

**Important news for members of the Alstom
Defined Contribution Plan (the 'Plan')**

**A communication on behalf of Alstom
(the 'Company')**

Looking forward

We wish to make changes to the pension arrangements we provide for you, which includes increasing the contributions the Company pays to your retirement savings.

This document explains:

- Why we are taking this step,
- The changes we wish to make and how they could benefit you, and
- How the consultation process will work, including where to find out more about the proposals and how to give us feedback.

UNITED KINGDOM |
Pensions

ALSTOM

What you **NEED TO KNOW**

Here are the key features of the changes we intend to make to your pension arrangements.

The new plan we intend to introduce is a type of 'defined contribution' arrangement. This means it works in a similar way to your current Plan.

After carefully considering the options available to us, we have chosen an arrangement called a Group Personal Pension (GPP). This will be set up with an insurance company.

This is different to your current Plan, which the Company set up and is run by Alstom Defined Contribution Pension Trustee Ltd (the 'Trustee'). However, developments in the pensions market in recent years mean that GPPs are now an increasingly effective way for employers to help their employees plan and save for retirement.

As a GPP is a defined contribution arrangement, it works as follows:

- An individual GPP account is set up in your name.
- You choose the level of contributions you want your account to receive.
- You decide how you want to invest your account.
- Over time, the aim is that you build up the value of your account, through the contributions it receives and the performance of the funds you choose to invest in, less any charges deducted.
- When you retire, you use the money that has built up in your account to provide retirement benefits. For example (and as is the case in your current Plan), you could use part of your account to provide a tax-free cash lump sum and use the balance to buy a pension.

Effective governance

Unlike your current Plan, a GPP is not set up as a trust and run by the Trustee. Instead, it is run by the company that is appointed to provide the GPP (see blue box below). With a GPP, members take out a contract directly with the GPP provider.

The Company will establish a governance committee to oversee the running of the new GPP. The committee will closely monitor such areas as investment performance, administration, and the information and resources that are available to members. The Company intends the committee to include Company and member representatives to ensure the GPP is managed effectively on your behalf.

Greater flexibility on leaving

Under the current arrangements, you are not able to continue making contributions to your Individual Account in the Plan if you leave the Company.

If you join the GPP, your contract with the GPP provider will continue as long as your retirement account remains in this arrangement. This means that even if you leave the Company, you could continue to pay into your retirement account.

The Company is currently engaged in a rigorous process to select the provider for the GPP. This involves assessing all aspects of the service that we want this company to provide for members. We hope to be in a position to announce the outcome of this process in February.

Key dates **2012**

February

1 February

The consultation period starts.

This is your opportunity to find out more about the Company's proposals and give us feedback (see back page).

We are also planning to run presentations throughout the UK during February.

We plan to provide monthly updates throughout the consultation period, giving answers to the kinds of questions members are asking. These updates will be posted on noticeboards around the Company.

April

30 April

The consultation period ends.

Under the new GPP arrangement, the Company will pay a higher level of contributions towards your retirement savings.

As is the case in your current Plan, you will have to select a regular member contribution of at least 3% of your Pensionable Earnings. (To recap: your Pensionable Earnings are your basic pay plus any fixed allowances that the Company has confirmed are pensionable.)

Whatever member contribution level you select, the Company will match this and add an extra 2%, up to a maximum of 10% (as shown in the table below). This means your retirement savings have the potential to build up more quickly in the proposed GPP than in your current Plan.

You could choose a member contribution of more than 8%, but the maximum Company contribution would not go higher than 10%.

You will be able to change your chosen contribution rate at each annual renewal (on 6 April).

Member contribution	Company contribution	
	In your current Plan	In the GPP
3%	3%	5%
4%	4%	6%
5%	5%	7%
6%	6%	8%
7%	7%	9%
8%	8%	10%

Tax relief

Under a GPP, you will continue to benefit from tax relief on 'your' pension contributions at your highest rate of tax.

If you take part in Salary Sacrifice, you automatically receive tax relief on 'your' pension contributions at your highest rate. You would not have to do anything in order to benefit from this tax relief, as it happens through the payroll.

If you do not take part in Salary Sacrifice, the company we appoint to run the new GPP automatically reclaims basic rate tax relief for you. If you are a higher-rate or additional-rate taxpayer, you have to reclaim the extra tax relief when you fill in your Self Assessment tax return or through your tax code by phoning your local tax office. If this is not something you normally have to do, the company we appoint to provide the GPP can help you.

What will happen to the Individual Account you have built up in your current Plan?

Your Individual Account will not receive any further contributions after 30 June 2012 and the Plan will eventually be wound up. At this point, you will have the option to transfer the money you have built up in your Individual Account to the new GPP or another pension arrangement.

May

We will consider the feedback we have received from you during the consultation period before establishing the new arrangements. We will then confirm the final arrangements. We intend to write to you and invite you to join the GPP shortly afterwards.

June

The Company anticipates that this will be the last month that contributions are paid into your Individual Account in your current Plan.

We are looking for a GPP provider who will give you access to an appropriate range of investment options with competitive annual management charges.

In your current Plan, you have access to seven individual funds (called 'Self-select' funds) and an investment strategy which invests your retirement savings in a mix of funds that automatically varies depending on how far you are away from retirement (the 'Accumulation Lifestyle Option').

As part of the GPP selection process, we are looking to make sure you have access to an appropriate range of investment options from the outset. This would include options that work in the same way as those available in your current Plan. We also want the flexibility to be able to make changes to this range in future if the governance committee decides that it is in members' interests to do so.

Just as importantly, the selection process will ensure that the investment options available to you carry competitive annual management charges.

As explained on page 2, we hope to be in a position to announce further details later in February once we have selected the preferred provider for the GPP.

As is the case in your current Plan, you will receive straightforward information about your different investment options and what each of these could offer you. This will help you decide on the level of security you want for your investments and the level of growth you want to aim for. You will also receive an annual benefit statement to help you keep track of how your individual GPP account is building up.

There will be financial support for your dependants and beneficiaries if you die in service.

Under your current Plan, there is a cash sum for your dependants and beneficiaries if you die while working for the Company and before starting to draw your Plan pension.

Under the new GPP, the benefit will be slightly higher as follows:

- Four times your Pensionable Earnings in the last complete Plan year (6 April to 5 April)
plus
- A lump sum equal to the contributions the new GPP would have received until your 65th birthday or, if later, your State Pension Age (calculated using the rate of contributions that you and the Company paid in the last complete Plan year)
plus
- The fund value of your individual account in the new GPP.

July

1 July

The Company anticipates that the new GPP will start on 1 July. Your individual account in the new GPP would start receiving contributions from the July payroll.

The **BACKGROUND**

Pensions are an important part of the reward package that the Company provides for employees in the UK.

The Company's aim is to use its resources as effectively as possible to make sure that employees have the opportunity to plan and save for retirement in a good-quality pension arrangement.

We regularly review these arrangements to check that they remain fair and competitive and following the integration of ALSTOM Grid we have undertaken a full review of pension provision provided in the UK with the objectives of:

1. Integrating as soon as possible the membership of the Alstom Defined Contribution Plan, the Alstom Grid Group Personal Pension Plan and future joiners into one pension arrangement;
2. Providing an arrangement that is capable of delivering first class benefits without the need for intense hands-on management and other in-house resources; and,
3. Ensuring the arrangement provides an equitable level of benefits for all members.

As a result, we intend to make a number of changes. Importantly, these include introducing a competitive new pension arrangement in place of your current Plan from 1 July 2012. This will offer a number of advantages, including a more generous contribution structure which will see the Company paying a higher level of contributions towards your retirement savings. (You can read more about this particular feature of the new arrangements on page 3.)

We are consulting with all employees who will be affected by this change. The consultation period starts on 1 February 2012 and ends on 30 April 2012. This is your opportunity to find out more about the proposals and give us feedback. We explain the consultation process on the back page.

The **CONSULTATION PROCESS**

The Company is consulting with all employees who are affected by the proposals explained on pages 2 to 4. This means you have an opportunity to ask questions and give feedback. This section explains the process that we have put in place to consult with you and contains the contact details you need.

If you want to give feedback on the Company's proposals

You can give us feedback at any time between 1 February 2012 and 30 April 2012 when the consultation period closes. We have set up a dedicated e-mail address and phone number for this purpose.

E-mail:
alstom.help@alstom.com

Phone: **0845 6062841**

These are being operated by a company called Aon Hewitt, the professional advisers we have appointed to help us with this exercise.

If you want to find out more

Get in touch

If you want more information about the proposals, please get in touch using the phone number or e-mail address on the left.

Come to a presentation

We are planning to run presentations during February. Our aim is that we will have selected the preferred provider for the proposed GPP by this time. This will enable us to provide you with more detailed information about the GPP. The presentations will also be an opportunity for you to ask any questions you might have. Please look out for details.

Watch for updates on your noticeboard

We plan to provide monthly updates throughout the consultation period, giving answers to the kinds of general questions that members are asking. These updates will go up on noticeboards around the Company.

If you have a question about the Alstom Defined Contribution Plan or your benefits

Please contact the Plan administrators at dc-Link.

E-mail: **pensionsadmin@dc-link.co.uk**

Phone: **01733 353430**

Write to: dc-Link, Churchgate,
1 New Road, Peterborough, PE1 1TT.

If you want advice

Our aim is to provide you with the information you need to understand the Company's intended changes and what they might mean for you, but the law does not allow anyone employed by the Company to provide individual financial advice.

The Money Advice Service is an independent organisation that provides free, unbiased information about all aspects of financial planning, including pensions and how to find an independent financial adviser (IFA) and what questions to ask. Visit their website at **www.moneyadviceservice.org.uk** or phone their helpline on **0300 500 5000** (call rates may vary).

You can find details of IFAs in your area online at **www.unbiased.co.uk**.

It is important to check that whoever advises you on financial services and products is qualified and authorised to do so. Visit the Financial Services Authority website at **www.fsa.gov.uk/register/home.do** or phone their consumer helpline on **0845 606 1234**.

You should also find out how much the adviser will charge for any advice they give.

We will make every effort to ensure we consult with you as required under pension law. However, if you have any questions or concerns about the process you are entitled to contact the Pensions Regulator. Their helpline is 0845 600 0707.