ALSTOM
Form 6-K
January 13, 2004
Table of Contents

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

For the month of January 2004

Commission File Number: 1-14836

ALSTOM

(Translation of registrant s name into English)

25, avenue Kléber, 75116 Paris, France

(Address of principal executive offices)

Indicate by check mark whether the Registrant files or will file annual reports under cover of Form 20-F or Form 40-F

Form 20-F X x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether the Registrant, by furnishing the information contained in this Form, is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b)

This Report on Form 6-K includes materials that make reference and relate in part to certain proposed issuances of securities by ALSTOM. The securities mentioned in these materials have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or exemption from registration under the Securities Act.

These materials are not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any offer or sale of securities in any jurisdiction in which such offer or sale would be unlawful.

Table of Contents

Enclosures:

ALSTOM Update dated 17 November 2003 of the Reference Document in the form of an annual report filed with the Commission des Opérations de Bourse on 28 May 2003 under the number D.03-0814

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALSTOM

Date: January 13, 2004

By: /s/ Philippe Jaffré

Name: Philippe Jaffré
Title: Chief Financial Officer

Table of Contents

Exhibit 99.1

Update dated 17 November 2003

of the Reference Document

in the form of an annual report

filed with the Commission des Opérations de Bourse

on 28 May 2003 under the number D.03-0814

This document is a free translation of the original French version of the update of the

Reference Document available upon request

Table of Contents

CONTENTS

1. Assets and liabilities Financial position Income (loss)	5
1.1. Interim consolidated financial statements at 30 September 2003	5
1.1.1. Management discussion and analysis	5
1.1.2. Interim consolidated financial statements at 30 September 2003	49
1.1.3. Statutory Auditors report on the interim consolidated financial statements	82
1.2. Pro forma datas at 31 March 2003 and at 30 September 2003	84
1.2.1. Pro forma consolidated financial statements for fiscal year closed at 31 March 2003 and half year ended 30 September 2003	84
1.2.2. Statutory Auditors report on the pro forma financial statements	104
1.3. Consolidated financial statements at 31 March 2003	106
1.3.1. Presentation of the amended consolidated financial statements as approved by the Ordinary and Extraordinary General Meeting held on 2 July 2003	106
1.3.2. Summary differences between Accounting Principles followed by the Group and US GAAP	107
1.3.3. Controls and procedures	138
1.4. Table of ALSTOM s subsidiaries and investments at 31 March 2003	139
2. Share capital	140
2.1. Share capital	140
2.2. Authorisations to increase the share capital	140
2.3. Potential share capital Securities and rights giving access to the share capital	143
2.4. Ownership of the share capital and voting rights	144
2.5. Changes in share capital since 31 March 2003	145
2.6. Authorisations to issue debt securities	145
2.7. Shareholders agreements	145
2.8. Stock market information	145
3. Risks	147
3.1. Main risk factors	147
3.2. Claims and legal proceedings	158
3.2.1. Claims and legal proceedings : general	158
3.2.2. Claims and legal proceedings : asbestos	158
3.2.3. European Commission review of financing package and other transactions	160
3.2.4. Claims and proceedings linked to Royal Caribbean Cruises	162
3.2.5. Investigation by the Prosecutor of Milan	162
3.2.6. Investigation relating to ALSTOM Transportation Inc.	163
3.2.7. United States Putative Class Action Lawsuits	163
3.2.8. Other legal proceedings	163
3.3. Insurance	164
4. Corporate Governance Administrative and control bodies	166
4.1. Composition and functioning of administrative and control bodies	166
4.2. Committees of the Board of Directors	167
4.3. Compensation of Executive and Non-Executive Directors and Members of the Executive Committee	170
4.4. Employee statutory profit sharing agreements Employee profit sharing plan Company savings scheme	170
5. Recent developments and perspectives	171

Table of Contents

6. Person assuming responsibility for the update of the Reference Document and persons assuming responsibility for auditing the financial statements 174
6.1. Person assuming responsibility for the update of the Reference Document 174
6.2. Opinion of the person assuming responsibility for the update of the Reference Document 174
6.3. Persons assuming responsibility for auditing the financial statements 174

6.4. Opinion of the persons assuming responsibility for auditing the financial statements 175

Annexes
Annex 1 Consolidated financial statements at 31 March 2003 incorporating the amendments proposed by the Board of Directors and approved by the General Meeting of Shareholders held on 2 July 2003 179
Annex 2 Operating and Financial Review and Prospects updated by the Board of Directors 236
Annex 3 Other modified pages 291
Annex 4 Table of subsidiaries and investments of ALSTOM at 31 March 2003 296

[Table of Contents](#)

1. Assets and liabilities Financial position Income (loss)

1.1. Interim Consolidated Financial Statements at 30 September 2003

1.1.1. Management Discussion and Analysis

You should read the following discussion together with the 30 September 2003 Interim Consolidated Financial Statements. During the periods discussed in this section, we undertook several significant transactions that affected the comparability of our financial results between periods. In order to allow you to compare the relevant periods, we present certain information both as it appears in our financial statements and adjusted for business composition and exchange rate variations to improve comparability. We describe these adjustments under Change in business composition and presentation of our accounts, non-GAAP measures Comparable basis below. The figures presented as unaudited under in the following discussion were the subject of either a limited review or a sincerity review by auditors.

STATUS ON OUR ACTION PLAN AND MAIN EVENTS OF FIRST HALF OF FISCAL YEAR 2004

On 12 March 2003, we presented our new strategy and action plan to overcome three key difficulties: an insufficient level of profitability and cash generation, past problems with the GT24/GT26 gas turbines and to a lesser extent the UK Trains contracts and a high level of debt. This plan has been launched throughout the Group. We have achieved significant progress during the first half of fiscal year 2004 and in particular we have:

- built a more effective organisation;
- secured € 2.5 billion from the disposal programme;
- achieved the expected progress in resolving specific operational problems (GT24/GT26 heavy duty gas turbines and UK trains issues);
- launched the restructuring plans; and
- agreed on a comprehensive financing package to strengthen our financial structure.

Building a more effective organisation

Implementation of a more effective organisation in the Sectors

Our former Power Sector, which accounted for more than half of Group sales in fiscal year 2003, was reorganised into three new Sectors on 1 April 2003; the former Power Sector management layer has been removed and the former Segments have been merged. The new structure is now fully in place and is reflected in the figures presented in this section.

On 7 October 2003, the management of our Transport Sector announced a new organisation, to be effective as of 1 January 2004. The Sector will be organised in four international regions, with strengthened customer focus and with clearer definition of responsibility for project execution.

A simpler and more reactive Group wide structure is being implemented, with clearer P&L accountability in the Sectors. Empowerment and full responsibility are given to the Sector management with a clearer relationship between business and country organisations.

Reorganisation of International Network and Corporate

Our objective is to reduce our overhead significantly, notably through the simplification of administrative processes and a reduction of management layers. Some central functions have been reallocated to the Sectors or eliminated. As a consequence, the Corporate and the International Network organisations have been reorganised and reduced by more than a third. Overall, savings are targeted to reach 35% of related costs as compared with fiscal year 2003 on an annual basis by March 2005. Vigorous plans have been launched in the Sectors where the target is to save 15% of overhead costs in each Sector by March 2005.

Table of Contents

Stricter risk management

We are exercising a stricter control of the contractual terms and conditions and the margins in our order intake, notably with the creation of a central Risk Committee headed by the Chairman and CEO which was set up in March 2003 to review all major bids and contracts under execution. We are continuously improving the processes in the Sectors and are setting up a project database allowing more efficient central control. A new Risk Management Director has been appointed and new processes established to ensure more effective supervision of the Sectors.

Disposal programme

As part of our new plan, in March 2003 we increased our disposal programme target proceeds from €1.6 billion as intended at the beginning of fiscal year 2003, to €3.0 billion by March 2004. We maintain our objective of total proceeds of €3 billion and have now secured €2.5 billion, but in order to fully value the assets to be disposed, we have extended the period by one year to March 2005. Our disposal programme comprises:

- €600 million of targeted proceeds from real estate disposals, of which €415 million was achieved during fiscal year 2003 and the first half of fiscal year 2004; and

- €2,400 million of targeted proceeds from business disposals, including both the T&D Sector and the Industrial Turbines businesses. €151 million of this target was achieved during fiscal year 2003 with the disposal of our activities in South Africa and of our captive insurance company. We expect that the sale of our Industrial Turbines businesses will generate net proceeds of approximately €950 million (of which €842 million has been received to date). We sold our T&D Sector for an enterprise value of €950 million, subject to closing adjustments. We expect to receive the major part of these proceeds in January 2004.

Disposal of our Industrial Turbines businesses

On 26 April 2003, we signed binding agreements to sell our small gas turbines business and medium-sized gas turbines and industrial steam turbines businesses in two transactions to Siemens AG.

The first transaction covered our small gas turbines business, and the second transaction covered our medium-sized gas turbines and industrial steam turbines businesses.

The Industrial Turbines businesses accounted for approximately 10% of Power Sector revenues in fiscal year 2003. They include:

- the small gas turbines business (3 MW 15 MW), based principally in the UK;

the medium-sized gas turbines business (15 MW 50 MW), based principally in Sweden; and

the industrial steam turbines (up to about 100 MW) business, with manufacturing sites in Sweden, Germany and the Czech Republic, and global customer service operations.

In the year ended 31 March 2003, Industrial Turbine businesses generated sales of approximately 1.25 billion and had an operating margin of approximately 7%. At 31 March 2003, these businesses employed around 6,500 people.

On 30 April 2003, we announced the closing of the sale of the small gas turbines business. Completion of this transaction followed receipt of a formal derogation from the European Commission under EC Merger Regulations, allowing ownership of the business to be transferred to Siemens AG with immediate effect. On 10 July 2003 we announced that the European Commission had granted formal clearance under EC Merger Regulations for the disposal of both the small gas turbines and the medium gas turbines and industrial steam turbines businesses.

On 1 August 2003 we announced that we had completed the major part of the disposal of the medium gas turbines and industrial steam turbines businesses. Completion of this second stage of the disposal followed approval from both the European Commission and US merger control authorities.

Certain minor sites of our Industrial Turbines business have yet to be transferred to Siemens pending completion of legal procedures, for example, relating to anti-competition laws in select jurisdictions. To date we have received net proceeds of €842 million from the disposal of these businesses and an additional €125 million is currently being held in escrow to cover certain post-closing adjustments and indemnities, if any. Unless otherwise used, 50% of these escrowed amounts are to be released to us on the business day following the first anniversary of the sale of the small gas turbines business (April 2004), and the remainder on the business day following the second anniversary of the sale (April 2005). See as well Note 4 to the Interim Consolidated Financial Statements.

Disposal of our T&D activities

The process to dispose of the T&D Sector was announced on 12 March 2003. On 25 September 2003, we signed a binding agreement to sell our T&D activities (excluding the Power Conversion business) to Areva for an entreprise value of €950 million, subject to closing adjustments. This transaction is expected to close in January 2004.

Disposal of Real Estate

In April 2003, we received proceeds of €138 million in respect of the disposal of 15 sites in France, Spain, Switzerland and Belgium and, in July 2003, we received proceeds of €10 million in respect of the disposal of one site in France. 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). Select further real estate disposal projects are currently progressing.

Progress on specific operational problems

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 the cumulation of more than 730,000 operating hours. In addition, 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.

Related cash outflow over the first half of fiscal year 2004, €394 million, has decreased as compared with the second half of fiscal year 2003, €657 million. We expect our cash outflow (for Power Turbo-Systems and Power Service) to be around €800 million,

600 million and 200 million in fiscal years 2004, 2005 and 2006 respectively compared with 1,055 million spent on this matter in fiscal year 2003.

We reported on 31 March 2003 that we had retained provisions and accrued contract costs after taking into account mitigation targets of 454 million. As of 30 September 2003, the mitigation target has been reduced by 118 million to 336 million. This reduction included 22 million related to changes in exchange rates, 68 million of achieved mitigation actions and certain planned mitigation actions which did not materialise resulting in a corresponding 28 million charge in our operating income for the first half of fiscal year 2004. As of 30 September 2003, we retained 1,193 million of related provisions and accrued contract costs outflow (for Power Turbo-Systems and Power Service). This amount does not include 336 million of exposure, which we consider will be mitigated by appropriate action plans.

Table of Contents

UK Trains

All 119 regional trains have been delivered and are now in service but costs related to the in service reliability improvement programme are still being incurred. On the West Coast Main Line contract, 28 of the 53 trains have been delivered in line with the customer s revised expectations. On completion of the WCML contract in September 2004, our UK new build activities will be halted as we will convert to a substantial service/maintenance base in the UK.

US Trains

On 30 June 2003, we announced that we were conducting an internal review, assisted by external lawyers and accountants, following receipt of anonymous letters alleging accounting improprieties on a railcar contract being executed at the New York facility of ALSTOM Transportation Inc. (ATI), one of our US subsidiaries. Following receipt of these letters, the SEC and the FBI began informal inquiries. We believe the FBI inquiry is currently dormant.

The Transport Sector s operating loss in fiscal year 2003 included an additional charge of 73 million, recorded following contract losses at ALSTOM Transportation Inc. (ATI). This charge was included in the Consolidated Financial Statements as approved at the General Shareholders Meeting on 2 July 2003.

In addition, following the discovery of accounting improprieties at ATI, we subsequently conducted reviews of other ATI contracts and, as a result, we recorded costs of 102 million (94 million of contract provisions and write-down of receivables and 8 million of professional fees and other costs) in relation to the US Transport business. Slightly more than half of this amount related to a single equipment supply and maintenance project in the United States when we recorded significant provisions in respect of expected contract losses relating to a number of important performance related issues. The 102 million of costs is reflected in our Consolidated Financial Statements for the first half of fiscal year 2004.

Restructuring and cost reduction programmes

We have launched restructuring and cost-reduction programmes necessary to adapt our organisation and industrial base to current market conditions. We consider these programmes to be vital as we believe that the power market downturn is set to continue for some years before returning to the long term fundamental growth trend. We expect that these programmes will improve our operational performance. As we have accelerated our restructuring plans, we expect to accrue significantly more related charges in fiscal year 2004 than in fiscal year 2003.

We are currently informing and consulting with trade union representatives regarding the consequences of the overhead reduction and industrial restructuring plans. This process is expected to continue in the coming months. We have to date announced plans to reduce our workforce by approximately 7,300 employees in aggregate world wide. Of the proposed reduction in headcount, approximately 2,000 positions are outside Europe (mainly the US and Asia) and 5,300 positions are in Europe. The trade union consultation process at the European level has been completed, and local plans, country by country, are being implemented.

The announced reduction in employee numbers impacts mainly Power Turbo-Systems for approximately 3,300 employees, Transport for 2,000 employees, Power Environment for 1,000 employees, Power Service for 500 employees, and Head offices for 200 employees. We have not implemented restructuring plans in our Marine Sector other than the closure of our small yard in Saint-Malo already announced in fiscal year 2003, while some staff reduction has occurred by natural attrition (retirement, early retirement).

Table of Contents

Financing package

Initial financing package

As part of our 12 March 2003 strategy and action plan, we reported that we needed to strengthen our financial base by conducting a capital increase and refinancing our debt. In the months following the announcement of our new plan, however, the markets for our products and services continued to deteriorate, resulting in reduced levels of orders. Furthermore, problems in obtaining contract performance bonds due to a general tightening of the bond market and concerns within that market on our position exacerbated the deterioration in order intake. Our worsening financial situation made negotiations with our main lending banks in connection with the proposed renewal of our credit lines and the capital increase more difficult. By the end of July 2003, we faced the risk of not being able to meet our short-term financial commitments, which led us to renegotiate with more than 30 of our banks with the support of the French State. We reached agreement on a comprehensive financing package for the Group, which was designed to provide adequate long term financing and short term liquidity.

This initial financing package announced on 6 August 2003 included:

- a combined €600 million capital increase consisting of a €300 million underwritten capital increase with preferential subscription rights for existing shareholders, and a €300 million capital increase reserved for the French State;
- a €1 billion issuance of bonds mandatorily reimbursable with shares (ORA , obligations remboursables en actions) with preferential subscription rights for existing shareholders;
- subordinated loans with 6-year maturity totalling €1,200 million. A French State-controlled financial institution agreed to provide €200 million of the total amount of these subordinated loans;
- a contract bonding guarantee facility of €3,500 million provided by a syndicate of banks to support our continued commercial activity. A French State-controlled financial institution agreed to counter guarantee 65% of the aggregate amount of these bonds and guarantees; and
- short term facilities amounting to €600 million from a syndicate of banks and the French State.

We were informed on 8 and 14 August 2003 that the French State notified and provided information to the European Commission relating to its commitments under the proposed financing package, pursuant to European Community laws. As a result of this notification, the European Commission began a preliminary examination of the French State s measures described in the August notification. The uncertainty generated by this situation substantially worsened the concerns of our customers and suppliers as to our financial stability and our long term viability, and negatively impacted our commercial activity and sources of liquidity. Following the European Commission s preliminary examination of the French State s measures described in the August notification, it opened a formal investigation procedure under Article 88(2) of the EC Treaty on 17 September 2003. When opening this procedure, the Commission stated that it believed the conditions for the issuance of an injunction were present pursuant to applicable EU regulations. Specifically, the Commission threatened to oppose the implementation of certain parts of the financing package regarded as irreversible until it had reached a final decision on their State aid legitimacy and compatibility with the common market regulations. On 17 September 2003, the Commission announced that it had authorised the Competition Commissioner to issue an injunction unless the French authorities agreed not to participate in measures that would automatically

and irreversibly result in the French State s participation in our equity capital prior to clearance by the Commission of the financing package.

Revised financing package

As a consequence, we entered into new discussions with our banks, the French State and the European Commission towards designing a revised package to meet our financial needs while complying with European

9

Table of Contents

Commission requirements. On 22 September 2003, we announced that we had reached a revised agreement on our financing package. While this revised package is still subject to European Commission review, the Commission has announced that it does not intend to issue an injunction against any parts of the package, and the implementation of the related transactions may go forward without delay.

On 8 November 2003, the European Commission announced formally, in the Official Journal of the European Union, that it was extending the procedure to determine whether the package is compatible with the common market.

The revised financing package includes:

a 300 million capital increase. The capital increase will involve the subscription of shares directly by a syndicate of banks, with the simultaneous distribution of free warrants to existing shareholders allowing them to purchase the shares directly from the banks. The subscription price for the shares and the exercise price of the warrants will be 1.25 per share;

300 million of subordinated bonds with a 20 year maturity to be issued to the French State, which will be automatically reimbursable with shares upon the approval of the reimbursement with shares by the European Commission (TSDDRA or titres subordonnés à durée déterminée remboursables en actions). These subordinated bonds will carry an annual interest rate of 2% until a decision of the European Commission is obtained, at which point (if the decision is negative) the rate will be adjusted to EURIBOR plus 5%, of which 1.5% will be capitalised annually and paid upon reimbursement. The issue price for each bond will be 1.25, and each will be reimbursable with one share, subject to antidilution adjustments;

200 million of subordinated bonds with a 15 year maturity to be issued to the French State (TSDD or titres subordonnées à durée déterminée). These subordinated bonds will carry an interest rate of EURIBOR plus 5%, of which 1.5% will be capitalised annually and paid upon reimbursement; and

an issuance of approximately 900 million of bonds mandatorily reimbursable with shares (ORA) with preferential subscription rights for existing shareholders, which is to be underwritten by a syndicate of banks. This amount may be increased to 1 billion. The issue price of the ORA is 1.40 per bond, representing 100% of each bond s principal amount. The ORA are to mature on 31 December 2008. Each ORA will be reimbursable at maturity with one share, subject to anti-dilution adjustments. ORA holders will have the right to receive shares prior to maturity, based on the same ratio.

The offerings described above are to be submitted for approval by our shareholders at an Ordinary and Extraordinary Meeting to be held on 18 November 2003 (on second call). The capital increase, ORA, TSDDRA and TSDD offerings will be implemented as soon as possible following shareholder approval.

Assuming that the offerings described above are approved for and take place, and that the European Commission approves the reimbursement with shares of the TSDDRA, the French State would own 31.5% of our shares and voting rights following the reimbursement of the TSDDRA, before taking into account the conversion or reimbursement of the ORAs. After taking into account the reimbursement of the ORAs, the French State would own 16.25% of our shares and voting rights.

The revised financing package also includes:

subordinated loans with 5-year maturity totalling approximately €1,500 million (PSDD or *prêt subordonné à durée déterminée*). The banks have agreed to provide approximately €1,200 million of the total amount of these subordinated loans, with the remainder to be provided by the French State. The loans may be increased by up to €100 million subject to certain conditions. The rate of interest on these subordinated loans is EURIBOR plus 4.5%, of which 1.5% will be capitalised annually and paid upon reimbursement. The Subordinated Debt Facility Agreement relating to these loans was entered into on 30 September 2003; and

10

Table of Contents

a contract bonding guarantee facility of 3,500 million provided by a syndicate of banks to support our continued commercial activity. A French State-controlled financial institution will counter guarantee 65% of the aggregate amount of these bonds. This facility was entered into on 29 August 2003, was amended on 1 October 2003 and is fully in place.

Pending our receipt of proceeds from the financing package and the disposal of our T&D activities, our short-term liquidity is being supported through the purchase of commercial paper (billets de trésorerie) by a syndicate of banks (for 120 million), and the purchase of commercial paper by the *Caisse des Dépôts et Consignations*, a financial institution controlled by the French State (for 300 million). This commercial paper will be rolled over until 12 months after the date of final issuance occurring before 8 February 2004. In addition, a syndicate of banks financed the early reimbursement to us of 180 million of debt due to us from two special purpose entities in connection with Marine vendor financing. Further, the *Caisse des Dépôts et Consignations* has also committed to provide us with up to 900 million in commercial paper financing which will be available to us until the long term portion of our financing package becomes available (expected in December 2003), except that 100 million may remain outstanding until we receive the main proceeds from the sale of our T&D activities (expected in January 2004). All these facilities are fully in place.

For information about our new liquidity profile, please see Liquidity and capital resources Maturity and liquidity below.

Table of Contents

GENERAL COMMENTS ON ACTIVITY AND 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	**First Half Sept. 02 (Unaudited)**	**2nd Half March 03 (Unaudited)**	**Full Year 2002/03**	**First Half Sept. 03 (Unaudited)**	**% Variation Sept. 03/ Sept 02**	**% Variation Sept. 03/ March 03**
			(in € million)			
Order 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**		
Operating margin	5.0%	(9.9%)	(2.4%)	**1.5%**		
EBIT	322	(1,451)	(1,129)	**(296)**		
Capital Employed	6,697	4,949	4,949	**3,903**		
ROCE	9.6%	n/a	n/a	**n/a**		
Net income	11	(1,443)	(1,432)	**(624)**		
Free Cash Flow(1)	75	(340)	(265)	**(674)**		

Total Group Comparable figures(2)	**First Half Sept. 02 (Unaudited)**	**2nd Half March 03 (Unaudited)**	**Full Year 2002/03 (Unaudited)**	**First Half Sept. 03 (Unaudited)**	**% Variation Sept. 03/ Sept 02**	**% Variation Sept. 03/ March 03**
			(in € million)			
Order backlog	n/a	28,496	28,496	**27,174**	n/a	(5%)
Orders received	9,677	7,973	17,650	**7,439**	(23%)	(7%)
Sales	9,697	9,886	19,583	**8,854**	(9%)	(10%)
Operating income	495	(998)	(503)	**132**		
Operating margin	5.1%	(10.1%)	(2.6%)	**1.5%**		

Total Group Proforma figures(3)	**First Half Sept. 02 (Unaudited)**	**2nd Half March 03 (Unaudited)**	**Full Year 2002/03 (Unaudited)**	**First Half Sept. 03 (Unaudited)**	**% Variation Sept. 03/ Sept 02**	**% Variation Sept. 03/ March 03**
			(in € million)			
Order backlog	n/a	26,351	26,351	**24,844**	n/a	(6%)

Orders received	8,264	6,292	14,556	**5,541**	(33%)	(12%)
Sales	8,660	8,418	17,078	**7,308**	(16%)	(13%)
Operating income	433	(1,243)	(810)	**34**		
Operating margin	5.0%	(14.8%)	(4.7%)	**0.5%**		

(1) See Change in business composition and presentation of our accounts, non-GAAP measures Use and reconciliation of non-GAAP financial measures .

(2) Adjusted for changes in business composition and exchange rates. See Change in business composition and presentation of our accounts, non-GAAP measures Comparable basis .