

DC MATTERS

March 2012

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See inside

PENSION CONSULTATION

An overview of the proposals
and consultation process

WHAT WOULD THE CHANGES MEAN?

Find out more about
your options

UNITED KINGDOM

Pensions

We are shaping the future

ALSTOM

Welcome

Welcome to the Spring 2012 edition of DC Matters – the newsletter from the Trustee of the Alstom Defined Contribution Plan (the Plan).

Since the last newsletter, Alstom has announced its intention to change its defined contribution pension arrangements. Consultation has commenced with all active members of the Plan about the changes it wishes to make to the pension arrangements it provides for members of the Plan and the Alstom Grid Group Personal Pension Plan.

Whilst current employees of Alstom will now be aware of this proposal, deferred members will not and this newsletter briefly explains the options available to all members. The role of the Trustee during the consultation process is to satisfy itself that Alstom’s consultation has been carried out in accordance with the legislative requirements. Consultation will be carried out with employees and not the Trustee, and details on how active members can provide feedback is given opposite.



“Alstom has announced its intention to change its defined contribution pension arrangements.”

The Trustee would like to reassure members that during the consultation process it will continue to administer the Plan as usual.

A handwritten signature in black ink, appearing to read 'Louise Mills'.

Louise Mills
Secretary to the Trustee

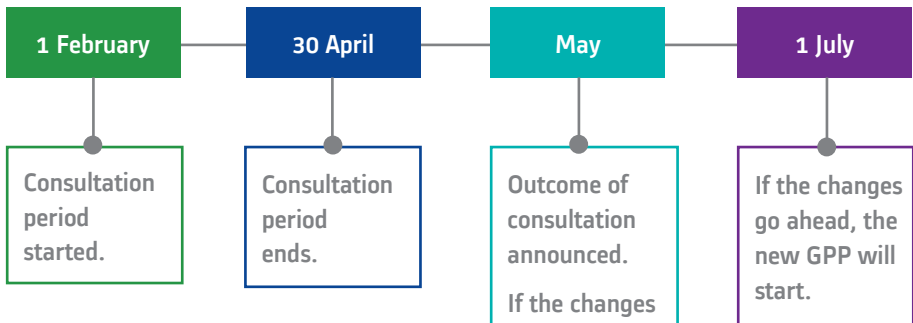
The consultation process

On 1 February 2012, Alstom started consulting with all active members of the Plan about the changes it wishes to make to the pension arrangements it provides for members of the Plan and the Alstom Grid Group Personal Pension Plan.

From 1 July 2012, Alstom intends to introduce a new pension arrangement, a Group Personal Pension Plan (GPP) with Aviva, in place of the current Plan.

If the changes go ahead, no further contributions will be paid into the Plan after 30 June 2012 and the Plan will eventually be wound up. Details of the options available to active and deferred members can be found on pages 6 and 7.

A timeline of events is shown below.



Remember:

Active members can give the Company feedback at any time up to 30 April 2012, when the consultation period closes.

Email: alstom.helpline@aonhewitt.com

Phone: 0845 6062841

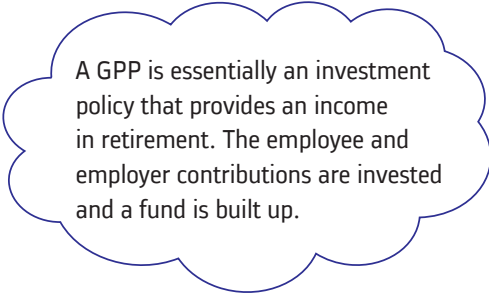
What would the changes mean?

Alstom's proposed changes mean that active members will move from a defined contribution 'trust-based arrangement' to a 'Group Personal Pension Plan' (GPP). With a trust-based arrangement, although the employer is responsible for sponsoring the scheme, it is run by a board of trustees. The trustees are responsible for running the scheme in accordance with the trust deed and rules, and their duties include paying out the right benefits at the right time, keeping accurate records and ensuring that scheme assets are properly invested. Whereas with a GPP it is the provider's responsibility to ensure that the arrangement is run correctly.

How a GPP works

A GPP is an arrangement made by an employer which allows its employees to participate in a Personal Pension Plan on a grouped basis. In a GPP the member rather than the trustee takes out a contract with the appointed provider, however, the employer continues to sponsor the GPP.

Alstom intends to appoint Aviva as the GPP provider.



A GPP is essentially an investment policy that provides an income in retirement. The employee and employer contributions are invested and a fund is built up.

The amount of pension payable when the member retires is dependent upon:

- the amount of money paid into the scheme;
 - how well the investment funds perform; and
 - the 'annuity rate' at the date of retirement.
- An annuity rate is the factor used to convert the 'pot of money' into a pension.

When you retire

Currently, under a GPP members can retire at any age after 55. When members retire, they can generally take up to 25% of the value of their fund as a tax-free lump sum. The remainder of the fund can be used to buy an annuity with an insurance company of their choice.

Trust-based vs GPP

The two main differences between a trust-based defined contribution plan and a GPP, which directly impact on members, are:

1. The way tax relief on contributions is provided; and
2. The flexibility on paying contributions after leaving Company service.

GPP vs individual PPP

What distinguishes a GPP from an individual Personal Pension Plan (PPP) is that the charges levied by the provider under the GPP may be lower than under an individual PPP. As the provider is dealing with bulk business, it may be able to offer a reduction in its normal charges, and still provide the suite of services associated with a PPP.

1. Employee tax relief

Trust-based

Employee gets full tax relief on contributions at source.

GPP

Employee gets 20% tax relief on contributions and higher-rate relief is claimed through the employee's tax code/annual tax return, unless salary sacrifice is used, in which case the employee gets full tax relief at source.

2. Contributions after leaving service

Trust-based

Employee can't continue paying into the Plan once they leave the Company.

GPP

Employee can continue paying contributions even though they have left Company service.

What are the options...

For deferred members?

If the changes outlined on page 3 go ahead, then in the summer you will be asked to decide what you would like to do with the benefits that you have built up in the Plan. A brief summary of the options is provided below, but please be assured that full details will be sent to you after the end of the consultation period.

Cashing-in pensions

If the value of your fund from the Alstom DC Plan does not exceed £18,000, you may be able to exchange your pension for a taxable cash sum.

Transferring your pension

Deferred members with three or more months' service will have the option to transfer to a registered pension scheme of their choice. The transfer value will include the value of the employee and employer contributions, with investment gains/losses calculated at the date of transfer.

Taking a refund

Deferred members with less than two years' qualifying service may choose to take a refund. This is calculated as the value of the employee contributions, with investment gains/losses calculated at the date of the refund, less tax. Employer contributions are not refunded.

Drawing your pension

If you are aged 55 or over you may elect to draw your pension. You may choose to take up to 25% of the value of your fund as a tax-free lump sum.

For active members?

Active members will not have the option to cash-in the pension referred to on page 6. It is assumed that you will join the GPP and legislation prevents employees being offered the option to cash-in a pension when they will receive a Company contribution to another pension scheme.

However, if you are aged 60 or over and the total of all your pension benefits (from this Plan and others) does not exceed £18,000, you may be able to exchange your pension for a taxable cash sum.

Transferring your pension

Regardless of your length of service in the Plan, you may transfer to the GPP or another registered pension scheme. The transfer value will include the value of the employee and employer contributions, with investment gains/losses calculated at the date of transfer.

Taking a refund

If you have less than two years' qualifying service, you may choose to take a refund. This is calculated as the value of the employee contributions, with investment gains/losses at the date of the refund, less tax. Employer contributions are not refunded.

Drawing your pension

If you are aged 55 or over, you may elect to draw your pension. You may choose to take up to 25% of the value of your fund as a tax-free lump sum.

New web address for annuity tool

The website address for our annuity tool has changed. If you are looking to retire shortly and want to get a quote for an annuity, you can find the updated tool at:

www.retirementsservice.co.uk/alstom

This tool is provided by Hargreaves Lansdown, whom the Trustee has appointed to provide a retirement service for Plan members.



Where to go for more information

Further information on the Company's proposed changes to the pension arrangements and the consultation process can be found on the Pensions Website, including:

- A copy of the announcements sent to members
- The latest updates on the consultation process, including questions and answers
- An audiocast copy of the presentation given to Plan members at Alstom sites in February and March.

When does the consultation period end?

The consultation period ends on 30 April 2012.

The Company will continue to answer all questions received from members and provide further updates during the consultation period. These are available on the Pensions Website and a copy will be displayed on notice boards at Alstom sites.

If you have any questions about the Company's intended changes or want to give feedback, please get in touch before the consultation period ends.

Email: alstom.help@alstom.com

Phone: 0845 6062841

For more information about the consultation visit the Pensions Website at www.pensions.uk.alstom.com/forward.htm

Changes to the investment platform

Before October 2011, the Plan's assets were held with Winterthur Life UK Ltd (WLUK), part of the AXA Group.

WLUK was recently sold to Friends Provident as part of the Resolution deal and AXA Wealth Ltd (AWL) assumed a part of WLUK's business. This means that from October 2011, the investment platform is with AWL.

Investment performance

Investment returns over the 12 months to 31 December 2011

This table shows the performance for each of the Plan's investment funds over the 12 months to 31 December 2011 and compares this to the investment fund's benchmark (or aim).

	Actual return %	Benchmark return %
Growth Fund	4.3	4.5
Global Equity Fund	-7.3	-6.4
Property Fund	6.3	5.8
Annuity Protection Fund	15.0	13.3
Cash Fund	0.6	0.6
Accumulation Fund	-3.8	-3.0
Index-Linked Gilt Fund	25.5	23.3

COMPETITION



For your chance to win £50 of shopping vouchers, answer the following question:

What date does the consultation period end?

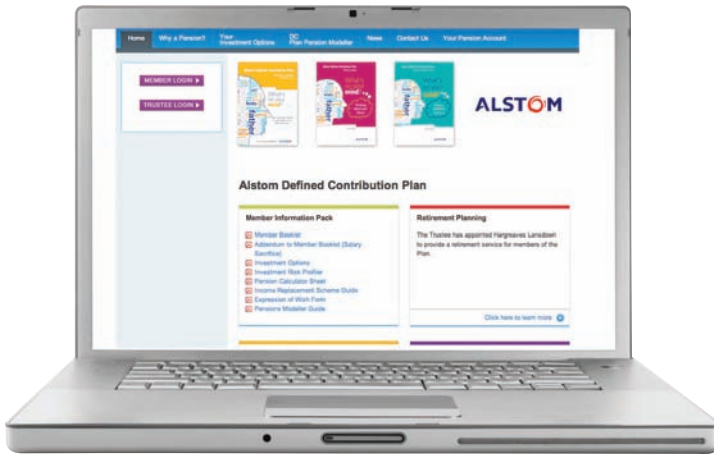
To enter the competition, email the answer and your name and home address to contact.ukpensions@chq.alstom.com by 1 May 2012. The winner will be notified by 4 May and will be announced on dc-Link's member website. Terms and conditions are also available on the website at: www.dc-link.co.uk/alstom



Last year's lucky winner of an Apple iPad was Rebecca Robertson from West Coast Traincare, Manchester.



Winners of the last seven months' prizes from the website draw (see back page) were:
Daniel Fielding (Plymouth)
Duncan Chambers (Ashby de la Zouch)
Michael Derrane (Runcorn)
Martin Walker (Rugby)
Matt Brand (Rugby)
Mark Gemmell (West Burton Power Station)
Steven Glover (Stafford)



Don't forget to visit the website

It's easy to keep in touch with your pension on the Alstom DC Plan member website. You can 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.

Visit the member website at: www.dc-link.co.uk/alstom

For more details on how to log on to the website, see the back page.

Glossary of terms

Active members are those members who are employed by the Company and building up pension entitlement in the Plan.

Deferred members are former active members who continue to have pension entitlement in the Plan.

GPP is an arrangement made by an employer which allows its employees to participate in a Personal Pension Plan (PPP) on a grouped basis.

PPP is an insurance policy taken out by an individual with an insurance company and used for pensions saving.

Log on to the member website and win £25!

Visit the member website at:
www.dc-link.co.uk/alstom

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

Click on 'Member Login' and follow the instructions. If you have any problems using the website, please call dc-Link's helpline on 01733 353430.

Each month, when you log on to the website you will automatically be entered into a free prize draw for the chance to win a £25 shopping voucher!



Contact details

For further information, please contact the Plan administrator using the following details:

Write to:
**Alstom Defined
Contribution Plan**

dc-Link
Churchgate
1 New Road
Peterborough
PE1 1TT

Telephone: 01733 353430

Email:
pensionsadmin@dc-link.co.uk

Website:
www.dc-link.co.uk/alstom

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.