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Setting up a joint-venture with Atomenergomash

Alstom enters Russian nuclear power plant market through a strategic partnership

Alstom is initiating a key strategic move by joining forces with Russian group Atomenergomash to jointly meet growing demand in the nuclear power plant market for power generation, both in Russia and abroad.

On April 2, 2007, Alstom signed a framework agreement with Russia's Atomenergomash in Moscow, outlining a joint venture dedicated to manufacturing the conventional islands of Russian nuclear power plants. Atomenergomash is a subsidiary of Atomenergoprom, the state-owned company in charge of producing equipment for Russia's civil nuclear programme.

The future joint venture, of which Atomenergomash will hold 51% and Alstom 49%, will be located in Podolsk, close to Moscow, and will manufacture the entire conventional island of nuclear power plants, drawing on Alstom's "Arabelle" half-speed turbine technology. Alstom will transfer technology to the joint-venture company, namely for the manufacture of its "Arabelle" steam turbine and generator.

The agreement demonstrates the firm commitment of both parties to developing a long-term strategic and industrial partnership. It will allow the two partners to propose a complete package including the nuclear reactor and the conventional island. The joint venture will benefit from the best available technology for the conventional island of its nuclear power plants and will have exclusive access to the fast-growing Russian nuclear power plant market.

The joint-venture company will focus on the promising nuclear power plant market in Russia but will also be in a position to bid on power plant projects abroad using Russian nuclear technology.

The two partners will together invest €200 million in the joint-venture in the form of assets and cash.

Alstom is the world leader in nuclear conventional islands, with 175 islands either already in service or in the course of being built in twelve countries around the world, including France, South Africa, China, South Korea and Sweden. Alstom technology is present in more than a quarter of nuclear conventional islands around the globe.

Alstom has two significant advantages over its competitors. First, the "Arabelle" turbine is the most efficient on the market, with the largest output range, up to 1,750 MW. Secondly, Alstom is one of the few companies able to fully engineer integrated conventional islands for any type of nuclear reactor.

At a signing ceremony in Moscow on April 2, 2007, Patrick Kron, Alstom's Chairman and Chief Executive Officer, underlined the importance of this partnership for the company: *"Creating a joint venture with Atomenergomash in the nuclear power plant market for power generation is a key strategic move for Alstom. It gives us privileged access to the burgeoning Russian market. This partnership will therefore strengthen our position as a technological leader in integrated conventional islands in what is a booming global nuclear energy market."*

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