

18 November 2011

Alstom extends partnership with RusHydro to thermal power generation and creates joint venture with KER to address the Russian HVDC market

Following its long-term strategy to establish a strong presence in Russia, Alstom signed two agreements related to the Russian power generation and power transmission sectors. The agreements were signed during the Franco-Russian intergovernmental seminar which was held in the presence of Vladimir Putin, Russian Prime Minister, Francois Fillon, French Prime Minister, Evgeny Dod, Chairman of RusHydro, Igor Lukashenko, President of KER group, Grégoire Poux-Guillaume, President of Alstom Grid and Philippe Pegorier, President of Alstom Russia.

Alstom and RusHydro, Russia's largest hydropower generation company, are extending their partnership to thermal power generation. The signed agreement covers the modernisation and repowering of power equipment installed on the generation assets of 'RAO Energy System of East', a holding company owned by RusHydro. RAO Energy System of East manages the power generation companies in the Far East Russian Federation with a total installed capacity of around 9,000 MW. The two companies will also join their forces for the construction of new generation facilities. The cooperation also extends to the joint development and implementation of upgraded and innovative technologies for coal preparation and burning at RAO Energy System of East's power plants.

The document follows the Strategic Cooperation Agreement signed between Alstom and RusHydro on 9 December 2010, which drew ways of their cooperation in order to benefit from the booming Russian hydropower industry. The initial Strategic Cooperation Agreement covered four key directions of cooperation: reconstruction and modernization of the Kubanski cascade hydropower complex in Southern Russia; cooperation for the development of hydropower activities; cooperation in areas of R&D and investment; and local manufacturing of hydropower equipment in the Republic of Bashkortostan, Russia.

The second document signed between **Alstom Grid and Russia's KER Ltd**, a contractor in the field of electrical engineering, is the final agreement to form a joint venture (JV) for engineering and project execution of High Voltage Direct Current (HVDC) projects for the Russian market. The joint company will be 50% held by Alstom and 50% by KER. The objective is the localization of expertise in Russia by creating a direct current Engineering Centre in Saint Petersburg, beginning operations in January 2012. The first step for the Alstom-KER Direct Current (DC) cooperation will be to play a major role in the supply and development of HVDC projects such as Vyborg-LAES, linking Russia and Finland. 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.

In October 2010, Alstom Grid and FSK signed an agreement to establish a framework for implementing Smart Grid technologies in the Russian electrical grid.

Philippe Pegorier, Country President of Alstom Russia, declared: *“In the last few years, Russia has turned out to be a strategic market for Alstom. The extension of our cooperation with RusHydro to thermal power generation demonstrates that both companies deeply appreciate their existing partnership and are willing to enrich each other further with their respective expertise to help Russian infrastructure development and to provide innovative technologies. By localizing our HVDC expertise we are more proactive in bringing to our customers the advanced solutions to build a strong and reliable electrical grid.”*

Present in Russia for over 35 years, Alstom has chosen to implement a localization strategy in order to support Russia’s infrastructure development in the most efficient way. The group has already created several JV’s with leading Russian companies such Transmashholding, Rosatom, RusHydro, Rusal and Inter RAO. For some other ongoing cooperation projects, like partnerships with Renova Group and Soyuz Corporation, the creation of JV’s is underway.

About Alstom

Alstom is a global leader in the world of power generation, power transmission and rail infrastructure and sets the benchmark for innovative and environmentally friendly technologies. Alstom builds the fastest train and the highest capacity automated metro in the world, provides turnkey integrated power plant solutions and associated services for a wide variety of energy sources, including hydro, nuclear, gas, coal and wind, and it offers a wide range of solutions for power transmission, with a focus on smart grids. The Group employs 92,700 people in 100 countries, and had sales of €20.9 billion in 2010/11.

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