

June 2010

DC MATTERS



**NEW – MONTHLY
MEMBER WEBSITE
PRIZE DRAW!**

**SEE PAGE THREE
FOR DETAILS**

WELCOME TO THIS EDITION OF DC MATTERS – THE NEWSLETTER PRODUCED BY THE TRUSTEE OF THE ALSTOM DEFINED CONTRIBUTION PLAN (THE PLAN).

IN THIS EDITION WE UPDATE YOU ON THE PERFORMANCE OF THE PLAN'S INVESTMENTS, LOOK AT THE FEATURES OF THE PLAN'S MEMBER WEBSITE AND LAUNCH A NEW PRIZE DRAW FOR MEMBERS WHO HAVE REGISTERED THEIR FUND ONLINE.



**YOUR
VIEWS
COUNT**

COMMUNICATION

The Trustee of the Plan understands the importance of regular and effective communication with members. The Trustee Directors believe that members should have access to appropriate tools and information to enable them to make informed decisions relating to their future pension provision.

To ensure that Plan communications are effective, the Trustee has a Communications Sub-Committee which meets regularly to review the key communications material.

As well as providing an online Pension Calculator, an Annuity Search Engine and pre-retirement seminars, it is currently considering introducing:

- **Pensions lunches** – where members are invited to join the Pensions Team in Rugby for an informal chat on pensions issues, and can access their fund and the Pension Calculator online;
- **Pensions blog** – where members can feed back comments to the Trustee online.

Further updates on these issues will be communicated to members in the next few months.

PRE-RETIREMENT SEMINARS

The Pensions Department has started to hold pre-retirement seminars for members. The seminars are open to current employees who are taking retirement from the Plan. Each seminar is a half-day session, normally held in Rugby where the Pensions Department is based, or at a location within the country if there are enough people to attend.

The topics covered in the seminar include an overview of your Plan benefits and the retirement process, State benefits, wills, taxation, personal budgeting and investments. Please contact your HR department for details of the next seminar.

YOU ARE IN GOOD COMPANY!

dc-Link recently confirmed that it had no other client pension plans with such a high membership take-up rate as the Alstom DC Plan (about 85% of eligible Alstom employees join).



WELCOME TO OUR NEW TRUSTEE

We would like to welcome Cedric Olier to the Trustee Board of the Plan. Cedric was appointed as Benefits Manager for Alstom in Switzerland in February 2010. He is a member of the French Institute of Actuaries and has successfully completed the Pensions Regulator's online trustee assessment on defined contribution pension schemes. Cedric was appointed as a Company Nominated Director of the Trustee Board on 15 April 2010.





YOUR BENEFIT STATEMENT

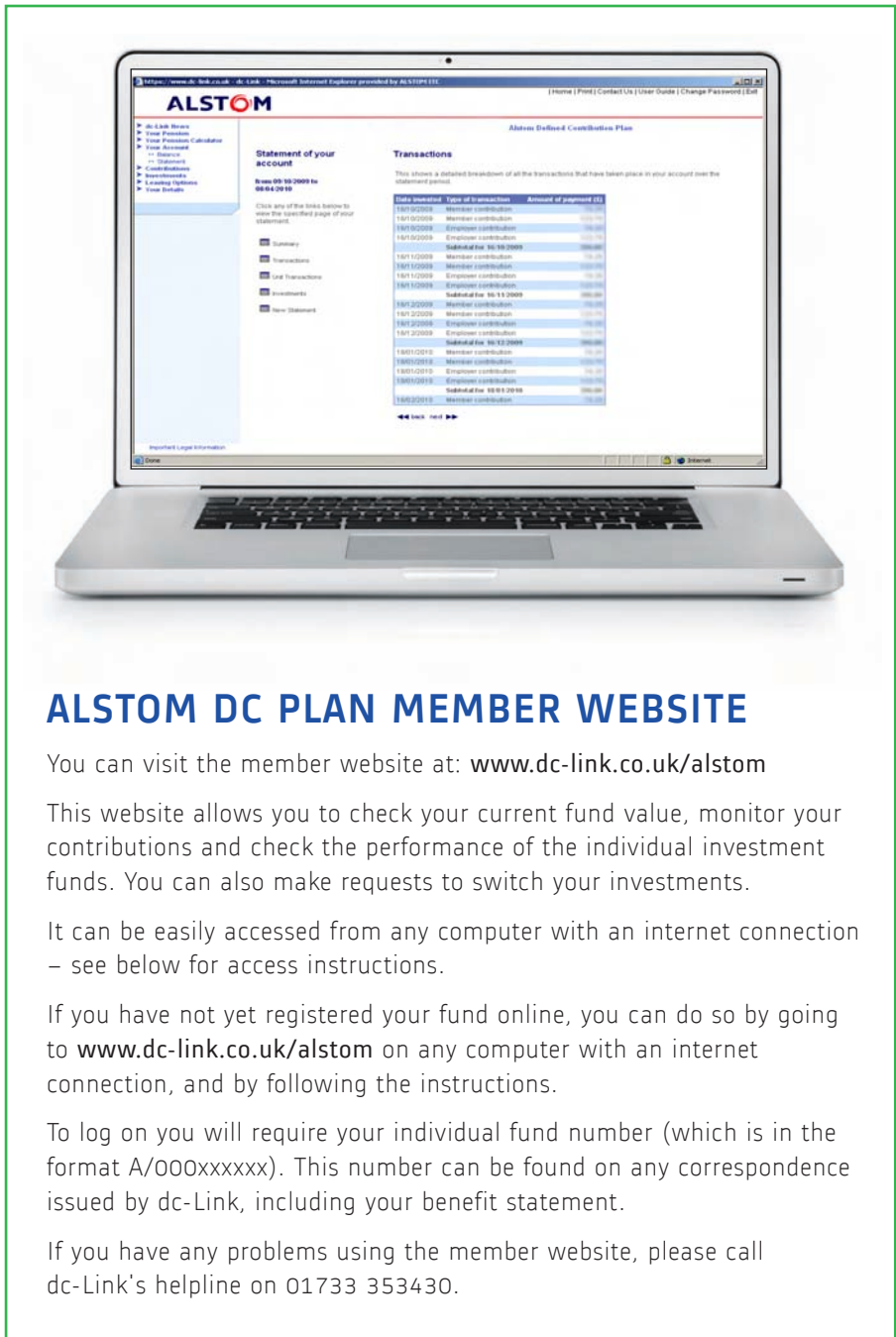
We've enclosed your annual benefit statement with this newsletter. The Trustee has listened to the feedback from members regarding last year's statement and as a result this year's statement has been reduced in length. Further improvements will be made next year, when dc-Link will have improved its administration systems to provide a more user-friendly statement.

Also enclosed is your Statutory Money Purchase Illustration (SMPI). The SMPI is intended to provide you with illustrations to help you to understand your likely pension income in retirement. Overriding legislation sets out the assumptions used in the calculations. The significant uncertainties involved in illustrating the projected pension mean that your actual pension at retirement could be very different to the figure shown on your SMPI.

MEMBER WEBSITE PRIZE DRAW!

To encourage members to make use of the Plan's member website, we have decided to introduce a monthly prize draw. All Plan members who have registered for the member website will be automatically entered into the draw each month. The first prize draw was made in May and the lucky winner of the £25 prize was Bernadette Sumner.

Details of the prize winners for each draw will be published in the next issue of DC Matters. See below for details of how to access the member website.



PENSION CALCULATOR

Members can use the helpful Pension Calculator which Hargreaves Lansdown has set up for Plan members to view online estimates of the benefit their fund could provide at retirement: www.h-l.co.uk/pensions



ALSTOM DC PLAN MEMBER WEBSITE

You can visit the member website at: www.dc-link.co.uk/alstom

This website allows you to check your current fund value, monitor your contributions and check the performance of the individual investment funds. You can also make requests to switch your investments.

It can be easily accessed from any computer with an internet connection – see below for access instructions.

If you have not yet registered your fund online, you can do so by going to www.dc-link.co.uk/alstom on any computer with an internet connection, and by following the instructions.

To log on you will require your individual fund number (which is in the format A/000xxxxx). This number can be found on any correspondence issued by dc-Link, including your benefit statement.

If you have any problems using the member website, please call dc-Link's helpline on 01733 353430.



INVESTMENT PERFORMANCE

Investment returns over the 12 months to 31 March 2010

This table shows the performance for each of the Plan's investment funds over the 12 months to 31 March 2010 and compares this to the investment fund's benchmark (or aim).

	Actual return (%)	Benchmark return (%)	Difference (%)
Global Equity Fund	51.6	48.8	2.8
Property Fund	15.8	13.6	2.2
Annuity Protection Fund	16.6	16.5	0.1
Growth Fund	27.8	26.1	1.7
Cash Fund	0.4	0.4	0.0

Note: Returns on investment funds are net of fees and expenses.

MARKET COMMENTARY BY HYMANS ROBERTSON

Equities provided strong returns over the 12 months to the end of March 2010, with most developed economies emerging, or being expected to emerge, from recession. Overseas equities, especially emerging market equities, experienced particularly strong returns.

Fixed income UK Government bond returns were fairly flat over the year whereas inflation linked Government bonds produced strong performance following concerns over the possibility of rising inflation due to the Bank of England's quantitative easing programme.

After a period of very poor returns during 2008, property began to recover strongly during the latter part of 2009 as investors were attracted to historically low valuations. Cash rates remained low as the Bank of England kept the base rate at 0.5% in an attempt to stimulate the economy. The Plan's investment funds all produced positive returns over the 12 months to March 2010.

Since the end of March, stock markets all over the world have experienced significant levels of volatility, largely driven by concerns over the ability of Greece (and other EU states) to finance their public debt. A last minute EU support package stemmed the market falls that we had seen since the end of March (by mid-May European stock markets had fallen almost 8%) – however, markets remain volatile.

Closer to home, equity and bond markets seemed unnerved by the prospect of a hung Parliament – UK Government bonds actually increased in value in the run up to the election. Following the announcement of a Conservative-Liberal coalition, UK Government bonds increased slightly in value indicating that the markets are relatively favourable to the election outcome. The UK stock market was largely unaffected by the election campaign; the global economic outlook and the Greece debt crisis being much more influential.

UPDATE ON INVESTMENT OPTIONS AND PRESENTATIONS

In the previous newsletter we advised you of the appointment of Hymans Robertson as the Plan's investment adviser. The Trustee has worked closely with Hymans Robertson to review the current investment options available to members. There will be some changes effective from October this year and details will be communicated to you in September, when there will also be roadshows for active members to attend to learn more about their options. Once the dates have been finalised, notices confirming the dates and locations of presentations will be displayed around each site.

INVESTMENT SWITCHES

If you wish to change the way you invest your future contributions and/or existing fund, please contact dc-Link, or request the switch on the member website:

www.dc-link.co.uk/alstom

TOPICAL PENSIONS NEWS

UPDATE ON STATE PENSION AGES

April 2010 saw a change in the State Pension Age (SPA). The SPA is the earliest age from which State retirement benefits are normally paid. If you were born after 5 April 1978, your SPA is age 68. Otherwise, your SPA depends on your sex and when you were born. You can see the actual date of your SPA on DWP's calculator at:
www.direct.gov.uk/spacalculator

Your SPA refers to the age at which any State retirement benefits become payable to you. The Basic State Pension for the 2010/11 tax year is £97.65 a week for a single person, and £156.16 a week for a married couple. You can request a forecast of your Basic State Pension and

additional State Pension by calling the State Pension forecasting team on 0845 3000 168, or by going online at:
www.direct.gov.uk/en/pensionsandretirementplanning/statepension

The SPA does not affect the age from which you can take your benefits under the Plan. Trustee and Company consent is required for retirement from the Plan before your Normal Retirement Age (65).

STOP PRESS – Shortly before this newsletter went to press, the new coalition Government published its agreement to hold a review to set the date at which the SPA starts to rise. A further update will be provided in the next issue of DC Matters.

“If you were born after 5 April 1978, your SPA is age 68.”



NEST PENSION SCHEME / PERSONAL ACCOUNTS

In 2012 the Government will introduce a new pension requirement to the UK, but this will not affect Alstom until 2013. This was initially titled Personal Accounts but will now be known as the National Employment Savings Trust (NEST).

NEST is being created to make it easier for employees to access a high quality, low cost employer-sponsored pension scheme, to increase retirement savings and reduce reliance on the State. Employers will enrol all employees between age 22 and SPA into a NEST pension scheme, unless they already offer a suitable alternative 'qualifying workplace pension' arrangement. Employees can opt out of the NEST scheme if they do not wish to join.

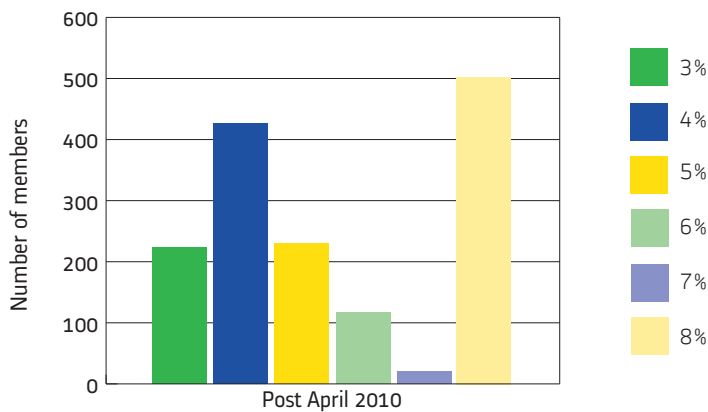
Will NEST affect your existing Plan benefits?

The Company will review the criteria for a suitable alternative 'qualifying workplace pension' as we approach 2012.

STOP PRESS – The agreement announced in May 2010 by the new coalition Government offered no certainty regarding the future of the NEST pension scheme. A further update will be provided in the next issue of DC Matters.

CONTRIBUTIONS FOR ACTIVE MEMBERS

In February, dc-Link wrote to active Plan members regarding the annual opportunity to change the level of their contribution. Of the 86 members who changed the level of their contribution with effect from April 2010, 71 selected a higher contribution level than they were paying before April 2010. The split of active membership by employee contribution after the changes from April 2010 is as shown in the chart below:



ALSTOM OPEN COMPETITION

The winner of the trip to see the Alstom Open de France golf tournament will be announced in the next issue of DC Matters.

DC MATTERS COMPETITION

As we have run the Alstom Open prize draw there is no DC Matters competition in this issue.

Congratulations to the winners of our previous competition – Will Dew in Rugby, Chrissy Betteridge in Ashby and Gary Mellor in Rugby.

NEXT ISSUE

Look out for the next edition of DC Matters in November. Normally the winter issue of DC Matters is issued in December. We have brought this forward to avoid the busy Christmas period.



HOW TO CONTACT DC-LINK

If you have any queries about the Plan, you can write to dc-Link at:

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

Alternatively you can call the helpline on 01733 353430, which is available Monday to Friday between 9am and 5pm, or email: pensionsadmin@dc-link.co.uk

In the event of a conflict between details quoted in this newsletter and in the Plan's Trust Deed and Rules, the Trust Deed and Rules and overriding legislation will prevail.