

# Alstom Defined Contribution Plan

Pension Scheme Registry Number 10274962

## *Annual Report and Accounts*

Year ended 5 April 2008

**ALSTOM**

**Alstom Defined Contribution Plan****Annual Report for the year ended 5 April 2008**

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**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Chairman's Introduction**

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As my first task as your new Chairman, I am pleased to present the Annual Report of the Alstom Defined Contribution Plan (the Plan) for the year to 5 April 2008 on behalf of the Trustee, ALSTOM Defined Contribution Pension Trustee Ltd.

This year has seen a continued growth in the membership of the Plan, increasing from 1,088 members as at 5 April 2007 to 1,277 at the 5 April 2008. The value of the investment assets have increased from £3.7 million to £7.0 million over the same period.

The Cash Fund has achieved a positive return over the year, whilst market conditions have adversely affected the performance of the Plan's Property Fund, Global Equity Fund, Growth Fund and Annuity Fund.

Issues concerning the ability to sell property investments during the year resulted in the Trustee taking steps to minimise any delay for members wishing to disinvest from the Property Fund. The Trustee is closely monitoring this situation and the Trustee's investment advisers reaffirmed earlier this year that property does remain a good and appropriate asset class to be invested in for the long term by members of the Plan.

The Trustee frequently takes advice from their investment advisers regarding the suitability of all the investment funds offered to members and continues to consider that these investments are appropriate for members.

Finally, I would like to take this opportunity to thank Gerald French, James Milner, Eric Prescott and Adrian Skea, all of whom have retired as Trustee Directors during the year. I would also like to welcome the new Member Nominated Trustee Directors, Mike Atkin and Keith Jones who joined the Board, along with me, on 1 April 2008.

Stephen R Burgin

Chairman  
ALSTOM Defined Contribution Pension Trustee Ltd

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee and their Advisers**

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**Trustee**

ALSTOM Defined Contribution Pension Trustee Ltd, Newbold Road, Rugby, Warwickshire  
CV21 2NH

Pension Scheme Registry Number 10274962.

**Current Directors of ALSTOM Defined Contribution Pension Trustee Ltd**

S Burgin ( <i>Chairman</i> )	P Naughton
H Austin	M Atkin
N Khalife	K B Jones

*See page 4 for changes to the Trustee Directors since 6 April 2007.*

**Secretary to the Trustee**

B Radford

**Deputy Secretary to the Trustee**

L Mills

**Banker**

HSBC Bank plc

**Investment Consultant**

Hewitt Bacon & Woodrow

**Investment Managers**

Winterthur Life as an investment platform for:

Legal & General Investment Management

Threadneedle Asset Management

**Legal Adviser**

Lovells LLP

**Life Assurance Company**

Norwich Union

**Pension Administrators**

dc-Link

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee and their Advisers (cont'd)**

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**Principal Employer**

ALSTOM Ltd

**Scheme Auditor**

Deloitte & Touche LLP

**Contact for further information about the Plan or benefit enquiries**

dc-Link, Churchgate, 1 New Road, Peterborough PE1 1TT

Telephone Number: 01733 353 430

Email: [pensionsadmin@dc-link.co.uk](mailto:pensionsadmin@dc-link.co.uk)

Or

Louise Mills ([louise.mills@chq.alstom.com](mailto:louise.mills@chq.alstom.com)) or

Bryan Radford ([bryan.Radford@chq.alstom.com](mailto:bryan.Radford@chq.alstom.com))

Pensions Department, ALSTOM Ltd, Newbold Road, Rugby, CV21 2NH

01788 557400

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report**

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**Introduction**

The Trustee of the Alstom Defined Contribution Plan is pleased to present its second report, together with the audited financial statements, for the year ended 5 April 2008.

The Plan is a defined contribution plan and was established by a trust deed dated 5 April 2006. The Plan is registered under the Finance Act 2004. Members are not contracted out of the State Second Pension.

**Management of the Plan**

In accordance with the Occupational Pension Scheme (Member Nominated Trustees and Directors) Regulations 1996, three of the seven directors of the Trustee Board are nominated by the members under the rules notified to the members of the Plan. Currently the Company has not appointed a fourth Company Nominated Director so that the Board operates, as it did during the whole year under review, with equal numbers of Company and Member Nominated Directors. The Company may, at some stage in the future, choose to make a fourth appointment.

During the year under review, the Trustee of the Plan has been ALSTOM Defined Contribution Pension Trustee Ltd and its Directors have been:

**Company Nominated Trustee Directors:**

Eric Prescott	(resigned on 8 May 2007)
Nicolas Khalife	
Helena Austin	
James Milner	(appointed on 1 May 2007, resigned on 31 March 2008)
Stephen Burgin	(appointed on 1 April 2008)
Open position	(see above)

**Member Nominated Trustee Directors:**

Gerald French	(resigned on 5 May 2007)
Adrian Skea	(resigned on 18 January 2008)
Paul Naughton	
Mike Atkin	(appointed on 1 April 2008)
Keith B Jones	(appointed on 1 April 2008)

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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In accordance with the Trust Deed, the sponsoring employer has the power to appoint and remove the Trustees of the Plan and to appoint or remove directors of a Trustee Company, however, the removal of a Member Nominated Director can only be made with the agreement of all of the other Directors.

### **Sponsoring Employers**


The Plan is provided for employees of the Principal Employer ALSTOM Ltd, and three other participating employers, ALSTOM NL Service Provision Ltd, ALSTOM Resources Management Ltd, and West Coast Traincare Ltd. The Principal Employer's registered address is Newbold Road, Rugby, Warwickshire, CV21 2NH.

### **Financial Statements**

The financial statements on pages 19 to 26 have been prepared and audited in accordance with the Regulations made under Sections 41 (1) and (6) of the Pensions Act 1995 and guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007). They show that the value of the fund has grown to £7.299 million of which £7.047 million is directly invested in funds as at 5 April 2008. Total contributions received in the year amounted to £4.762 million (including employer contributions to fund Death in Service benefits and expenses).

### **Membership Statistics**

Details of the membership of the Plan at 5 April 2008 are given below:



<b><i>Active members at the beginning of the year</i></b>	<b>1,046</b>	-
New entrants in the year	436	1,195
Members leaving with contribution refunds	(69)	(39)
Members leaving with preserved benefits	(7)	(1)
Members leaving pending a decision	(235)	(109)
<b><i>Active members at the end of the year</i></b>	<b>1,171</b>	<b>1,046</b>

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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<b>Members with deferred benefits as to their benefits</b>	<b>Year end 5 April</b>	
	<b>2008</b>	<b>2007</b>
<b><i>Deferred members at the beginning of the year</i></b>	<b>1</b>	<b>-</b>
Leavers during the year with benefits	8	1
Transfers out	(5)	-
<b><i>Deferred members at the end of the year</i></b>	<b>4</b>	<b>1</b>

<b>Members who have left pending a decision</b>	<b>Year end 5 April</b>	
	<b>2008</b>	<b>2007</b>
<b><i>Members pending a decision at the beginning of the year</i></b>	<b>41</b>	<b>-</b>
Members leaving service pending a decision	235	109
Members choosing a preserved benefits	(1)	-
Members choosing refunds	(103)	(57)
Members choosing to transfer out	(70)	(11)
<b><i>Members pending a decision at the end of the year</i></b>	<b>102</b>	<b>41</b>

<b>Total</b>	<b>Year end 5 April</b>	
	<b>2008</b>	<b>2007</b>
<b><i>Total membership</i></b>	<b>1,277</b>	<b>1,088</b>

There were no pensioners of the Plan. Pensions are provided by purchasing annuities when members retire.



**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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**Investment Report**

***Investment Strategy***

The Trustee determines the investment strategy of the Plan with guidance from its investment consultant. This strategy aims to meet the investment needs of the Plan members and is reviewed annually.

The Trustee has to prepare a Statement of Investment Principles (SIP) under section 35 of the Pensions Act 1995. This records the Trustee's policy covering investment strategy and risk management. A copy of the SIP is available from the Alstom Pensions Department.

***Investment Managers***

The Trustee has a contract with Winterthur Life for delivering the Plan's investment options. This contract allows the Trustee to access funds offered by a range of different investment managers that Winterthur Life separately contracts with. With advice received from its investment consultant the Trustee selected a range of investment options to offer to members and keeps these under review.

The investment options used are shown in the table below along with the underlying investment managers. Legal & General Investment Management invest the majority of the Plan's assets with Threadneedle Asset Management managing only the property investment.

Annuity Protection Fund	100% Legal & General Investment Management Pre-Retirement Fund
Cash Fund	100% Legal & General Investment Management Cash Fund
Global Equity Fund	100% Legal & General Investment Management Global Equity Fixed Weights (50:50) Index Fund
Growth Fund	33.3% Threadneedle Pooled Pension Property Fund 33.4% Legal & General Investment Management Global Equity Fixed Weights (50:50) Index Fund 33.3% Legal & General Investment Management Pre-Retirement Fund
Property Fund	100% Threadneedle Pooled Pension Property Fund

The table above shows that all of the investment options, except for the Growth Fund invest solely in one underlying fund. The Growth Fund was designed by the Trustee, with assistance from its investment consultant.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

The table below shows the composition of the Growth Fund as at 31 March 2008 and compares this to the target allocation set by the Trustee. There are controls in place to monitor how far away the fund moves from its target and this will be re-aligned as and when necessary.

<b>Fund</b>	<b>Actual Allocation (%)</b>	<b>Target Allocation (%)</b>	<b>Relative to Target Allocation (%)</b>
Legal & General Investment Management Global Equity Fixed Weights 50:50 Index Fund	33.9	33.4	+0.5
Threadneedle Pooled Pension Property Fund	32.7	33.3	-0.6
Legal & General Investment Management Pre-Retirement Fund	33.4	33.3	+0.1

***Investment Performance***

As the Plan has been in existence for only two years, the net investment performance is shown for each fund over the year, compared to its benchmark, as:

<b>Fund</b>	<b>Quarter</b>				<b>Annualised</b>
	<b>Q2 2007</b>	<b>Q3 2007</b>	<b>Q4 2007</b>	<b>Q1 2008</b>	<b>1 Year</b>
Growth Fund	1.20%	-1.80%	-1.60%	-5.40%	-7.50%
Benchmark (see Page 34)	0.70%	0.40%	-1.60%	-5.50%	-6.70%
<b>Difference</b>	<b>0.50%</b>	<b>-2.20%</b>	<b>0.00%</b>	<b>0.10%</b>	<b>-0.80%</b>
Annuity Fund	-3.80%	1.40%	3.60%	-4.20%	-3.20%
Benchmark (see Page 34)	-4.40%	2.10%	3.40%	-4.00%	-3.20%
<b>Difference</b>	<b>0.60%</b>	<b>-0.70%</b>	<b>0.20%</b>	<b>-0.20%</b>	<b>0.00%</b>
Global Equity Fund	4.60%	-0.20%	-0.10%	-9.10%	-5.20%
Benchmark (see Page 34)	4.60%	-0.10%	0.00%	-9.10%	-5.00%
<b>Difference</b>	<b>0.00%</b>	<b>-0.10%</b>	<b>-0.10%</b>	<b>0.00%</b>	<b>-0.20%</b>
Property Fund	3.10%	-6.70%	-8.30%	-2.70%	-14.20%
Benchmark (see Page 34)	1.80%	-0.90%	-7.60%	-3.50%	-12.00%
<b>Difference</b>	<b>1.30%</b>	<b>-5.80%</b>	<b>-0.70%</b>	<b>0.80%</b>	<b>-2.20%</b>
Cash Fund	1.30%	1.50%	1.50%	1.30%	5.70%
Benchmark (see Page 34)	1.40%	1.60%	1.50%	1.40%	5.80%
<b>Difference</b>	<b>-0.10%</b>	<b>-0.10%</b>	<b>0.00%</b>	<b>-0.10%</b>	<b>-0.10%</b>

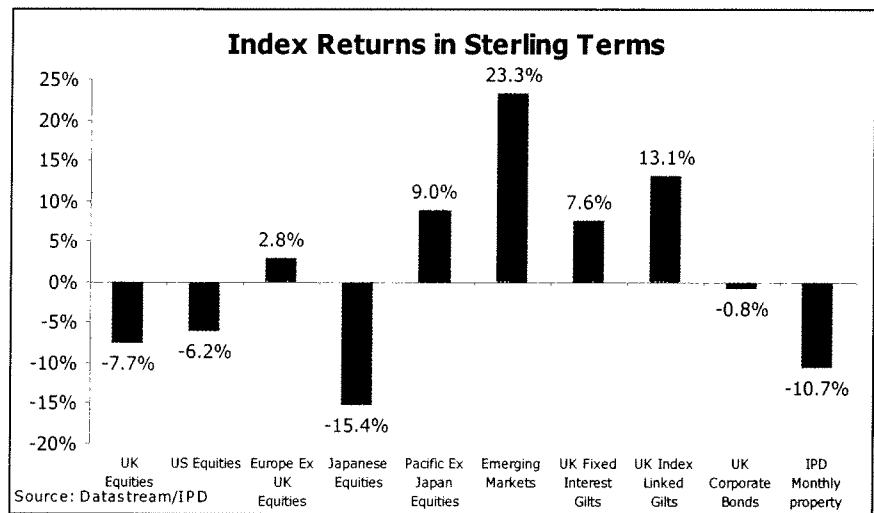
**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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**Market Background**

The following sections outline the economic conditions experienced over the year to 31 March 2008.

**Summary**



**General background**

- There were marked disparities in equity performance across regions and at different times during the year. For example, Emerging Market equities significantly outperformed all other major equity markets over the year, although it was the second worst region in Q1 2008.
- Japan was the worst performing region in Sterling terms, and even worse in local currency terms (-27.7%).
- Gilt markets posted good returns in general as investors sought out safe havens from volatility and uncertainty.
- Following a positive run since 1992, commercial property prices dropped quite dramatically in Q4 2007 and Q1 2008, leaving the return for the year as distinctly negative.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**

**Trustee's Report (cont'd)**

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**UK equities**

- The -7.7% return on UK equities was the worst twelve month return since 2003.
- Within the UK market, small capitalisation stocks greatly underperformed the rest of the market, returning -22.1% compared to -6.3% for the large capitalisation FTSE 100 Index.
- The standout sectors were Basic Materials and Oil & Gas; high commodities prices helped them to return +37.0% and +9.9% respectively.
- The Consumer Services, Health Care, Financials and Technology sectors were all down by 20% or more over the year.

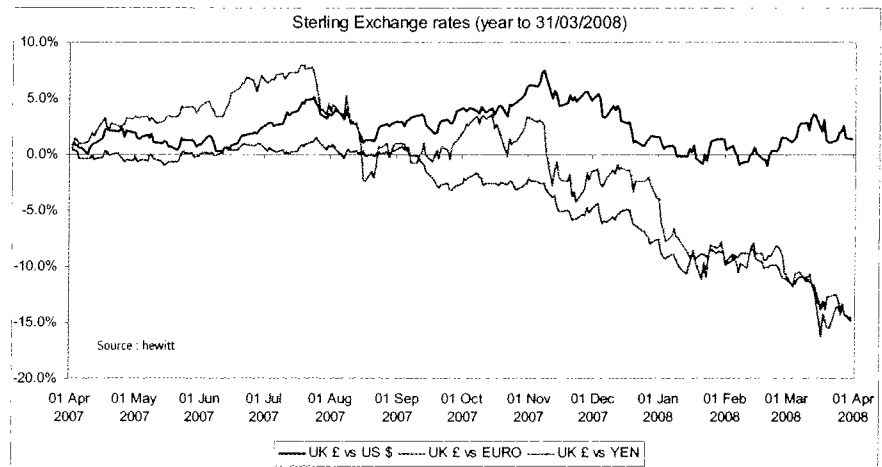
**Overseas equities**

- Overseas markets in aggregate significantly outperformed the UK market; the FTSE All-World ex UK Index return was -0.9% over the year.
- European equities outperformed UK equities in Sterling terms, but underperformed UK equities in local currency terms.
- Strong growth in the Brazilian (+36.0%), Indian (+24.5%) and Chinese (+26.5%) markets drove Emerging Market equities to be the best performing region, returning +23.3% in Sterling terms.
- As with the UK, the standout sectors were Basic Materials and Oil & Gas (returning +26.1% and +21.7% respectively). Financials (-16.0%) was the worst performing sector.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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**Currencies and interest rates**



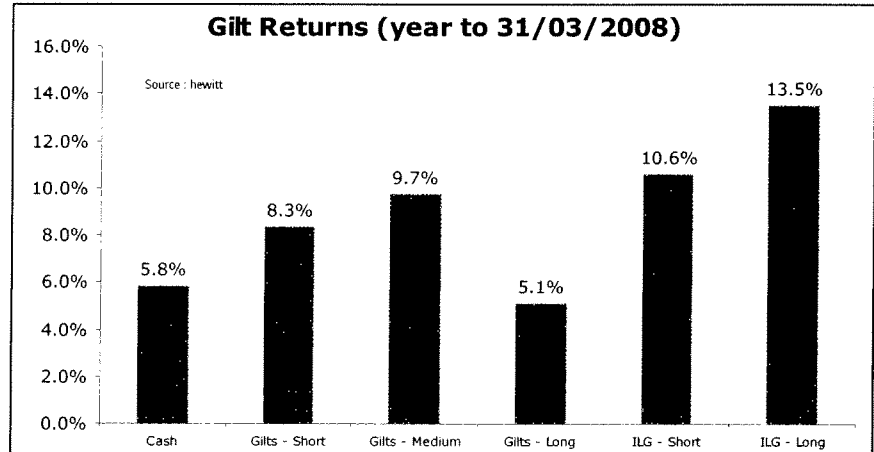
- Sterling rose marginally against the dollar but depreciated against the yen and fell to a record low against the euro towards the end of the period as concerns over the economic outlook in the UK began to take their toll.
- The Federal Reserve cut rates on six separate occasions by a total of 3.0% in response to concerns that the problems in the credit and housing markets might precipitate a recession.
- The Bank of England cut rates by 0.25% towards the end of 2007 and a further 0.25% at the start of 2008 in response to concerns over the credit crisis. Interest rates were cut less aggressively than the Fed due to greater concerns about rising inflation.
- Following the 0.25% increase in rates in June 2007, the European Central Bank held rates steady due to concerns over inflation against a backdrop of reasonable data on economic growth.

**Alstom Defined Contribution Plan  
Annual Report for the year ended 5 April 2008**

**Trustee's Report (cont'd)**

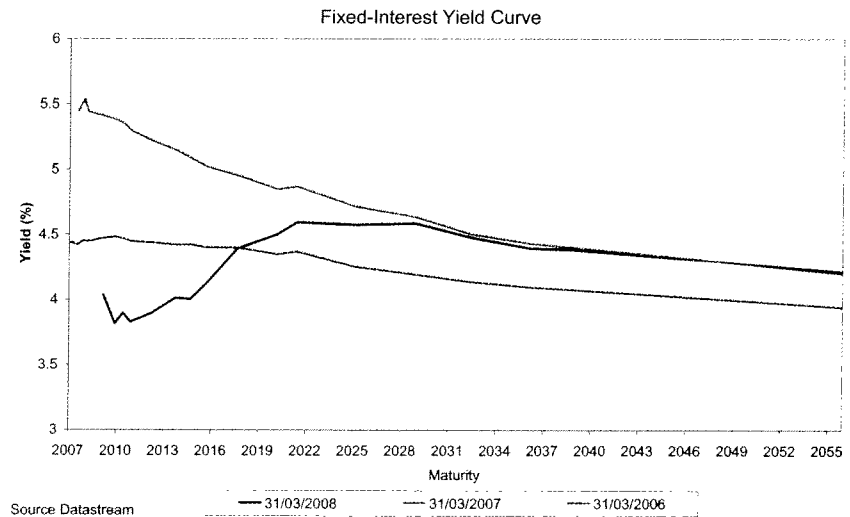
**Gilt returns and yields**

*Overall gilts market*



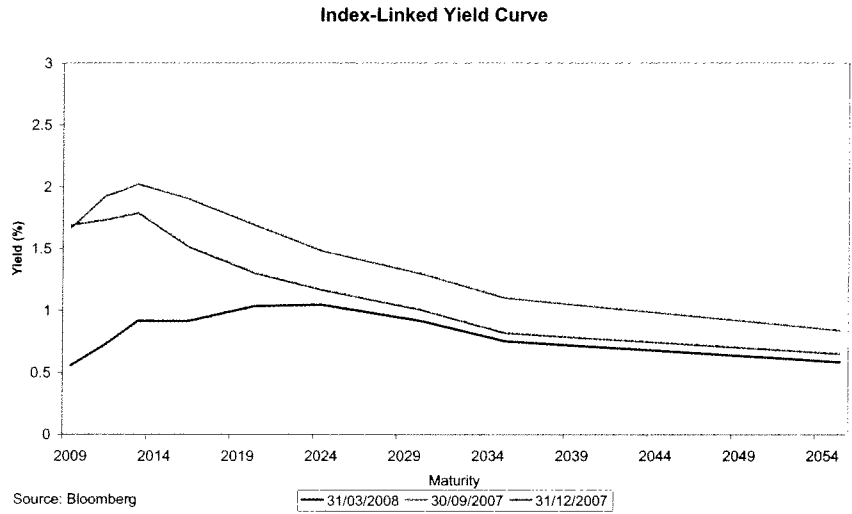
- Except for long dated fixed income gilts, gilts outperformed cash over the year.
- Unusually for a period of strong gilt market performance, medium and short dated gilts outperformed long dated gilts.
- Index-linked gilts outperformed fixed interest gilts amid concerns over rising inflation and pension funds seeking to match their liabilities better.

*Fixed interest curves*

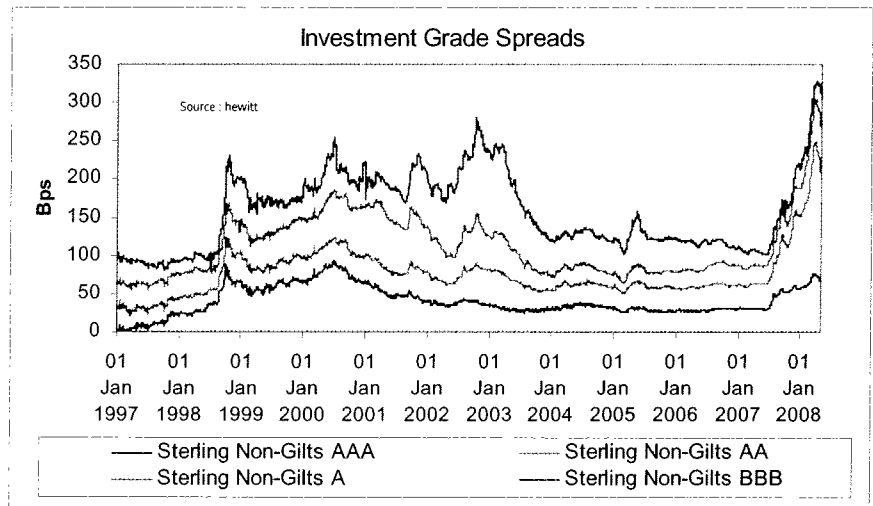


**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

*Index-linked yield curves*



**Corporate bonds**



- Spreads – the difference between the yields on non-government bonds and equivalent maturity government bonds – soared over the year to levels not seen for five years or more.
- The credit crisis has permeated the corporate bond market, with all ratings of investment grade bonds performing adversely.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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**Distribution of investments**

The distribution of the Plan's investments at 5 April 2008 is set out below:

<b>Fund</b>	<b>Total</b>	<b>%</b>
Global Equity Fund	£3,031,271	43.0%
Annuity Protection Fund	£306,564	4.4%
Cash Fund	£136,480	1.9%
Property Fund	£326,540	4.6%
Growth Fund	£3,245,749	46.1%
<b>Total</b>	<b>£7,046,604</b>	<b>100.0%</b>

**Employer-related investments**

The Plan has no direct employer-related investments within the meaning of Section 40 (2) of the Pensions Act 1995. There may be, from time to time, indirect investments in the employer through the various unit trusts that the Plan holds.

**Custodial arrangements**

The Plan's managed fund units are held under managed fund policies in the name of the Trustee and the policy documents are held by the Secretary to the Trustee.




**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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**Basis of investment managers' fees**

The investment managers are remunerated on the value of the investments held. The current charges are calculated as follows:

	
Annuity Protection Fund	0.225%
Cash Fund	0.15%
Global Equity Fund	0.20%
Growth Fund	0.442%
Property Fund	0.90%

**Statement of Trustee's Responsibilities**

The financial statements are the responsibility of the Trustee. Pension scheme regulations require the Trustee to make available to Plan members, beneficiaries and certain other parties, audited financial statements for each Plan year which:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice, "Financial Reports of Pension Schemes (Revised May 2007)".

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Trustee's Report (cont'd)**

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The Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised, a payment schedule showing the rates of contributions payable towards the Plan by or on behalf of the Employer and the active members of the Plan and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Plan and for monitoring whether contributions are made to the Plan in accordance with the payment schedule. When breaches of the Schedule occur, the Trustee is required under the Pensions Act 1995 to consider making reports to the Pensions Regulator and the members.

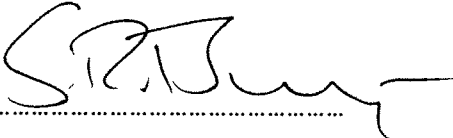
The Trustee has a general responsibility for ensuring that adequate accounting records are kept, for the system of internal control and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal controls.

**Independent Auditor's Report and Statement**

The auditor's report relates to the audit of the financial statements. The auditors have expressed an unqualified opinion on the Plan's financial statements as detailed on page 18. They also issue a statement relating to contributions payable to the Plan. The auditors have also expressed an unqualified opinion on the contributions payable as detailed on page 28.

**Further information**

Further disclosures required by legislation are included in the Compliance Statement on pages 30 and 31.

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Dated: 20 May 2008

ALSTOM Defined Contribution Pension Trustee Ltd

## **Alstom Defined Contribution Plan**

### **Annual Report for the year ended 5 April 2008**

#### **Independent Auditor's Report to the Trustee of the Alstom Defined Contribution Plan**

We have audited the financial statements of the Alstom Defined Contribution Plan for the year ended 5 April 2008 which comprise the fund account, net assets statement and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trustee, as a body, in accordance with regulation 3 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body, for our audit work, for this report, or for the opinion we have formed.

#### **Respective responsibilities of Trustee and auditors**

The Trustee's responsibilities for obtaining audited financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities on Pages 15 and 16.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements show a true and fair view in accordance with the relevant financial reporting framework and contain the information specified in the schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

We read the other information presented with the financial statements and consider whether it is consistent with the financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Independent Auditor's Report to the Trustee (cont'd)**

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**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Plan's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

**Opinion**

In our opinion:

- the financial statements show a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Plan during the year ended 5 April 2008 and the amount and disposition of its assets and of its liabilities as at that date, other than the liabilities to pay pensions and benefits after the Plan year end; and
- the financial statements contain the information specified in Regulation 3 of and the schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

20 May 2008

Chartered Accountants and Registered Auditors

Birmingham, United Kingdom

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Fund Account for the year ended 5 April 2008**

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	Note	2008 £ 000	2007 £ 000
<b>Contributions</b>			
Contributions	3	4,762	4,003
Transfers in	4	25	61
		4,787	4,064
Leavers	5	(435)	(63)
Other payments	6	(177)	(162)
Administrative expenses	7	(412)	(234)
		(1,024)	(459)
<b>Net additions from dealings with members</b>		<b>3,763</b>	<b>3,605</b>
<b>Returns on investments</b>			
Investment income	8	9	3
Changes in market value of investments	9	(359)	278
<b>Net returns on investments</b>		<b>(350)</b>	<b>281</b>
<b>Net increase in fund during the year</b>		<b>3,413</b>	<b>3,886</b>
<b>Net assets of the Plan</b>			
<b>At 6 April</b>		<b>3,886</b>	-
<b>At 5 April</b>		<b>7,299</b>	<b>3,886</b>

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Net Assets Statement as at 5 April 2008**

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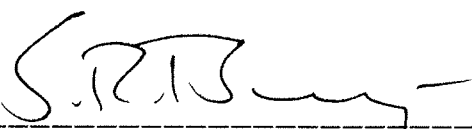
	<b>Note</b>	<b>2008</b> <b>£ 000</b>	<b>2007</b> <b>£ 000</b>
Investment assets	9	7,047	3,747
Current assets	10	664	334
Current liabilities	11	(412)	(195)
<b>Net assets of the Plan at 5 April</b>		<u><b>7,299</b></u>	<u><b>3,886</b></u>

Notes 1 to 12 form an integral part of these financial statements.

The accounts summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year.

These financial statements were approved by the Trustee on 20 May 2008.

Signed on behalf of the Trustee:

  
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Director

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts**

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**1 BASIS OF PREPARATION**

The accounts are prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and with the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised May 2007).

**2 ACCOUNTING POLICIES**

**Fund Account**

Items are brought into account on an accruals basis.

Contributions based on members' earnings are accounted for based on the payroll dates in the year. Other contributions are accounted for based on the due dates set out in the Payment Schedule or the contracts under which they are payable.

Individual transfers are accounted for at the date of transfer.

Investment income arising on the underlying assets is reinvested to enhance unit values.

Changes in market values of investments relate to increases and decreases arising from movements in the prices of investments including realised profits and losses arising from disposals of investments.

**Net Assets Statement**

Pooled investments vehicles are included at the closing bid price<sup>1</sup> if both bid and offer prices are published or, if single priced, at the closing single price.

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<sup>1</sup> The bid price is the price at which an investor may sell units and the offer price is the price at which the investor may buy units.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts (cont'd)**

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**3 CONTRIBUTIONS**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Employers		
Normal	2,005	1,607
Augmentations	83	290
Employer reserve	528	419
Members		
Normal	2,009	1,603
Additional voluntary contributions	137	84
	4,762	4,003

Certain employer contributions are in excess of the rates set out in the Payment Schedule to comply with the relevant members' contracts of employment.

Augmentations were to fund improved benefits as requested by the Company for specific members.

Contributions to the employer reserve are additional contributions paid by the employer to cover Group Life assurance and administration costs.

**4 TRANSFERS IN**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Individual transfers in from other schemes	25	61



**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts (cont'd)**

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**5 LEAVERS**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Refunds to members leaving service	208	45
Individual transfers to other schemes	227	18
	435	63
	435	63

**6 OTHER PAYMENTS**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Premiums on group life insurance policies	177	162
	177	162
	177	162

Group life insurance policies are secured by a policy underwritten by Norwich Union to cover the Plan against lump sum payments in event of a member's death during service up to normal retirement date.

**7 ADMINISTRATIVE EXPENSES**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Administration and processing	356	183
Audit fee	9	9
Legal and other professional fees	47	42
	412	234
	412	234

Administration charges include £263,000 (2007: £107,000) recharged from the Company.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts (cont'd)**

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**8 INVESTMENT INCOME**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on cash deposits	9	3
	<u>9</u>	<u>3</u>

The pooled investment vehicles units do not generate income. Income arising on the underlying assets is re-invested to enhance unit values.

**9 INVESTMENTS**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Market value at the beginning of the year</b>	<b>3,747</b>	-
Purchases at cost	4,368	3,599
Disposals	(709)	(130)
Change in market value of investments	(359)	278
<b>Market value at the end of the year</b>	<b>7,047</b>	<b>3,747</b>
Allocated to members	<b>7,047</b>	<b>3,747</b>

All investments are allocated to members.

Indirect transactions costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect transaction costs are not separately provided to the Plan.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts (cont'd)**

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**9 INVESTMENTS (Cont'd)**

All of the Plan's investments are held in pooled investment vehicles, being managed funds.

The companies managing the managed fund investments are registered in the United Kingdom.

Investments purchased by the Plan are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid.

The managed fund units are held in the name of the Plan. The Plan administrator allocates investment units to members. Income generated by these units are not distributed, but retained within the managed fund and reflected in the market value of the units.

The Trustee may hold investment units representing the value of employer contributions that have been retained by the Plan that relate to members leaving the Plan prior to vesting.

**10 CURRENT ASSETS**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Bank balance	664	334

For the avoidance of doubt no contributions due are shown as current assets as all contributions due to the Plan were paid in full to the Plan within the timescale required by the Payment Schedule currently in force and the year-end.

Included in the bank balance is £601,000 (2007: £256,000) which is not allocated to members.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Notes to the Accounts (cont'd)**

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**11 CURRENT LIABILITIES**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Creditors and accruals	(412)	(195)

Included in the creditors and accruals balance is £371,000 (2007: £161,000) which is not allocated to members.

Creditors include £385,000 (2007: £158,000) due to the Company.

**12 TAXATION**

The Scheme is Registered under the Finance Act 2004.

## **Alstom Defined Contribution Plan**

### **Annual Report for the year ended 5 April 2008**

#### **Independent Auditor's Statement about contributions to the Trustee**

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We have examined the summary of contributions to the Alstom Defined Contribution Plan for the year ended 5 April 2008 to which this statement is attached.

This statement is made solely to the Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to it in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustee as a body for our work, for this statement, or for the opinion we have formed.

#### **Respective responsibilities of Trustee and auditors**

As described in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a payment schedule which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer and the active members of the Plan. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Plan and for monitoring whether contributions are made to the Plan by the employers in accordance with the payment schedule.

It is our responsibility to provide a statement about contributions paid under the payment schedule and to report our opinion to you.

#### **Basis of statement about contributions**

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the payment schedule. For this purpose the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the payment schedule. Our statement about contributions is required to refer to those material breaches of the payment schedule which come to our attention in the course of our work.

**Alstom Defined Contribution Plan**

**Annual Report for the year ended 5 April 2008**

**Independent Auditor's Statement about contributions to the Trustee**

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**Statement about contributions under the Plan**

In our opinion contributions for the Plan year ended 5 April 2008, as reported in the Summary of Contributions payable in the Year, have in all material respects been paid at least in accordance with the payment schedule.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

20 May 2008

Chartered Accountants and Registered Auditors

Birmingham, United Kingdom

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Summary of Contributions Payable in the Year**

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During the year the contributions payable to the Plan by the employer under the payment schedule were, along with those for the previous year, as follows:

	<b>2008</b>	<b>2007</b>
	<b>£000</b>	<b>£000</b>
Employer normal contributions	2,005	1,607
Employer contributions for group life premiums and expenses	528	419
Members' normal contributions	2,009	1,603
Members' additional voluntary contributions	137	84
<b>Total contributions payable under the payment schedule</b>	<b>4,679</b>	<b>3,713</b>
In addition, further contributions were payable:		
Employer augmentations	83	290
<b>Total contributions included in the financial statements</b>	<b>4,762</b>	<b>4,003</b>

Some of the employer normal contributions are in excess of the rates set out in the payment schedule to comply with the relevant members' contracts of employment. The employer augmentations were to fund additional benefits for specific members.

Approved by the Trustee and signed on behalf of the Trustee on 20 May 2008:

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 Director

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Compliance Statement**

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**Constitution**

The Plan was established and is governed by a definitive Trust Deed dated 5 April 2006.  
The Registration number of the Plan is 10274962.

**Taxation status**

The Plan is registered under Chapter 2 Part 4 of the Finance Act 2004. The Trustee knows of no reason why this status may be prejudiced or withdrawn.

**Matters relating to the Plan's Advisers**

All advisers listed on pages 2 and 3 have been appointed by the Trustee.

**Changes to Plan constitution, rules or basic information**

A Deed of amendment dated 19 December 2007 was executed implementing changes to the lump sum payable on death of an active member.

**Transfers**

All transfer values paid and received offered the full cash equivalent of early leavers' non-discretionary rights in the Plan.

**The Pension Tracing Service**

The Pension Tracing Service's main purpose is to provide a tracing service for members (and their dependants) of previous employers' plans, who have lost touch with earlier employers and trustees. To trace a benefit entitlement under a former employer's scheme, enquiries should be addressed to:

Pension Tracing Service  
The Pension Service  
Whitley Road  
Newcastle Upon Tyne  
NE89 1BA  
Telephone: 0191 225 6316  
Website: [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)



**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Compliance Statement (cont'd)**

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The information provided includes details of the address at which the trustees of the pension plan may be contacted.

**The Pensions Advisory Service**

Any concern connected with the Plan should be referred to the Secretary of the Trustee, who will try to resolve the problem as quickly as possible. Members and beneficiaries of occupational pension plans who have problems concerning their plan which are not satisfied by the information or explanation given by the administrators or the trustees can consult with The Pensions Advisory Service. A local adviser can usually be contacted through a Citizen's Advice Bureau. Alternatively The Pensions Advisory Service can be contacted at:

11 Belgrave Road  
London SW1V 1RB  
Telephone: 0845 601 2923  
E-mail: [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)  
Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

**Pensions Ombudsman**

In cases where a complaint or dispute cannot be resolved, normally after the intervention of The Pensions Advisory Service, an application can be made to the Pensions Ombudsman for him to investigate and determine any complaint or dispute of fact or law involving occupational pension plans. The address is:

11 Belgrave Road  
London SW1V 1RB  
Telephone: 020 7834 9144  
E-mail: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**  
**Directors of ALSTOM Defined Contribution Trustee Ltd**

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**Michael Atkin**

Michael J Atkin has extensive experience of the role of Member Nominated Director having served as a trustee of the Norwest Holst Scheme for many years. He has looked after the interests of both defined benefit and defined contribution members with responsibility for approximately £200m of mixed assets and has passed the Pensions Management Institute examination for trustee knowledge and understanding. Mike became a Member Nominated Director on 1 April 2008. Mike recently completed and passed the Pensions Regulator's trustee's online assessment on Defined Contribution Plans.

**Helena Austin**

Helena is the Human Resources Director, Alstom UK, and has been with Alstom for 7 years. Helena's professional HR experience spans 20 years both in the UK and internationally. Key experiences include the management of Employee Relations issues within UK and Europe, formulating and planning remuneration strategies and implementation of benefit schemes, expatriate management and associated policies and systems to support international mobility of employees. Helena was appointed as a Company Nominated Director of the Alstom Defined Contribution Plan on 1 March 2007.

**Stephen Burgin**

Stephen Burgin joined GEC in 1975 as a student apprentice, and has worked for most of his career within the electricity transmission and distribution industry. Steve worked in various senior management posts in GEC, GEC Alsthom up to 1993 before moving ABB and then back to Alstom based in Paris in 2001. In January 2008 Steve was appointed UK Country President of ALSTOM Ltd. He has an honours degree in Electrical Engineering and is a Fellow of the Institution of Engineering and Technology. He is married and has three daughters. He enjoys skiing, golf and keeping fit. He was appointed as a Company Nominated Director and Chairman on the 1 April 2008.

**Keith Bryan Jones**

Keith Jones has 20 years' experience in global purchasing in blue-chip companies, with a degree in Business and is a member of both the Chartered Institute of Purchasing & Supply and the European Institute of Purchasing Management. Through his role he maintains a daily focus on global commercial issues as Head of Purchasing for TTT, TSR, TTO and Naval and, as a committed Alstom employee, has a personal interest in supporting the success of this Plan. He describes his interests as skiing & potholing, and is a keen pianist. Keith became a Member Nominated Director on 1 April 2008.

## **Alstom Defined Contribution Plan**

**Annual Report for the year ended 5 April 2008**

### **Directors of ALSTOM Defined Contribution Trustee Ltd (cont'd)**

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#### **Nicolas Khalife**

Nicolas is the Global Benefits Director at Alstom's headquarters in France. Prior to this appointment, he was working as an actuarial and international consultant in the United States and in France, advising multinational companies on all aspects of employee benefits, especially pension schemes. He is a member of the Society of Actuaries. Nicolas was appointed as a Company Nominated Director of the Alstom Defined Contribution Plan on 3 March 2006. Nicolas passed has attained a Certificate in trustee Knowledge and Understanding from the Pensions Management Institute.

#### **Paul Naughton**

Paul is a Project Planner within Alstom Power Service and is located in Newcastle. He has been working for Alstom since 2005 and has previous experience in the Customer Service and Financial industries. Paul was elected and appointed as a Member Nominated Director of the Alstom Defined Contribution Plan on 1 November 2006. Paul recently completed and passed the Pensions Regulator's trustee's online assessment on Defined Contribution Plans.

**Alstom Defined Contribution Plan**  
**Annual Report for the year ended 5 April 2008**

**Investment Benchmarks**

In the Report we refer to the benchmark. These are recognised stock-market indices against which the investment funds are compared.

The bench marks are as follows:

<b>Underlying Fund</b>	<b>Benchmark</b>
Annuity Fund	10% FTSE A Government (Over 15 Year) Index 90% iBoxx Sterling Non-Gilts (ex-BBB) Index
Global Equity Fund	50% FTSE All Share Index 17.5% FTSE Local USA Index 17.5% FTSE Europe (ex-UK) Index 8.75% FTSE World Japan Index 6.25% FTSE World Asia Pacific (ex-Japan) Index
Property Fund	CAPS Pooled Property Median
Cash Fund	LIBID

The Growth Fund is a composite of the funds<sup>1</sup> above with 33.4% in the Global Equity Fund, 33.3% in the Annuity Fund, and 33.3% in the Property Fund. Its benchmark is therefore a composite of these funds' benchmarks.:

<b>Fund</b>	<b>Benchmark</b>
Growth Fund	16.70% FTSE All Share Index 5.85% FTSE Local USA Index 5.85% FTSE Europe (ex-UK) Index 2.90% FTSE World Japan Index 2.10% FTSE World Asia Pacific (ex-Japan) Index 3.30% FTSE A Government (Over 15 Year) Index 30.0% iBoxx Sterling Non-Gilts (ex-BBB) Index 33.3% CAPS Pooled Property Median

<sup>1</sup> The Growth Fund has a benchmark that is a composite of the benchmarks of the underlying funds. The actual weight of each fund can vary from its target by +/-5%. If these limits are exceeded the Fund is rebalanced to its target weighting. This is checked quarterly and these limits have not been breached since the Growth Fund was launched.