk Management Director has been appointed and we are exercising stricter risk control over the terms, conditions and margins of our order intake. The Chairman and CEO heads the central Risk Committee set up in March 2003 to review all major bids and contracts under execution. Process improvement is also underway within the Sectors to ensure stricter control of project execution.

Simplified Organisation
Management has been renewed and our organisation stream-lined for greater efficiency. The Power Sector was reorganised into three new Sectors from 1 April 2003, removing the former Sector level management layer. A new customer-focused organisation was announced by our Transport Sector in October.

- **Financial Structure Strengthened**

Revised €3.2 bn financing package
Following the European Commission's announcement that some aspects of the refinancing package announced on 6 August 2003 were inconsistent with the Commission's review and approval timetable, new discussions were held between all the concerned parties, including the European Commission, in order to amend the plan.

A new agreement on a €3.2 bn package was reached on 22 September 2003 which is designed to meet European Commission procedural requirements, whilst covering the Group's short to long-term funding needs and on-going contract bonding requirements. The new agreement also sends a strong positive signal to ALSTOM's customers and suppliers.

The revised financing package includes:

	in € million
• **Equity guaranteed by the banks**	**1,200**
Capital increase	300
Bonds mandatorily reimbursable with shares (ORA)	900
• **Long-term instruments from the French State**	**500**
20-year bond convertible into shares if approved by the European Commission	300
15-year bond	200
• **Medium-term loans**	**1,500**
5-year loans (French State)	300
5-year loans (banks)	1,200
	3,200

- **Short-term facilities of €1,500m**
- **Syndicated line of bonding for €3,500m**

Implementation status

The short-term facilities of €1,500 million and the syndicated line of bonding for €3,500 million are now in place.

The other measures included in the package will be implemented before the end of January 2004, subject to the approval at the Ordinary and Extraordinary Shareholders' Meeting to be held on 18 November.

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As expected, the European Commission has formally announced a review to evaluate whether the package complies with EC regulations.

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Outlook

We expect this current fiscal year (ending March 2004) to be unsatisfactory both in terms of results and cash flow due to tough market conditions and the impact of the past uncertainties concerning our situation on our commercial activity. On a comparable basis (T&D to be deconsolidated at the beginning of 2004) we expect a higher level of orders in the second half of the year than in the first. Group order levels for the full fiscal year are expected to be between €14-15bn with sales at approximately €17bn.

We expect our operating margin to reach between 2% and 2.5% for the full fiscal year 2004, with second half margin in line with the first half, before identified specific charges (boiler, US Transport).

We expect free cash flow for the full year to be negative by between €(800) million - €(1,000) million, mainly due to an estimated cash-out flow of around €(800) million linked to the GT24/GT26.

We confirm our medium-term targets: reducing the Group's current high level of economic debt by March 2004 with the full implementation of the financing package, to below €2.5 bn by March 2005. Our 6% operating margin target is maintained for fiscal year ending March 2006, based on growth expected in after-market and service sales, the impact of the down-sizing in the Turbo-Systems Sector, improved margins in Transport and as the full impact of our cost-reduction and restructuring programmes takes effect. We target positive free cash flow in fiscal year 2006.

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Forward-Looking Statements

This press release contains, and other written or oral reports and communications of ALSTOM may from time to time contain, forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Examples of such forward-looking statements include, but are not limited to (i) projections or expectations of sales, orders received, income, operating margins, dividends, provisions, cash flow, debt or other financial items or ratios, (ii) statements of plans, objectives or goals of ALSTOM 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 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 management’s 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; (iv) the effects of competition in the product markets and geographic areas in which ALSTOM operates; (iv) the ability to increase market share, control costs and enhance cash generation while maintaining high quality products and services; (v) the timely development of new products and services; (vi) the ability to implement the financing package and to meet the financial and other covenants contained in ALSTOM’s financing agreements; (vii) difficulties in obtaining bid, performance and other bonds (other than those available under ALSTOM’s new Bonding Facility) with customary amounts or terms; (vii) the timing of and ability to meet the cash generation and other initiatives of the new action plan, including the ability to dispose of certain real estate and other assets on favourable terms or in a timely fashion; (viii) the results of the United States Securities and Exchange Commission’s (“SEC”) investigation of matters relating to ALSTOM Transportation Inc., and the impact thereof on ALSTOM Transportation Inc.’s ability to conduct its business; (ix) the outcome of the putative class action lawsuits recently filed against ALSTOM and certain of its current and former officers; (x) the results of the European Commission’s review of the French State’s involvement in ALSTOM’s recently renegotiated financing package, the sale of our T&D Sector to Areva and other aspects of ALSTOM’s businesses; (xi) whether ALSTOM receives shareholder approval of important elements of its recently renegotiated financing package; (xii) the availability of external

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sources of financing on commercially reasonable terms; (xiii) the inherent technical complexity of many of ALSTOM's 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 and the UK trains; (xiv) risks inherent in large contracts and/or significant fixed price contracts that comprise a substantial portion of ALSTOM's business; (xv) the inherent difficulty in estimating future charter or sale prices of any cruise ship in any appraisal of ALSTOM's exposure in respect of Renaissance Cruises; (xvi) the inherent difficulty in estimating ALSTOM's vendor financing risks and other credit risks, which may notably be affected by customers' payment default; (xvii) ALSTOM's ability to invest successfully in, and compete at the leading edge of, technology developments across all of its 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) whether certain of ALSTOM's markets, particularly the Power Sectors, recover from their currently depressed state; (xx) the possible impact on customer confidence of ALSTOM's recent financial difficulties, and if so its ability to re-establish this confidence; (xxi) the effects of acquisitions and disposals generally; (xxii) the unusual level of uncertainty at this time regarding the world economy in general; and (xxiii) ALSTOM's success in adjusting to and managing the foregoing risks.

The foregoing list is not exhaustive; when relying on forward-looking statements to make decisions with respect to ALSTOM, you should carefully consider the foregoing factors and other uncertainties and events, as well as other factors described in other documents ALSTOM files or submits from time to time with the SEC, including reports submitted on Form 6-K and our Annual Report on Form 20-F for the fiscal year ended 31 March 2003 which was filed with the SEC on 16 October 2003. Forward-looking statements speak only as of the date on which they are made, and ALSTOM undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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