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Dated 1 September 2009

HAMMONDS LLP

2 PARK LANE

LEEDS

LS3 1ES

DATED

1 September

2009

FENNER PLC

(1)

and

FENNER PENSION SCHEME TRUSTEE LIMITED

(2)

THIRD DEFINITIVE DEED

The Fenner Pension Scheme

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DATE OF

1 September

2009

PARTIES

- (1) **FENNER PLC** (Company Number 329377) whose registered office is at Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire HU13 0PW ("the **Principal Company**")
- (2) **FENNER PENSION SCHEME TRUSTEE LIMITED** (Company Number 6532692) whose registered office is at Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire HU13 0PW ("the **Trustees**")

INTRODUCTION

- A This Third Definitive Deed ("Definitive Deed") and the Rules scheduled to this deed ("Rules") are supplemental to:
- (a) A Second Definitive Deed ("Second Definitive Deed") with Rules scheduled thereto ("Second Rules") dated 4 April 1997;
 - (b) A Definitive Deed ("First Definitive Deed") with Rules scheduled thereto ("First Rules") dated 11 April 1994 whereby there was established a retirement benefits scheme known as the Fenner Pension Scheme ("Scheme");
 - (c) Any deeds and documents or resolutions in relation to the Scheme and listed in Schedule 10 and/or expressed to be supplemental thereto (and together known as the "Preceding Documents").
- B Clause 23 of the Second Definitive Deed provides that the Principal Company may with the consent of the Trustees by deed alter or repeal any of the provisions of the Second Definitive Deed and Second Rules subject to the restrictions on that power set out in that Clause 23.
- C The Trustees are the present trustees of the Scheme.
- D The Principal Company wishes to amend the provisions of the Second Definitive Deed and Second Rules by their deletion in their entirety and their substitution by this Definitive Deed and Rules and the Trustees consent to that amendment as is evidenced by their entering into this Deed.
- E The Actuary has given the certificate required under section 67 of the Pensions Act 1995 (restriction on powers to alter schemes) and section 37 of the Pension Schemes Act 1993 (alteration of rules of contracted-out schemes) in relation to this Deed and Rules. For information, copies of the certificates can be found at Schedule 11.

THIS DEED WITNESSES THAT:

1 SUBSTITUTION OF DEFINITIVE DEED AND RULES

- 1.1** Pursuant to its power of alteration under Clause 23 of the Second Definitive Deed and to any other power enabling it the Principal Company with the consent of the Trustees hereby alters with effect from the date of this deed ("Effective Date") the provisions of the Second Definitive Deed and the Second Rules by the deletion of the Second Definitive Deed and the Second Rules in their entirety and the substitution in their place of this Definitive Deed and the Rules.
- 1.2 Previous Acts.** Nothing in this Definitive Deed shall operate so as to invalidate or affect any act or the exercise of any power, discretion or right before the date of this Definitive Deed by the Trustees or any of the Employers where such exercise was in accordance with the then current governing provisions of the Scheme.
- 1.3** It is intended that the benefit entitlement of any Deferred Pensioners or Pensioners as at the Effective Date of this Deed (as set out in Clause 1.1) will be calculated in accordance with the relevant provisions of the Preceding Documents, unless the Trustees otherwise determine for the purposes of administering or operating the Scheme.

2 INTERPRETATION

- 2.1** In the Definitive Deed and in the Rules, unless the context requires or stipulates otherwise, words importing the singular number are deemed to include the plural and vice versa, words importing the masculine gender are deemed to include the feminine, and any reference to any statute (or a particular chapter, section or part of it) or to any regulations made under it means and includes any statutory modification, re-enactment or consolidation of it for the time being in force and shall, where appropriate, be interpreted as a reference to the parallel provisions in force in Northern Ireland.
- 2.2** In the Definitive Deed and the recitals so far as is consistent with the subject matter the words and expressions defined in the Rules shall have the meanings assigned to them as if the same were included in this deed.
- 2.3** Where a Member has received a full gender recognition certificate under the Gender Recognition Act 2004 that Member will be treated for the purposes of the Definitive Deed and Rules as if they were of the gender stated on their birth certificate for the period prior to the receipt of their full gender recognition certificate and their acquired gender for the period on and after the receipt of that certificate.
- 2.4 The Schedules**
- Save for Schedule 11 (actuarial certificates) which is included for information only, the attached Schedules form part of this Deed.
- 2.5 Calculation of benefits**
- Except where otherwise indicated in this Deed, the benefits and contributions payable under the Scheme shall be limited to the amounts described in Schedule 5 (Scheme

Limits) and in the event of any conflict between the provisions of Schedule 5 and the remainder of this Deed, Schedule 5 shall take precedence. However, the Trustees, on the advice of the Actuary, may make any adjustment to the benefits for or in relation to a Member to ensure that the Registered Status of the Scheme would not be prejudiced. Nothing in Schedule 5 shall imply any obligation to provide any maximum benefit permitted in that Schedule.

2.6 Pensions on divorce

The provisions applying in respect of pension sharing on divorce are set out in Schedule 8 (Pension sharing on divorce).

3 OPERATION OF SCHEME IN CONFORMITY WITH LEGISLATION

3.1 The Scheme shall be operated:

- 3.1.1 in conformity with the preservation requirements of the 1993 Act and regulations made under it;
- 3.1.2 in conformity with the requirements of the 1993 Act relating to equal access for men and women to membership of occupational pension schemes;
- 3.1.3 to provide benefits as a Registered Pension Scheme in respect of the Employees or former Employees or other persons for whom an Employer has an obligation under the Scheme to provide benefits as a Registered Pension Scheme;
- 3.1.4 in a manner which does not run contrary to any other overriding legislation affecting pension schemes;

and accordingly if any of the provisions of the Definitive Deed or the Rules are inconsistent with the requirements in 3.1.1 to 3.1.4 then those requirements shall prevail.

3.2 The Definitive Deed shall not operate in such a way that any accrued right or entitlement within the meaning of Section 67 of the 1995 Act up to the Effective Date shall be adversely affected without the written agreement of each member concerned or so that the value of such accrued right or entitlement is improved or so as to contravene the registration requirements of the Finance Act 2004. To the extent that any such accrued right or entitlement is inadvertently adversely affected without the Member's written agreement or its value improved, this Definitive Deed shall be deemed to be varied in such a way agreed between the Trustees and the Principal Company as to ensure that such accrued right or entitlement remains unchanged. The amendments shall be restricted only so far as may be necessary to ensure compliance with this Clause but not further or in any other way and shall in any other respects operate as set out in this Definitive Deed.

3.3 Third parties

The parties to this Deed confirm that this Deed is not intended to confer on any third party any right to enforce any provision of the Deed under the Contracts (Rights of Third

Parties) Act 1999, and any such right is excluded, except as identified in Clause 22 (indemnities). This does not affect any right or remedy of a third party, which exists or is available as a matter of trust law or apart from that Act.

- 3.4** The Principal Company and the Trustees undertake to make such amendments to the Definitive Deed and Rules as may be required to meet the requirements of Registration.

3.5 Execution in counterparts

This Deed may be executed in as many parts as there are signatories to it. Each part of the Deed may be treated as an original of the Deed.

3.6 Governing Law

The validity of the Scheme, its construction, effects and administration shall be governed by and construed in accordance with the laws of England and Wales. The parties agree to submit to the jurisdiction of the English courts.

4 CONSTITUTION OF SCHEME AND FUND

- 4.1** The Scheme shall be governed by the trusts, powers and provisions contained in the Definitive Deed and the Rules.

- 4.2** The Trustees shall hold the Fund upon irrevocable trusts for application in accordance with the powers in the Definitive Deed and the Rules.

- 4.3** The Trustees shall, subject to the provisions of the Definitive Deed and of the Rules, hold that part of the Fund which represents Additional Voluntary Contributions and the accrued investment return on them upon trust in each case for or in respect of the Member making or who has made such contributions.

- 4.4** The whole of the Fund from time to time including any actuarial or other surplus arising shall be held on the trusts declared by Clause 4.2 and no Member or other person shall have any interest in any such surplus save in accordance with the provisions of the Definitive Deed or of the Rules.

4.5 Registered Status

The Scheme is designed to be a Registered Pension Scheme. The Trustees and the Principal Company shall comply with all necessary requirements to maintain the Registered Status of the Scheme and shall ensure that the activities of the Scheme are limited to retirement benefit activities as defined in section 255 of the 2004 Act.

4.6 Contracting out

- (a) The Trustees will operate the Scheme in accordance with the Contracting-out Laws that apply to mixed benefits contracted-out schemes.
- (b) If there are GMPs held in the Scheme, the provisions of Schedule 6 shall apply, and in the event of any conflict between the provisions of Schedule 6 and the

remainder of this Deed, Schedule 6 shall take precedence, except to the extent necessary to ensure the Scheme's Registered Status is not prejudiced.

- (c) In respect of Pensionable Service accrued by Members under Schedules 3 and 4 on and after 6 April 1997 the Scheme shall, where the 1993 Act or the 1995 Act requires, provide benefits for and in respect of each Member appropriate to the reference scheme as described in section 12B of the 1993 Act. The Trustees, on the advice of the Actuary, may make any adjustment to the benefits for or in relation to a Member to ensure that the reference scheme requirements can be satisfied. Where such an adjustment is made the Trustees shall notify the Principal Company as soon as reasonably practicable of the adjustment and where necessary the Scheme shall be amended as soon as reasonably practicable in accordance with Clause 24. For the avoidance of doubt benefits accrued by Hallite Members under Schedule 9 will not be subject to these reference scheme requirements.

5 COVENANTS

The Principal Company hereby covenants with the Trustees that it will continue at all times until the determination of the trusts of the Scheme and the dissolution of the Fund to duly perform and observe all and singular the conditions, stipulations and provisions which under the Scheme ought from time to time to be performed and observed by it and shall duly and punctually pay or procure to be duly and punctually paid to the Trustees or as the Trustees shall direct all moneys which under the Scheme ought so to be paid by it.

6 ADMINISTRATOR

The administration and management of the Scheme shall be vested in the Trustees. Such of the Trustees as are resident for tax purposes in the United Kingdom shall (unless and until the Principal Company otherwise determines) be the administrators of the Scheme as defined in Section 270 of the 2004 Act and shall discharge or procure the discharge of all duties imposed by the 2004 Act or otherwise upon the administrators of the Scheme and may from time to time as such administrators at their discretion give such undertakings as may be appropriate for the purpose of obtaining or maintaining Registration. The Principal Company may by resolution of the board of directors at any time determine that the administrators of the Scheme shall be some person or persons or body other than the Trustees.

7 APPOINTMENT, REMOVAL AND RESIGNATION OF TRUSTEES

- 7.1 For the purposes of this Clause 7 "trustee" shall mean either an individual, or a director of a corporate body where such body is a trustee of the Scheme.
- 7.2 **Corporate Body.** A corporate body (whether or not it is a trust corporation) may be the sole Trustee or one of the Trustees. Part III of the Trustee Act 1925 shall apply as if any reference in it to a trust corporation were a reference to any corporate body which is the sole Trustee or one of the Trustees.
- 7.3 **Individual (number).** (Except where the Trustees are a corporate body which is the sole Trustee) the number of the Trustees shall not be less than three nor more than eight. If

their number is reduced below three, the power of the Trustees shall not be suspended, but the necessary replacement Trustee shall be appointed as soon as practicable

7.4 Appointment and Removal. Except to the extent provided in Clause 7.8 below, and subject to sections 241 to 243 of the 2004 Act the Principal Company may in its absolute discretion at any time by deed remove the Trustees or any future trustee or any of them for any reason and may appoint one or more persons or a body corporate (whether or not a trust corporation) to be a new or additional trustee of the Scheme.

7.5 The Trustees shall do all things necessary to give effect to any removal or resignation and to vest the Fund in such new or additional trustees or trustee as may be appointed in accordance with Clause 7.4 or in the continuing trustees as the case may be.

7.6 Where new or additional trustees are appointed, the Principal Company may appoint any person or persons as trustee or trustees notwithstanding that such person or persons may be resident, domiciled, carrying on business or (if any body corporate) incorporated outside the United Kingdom.

7.7 Vacating Office. A Trustee shall be treated as having vacated office if he/she/it has:

- (a) died; or
- (b) become bankrupt, or gone into Liquidation; or
- (c) retired by giving four weeks notice in writing to the Principal Company (or such shorter period as it may accept) whereupon the Principal Company shall execute such documents as may be necessary to ratify that retirement.

7.8 Member Nominated Trustees and Directors. This Clause will apply where Members and/or former Members are able to select Trustees or Directors of a corporate trustee to serve as Member Nominated Trustees or Member Nominated Directors, pursuant to Sections 241 and 242 of the 2004 Act.

7.8.1 Power of Removal

A Member Nominated Trustee may be removed:

- (a) by the Principal Company at any time provided that it has obtained the prior written consent of all the other Trustees; or
- (b) by the Trustees if the provisions of Clause 7.8.2(b) are satisfied.

7.8.2 Power of Trustees

- (a) In these circumstances the Trustees will have such powers as are necessary to ensure they can comply with Section 241 or 242 of the 2004 Act, as applicable. These powers will include the power to:
 - (i) make such arrangements and rules as are required by Section 241 or 242 of the 2004 Act;

- (ii) appoint Member Nominated Trustees or Directors in consultation with the Principal Company;
 - (iii) take such advice in relation to the Trustee's or Director's responsibilities as they deem necessary.
- (b) The Trustees' power to appoint and remove Member Nominated Trustees or Directors will be exercisable by written resolution. A resolution to remove a Member Nominated Trustee or Director will only be effective if it is passed in accordance with any relevant statutory requirements.

7.8.3 Leaving the Scheme

Any Member Nominated Trustee or Director who was a Member of the Scheme in Pensionable Service when appointed will if he ceases to be a Member of the Scheme in Pensionable Service and does not become a Pensioner cease to hold office as a Trustee or Director and will be discharged unless the Principal Company determines otherwise, even if this would result in the number of remaining Trustees or Directors being less than the minimum stated.

8 POWERS, DUTIES AND DISCRETIONS OF TRUSTEES: GENERAL PROVISIONS

8.1 General

The Trustees are hereby granted all such powers, duties and discretions as they may from time to time require for the implementation of the trusts of the Scheme.

8.2 Trustees' Meetings

- 8.2.1 Unless a corporate body is sole trustee of the Scheme the Trustees shall meet at such times and at such place as they shall from time to time decide. Three of the Trustees present at a meeting shall be a quorum. Where the Trustee is a sole corporate body, the quorum shall be consistent with the Trustee's articles of association.
- 8.2.2 The Trustees may hold meetings by telephone or using such other means of communication as they consider appropriate. All the Trustees attending a meeting will be regarded as being present in person at the meeting and will be entitled to vote. At every meeting of the Trustees all questions shall be decided subject to Clause 8.3 by majority vote. The decisions made by majority vote of the Trustees present and voting at a duly constituted meeting of the Trustees shall be binding on all the Trustees.
- 8.2.3 The Principal Company shall nominate one of the Trustees to be the Chairman of the Trustees. This nomination will then be effective until the Principal Company advises the Trustees that it has nominated a new Chairman in place of the existing Chairman. The nominated Chairman may resign as Chairman of the Trustees on giving four weeks' notice to the Principal Company.

8.2.4 In the event that the vote on any resolution is tied, the Chairman shall have a second or casting vote.

8.3 Trustees' Resolutions

Unless a corporate body is sole Trustee the Trustees shall exercise their powers, duties and discretions and execute their duties under the Scheme by resolutions passed by majority (except as provided in this Clause 8.3) at meetings of the Trustees. A resolution in writing signed by all the Trustees shall be as valid and effectual as if it had been passed at a duly constituted meeting of the Trustees and may consist of several documents in like form each signed by one or more of the Trustees.

8.4 Exercise of Powers by Corporate Trustee

A corporate Trustee may act through any of its directors or through an officer appointed for the purpose. Any such appointment may be of one person or of one or more persons, identified either by name or as the holder for the time being of a specified office.

8.5 May act notwithstanding personal interest

The decision of, or the exercise of a power by, the Trustees shall not be invalidated or questioned on the ground that any Trustee or a director or other officer of any Trustee had a direct or personal interest in the result of the decision or in the exercise of the power.

8.6 Conflicts of interest and duty

8.6.1 No decision, opinion, or exercise of a power by the Trustees shall be invalidated or questioned on the grounds that any of the Trustees is a director, shareholder or employee of, or is otherwise interested in or connected with any Participating Employer or otherwise owes a duty to a person which conflicts or might conflict with his duties as a trustee in making the decision or exercising the power.

8.6.2 Where a Trustee acquires Confidential Information, provided that he complies with Clause 8.6.3 and with the provisions of any conflicts policy adopted by the Trustees from time to time the Trustee shall not be under a duty to disclose the Confidential Information to the other Trustees.

8.6.3 Where a Trustee is in possession of Confidential Information which he believes would be of relevance to the other Trustees in performing their functions as Trustees of the Scheme, the Trustee shall:

- (a) declare that fact to the other Trustees; and
- (b) take no part in any discussions or decisions of the Trustees where he believes that the Confidential Information would or might be material.

8.7 May retain benefits

A Trustee or a director or officer of a corporate Trustee who is a Member may retain all benefits and exercise all rights to which he or she is entitled as a Member and shall not be liable to account for any benefit obtained from the Scheme.

8.8 May retain fees

A Trustee or a director or officer of a corporate Trustee who is or becomes a holder of any office or employment in the Principal Company or any Participating Employer may retain any fees or remuneration received in connection with that office or employment notwithstanding that the retention of, or appointment to, the office or employment may be directly or indirectly due to the exercise or non-exercise of any votes by the Trustees.

8.9 Acquisition of shares in Principal Company

A Trustee or a director or officer of a corporate Trustee shall not be precluded from acquiring, holding or dealing with any securities of the Principal Company or from entering into, or being interested in, any contract, arrangement or other transaction with the Principal Company and shall not be liable in any manner whatsoever to account to the Principal Company or any Beneficiary for any resulting profits made or benefits obtained.

8.10 Evidence of Participating Employer's consent

Where the Trustees are required to obtain the consent of, or to act on the instructions of, any Participating Employer, the Trustees may accept the written confirmation of any director or the secretary of the Participating Employer as sufficient evidence that the consent or instruction has been duly authorised.

9 POWERS, DUTIES AND DISCRETIONS OF TRUSTEES: SPECIFIC POWERS

9.1 Application

The powers, duties and discretions of the Trustees described in Clause 8.1 shall apply without prejudice to the generality of their powers as Trustees of the Scheme or to the generality of their powers under this Clause 9.

9.2 Delegation

Subject to section 34 of the 1995 Act (power of investment and delegation) the Trustees may acting by a majority and on any terms, delegate and authorise the sub-delegation of all or any of the powers, duties and discretions conferred upon them under the Scheme or by statute or otherwise for any period to any person or persons whether or not incorporated and whether or not a Trustee of the Scheme and shall not be responsible for any loss thereby arising. They may at any time revoke any such delegations or sub-delegations.

9.3 Agents

The Trustees shall have power to employ and to remunerate such agent or agents as they may think fit in the transaction of any business of the Scheme including the payment of pensions and other benefits, and any such payment duly made by such agent or agents shall be a good and sufficient discharge to the Trustees.

9.4 Professional advisers

The Trustees shall have power to appoint and obtain the advice of an Actuary and of any solicitor, accountant, auditor or other adviser upon such terms as to duties and remuneration as the Trustees shall think fit and the Principal Company shall approve, such approval not to be unreasonably withheld and as required by section 47 of the 1995 Act (professional advisers). The Trustees shall not be chargeable or accountable in respect of any calculation, determination, payment or other matter or thing made, done or omitted by the Trustees in the administration of the Scheme upon the advice of the Actuary or of any such other person so consulted.

9.5 Appointment of Actuary and actuarial valuations

- 9.5.1 The Trustees shall appoint an Actuary who is qualified in accordance with the 1995 Act or any other relevant statutory provision.
- 9.5.2 The Trustees may remove the Actuary and appoint another person to be the Actuary from time to time.
- 9.5.3 Subject to Clause 9.5.4, the Trustees shall instruct the Actuary to investigate and to report to the Trustees and to the Principal Company on the actuarial position of the Scheme in such manner and at such intervals as may be required under Section 224 of the 2004 Act and the Scheme Funding Regulations. Such a valuation will comply with the 2004 Act. The Trustees shall also instruct the Actuary to advise on the contributions which ought to be made to the Fund.
- 9.5.4 When required by the Disclosure Regulations, the Trustees shall obtain an actuarial valuation in accordance with those regulations prepared by the Actuary.
- 9.5.5 If having carried out an actuarial valuation under Clause 9.5.3 above it appears to the Trustees that the statutory funding objective under Section 222 of the 2004 Act was not met on the effective date of the valuation, the Trustees must prepare a recovery plan (or if there is an existing recovery plan in place, review and if necessary revise that plan) in accordance with Section 226 of the 2004 Act and the Scheme Funding Regulations and obtain the agreement of the Employers in accordance with Section 229 of the 2004 Act.
- 9.5.6 In making any determination or arriving at any option which it is necessary for him or her to make or arrive at for any of the purposes of the Scheme, the Actuary may act on such assumptions as he or she thinks appropriate after consultation with the Trustees.

9.6 Investment Manager

- 9.6.1 The Trustees shall have power to consult an investment manager or investment managers and, in relation to the whole or any part of the Fund, shall take all reasonable steps to satisfy themselves that those investment managers have the appropriate knowledge and experience for managing the investments of the Scheme and that the management of the investments is being carried out competently and in accordance with the requirements of the 1995 Act and 2004 Act. The Trustees shall have power to delegate to any such investment manager all or any of their powers of investment and of engaging in transactions and of realising and transposing investments, and shall have power to authorise the sub-delegation by such investment manager of such powers to the intent that such powers may be exercised by the investment manager alone or jointly with other persons to whom the same have been delegated or sub-delegated.
- 9.6.2 The Trustees shall have power to authorise such investment manager (either alone or jointly) to open and operate such capital accounts, income accounts and deposit accounts as such investment manager (and such other person or persons if any) shall consider proper and the Trustees approve for the foregoing purpose, and to this object the Trustees may negotiate with and pay to such investment manager (and any other person or persons) such fees, commission and other remuneration for such services and generally enter into such arrangements with such investment manager (or any other person or persons as aforesaid) including such arrangements for exoneration from liability as the Trustees may consider proper for the foregoing purpose and which are usually accepted by commercial customers of that person or persons.
- 9.6.3 The Trustees may (and shall if requested by the Principal Company) remove an investment manager.

9.7 Nominees

The Trustees may from time to time appoint one or more nominees for themselves to hold all or any of the assets of the Scheme.

9.8 Banking accounts

The Trustees shall have power to open and operate or to authorise such person or persons or body as they think fit to open and operate such banking accounts in the name of the Scheme as they think appropriate.

9.9 Committee

The Trustees shall have power to authorise a committee consisting of any two or more persons (whether or not Trustees) as they shall think fit to draw cheques on any banking account, to endorse any cheque or to give receipts and discharges and every such receipt and discharge shall be as valid and effectual as if it were given by the Trustees.

9.10 Signing of documents

The Trustees shall have power to authorise any two or more of their number to sign any document on their behalf. Where a Trustee is a corporate Trustee, two or more of the directors or a director and the secretary may sign any document on behalf of the Trustees.

9.11 Receipts and Discharges

9.11.1 The Trustees may authorise such of their number or such person as they think fit to give receipts and discharges for any moneys or other property payable, transferable or deliverable to the Trustees and each receipt or discharge shall be as valid as if it had been given by all the Trustees.

9.11.2 Where the written authority of the Trustees given in accordance with Clause 9.11.1 is produced to any person, that person may, unless express notice has been received in writing from the Trustees of its revocation, assume and act upon the assumption that the authority remains unrevoked.

9.12 Safe Custody

The Trustees may place, or permit any nominee appointed under Clauses 9.7 or 12.2.5 to place, any documents of title relating to the Fund in safe custody with such person (whether within or outside the United Kingdom) as they think fit.

9.13 Audited Accounts

9.13.1 **Timing.** The Trustees shall obtain audited accounts in accordance with the 1995 Act.

9.13.2 **Auditor.** In order to obtain the audited accounts, the Trustees shall appoint an auditor to the Scheme (the "Auditor") who is qualified in accordance with the 1995 Act, and may in similar manner remove and replace the Auditor. Any appointment or removal, or the resignation of the Auditor, and all other matters relating to the performance of the Auditor's duties, shall be subject to the provisions of the 1995 Act.

9.14 Arbitration

The Trustees subject to Clause 33 may settle, compromise or submit to arbitration any claim or matter relating to the Scheme or the trusts of the Scheme.

9.15 Common Trustees

The Trustees shall have power to enter into any transaction affecting all or any part of the Fund with the Principal Company or any subsidiary or Employers or with the trustees of any other trust notwithstanding that the Trustees or the directors of any body corporate being a Trustee (or any of them) may be or be included among the trustees or the directors of any body corporate being a trustee of such other trust. Any transaction with

the Principal Company or any subsidiary or Employer or with the trustees of any other such trust shall be on commercial terms.

9.16 General Disclosure

The Trustees shall provide such information and make such statements, documents and reports available in order to comply with the 1995 Act.

9.17 Records

9.17.1 Record of Members. The Trustees shall keep, or procure that there be kept, a complete record of all Beneficiaries, and of all retirements, deaths, withdrawals, transfers and other information necessary to be recorded for the proper working of the Scheme, and as is required under the provisions of the 1995 Act.

9.17.2 Supply of Information. The Trustees may require any Employer or Beneficiary to supply all information which may be relevant to the payment and taxation of benefits under the Scheme, including as to remuneration and other entitlements (including those under other Registered Pension Schemes), dates of joining or leaving any employment, births, deaths, marriages, divorces, adoptions and court orders, and in particular as is required under the provisions of the 1995 Act and/or the Finance Act 2004 and any regulations made under them. The Trustees may make the supply of appropriate certificates or other evidence of these matters (as determined by the Trustees) a condition of payment of or entitlement to any benefit.

9.18 Guarantees and indemnities

The Trustees may guarantee the payment of any sum or the performance of any obligation by any person or grant an indemnity against any liability, loss or expense of any person, provided that in so doing the Trustees shall not contravene the restriction on the giving of guarantees under Regulation 5 of the Occupational Pension Schemes (Investment) Regulations 2005.

10 GENERAL POWERS OF TRUSTEES AND ADMINISTRATOR

10.1 Ratification

The Trustees shall have power to ratify any administrative action or omission which may have taken place in relation to the Scheme (although not expressly authorised by the other terms of this Deed) where they consider that the action or omission has not had serious adverse effect on any benefit, nor prejudice Registration, nor contravened any statutory provision.

11 PAYMENT OF MONEYS

On the written authority of the Trustees any assurance society, company or institution dealing with the Trustees in good faith shall be entitled (subject in each case to deducting any tax due in respect of such payment) to pay any sums which the Trustees are entitled to receive to any person or persons to whom corresponding sums may be payable under

the provisions of the Scheme, and shall not be concerned to see whether or not the Trustees have acted within the powers conferred on them by this Definitive Deed or whether any such persons are persons to whom moneys may properly be paid under this Definitive Deed, and payment duly made to such person or persons shall be a complete and absolute discharge to any such assurance society, company or institution for any sums so paid.

12 INVESTMENT AND APPLICATION OF FUND

12.1 Full and Unrestricted Powers of Investment

The Trustees may invest the Fund in accordance with section 34(1) of the 1995 Act, retain in any bank account such monies as they may from time to time consider proper and subject to that power shall have full and unrestricted powers of investment and application of all moneys and other assets coming into their hands which form part of the Fund (whether or not involving liability, producing income, or authorised by law for the investment of trust monies) including all such powers which they could exercise if they were absolutely and beneficially entitled to the Fund (with power to undertake on behalf of the Scheme in relation to any such investment or application such liabilities as they may think fit and to realise, transpose and vary any such investment or application).

In particular and without prejudice to the generality of their powers under Clause 12.1 and subject to section 35 of the 1995 Act and to Clause 12.4 the Trustees may invest or apply all or any part of the Fund in any part of the world:

- 12.1.1 in deferred or immediate annuity policies, life assurance policies, retirement, endowment or sinking fund contracts or policies each of which shall be effected with an Insurance Company;
- 12.1.2 in common investment funds, any interest in land or property;
- 12.1.3 in common investment funds, units, in unit trusts or mutual funds, or securitised issues;
- 12.1.4 in the purchase of or subscription for or in underwriting, sub-underwriting or guaranteeing the subscription of any stocks, shares, debenture stocks or other investments;
- 12.1.5 in entering into and engaging in any obligations, contracts or dealings and in engaging in dealings in currencies, traded options, financial futures, commodities or commodity futures, collective investment schemes, whether regulated or unregulated, contracts for differences and other instruments of a like nature;
- 12.1.6 by placing the same on deposit with any local authority, bank, Insurance Company, building society or finance company at such rate of interest (if any) and upon such terms as the Trustees shall think fit;
- 12.1.7 by participating in any scheme of deposit administration or any managed funds administered by an Insurance Company;

- 12.1.8 by participating in any investment (whether income producing or not) or in the acquisition, acquisition and development or development of any interest in land or property jointly with any other party or parties, whether as partners or as trustees to hold the same upon trust for sale or otherwise, notwithstanding that the interest of the Trustees in any such venture may be a minority interest; and
- 12.1.9 subject to the provisions of Clause 12.4, by making loans whether or not secured upon such terms as the Trustees think fit;

12.2 Joining with Other Trustees

In the exercise of any of their powers under Clauses 9, 12 or 13 the Trustees with the prior consent of HM Revenue & Customs (where required) may join with the trustees of any other retirement benefits scheme or schemes which are Registered Schemes or otherwise approved for the purposes of this provision by HM Revenue & Customs:

- 12.2.1 in having a joint deposit or current account subject to such arrangements as to payments and drawings and as to the sharing of liability and interest (if any) earned and the money from time to time held in such account or accounts as may be agreed with the trustees of such other scheme or schemes;
- 12.2.2 in borrowing money subject to such arrangements as may be agreed with the trustees of the other scheme for sharing the liability for repayment and for any interest due;
- 12.2.3 in taking out annuity or insurance contracts or policies;
- 12.2.4 in the exercise and delegation and authorisation of sub-delegation of powers of investment and application of Fund assets and of powers of insuring Fund assets;
- 12.2.5 in appointing a nominee to hold investments or engage in transactions;
- 12.2.6 in sharing a portfolio of investments of any description to the intent that any money or investments paid towards or put into such combined portfolio shall be regarded as securing or representing a share on such basis as shall be agreed from time to time with the trustees of the other scheme or schemes; and
- 12.2.7 in operating a common investment fund where the trustees of the other trust having similar powers or in conjunction with any other trust of which the Trustees are the trustees and under which they have similar powers, as if the Fund and the assets of such other trust constituted one trust fund. If, and so long as the power conferred on the Trustees by this Clause 12.2.7 is exercised they shall make arrangements for apportioning blended trust property and any associated investment returns, costs, charges or expenses, or provision of security for any loan or otherwise, as they consider just and equitable.

12.3 Particular Transactions

If in connection with Clause 12.1 relating to the purchase, realisation, management or any other dealings with property of the Fund it would in the opinion of the Trustees be to the benefit of the Fund to enter into any particular transaction, the Trustees may enter into or give such form of written agreement, indemnity, warranty or undertaking with the other parties involved in the transaction as may be required to obtain the successful completion of the transaction and may bind all or any part of the Fund to give effect thereto.

12.4 Restrictions on Investments

12.4.1 The Trustees shall not make a loan to a Member or his or her spouse or Civil Partner or any person entitled to benefits under the Scheme if the loan is to be unsecured or secured against his or her interest in the Scheme.

12.4.2 The Trustees shall not guarantee the repayment of all or part of any loan to a Member or any person entitled to benefits under the Scheme in respect of the Membership of a Member.

12.4.3 The Trustees will exercise the powers of investment in this Clause 12 in accordance with sections 36 and 36A of the 1995 Act (choosing investments and restriction on borrowing by trustees) and the Occupational Pension Schemes (Investment) Regulations 2005.

12.4.4 The Trustees will comply with section 40 of the 1995 Act (restriction on employer-related investments), and any regulations made under that section.

12.4.5 The Trustees must not engage in any trading activity which may prejudice the Scheme's Registered Status.

12.5 Statement of investment principles

In consultation with the Principal Company, the Trustees will, if required by section 35 of the 1995 Act (investment principles), prepare, maintain and from time to time revise a written statement of principles governing the investment of the Fund. The statement will comply with section 35 and the Trustees will consult the Principal Company in relation to the statement, in accordance with the 1995 Act. The Participating Employers shall (and are hereby deemed to) nominate the Principal Company to act as their representative for the purposes of consultation with the Trustees in accordance with regulation 2(2)(b) of the Occupational Pension Schemes (Investment) Regulations 2005.

12.6 Scheme Funding Principles

If required by Part 3 of the 2004 Act the Trustees, shall prepare and from time to time revise:

12.6.1 a statement of funding principles as required by section 223 of the 2004 Act setting out its policy for ensuring that Statutory Funding Objective is met;

12.6.2 a recovery plan where one is required by section 226 of the 2004 Act; and

12.6.3 a Schedule of Contributions showing the rates and due dates of contributions payable to the Scheme.

13 BORROWING POWERS

The Trustees shall have power, with the prior written consent of the Principal Company, to borrow moneys from time to time upon any terms and conditions and to secure repayment and the payment of interest on the moneys borrowed upon the whole or any part of the Fund, and to apply moneys so borrowed in any manner which the Trustees may in their absolute discretion think fit for the purposes of the Scheme. All moneys so borrowed shall be treated in all respects as moneys forming part of the Fund, and the Trustees may from time to time if they consider it to the advantage of the Fund so to do, exercise the power of borrowing conferred in this Clause by raising moneys in any part of the world for the purpose of engaging in transactions or making investments.

14 INSURANCE

14.1 The Trustees shall have power to insure such assets of the Fund (including any risks which may arise in the course of holding any investments) as they think appropriate and against such risks and for such amounts as the Trustees shall in their absolute discretion determine (and whether as owners of an interest in such assets or as occupiers or otherwise) and may apply any part of the Fund whether income or capital in effecting and maintaining any such insurance subject to section 256 of the 2004 Act (no indemnification for fines or civil penalties).

14.2 The Trustees shall hold the proceeds of any such insurance upon the trusts of the Scheme with power to pay or apply such proceeds in whole or in part in or towards the repair, replacement, reinstatement or preservation of the asset insured or (as the case may be) in indemnifying the Trustees, or any director or officer of a corporate Trustee, or the Fund, against any claim. The powers hereby conferred shall be exercisable by the Trustees as if they were the absolute owners of the Fund and any exercise of such powers shall be unrestricted by law whether statutory or otherwise.

15 DEATH BENEFITS

15.1 Payment of Lump Sum

In respect of any lump sum arising under the Scheme expressed to be payable under this Clause 15 as the result of the Member's death:

15.1.1 the Trustees shall have power (subject to the rules of the Scheme for the time being in force) to pay or apply all or any part of it for the benefit of all or any one or more of the Death Benefit Beneficiaries (as defined in this Clause) and if more than one in such shares, proportions and manner and for such interest as the Trustees in their absolute discretion decide, including the transfer of the whole or part of those benefits to trustees to be held by those trustees for such beneficiaries upon such trusts and powers (including discretionary trusts or powers exercisable by those trustees) as the Trustees shall decide;

15.1.2 the Trustees shall hold the whole or part of any benefit in respect of which the power contained in Clause 15.1.1 shall not have been exercised upon trust for any Spouse of the Member and failing such Spouse upon trust for the legal personal representatives of the Member. Where the amount unpaid or unapplied would as a result of payment of it to the personal representatives of the Member rest in the creditors of the Member or in persons other than natural persons or in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia, the Trustees may hold that amount and apply it upon such of the trusts of the Scheme as they may decide.

15.2 Release of Power

The power exercisable under Clause 15.1.1 may be released at any time and shall be exercised if at all within twenty-four months after the date of the Trustees being notified of the death of the Member or such earlier date from which the Trustees could reasonably have been aware of the death of the Member and may be exercised in writing by the Trustees or by any person or persons authorised by them to exercise the same on their behalf.

15.3 Trustee Discretion

The Trustees or any person or persons so authorised by them shall have complete discretion as to whether or not the power in Clause 15.1.1 shall be exercised and if so in what manner, and shall not be required in the exercise of such discretion to ascertain the identity of all or any of the persons who are or may be objects of such power or to enquire into the financial or other circumstances of such persons or any of them. In exercising this power the Trustees may have regard to but shall not be bound by any wishes notified by the Member to the Trustees or to the Principal Company or any Employer or to the trustees of any predecessor scheme.

15.4 Death Benefit Beneficiaries

In this Clause 15 the "Death Benefit Beneficiaries" of the Member means in relation to that Member:

15.4.1 such of the following persons as are living (or any unborn Child) at the Member's death:

- (a) the Spouse or Civil Partner;
- (b) the children and remoter descendants of the Member;
- (c) any other children and remoter descendants of the parents of the Member or of the parents of the Spouse or Civil Partner;
- (d) any spouse widow, widower or Surviving Civil Partner (whether or not remarried) of any of the persons described in (b) and (c) of this definition;
- (e) the parents of the Member and the Spouse or Civil Partner;

- (f) any person to whose advancement, maintenance or support the Member shall in the opinion of the Trustees have contributed;
- (g) any person, society, club, charity or other body (whether or not charitable) of which the Member has notified the Trustees or the Principal Company or any of the Employers or the trustees of any predecessor scheme as being a person or body the Member wished to be considered as a recipient of benefit in the event of the Member's death; and
- (h) any person beneficially interested under any testamentary disposition of the Member; and
- (i) the Member's legal personal representatives.

15.4.2 For the purposes of this definition adopted persons and stepchildren shall be treated as the children of their adopters and step-parents.

15.5 Written Medical Evidence

The Trustees or any Insurance Company with whom the Trustees have insured the whole or any part of the benefits under the Scheme shall be entitled at any time to require any Member on whose death in Service benefits are payable under the Scheme to obtain written medical evidence of the Member's state of health. If the medical evidence shows that Member does not have the normal expectation of life the Trustees may decide in their absolute discretion to:-

15.5.1 refuse payment to a new Member of the lump sum and pension benefits payable on death in Service before the Normal Retirement Age in whole or in part;

15.5.2 refuse payment to an existing Member of the whole or any part of the increased benefits payable under the Rules resulting from the increase in his or her salary;

and in any case refuse payment to a Member who is absent from work owing to illness or injury at the time that Member joins the Scheme or begins Service (as the case may be) of the lump sum and pension benefits payable on death in Service before Normal Retirement Age in whole or in part until the Member has completed two months' continuous active service after returning to work.

15.6 Funeral Expenses

If any person has paid the funeral expenses of a deceased Member the Trustees may deduct from any lump sum payable on the death of that Member and pay to that person an amount equal to those expenses.

15.7 Payment to Charity or Other Person

Where a payment is made under this Clause 15 to a charity or association or company, the receipt of any person who professes to be the Treasurer or other duly authorised officer of the charity, association or company shall be a complete discharge to the

Trustees and shall exonerate them from all further concern or responsibility in relation to such payment.

15.8 Former Member

In respect of any lump sum arising under the Scheme expressed to be payable in respect of a Former Member under this Clause 15 as the result of the Former Member's death the provisions of this Clause 15 shall apply as if the words "Former Member" were inserted in place of the words "Member".

15.9 Payment Delayed and bona vacantia

15.9.1 Where the payment of any lump sum arising under the Scheme is delayed by more than three calendar months, interest on the amount outstanding shall be paid as an additional lump sum for the whole of the period of delay, to be calculated as if the amount outstanding had been on deposit in the Trustees' bank account from the date payment was due to the date payment (together with accumulated interest) is made.

15.9.2 If, at the end of the twenty-four month period referred to in Clause 15.2, the Trustees have not exercised the power in Clause 15.1 (payment of lump sum) or have only exercised the power in respect of part of the benefit, the Trustees will pay the balance of the benefit (net of tax and any interest on that tax) to the Member's estate (except where his estate passes as bona vacantia). If the estate of the Member passes as bona vacantia, the balance of the benefit will be retained for the general purposes of the Scheme.

15.10 Establishment of trust

The Trustees may establish a trust, on such terms as they may consider appropriate, for the benefit of one or more of the persons to whom benefits may be paid under this Clause 15 and may pay to it any sum arising under this Clause 15. Any costs and expenses incurred in establishing the trust or in making the payment to it may be deducted from the payment if the Trustees so decide.

15.11 Exceeding Scheme Limits

If part of any lump sum otherwise payable cannot (because of Scheme Limits) be paid as a lump sum, the Trustees may at their discretion apply that part in the provision of an annuity for any one or more of the Member's Dependents (subject to Scheme Limits and Part 2 of Schedule 28 of the Finance Act 2004).

15.12 Protected rights

Where the Contracting-out Laws require the Trustees to pay the value of the Member's Protected Rights Assets in accordance with the Member's directions or to the Member's estate, the Trustees will adjust the benefits in this Clause 15 as they consider appropriate.

16 SUBSTITUTION OF NEW PRINCIPAL COMPANY AND AMALGAMATION

16.1 New Principal Company

In this Clause 16 the expression "New Principal Company" means any one of the Participating Employers substituted as the New Principal Company for the purposes of this Clause 16.

16.2 Substitution

If with the consent of the Principal Company, (unless an order has been made or an effective resolution passed for the winding up (otherwise than for the purpose of reconstruction or amalgamation with any other Participating Employer) of the Principal Company), the New Principal Company executes a deed poll or deed in favour of the Trustees (whose agreement shall not be required except where the Scheme has been determined under Clause 26.1) under which it undertakes the liabilities of the Principal Company under the Scheme, then:

16.2.1 the Principal Company shall at that time be released from all obligations under the Definitive Deed and Rules which apply to it other than as a Participating Employer (but without prejudice to liability arising from events, acts or omissions before that time); and

16.2.2 the Definitive Deed shall (without prejudice as aforesaid) have effect as if the New Principal Company had been the Principal Company referred to in the Definitive Deed and the words "the New Principal Company" were inserted throughout the Definitive Deed and Rules in place of the words "the Principal Company".

16.3 Principal Company in Liquidation

If the Principal Company shall have gone into liquidation, without the substitution of another Principal Company under Clause 16.2, any requirement in this Deed for the Principal Company to execute any legal document, to give its opinion, consent or approval, or to be consulted, or to take any other action, shall not apply, and the Trustees may act alone in any such situation provided no such action shall be taken by the Trustees when acting alone which would increase the liability of the Principal Company to the Scheme.

16.4 Amalgamation

The Scheme may at any time be amalgamated with any other scheme for the time being established for the benefit of Employees on such terms in all respects as the Principal Company and the Trustees shall jointly agree. On any such amalgamation becoming effective the Trustees may, subject to the satisfaction of such conditions governing the transfer as the Trustees impose, transfer the assets of the Scheme to the trustees for the time being of such other scheme and thereafter shall be free from all responsibility under the Scheme.

16.5 Absorption

16.5.1 General

Any scheme carried on for the benefit of Employees may at any time be absorbed and amalgamated with the Scheme on such terms as the Principal Company and the Trustees acting on Actuarial Advice shall jointly agree.

16.5.2 Previous Schemes

The Trustees may accept the assets and assume, and undertake to discharge, all liabilities of the Previous Schemes (whether such transfers take place contemporaneously or not) and may make such arrangements (including provisions as to priority for transferred in benefits under Clause 26) and give such indemnities as they may think fit, in accepting those assets and liabilities.

17 PARTICIPATING EMPLOYERS

17.1 Admission to Participation

The Principal Company may admit to participation in the Scheme an Employer, being:

- 17.1.1 a corporate body, company, association, partnership or individual associated in business with the Principal Company (or otherwise approved for the purposes of this Clause by HM Revenue & Customs), or
- 17.1.2 any individual partnership or corporate body not within 17.1.1 above, after prior consultation with HM Revenue & Customs and for the specific purpose approved by HM Revenue & Customs,

and such Employer shall then become a Participating Employer and the Principal Company may extend the benefits of the Scheme to such Employees of any such Employer as are (or may be) eligible for Membership of the Scheme.

PROVIDED THAT:

- A Any such Employer shall enter into a deed by which it covenants to comply with (and approve the provisions of) the Definitive Deed and Rules as applicable to it as a Participating Employer.
- B In accordance with Clauses 12.5 and 17.10 a Participating Employer shall where the Principal Company requires appoint the Principal Company for the time being of the Scheme as its representative in relation to the matters described in those Clauses.

17.2 Where Participation Ceases

Where any of the events listed in Clause 17.6 occurs in relation to a Participating Employer (other than the Principal Company);

17.2.1 the Participating Employer (in this Clause called the "Retiring Employer") shall cease to participate in the Scheme as from such date (in this Clause called the "Cessation Date") as the Principal Company may decide, being not more than one year (or such longer period as the Trustees may permit) after the happening of the event;

17.2.2 the Trustees, after obtaining Actuarial Advice, shall determine following consultation with the Principal Company the part of the Fund (if any) (in this Clause called the "Transfer Amount") to be applied in respect of the Transferring Members or the other persons claiming through or by reference to them, and the Transfer Amount shall be (and subject to the 1995 Act):

- (a) not less than the Cash Equivalents as defined in Clause 19.12 (or the Cash Equivalents as so defined, less the value of the liabilities for Guaranteed Minimum Pensions or Protected Rights of the Transferring Members, if retained by the Scheme) at the Cessation Date of the benefits accrued to or in respect of Transferring Members or,
- (b) such amount as the Trustees after taking Actuarial Advice, decide to transfer in respect of the accrued benefits of Transferring Members, being the past service reserve calculated on the assumptions used in the last formal valuation of the Scheme, and
- (c) if greater than the amount under (a) above not so great that it would in the opinion of the Actuary exceed the proportionate share of the Fund applicable to the Transferring Members at the Cessation Date.

If the Trustees or the Principal Company propose that the Transfer Amount in respect of any Member or Former Member should exceed the lesser of the proportionate share of the Fund and the past service reserve under (b) above the prior consent of the Principal Company and the Trustees shall be required before any determination of the Transfer Amount is made by the Trustees.

17.2.3 The Trustees shall either:

- (a) preserve within the Scheme in accordance with the Rules the benefits accrued to the Cessation Date in respect of the Remaining Members; or
- (b) apply in accordance with the provisions of Clause 26 the part of the Fund to be allocated in respect of the Remaining Members, which Clause shall apply with the necessary changes.

17.2.4 The Trustees shall apply the Transfer Amount in such manner as they may agree with the Principal Company (or, if the Principal Company unreasonably fails to agree, as the Trustees decide) and is consistent with the requirements referred to in Clause 3 and to the extent that they apply, the requirements of Clause 17.3.

17.2.5 Subject to Clauses 17.3, 19.10, 19.11 and to any applicable conditions imposed by statute, the Trustees may pay or transfer the Transfer Amount to a Registered Scheme or the trustees or managers of such scheme as the context requires

without the consent of the Transferring Members or other person or persons whose benefits (or any of them) are to be provided by the application of the Transfer Amount.

17.3 Preservation Requirements

Where the preservation requirements of the 1993 Act so require, the Trustees shall ensure that they are reasonably satisfied that the amount paid in respect of a Transferring Member is at the time of payment at least equal to the value required by the 1993 Act.

17.4 Discharge of Trustees

The provisions of Clause 19.15 relating to the discharge of Trustees shall, with the necessary changes, apply to this Clause but as if for references to "Cash Equivalent" in Clause 19 there were substituted references to "Transfer Amount".

17.5 Remaining Members and Transferring Members

In this Clause "Remaining Members" and "Transferring Members" means:

- 17.5.1 such of the Members as are employed by the Retiring Employer at the Cessation Date;
- 17.5.2 such of the Former Members who are not employed by any Participating Employer at the Cessation Date and who were formerly employed by the Retiring Employer, and;
- 17.5.3 such persons receiving or entitled to receive benefits through or by reference to any Member or Former Member referred to in Clauses 17.5.1 or 17.5.2,

as in each case the Principal Company shall notify to the Trustees and as the Trustees shall subsequently designate as Remaining Members and Transferring Members respectively.

17.6 Relevant Events Leading to Cessation

The events referred to in Clause 17.2 are:

- 17.6.1 the Participating Employer giving notice in writing to the Trustees terminating its liability to contribute to the Scheme;
- 17.6.2 the Participating Employer failing to remedy any breach of its obligations under this Deed within thirty days from the receipt of a written notice from the Trustees of its breach;
- 17.6.3 an order being made or an effective resolution being passed for the winding up of the Participating Employer;

- 17.6.4 the continued participation in the Scheme of the Participating Employer being contrary to any requirements imposed by HM Revenue & Customs;
- 17.6.5 the Principal Company giving seven days' notice in writing to the Trustees terminating the Participating Employer's participation in the Scheme;
- 17.6.6 the Participating Employer ceasing to satisfy the conditions set out in Clause 17.1.1 or 17.1.2 except where the Principal Company has agreed with the Participating Employer that it may continue to participate in the Scheme either on a continuing basis until an event under the remainder of this Clause 17.6 occurs in relation to that Participating Employer, or for a fixed period of time, provided that the Trustees have consented to any such agreement between the Principal Company and the Participating Employer; and
- 17.6.7 the business or undertaking of the Participating Employer being sold or transferred and there is no agreement made pursuant to Clause 17.6.6 that the Participating Employer may continue to participate.

17.7 Clause 26 to Prevail

If an event specified in Clause 17.6 occurs at the same time or after an event specified in Clause 26.1 and there is a conflict between the provisions of Clause 17 and those of Clause 26 then the provisions of Clause 26 shall prevail.

17.8 Cessation of Liability

A Retiring Employer shall have no liability to contribute to the Scheme in respect of any period beginning after the Cessation Date.

17.9 Calculation of employer debt

- (a) If a Participating Employer ceases to participate in the Scheme in accordance with Clause 17.2 the Trustees shall identify the Members who are employed or were previously employed by the relevant Participating Employer and shall instruct the Actuary to undertake a valuation of the Scheme on the basis prescribed by section 75 of the 1995 Act.
- (b) If the valuation reveals that the value of the assets of the Scheme is less than the value of its liabilities the valuation will indicate the Total Debt. The Participating Employer's share of the Total Debt shall be calculated in accordance with Clause 38 and shall be treated as a debt due from the Participating Employer.

17.10 Nominated representative

The Participating Employers shall (and are hereby deemed to) appoint the Principal Company to act as their representative for the purposes of negotiation and agreement under section 229 of the 2004 Act (Matters requiring agreement of the employer).

18 TRANSFERS TO THE FUND

18.1 General

Subject to Clause 18.3 and Rule 1 of the Second Schedule (Eligibility) the Trustees may subject to any conditions the Principal Company and the Trustees feel are appropriate in the circumstances after taking Actuarial Advice, accept a transfer of all or any of the assets of any other Registered Pension Scheme ("the Other Scheme") to the effect that for and in respect of persons in respect of whom there were entitlements or contingent entitlements to rights or benefits under the Other Scheme there shall instead be entitlements or contingent entitlements to rights and benefits under the Scheme upon such terms and conditions as the Principal Company and the Trustees acting on Actuarial Advice agree to be appropriate.

PROVIDED THAT:

- A The Trustees shall comply with any undertaking given by them to HM Revenue & Customs,
- B The Trustees shall satisfy themselves that acceptance of the assets transferred will not prejudice Registration, and
- C The Trustees shall comply with the preservation requirements (if applicable) of the 1993 Act, and any relevant requirements of the 1995 Act and the Finance Act 2004.

18.2 Restrictions

- 18.2.1 in relation to any person to whom such a transfer relates who becomes a Member of the Scheme, the Trustees shall obtain a certificate from the relevant trustees or administrator of the Other Scheme as to the date on which such Member's qualifying service commenced and specifying the proportion (if any) of the transferred assets attributable to the contributions made to the Other Scheme by the Member concerned, and such amount shall be deemed to be a contribution under the Scheme made by such Member and the Trustees shall ensure that such amount shall be regarded as Member's contributions under the Scheme only to the extent so certified. Such certificate shall also state the maximum amount which could have been taken by the Member concerned in lump sum form under the respective rules of the Other Scheme;
- 18.2.2 any restriction on the power to refund contributions to a Member on leaving employment contained in the provisions of the Other Scheme shall unless HM Revenue & Customs agree otherwise continue to apply under the Scheme to the respective assets transferred.

18.3 Block transfers from another retirement benefits scheme

- 18.3.1 With the consent of the Principal Company, and after obtaining the advice of the Actuary, the Trustees may accept all or any part of the assets of the Other Scheme on the terms approved by the Principal Company of a transfer

agreement ("Transfer Agreement") made by the Trustees with the trustees of the Other Scheme.

- 18.3.2 A transfer from the Other Scheme may relate to or include all or any of the members, pensioners, deferred pensioners and other beneficiaries of the Other Scheme.
- 18.3.3 The Trustees may grant the Member or other person such benefits or additional benefits as the Trustees have agreed to grant under the terms of the Transfer Agreement and as will be consistent with Registration and the preservation requirements of the 1993 Act and any relevant requirements of the 1995 Act and the Finance Act 2004.
- 18.3.4 The preceding provisions of this Clause 18 (other than the grant of benefits in the Scheme under Clause 18.1) shall apply, with the necessary changes, to a transfer from the Other Scheme made in accordance with this Clause 18.3.
- 18.3.5 Where a transfer of assets is received from the trustees of any of the Previous Schemes, which includes an amount representing the benefits under that Previous Scheme to or in respect of a Member or Former Member, the Trustees shall, subject to Actuarial Advice, grant such benefits in respect of pensionable service as a member of the Previous Scheme as are set out in the Rules, as if that Member had been a Member prior to the Commencement Date. Pensionable service as a member of a Previous Scheme shall be treated as Pensionable Service under the Scheme for the purpose of computing benefits under the Scheme.

18.4 Overriding Provision

Notwithstanding any Rule except those within the Sixth Schedule and the Seventh Schedule the benefits payable under this Clause 18 (other than those referred to in Clause 18.3.5) shall not be taken into account in determining the benefits payable under the other Rules unless the Principal Company, the Trustees and the Member, Former Member or other Beneficiary agree otherwise.

18.5 Overseas Schemes

With the consent of the Principal Company, and after obtaining Actuarial Advice, the Trustees may accept from the trustee or administrator (or other person or body in the position of making transfers) of an Overseas Scheme a transfer of assets representing benefits accrued in the Overseas Scheme in respect of a Member, provided that the requirements of Section 169 of the Finance Act 2004 are fulfilled and the benefits granted under the Scheme in respect of the transfer are (subject to Scheme Limits) provided in accordance with the Rules.

18.6 Contracting-out requirements

18.6.1 The Trustees may accept:

- (a) a transfer payment in respect of the Member's accrued rights to GMPs or post-1997 rights from another arrangement;
- (b) a transfer of the liability for the payment of GMPs or Protected Rights, or (in circumstances where legislation does not require the consent of the member of a transferring scheme) post-1997 Rights to, or in respect of, any person who has become entitled to them;
- (c) a transfer of Protected Rights in respect of the Member from another scheme which is, or was, an appropriate personal pension scheme or a scheme contracted-out on a money purchase basis;

18.6.2 In relation to the transfers described under 18.6.1 above:

- (a) where a transfer of GMPs is accepted under (a) or (b) above, or a transfer is accepted under (c) above in relation to Protected Rights acquired before 6th April 1997 it will be used to provide GMPs or accrued rights to GMPs under the Scheme;
- (b) where a transfer of post-1997 Rights is accepted under (a) or (b) above, or in relation to Protected Rights acquired on or after 6th April 1997 under (c) above; it shall be used to provide benefits on the basis to which Members are normally entitled under the Scheme.

18.6.3 Transfers may be accepted only as provided in the appropriate regulations.

19 TRANSFERS FROM THE FUND

19.1 General

A Deferred Pensioner may request that his entitlements under the Scheme be transferred to a Receiving Scheme at least one year before Normal Retirement Age, or if later, within six months after leaving Pensionable Service.

19.2 Non-statutory request to transfer

A Deferred Pensioner who is not able to exercise a right to transfer out under Clause 19.1 (statutory right to a transfer) may with the consent of the Trustees and the Principal Company request the Trustees to transfer his entitlements to a Receiving Scheme at least one year before his Normal Retirement Age. The request will be made in such form as the Trustees may require.

19.3 Amount of transfer

If such a request is made, the Trustees will (subject to Clause 19.4 (opters out) pay to the Receiving Scheme the Cash Equivalent for the Deferred Pensioner. The transfer will be

made in accordance with the relevant requirements of the 1993 Act. The Cash Equivalent will be determined by the Trustees on the advice of the Actuary. The Trustees may agree to transfer a greater amount than would otherwise be allowed under this Clause 19. An amount greater than the Cash Equivalent will however not exceed the lesser of the Member's past service reserve (determined by the Trustees, having taken Actuarial Advice, on the assumptions used in the last formal valuation of the Scheme) and the proportionate share (in the opinion of the Actuary) of the Fund applicable to the Member, without the prior consent of the Principal Company. The Trustees may, after consulting the Principal Company direct that (in determining the amount of the Cash Equivalent) no account shall be taken of any established custom of awarding benefits on a discretionary basis.

19.4 Opters out

While a Deferred Pensioner remains a director or an employee of any Participating Employer, the Trustees may decide that no transfer will be made other than in respect of benefits relating to Pensionable Service after 5 April 1988.

19.5 Extinguished rights

Once a transfer has been effected or an annuity policy or contract has been purchased pursuant to Clause 19.9, all rights under the Scheme relating to or derived from the Deferred Pensioner will be extinguished, and the Deferred Pensioner and all others claiming under him will have no further interest in the Scheme.

19.6 Partial transfers

A Member may, with the consent of the Principal Company and the Trustees, elect to make a transfer of only part of his benefits under the Scheme to a Receiving Scheme provided that the transfer will be a recognised transfer within the meaning of section 169 of the Finance Act 2004. If a partial transfer is to be made under this Clause the remaining provisions of this Clause 19 shall apply as if references to the transfer were references to a partial transfer. Where the Trustees have applied the partial transfer in accordance with this Clause 19.6, the Member's benefits under the Scheme shall be reduced on a basis to be determined by the Trustees, and the Trustees shall be discharged from any obligation to provide benefits to which the partial transfer relates.

19.7 Split transfers

Where a Member's pension has not yet come into payment, a transfer payable under this Clause 19 may be split and each part transferred to a separate Receiving Scheme in the circumstances (if any) permitted by HM Revenue & Customs from time to time.

19.8 Consent of Member

Any consent or request given in writing or made by a Member for the purposes of any application for any part of a Cash Equivalent shall be deemed to be the consent of any person who is prospectively or contingently entitled to any benefit determined by reference to such Member under the Scheme. On making any such transfer the Trustees shall obtain confirmation from the trustees or administrator of the Other Scheme

that the Other Scheme is a Registered Pension Scheme and shall comply with the terms of any relevant undertakings given by the Trustees to HM Revenue & Customs, including certificates issued in connection with lump sum commutation. Where such transfer is in respect of any person who has become or is becoming a member of the Other Scheme the Trustees shall certify to the trustees or administrator of the Other Scheme what proportion of the sum or assets transferred represents Member's contributions and shall notify the trustees or administrator of the Other Scheme where any restriction in respect of a return of Member's contributions attaches to the sum or assets transferred. The Trustees shall also notify such trustee or administrator of the period of Qualifying Service to which such transfer relates and the amount of any Guaranteed Minimum Pension or Protected Rights covered by the transfer and of the period of Service to which such benefits relate.

19.9 Receiving arrangements

The Trustees shall, if so required:

- (a) make a transfer of a Deferred Pensioner's rights to another Registered Pension Scheme, and which is willing and able to accept the transfer payment, and subject to the provisions of Section 95(2) of the 1993 Act to grant to the Deferred Pensioner's transfer credits or rights under the rules of the Other Scheme;
- (b) purchase one or more Approved Policies from one or more Authorised Insurers (as chosen by the Member) which are willing to accept payment on account of the Member from the Trustees in compliance with the requirements of Clause 19.10 below; or
- (c) subscribe to any other pension arrangement which satisfies requirements prescribed under section 95 of the 1993 Act.

19.10 Contracted-Out Employment

Where the transfer or intended transfer represents benefits which include or consist of benefits in respect of a Member's period of employment which has been contracted-out employment under the provisions of the 1993 Act, the following provisions shall apply:

19.10.1 any such transfer value shall comply with section 20 of the 1993 Act and subject to that section may be made in respect of all or part of the benefits payable to or in respect of a Member;

19.10.2 where a transfer value is paid which relates solely to the excess of accrued benefits over Guaranteed Minimum Pension or Protected Rights the liability for Accrued Rights may:

- (a) be retained by the Scheme;
- (b) be dealt with by the purchase of an appropriate policy under Clause 26.7;
or

- (c) be dealt (where possible) with by the purchase of a State Scheme Premium.

19.11 Transfer without Member's Consent

Such a transfer shall only be made without the consent of the Member or other person in respect of whom it is to be made if either:

19.11.1 the Trustees are satisfied that the entitlement to be granted in respect of the transfer in the Other Scheme will be broadly no less favourable than the entitlement to benefits in the Scheme represented by the transfer and either:

- (a) the Scheme is being wound up and the transfer is to another scheme that applies to employment with the same employer; or
- (b) the rights of a group of members are being transferred from the Scheme to the Other Scheme.

or:

19.11.2 an actuary has given the Trustees a certificate complying with regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 and in making such a transfer the Trustees shall ensure compliance with the provisions of Chapter IV of Part IV of the 1993 Act.

19.12 The Cash Equivalent

The amount of a Member's Cash Equivalent shall be the amount required or permitted under overriding legislation and certified by the Actuary but not so as to exceed Scheme limits (whether or not the Member has acquired a right to a cash equivalent).

19.13 Loss of Transfer Right

A Member shall lose the right to a transfer from the Fund under this Clause if:-

19.13.1 that Member does not exercise it by the later of,

- (a) one year before Normal Retirement Age; and
- (b) six months after the date on which Pensionable Service terminates;

OR

19.13.2 any part of that Member's benefits under the Scheme become payable before Normal Retirement Age;

OR

19.13.3 if the Trustees enter into an agreement with a third party to use the whole or part of the Cash Equivalent in accordance with any of the ways specified in Clause 19.9 (whether selected by the Member or not):

- (a) following the exercise of his Transfer Right under this Clause 19,
- (b) with the Member's consent, or
- (c) where Clause 26 applies, in relation to the complete winding-up of the Scheme.

PROVIDED THAT:

if the provisions of this Clause conflict with the provisions of the 1993 Act then the provisions of the 1993 Act shall prevail.

19.14 Overseas Schemes

If a Member leaves Service the Trustees shall at the request in writing of the Member and subject to the requirements and consent of HM Revenue & Customs and the Pensions Regulator transfer to the trustee or administrator (or other person or body in the position of receiving transfers) of an Overseas Scheme the Cash Equivalent as defined in Clause 19.12,

PROVIDED THAT:

- A the Overseas Scheme is willing to accept the payment,
- B the transfer is to an Overseas Scheme which is established in the Member's country of residence, and
- C where the transfer includes an amount representing Guaranteed Minimum Pension, the Member provides written acknowledgement to the Trustees that upon the transfer being made, he or she has no further recourse to the Scheme or the State in respect of benefits to which the transfer related.

19.15 Discharge of Trustees

19.15.1 Where the Trustees have applied a Cash Equivalent in accordance with Clause 17.4 or this Clause 19, they shall be discharged from any obligation to provide benefits to which the Cash Equivalent related.

19.15.2 Except where required by statute or the Sixth Schedule and the Seventh Schedule (Contracting Out), where the Trustees apply a Cash Equivalent under Clause 17.4 or this Clause 19 they shall have no duty or obligation to any Beneficiary to ascertain whether the benefits to be provided by the Other Scheme in return for any part of a Cash Equivalent make any provision for such Beneficiary.

19.15.3 **No consent from contingent Beneficiaries.** Any consent or request given in writing or made by a Member, for the purposes of any application by the Trustees of all or any part of a Cash Equivalent in accordance with this Clause 19, shall be treated as including the consent of that Member's contingent Beneficiaries.

19.15.4 **Form of Discharge.** The Trustees may require any parties to an Other Scheme to complete any form of discharge or transfer document in any terms as the Trustees shall specify.

19.16 Trustees' Time Limits

19.16.1 Requirements of the 1993 Act - The Trustees shall provide to a Deferred Pensioner within three months of his application pursuant to Section 93A of the 1993 Act a guaranteed statement of entitlement satisfying the conditions in Part III of the Occupational Pension Schemes (Transfer Values) Regulations 1993 and shall implement the exercise of a right to transfer within the period required by section 99 of the 1993 Act. Except to the extent required by the 1993 Act and those Regulations referred to above the Trustees shall not be responsible for any loss to any member or other person resulting from any delay in implementing the exercise of a right to transfer

19.16.2 Requirements of the 1995 Act - The Trustees shall comply with the requirements of the 1995 Act in relation to transfer values, and in particular

- (a) where a Member asks for a quotation of the Cash Equivalent, this shall be provided by the Trustees within three months of receiving the request; and
- (b) where the Member accepts the quotation within three months of the Trustees' advice to him under (a) above, the transfer payment shall not be less than the amount specified in the quotation.

19.17 Transfers from the Final Salary Section to the Money Purchase Section

19.17.1 The Principal Company may at any time it may choose invite Members and/or Former Members of the Final Salary Section to become Members of the Money Purchase Section. Where a Member so invited consents to become a Member of the Money Purchase Section in accordance with any procedure determined by the Principal Company and agreed by the Trustees he shall surrender his benefits payable to or in relation to him under the Final Salary Section and transfer the value of those benefits (calculated in accordance with Clause 19.17.2 below) to the Money Purchase Section to the credit of his Member's Account. Provided that where the Principal Company so agrees a Member may join the Money Purchase Section and accrue benefits under the Money Purchase Section whilst continuing to accrue benefits under the Final Salary Section.

19.17.2 The value of the benefits of a Member or Former Member transferring to the Money Purchase Section under Clause 19.17.1 above shall as a minimum be the greater of;

- (a) the Member's or Former Member's Cash Equivalent as defined in Clause 19.12; and
- (b) the Member's or Former Member's past service reserve, determined by the Trustees, having taken Actuarial Advice, on the assumptions used in the last formal actuarial valuation of the Scheme;

or may be such greater amount as the Trustees with the consent of the Principal Company shall decide (such greater amount not exceeding the proportionate share of the Fund in the opinion of the Actuary applicable to the Member or Former Member).

19.17.3 A Member or Former Member who has transferred to the Money Purchase Section under Clauses 19.17.1 and 19.17.2 shall not be entitled to any benefits under the Final Salary Section with effect from the effective date of his transfer in relation to any Pensionable Service and will not be allowed to transfer back from the Money Purchase Section to the Final Salary Section.

19.17.4 A Money Purchase Member will not be permitted to become a Final Salary Member.

19.17.5 The Guaranteed Minimum Pension of a Final Salary Member who becomes a Money Purchase Member shall be treated in accordance with the Sixth Schedule and the Seventh Schedule (Contracting-Out).

19.17.6 The Trustees and the Principal Company shall comply with any overriding legislative requirements in relation to any transfer to the Money Purchase Section pursuant to this Clause 19.17.

19.18 For the purposes of this Clause 19 only "Member" shall include a Former Member as appropriate.

19.19 Statutory requirements

The provisions of this Clause 19 shall be subject to any relevant overriding statutory requirements for transfers from a contracted-out salary-related pension scheme including the requirements of the Contracting-out (Transfer and Transfer Payment) Regulations 1996. In particular a transfer payment made out of the Scheme may include a Member's accrued rights or the liability for the payment of GMPs or Post-1997 Rights to, or in respect of, any person who has become entitled to them only if any relevant conditions as set out in any relevant statutory requirement are fulfilled.

20 AUGMENTATION OF BENEFITS

20.1 Augmentation

The Principal Company may, with the consent of the Trustees, augment benefits payable to or in respect of any person who is or has been a director or Employee (whether or not such a person is a Member or Former Member) or grant new or additional benefits to or

in respect of any such person or may grant to any Member a complete or partial dispensation from liability for Members' ordinary contributions for any period

PROVIDED THAT:

20.1.1 the Principal Company or that one of the Participating Employers by which the person concerned is or last was employed, and/or the Member concerned, agrees and pays such additional contributions (if any) as the Trustees after considering Actuarial Advice may consider necessary; and

20.1.2 such augmentation or grant would not result in Scheme Limits being prejudiced.

20.2 Assumption of Liabilities for Pensions

If the Employers shall at any time or times have granted any pension or pensions to any person being a former Employee or to the widow or dependant of any such person, and if the Principal Company shall request the Trustees to assume the liability for the payment from a stated date of a pension at an equal yearly rate out of the Fund; and

20.2.1 the Trustees consent to assume the liability (which consent may be given or withheld as the Trustees in their absolute discretion shall decide); and

20.2.2 the Principal Company and any Participating Employer (or any of them) pays a contribution or transfers assets to the Fund of such amount or value (if any) as the Trustees after considering Actuarial Advice may deem necessary; and

20.2.3 Any applicable requirements of HM Revenue & Customs are complied with

then there shall be payable to such person out of the Fund a Pension at such yearly rate.

21 ALTERNATIVE BENEFITS

21.1 Different Form

21.1.1 Subject to the provisions of section 73 of the 1993 Act and to the contracting-out requirements of the 1993 Act, the Trustees, with the consent of the Principal Company and the person so affected, may provide benefits in a different form or on different terms from those to which that person is otherwise entitled under the Scheme.

21.1.2 The total benefits payable shall be such as the Actuary considers as being at least actuarially equivalent to those benefits which the person affected would have been entitled to receive under the Scheme other than pursuant to this Clause 21.

21.2 State Scheme Premiums

If, pursuant to section 141 of the 1995 Act (state scheme etc. premiums and buy-back into state scheme), a Member will be treated, partly or fully, as if he had not been in contracted-out employment for any period, the Trustees will adjust or extinguish the

benefit for and in respect of him in such manner as they think appropriate (having regard to the advice of the Actuary). The Trustees may pay any debt due in accordance with section 141 of the 1995 Act from the Fund.

22 REMUNERATION, INDEMNITY AND LIABILITY OF TRUSTEES

22.1 Payment of Trustees

Any Trustee (or director or officer of a Trustee) for the time being of the Scheme being a person engaged in any profession or business shall be entitled to be paid and retain all usual professional or proper charges and commissions for business undertaken in connection with the trusts of the Scheme including acts which a Trustee (or director or officer of a Trustee) not being in any profession or business could have done personally. A corporate trustee shall be paid such fees (if any) for its services as the Principal Company shall determine.

22.2 Indemnity for Trustees

Without prejudice to the right to indemnity by law given to trustees the Trustees shall in the absence of fraud, crime or personal conscious bad faith be indemnified by the Principal Company and the Participating Employers in respect of all liabilities and expenses incurred in the execution or purported execution of the trusts of the Scheme or of any powers, authorities or discretions vested in the Trustees under the Scheme and against all actions, proceedings, costs, expenses, claims and demands in respect of any matter or thing made, done or omitted in anyway relating to the Scheme.

To the extent that the Principal Company and the Participating Employers fail to indemnify a Trustee, then subject to section 33 of the 1995 Act (investment powers: duty of care), and section 256 of the 2004 Act (no indemnification for fines or civil penalties) the Trustee shall be indemnified to that extent directly out of the Fund.

Each Employer shall reimburse the Principal Company in respect of any payment made by the Principal Company under this Clause 22.2 to such extent and in such proportions as the Principal Company shall decide.

22.3 Indemnity for directors or officers of a corporate trustee

Without prejudice to the right to indemnity by law given to trustees, any director or officer of a corporate trustee shall in the absence of fraud, crime or personal conscious bad faith be indemnified by the Principal Company and the Participating Employers in respect of all liabilities and expenses incurred in the execution or purported execution of the trusts of the Scheme or of any powers, authorities or discretions vested in any director or officer of a corporate trustee under the Scheme and against all actions, proceedings, costs, expenses, claims and demands in respect of any matter or thing made, done or omitted in any way relating to the Scheme.

To the extent that the Principal Company and the Participating Employers fail to indemnify any director or officer of a corporate trustee, then subject to section 33 of the 1995 Act (investment powers: duty of care), section 232 to 235 of the Companies Act 2006 (provisions protecting directors from liability) and section 256 of the 2004 Act (no

indemnification for fines or civil penalties) any director or officer of a corporate trustee shall be indemnified to that extent directly out of the Fund.

Provided that to the extent that it is prohibited by section 232 of the Companies Act 2006 (provisions protecting directors from liability), no director of a corporate trustee shall be exempted from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the corporate trustee.

Each Employer shall reimburse the Principal Company in respect of any payment made by the Principal Company under this Clause 22.2 to such extent and in such proportions as the Principal Company shall decide.

- 22.4** For the avoidance of doubt, Clauses 22.2 and 22.3 are to be regarded as separate provisions for the purposes of sections 232 to 235 of the Companies Act 2006, and if all or any part of Clauses 22.2 and 22.3 shall be found to be void or otherwise invalid or unenforceable, this shall not affect the legality, validity or enforceability of the remainder of the sub-clause, provision or other elements of the provision (as the case may be).

22.5 Liability for moneys received

The Trustees (or any director or officer of a corporate trustee) shall be liable only for such moneys as they shall actually receive and shall in no event be liable for any interest in respect of such moneys. The Trustees shall be under no liability or duty to see that any contributions or other moneys payable under the Scheme to them or as they shall direct are in fact paid.

22.6 Exoneration for Trustees

Subject to section 33 of the 1995 Act (investment powers: duty of care) and section 256 of the 2004 Act (no indemnification for fines or civil penalties), none of the Trustees shall be liable for the consequences of any mistake or forgetfulness, whether of law or fact, of the Trustees or their advisers, whether legal or otherwise, or any of them, or for any breach of duty or trust whatsoever whether by commission or omission, unless it shall be proved to have been made, given, done or omitted fraudulently, criminally or in personal conscious bad faith of the Trustee (or negligence in the case of professional Trustees) sought to be made liable.

22.7 Exoneration for directors of a corporate trustee

Subject to section 33 of the 1995 Act (investment powers: duty of care), section 256 of the 2004 Act (no indemnification for fines or civil penalties) and, where relevant, sections 232 to 235 of the Companies Act 2006 (provisions protecting directors from liability), none of the directors or officers of a corporate trustee shall be liable for the consequences of any mistake or forgetfulness, whether of law or fact, of the Trustees or their advisers, whether legal or otherwise, or any of them, or for any breach of duty or trust whatsoever whether by commission or omission, unless it shall be proved to have been made, given, done or omitted fraudulently, criminally or in personal conscious bad faith (or negligence in the case of professional Trustees) of the director or officer of a corporate trustee sought to be made liable.

22.8 For the avoidance of doubt, Clauses 22.6 and 22.7 are to be regarded as separate provisions for the purposes of sections 232 to 235 of the Companies Act 2006, and if all or any part of Clauses 22.6 and 22.7 shall be found to be void or otherwise invalid or unenforceable, this shall not affect the legality, validity or enforceability of the remainder of the sub-clause, provision or other elements of the provision (as the case may be).

22.9 Personal Interest

No decision of or exercise of a power or discretion by the Trustees (or any director or officer of a corporate trustee) shall be invalidated or questioned on the grounds that the Trustees or any of them or any director or officer of a corporate trustee had a direct or other personal interest in the mode or result of such decision or of exercising such power or discretion.

22.10 Retention of Entitlement

A Trustee or a director or officer of a corporate trustee shall be entitled to retain beneficially any interest or entitlement to benefits which he or she may have under the Scheme.

22.11 Legal Proceedings

The Trustees shall not be obliged to institute maintain or defend any legal proceedings in relation to the Scheme.

22.12 Reliance on Opinion and Information

Where the Trustees (or a director or officer of a Trustee) rely upon:

22.12.1 the advice or opinion (whether or not obtained by them) of any professional adviser; or

22.12.2 any information supplied to them by an Employer;

they shall not be responsible for any resulting loss unless they act fraudulently, criminally, or with deliberate or culpable disregard for the interests of the Beneficiaries or in the case of a Trustee engaged in the business of providing a trustee service for a fee, negligently.

22.13 General

22.13.1 the indemnities set out in this Clause 22 will not extend to any liability if that liability is covered by a policy of insurance effected for the benefit of the Trustees;

22.13.2 the indemnities set out in this Clause 22 will apply to individual trustees, corporate trustees and any officer of a corporate trustee (including a former and future individual trustee and former and future officer of a corporate trustee) and the provisions of the Contracts (Rights of Third Parties) Act 1999 will apply to such individuals.

22.13.3 to the extent that any indemnity given in accordance with this Clause 22 falls within sections 232(2) of the Companies Act 2006 it shall to that extent have effect as a qualifying third party indemnity provision as defined in sections 232 to 235 of that Act.

23 COSTS AND EXPENSES

All liabilities, fees and expenses properly incurred in the execution or purported execution of the trusts of the Scheme or otherwise properly incurred shall be borne by the Fund. The Principal Company may at any time direct that all or any of the liabilities, fees and expenses shall be borne by the Employers in the same proportions as the contributions payable by them to the Fund. If such a direction is given, the Principal Company and the Trustees may agree that the payment for such liabilities, fees or expenses shall either be deducted from the Employers' contributions payable in accordance with Rule 1.1 of the Third Schedule and Rule 1.1 of the Fourth Schedule or if such contributions are suspended, be recovered from the Fund or be recovered partly by one such method and partly by the other method.

24 ALTERATION OF SCHEME

24.1 Alteration

The Principal Company may, with the consent of the Trustees, by deed alter or repeal all or any of the provisions of the Definitive Deed and Rules or make new rules and provisions to the exclusion of or in addition to one or any of the existing Rules and provisions, and any such alterations shall be deemed to be of the same validity as if originally embodied in the Definitive Deed and Rules of the Scheme and will be subject to be altered or modified in the same way. Any alteration may be made retrospectively.

Any such alterations shall be made in accordance with the 1995 Act and no alteration may be made which would:-

- 24.1.1 reduce or affect prejudicially any pension or benefit then payable under the Scheme or deprive any Member, Former Member or other Beneficiary with an entitlement under the Scheme of any part of the benefit (to which, but for the alteration, he or she would have been entitled) attributable to Pensionable Service completed or granted prior to the date of alteration; or
- 24.1.2 alter the purpose of the Scheme, or
- 24.1.3 contravene the subsisting rights provisions as defined in section 67 of the 1995 Act.

PROVIDED THAT:

- A The Principal Company shall not exercise the power of alteration in a way which conflicts with the preservation requirements of the 1993 Act, and

- B Where the restrictions on alteration of the Scheme imposed by the 1993 Act apply, the Principal Company shall obtain the approval of any relevant statutory authority where the 1993 Act requires or make the alteration conditional on obtaining that approval.

24.2 Extension of Meaning

In this Clause 24 the expression "alter" includes "amend", "extend" and "abrogate", and "alteration" shall be construed accordingly.

24.3 Alteration during Wind Up

The power of alteration under this Clause 24 may be exercised even where Clause 26 (Termination and Winding up of the Scheme) applies, provided that where a receiver is appointed or an administrative receiver takes control of the affairs of the Principal Company or an order is made or resolution passed for the winding up of the Principal Company (otherwise then for the purpose of reconstruction or amalgamation with any other Participating Employer) the Trustees alone may exercise this power.

24.4 Undertakings

The Trustees shall have power to give undertakings to HM Revenue & Customs and to the Pensions Regulator or any other relevant statutory authority notwithstanding that fulfilment of such undertakings would mean going beyond or outside the existing provisions of the Scheme or breaking the existing provisions of the Scheme, and shall treat the existing provisions of the Scheme as being altered so far if at all as may be appropriate in order to permit fulfilment of such undertakings.

24.5 Operation Pending Change

Where an announcement of an alteration is made by the Principal Company with the consent of the Trustees, the Trustees shall operate and administer the Scheme in accordance with that announcement pending the execution of the deed making the amendment.

25 DEFICIENCY AND SURPLUS

25.1 Deficiency

25.1.1

- (a) In the event that the Trustees consider that the circumstances as set out in Clause 25.1.1 (b) are met and the Trustees so resolve in writing to invoke the provisions of Clause 25.1.1 they shall notify the Principal Company in writing:
- (i) that such a resolution has been made; and
 - (ii) the date on which the six month period referred to in Clause 25.1.1(b) shall commence or has commenced; and

- (iii) any extension of the six month period that the Trustees determine shall apply pursuant to Clause 29.11.

For the avoidance of doubt, the provisions of this Clause 25.1.1 shall not apply unless the Trustees make such a resolution and such a resolution may be made retrospectively back to but no earlier than the Valuation Date.

- (b) If the result of an actuarial valuation is that, in the opinion of the Actuary, the Fund is insufficient to meet the Scheme's liabilities on an ongoing basis on or since the date of the valuation ("the Valuation Date") (before any augmentation under Clause 26.6) and the Principal Company does not, within six months of the Valuation Date (or within any longer time period as may be extended pursuant to Clause 29.11), agree to take such steps as the Trustees on Actuarial Advice consider reasonable (after considering the availability of Valuation Data) to eliminate the insufficiency, including any payment of contributions which shall be required under Rule 1 of Schedule 3, and or Rule 1 of Schedule 4 and or Rule 2.4 of Appendix B to Schedule 9, then subject to written legal advice Clause 26 (Termination and Winding Up of Scheme) shall apply and the provisions of the Occupational Pension Schemes (Employer Debt) Regulations 2005 shall apply to the Scheme. In addition, any deficiency shall be remedied in such a way as to comply with the 1995 Act, the 2004 Act and any other relevant legislation.

25.1.2 If at any time the Principal Company is placed in receivership or administrative receivership or commences to be wound up and at that time there are in the opinion of the Trustees, after consulting the Actuary, insufficient assets to meet the Scheme's liabilities, then the provisions of the Occupational Pension Schemes (Employer Debt) Regulations 2005 shall apply to the Scheme notwithstanding any subsequent change of Principal Company under Clause 16.

25.2 Surplus

25.2.1 In addition to the power to set the contribution rate under Rule 1 of Schedule 3, Rule 1 of Schedule 4 and Rule 2.4 of Appendix B to Schedule 9, if an actuarial valuation or actuarial report of the Scheme or other advice from the Scheme Actuary shows that the Statutory Funding Objective has been met and that there is a surplus of using the approach in the Statement of Funding Principles for determining the Statutory Funding assumptions from time to time then the Principal Company and the Trustees may agree to reduce all or any of that surplus referred to in this Clause 25.2 by one or more of the following ways:

- (a) by augmenting benefits or providing additional benefits under the Scheme;
- (b) by the Employers suspending or reducing their contributions to the Fund for a period of five years or less;

- (c) by the Members suspending or reducing their contributions to the Fund for a period of five years or less;
- (d) subject to the prior consent of the Trustees, by paying all or part of that excess to the Employers in such proportions as shall be determined by the Actuary;
- (e) by such other ways as may be prescribed by statutory regulations.

25.2.2 Surplus must not be utilised in any way which would prejudice Registration;

25.2.3 Any payment made to one or more Participating Employers under Clause 25.2(d) must satisfy the requirements of section 177 of the Finance Act 2004 (authorised surplus payment) and the Registered Pension Schemes (Authorised Surplus Payments) Regulations 2006 and the Administrator will deduct from such payment the amount of any tax payable in connection with that payment under section 207 of the Finance Act 2004 and account to HM Revenue and Customs for that tax;

25.2.4 No Member, Pensioner or other Beneficiary shall have an interest in any of the assets of the Scheme which constitutes an actuarial or other surplus except in accordance with the provisions of this Deed.

26 TERMINATION AND WINDING UP OF THE SCHEME

26.1 Determination

The Scheme shall be determined in accordance with this Clause 26 upon the happening of any one of the following events:-

- 26.1.1 The Principal Company giving not less than one month's notice in writing to the Trustees that the Scheme is to be wound up;
- 26.1.2 The Principal Company terminating its liability and (where applicable) that of its Members in accordance with Rule 6 of the Second Schedule to contribute to the Fund;
- 26.1.3 The Trustees are at any time of the opinion that the objects for which the Scheme was established no longer exist or that the administration cannot be conveniently carried on and the Principal Company consents to the determination;
- 26.1.4 An order is made or an effective resolution is passed for the winding up of the Principal Company (otherwise than for the purpose of reconstruction or amalgamation with any other Participating Employer) and no Deed of Substitution of New Principal Company is executed pursuant to Clause 16;
- 26.1.5 The Principal Company failing to pay to the Trustees any sum (or sums) due under the Definitive Deed or the Rules within 21 days after the date on which the Trustees give written notice to the Principal Company that they require such sums to be paid, or the Principal Company failing to observe and perform any

other of its obligations under the Definitive Deed or the Rules or under any deed or agreement supplemental to the Definitive Deed;

- 26.1.6 If it appears to the Trustees following Actuarial Advice that Clause 25.1 applies and the Trustees accordingly resolve that the Scheme shall be determined under this Clause 26.1.6.

26.2 Exercise of Winding up Powers

Upon the happening of any one of the events referred to in Clause 26.1.3 to 26.1.6 the Trustees may exercise all or any of the powers ("the Winding up Powers") specified in Clause 26.3 without the consent of the Principal Company, otherwise the prior consent of the Principal Company is required to the exercise of the Winding Up Powers (except those under Clause 26.3.5 and 26.3.6).

26.3 Winding Up Powers

Except where the Principal Company has given notice under Clause 26.1.1 to wind up the Scheme (in which case Clause 26.3.7 shall apply and the Fund shall be wound up from the expiry of that notice) the Winding Up Powers are the powers to:

- 26.3.1 postpone the termination of the Scheme and to continue it as if no event or events as set out in Clause 26.1 had occurred;
- 26.3.2 postpone the termination of the Scheme and in the meantime continue it as a closed arrangement under which no further person shall be admitted to Membership but subject to Clause 26.1.2 contributions shall continue to be payable and, if paid, benefits shall continue to accrue under the Rules;
- 26.3.3 postpone the termination of the Scheme and in the meantime continue it as a closed arrangement under which no further person shall be admitted to Membership, no further contributions shall be payable and no further benefits shall accrue under the Rules;
- 26.3.4 act under Clause 19 (Transfers from the Fund);
- 26.3.5 effect a policy of insurance with an Insurance Company in respect of any person in accordance with Clause 26.7 (Securing benefits by Annuities);
- 26.3.6 permit any person or corporation under Clause 16 (Substitution of New Principal Company) to become the New Principal Company;
- 26.3.7 terminate the Scheme in accordance with Clause 26.4;
- 26.3.8 act under Clause 24 (Alteration of the Scheme);
- 26.3.9 generally make such arrangements and agreements in relation to the Scheme (not being arrangements or agreements of such a kind as to prejudice Registration) as they think fit.

26.4 Termination

If the Principal Company gives notice under Clause 26.1.1, or if the Trustees decide to terminate the Scheme, the Scheme shall be dissolved, its affairs wound up and the trusts declared in the Definitive Deed shall, when its affairs have been wound up, be determined. The following provisions of Clause 26.4 shall apply.

26.4.1 The liability of the Employers and the Principal Company to contribute to the Scheme shall cease except for:

- (a) contributions which have accrued prior to the date of determination of the Scheme ("the Termination Date") and
- (b) any liability to pay any unpaid fees remuneration or expenses accrued prior to the Termination Date under Clause 23 (Costs and Expenses); and
- (c) any sums due to the Scheme under the provisions of the Occupational Pension Schemes (Deficiency on Winding Up etc) Regulations 1996.

26.4.2 The Trustees shall notify the Members in writing that the Scheme has been terminated as soon as practicable after the Termination Date.

26.4.3 The Trustees shall realise the Fund and apply the net proceeds of realisation in accordance with Clause 26.5 and if applicable Clause 26.6.

26.4.4 The Trustees may refrain from realising assets with the intent of making a transfer payment in assets pursuant to Clause 26.12 equal in value to the cash which would otherwise be transferred or in the event of the purchase of annuity policies or contracts under Clause 26.7 to make the transfer payment in assets equal to the cost of providing such annuity policies or contracts equal in value to the cash cost which would otherwise have been paid.

26.5 Net Proceeds

Subject to the 1995 Act and the 2004 Act the Trustees shall apply the net proceeds of the realisation of the Fund in the following order of priority and so that any benefit secured in one category will be excluded from any subsequent category:-

FIRST in securing the payment of those benefits for and in respect of each person who has made Additional Voluntary Contributions of such amount and on such terms and conditions as the Trustees may decide in respect of that person and which constitute the Member's Voluntary Fund and as will not exceed Scheme Limits;

SECOND in meeting any expenses of the administration and of the termination of the Scheme and in paying any tax for which the Trustees may be liable or accountable;

THIRD in the repayment of, and the payment of interest on, and the payment of the expenses in connection with, any moneys borrowed for the purposes of the Scheme;

FOURTH in the payment of any benefit (or instalment of it) to which entitlement under the Scheme to immediate payment has arisen before the Termination Date and in the payment of any benefits payable in accordance with the provisions set out in Clause 15 (Death Benefits) in respect of any Member or Former Member who died before the Termination Date;

FIFTH in securing (in so far as the Trustees have not already done so) the payment of:-

- (a) annuities for Pensioners of amounts equal to their Pensions,
- (b) annuities for Postponed Pensioners of amounts equal to the pensions to which they would have been entitled under the Rules had their pensions begun on the day immediately preceding the Termination Date, and
- (c) such contingent annuities in favour of the Spouses and Dependants of those Pensioners and Postponed Pensioners as will secure for the Spouses and Dependants on the death of those persons the benefits which would have been payable had the annuities in favour of the Spouses and Dependants been payable under the Rules.

If there is a deficiency then the benefits to be provided under paragraphs (a) (b) and (c) shall be so adjusted that the value of each benefit is abated rateably;

SIXTH in securing (in so far as the Trustees have not already done so) in securing the payment of:

- (a) Guaranteed Minimum Pensions not in payment, and accrued rights to Guaranteed Minimum Pensions for which the Scheme is or may become liable under the Sixth Schedule (Contracting Out);
- (b) State Scheme Premiums in accordance with the 1993 Act;
- (c) Equivalent Pension Benefits as prescribed by the National Insurance Act 1965 for which the Scheme is or may become liable; and
- (d) Protected Rights not in payment, and accrued rights to Protected Rights for which the Scheme is or may become liable under the Seventh Schedule (Contracting Out).

SEVENTH in securing (in so far as the Trustees have not already done so),

- (a) for those individuals who are Deferred Pensioners on the Termination Date, annuities payable from the Normal Retirement Age equal to the Deferred Pensions to which they are entitled under the Rules at the Termination Date,
- (b) for those individuals who are Members on the Termination Date annuities payable from Normal Retirement Age equal to the Deferred Pensions to which they would have been entitled under the Rules had they left Service on the day immediately preceding the Termination Date (disregarding any provision in the Rules which requires that a Member shall complete a certain period of Service in

order to become entitled to Deferred Pensions and disregarding any option for a refund of Member's Contributions), and

- (c) such contingent annuities in favour of the Spouse and Dependants of the persons referred to in paragraphs (i) and (ii) as will secure for the Spouse and Dependants on the death of those persons the benefits which could have been payable under the Rules had the annuities in favour of the Spouse and Dependants been payable under the Rules.

If there is a deficiency then the benefits to be provided under paragraphs (a) (b) and (c) shall be so adjusted that the value of each benefit is abated rateably.

For the purposes of determining the benefits to be secured in accordance with this Clause 26.5 other than in accordance with the FIRST PRIORITY the Trustees may assume that:

- (a) no children will be born and that no marriages will be contracted or dissolved after the Termination Date;
- (b) a Spouse or Dependant at that date will remain one after that date; and
- (c) a Member will draw his or her pension from Normal Retirement Age.

Where any Pension or benefit payable is required to be increased under the Definitive Deed and Rules, references in Clause 26.5 to Pensions and benefits include a reference to any increase required to be granted to those Pensions or benefits by the Definitive Deed and Rules.

26.6 Surplus Net Proceeds

- 26.6.1 If the net proceeds of the realisation of the Fund are more than sufficient to enable the Trustees to secure the benefits under Clause 26.5 for the persons entitled to them, the Trustees may, after considering Actuarial Advice and consulting the Principal Company, apply all or such part of the balance of the Fund then remaining as the Trustees in their absolute discretion think fit (subject to Scheme Limits) in augmenting any of the benefits of those persons having regard to their interests under the Scheme.
- 26.6.2 No increase to benefits under Clause 26.6.1 shall be such that the resulting benefit payable (being the aggregate of all benefits payable from the Fund and Member's Voluntary Fund to the person concerned or that portion of the aggregate which is payable in lump sum form) would have prejudiced Registration had the Scheme continued in existence and all Members left Service immediately prior to the Termination Date.
- 26.6.3 Any balance of the net proceeds of the realisation of the Fund remaining after the Trustees have complied with Clause 26.5 and 26.6 shall, (and subject to the requirements of the 1995 Act), after accounting to HM Revenue & Customs for any tax for which the Trustees may be liable, be repaid to the Employers (other than any Employer who became a Retiring Employer before the Termination Date

under Clause 17 or who has participated in the Scheme for less than nine months) in such proportions as the Trustees think fit after considering Actuarial Advice.

26.7 Securing benefits by annuities

26.7.1 Where the Trustees secure an annuity for any person in accordance with Clause 26.5, they may:

- (a) secure it in the name of the person concerned by the purchase of a policy from an Insurance Company; or
- (b) secure it in such other manner as they think fit and which is consistent with the preservation requirements of the 1993 Act including (but without limitation) the making of a transfer payment in accordance with Clause 19.

26.7.2 Where the Trustees secure an annuity in accordance with Clause 26.5 for a Member or Deferred Pensioner on the Termination Date, the annuity may, if the Trustees so decide but subject to Clause 26.7.3, contain all or any of the following:

- (a) a provision allowing the person to elect to receive an appropriately reduced annuity early (but not earlier than the earliest date from which they are able to receive a pension pursuant to any overriding regulatory provision),
- (b) a provision allowing the person to commute for a lump sum the whole or part of the annuity on the date upon which it commences if at that date the person is in exceptional circumstances of ill-health and satisfactory arrangements have been made for the payment of tax due in accordance with the Finance Act 2004,
- (c) unless the person has received a commutation lump sum under Rule 6 of the Third Schedule (Lump Sum Options) or Rule 5 of the Fourth Schedule (Exchanging Pension for Lump Sum), a provision allowing the person as of the date on which the annuity is to start to commute part of it for a lump sum,
- (d) a provision allowing the person as at the date on which the annuity is to start to surrender part of it for an annuity to a Spouse or Civil Partner or Dependant or annuities to Spouses or Civil Partners and Dependants subject to similar provisions as those set out in Rule 7 of the Third Schedule (Conversion) and Rule 4 of the Fourth Schedule (Options on Retirement), and
- (e) a provision that the pension shall increase during the course of payment.

26.7.3 Where an annuity is to be secured containing all or any of the provisions set out in Clause 26.7.2:

- (a) the annuity shall be subject to such restrictions as are necessary for the purposes of Registration;
- (b) if the annuity is to secure the payment of the Guaranteed Minimum Pension or Protected Rights of a person then each option made available pursuant to Clause 26.7.3 shall be restricted so that the annuity remaining payable after the exercise of the option is not less than the Minimum Pension or Protected Rights to which the person is or will become entitled under the Scheme at State Pension Age.

26.8 Payment of Guaranteed Minimum Pension and Protected Rights

Where the Trustees secure an annuity which provides for the payment of Guaranteed Minimum Pension or Protected Rights (or of any part of it) of a person for which the Scheme is or may become liable under the Sixth Schedule or the Seventh Schedule (Contracting Out) then the annuity shall be secured only in a manner which has been approved by the Pensions Regulator or any other relevant statutory authority.

26.9 Particular Cases

- 26.9.1 The Trustees shall treat the persons in respect of whom prior to the Termination Date they have exercised their powers under Clause 20 (Augmentation of Benefits) as being entitled under the Rules to the benefits to be provided under that Clause and as being comprised in respect of those benefits in the category of persons described in Clause 26.5 as is appropriate;
- 26.9.2 The Trustees shall treat persons in respect of whom a transfer payment has been received into the Scheme from the Other Scheme under Clause 18 (Transfers to the Fund) as being entitled under the Rules to the benefits which are attributable to the transfer payment and as being comprised in respect of those benefits in the category of persons described in Clause 26.5 as is appropriate;
- 26.9.3 The Trustees may treat persons who are in receipt of Pensions under Clause 29.10 (Bankruptcy, Attempted Assignment or Charging) as if they had an indefeasible right under the Rules to such Pensions, and;
- 26.9.4 The Trustees may allocate the benefits in respect of a person to whom Clause 29.5 (Payment in the event of Disability) applies in a manner consistent with that Clause as they think fit and secure those benefits accordingly.

26.10 Refund of contributions

Where a Member has a right to a refund of contributions under Rule 5 of the Third Schedule (Withdrawal) Rule 2.4 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule or Appendix B Rule 5 of the Ninth Schedule (or any other relevant provision) as an alternative to securing an annuity in respect of the accrued benefits under that Rule, the Trustees may instead make a refund of contributions in accordance with that Rule.

26.11 Trustees' powers regarding surrender

The Trustees may cancel or accept any surrender of pension in favour of a Dependant under Rule 7 of the Third Schedule (Conversion) or Rule 4 of the Fourth Schedule (Options on Retirement) or Appendix B of the Ninth Schedule made by a person prior to the Termination Date who is at that date a Member or a Deferred Pensioner. If a surrender is made or if one having previously been made is not cancelled, the Trustees shall for the purposes of Clause 26.5 treat the Dependant in whose favour the surrender has been made as being contingently entitled to the pension provided for on the death of the Member or Deferred Pensioner.

26.12 Transfers Out of Scheme

26.12.1 In lieu of the benefits prescribed by the previous provisions of this Clause 26 the Trustees may (subject to Clause 19) with the consent of a person entitled to benefit under the Scheme, apply that part of the Fund which the Trustees consider to be just and equitable having regard to that person's interest in the Scheme by transferring it to another Registered Scheme for the purposes of making a transfer and upon such application the person so entitled shall have no further interest in or claim upon the Fund or under the Scheme.

26.12.2 In lieu of the benefits prescribed by the provisions of this Clause 26 the Trustees shall give effect to any statutory election properly made by any Member or Deferred Pensioner.

27 AGREEMENT OR CONSENT OF PRINCIPAL COMPANY

Where the agreement or consent of the Principal Company is required in the Definitive Deed or Rules or where the Principal Company exercises any power, the Principal Company shall owe no duty to any Participating Employer, Member or other person in giving or withholding its agreement or consent or exercising any power.

28 CASES OF DOUBT**28.1 Matters to be determined by the Principal Company**

The decision of the Principal Company shall (save for manifest error) be conclusive in the case of any doubt or dispute as to:-

28.1.1 whether any person is eligible to be a Member, and/or

28.1.2 the amount of any person's earnings or the category of those earnings, and/or

28.1.3 the length of Pensionable Service of any person or of that person's service with the Principal Company or a Participating Employer,

28.1.4 the category of Membership to which a Member is allocated, and/or

28.1.5 any augmentation granted under Clause 20 to or in respect of a Member or Former Member.

28.2 Trustees to determine all other matters

Subject to Clause 28.1 and all other powers conferred by the Definitive Deed and the Rules on the Principal Company, the Trustees shall decide all questions and matters of doubt arising under the Scheme and every such decision whether made upon a question actually raised or implied shall save for manifest error be conclusive. For this purpose, the Trustees shall be at liberty to act upon such evidence or presumptions (whether admissible as evidence in law or not) as they think appropriate. The Trustees shall not be bound to give reasons for any determinations (except to or on the order of a Court of competent jurisdiction), and all determinations shall be binding on the persons concerned.

29 GENERAL PROVISIONS**29.1 The Trustees may deduct tax**

Where the Trustees are, or the administrator is, liable or accountable for any tax or other imposition of any kind in respect of any payment to be made to or in respect of a Member or a Former Member or on the death of a Member or a Former Member, the Trustees may deduct from the payment an amount equal to the tax or other imposition.

29.2 Relationship to contract of employment

Nothing in the Definitive Deed or Rules shall in any way restrict the right of the Principal Company or a Participating Employer to terminate the service of an Employee or shall be used in aggravation of damages in any action, counterclaim or suit brought by an Employee against the Principal Company or a Participating Employer in respect of the termination of his or her employment.

29.3 Overriding right of the Principal Company and Participating Employers

Nothing in the Definitive Deed or the Rules shall in any way be construed as imposing upon the Principal Company and Participating Employers a contractual obligation as between the Principal Company and Participating Employers and an Employee to contribute or to continue to contribute to the Fund.

29.4 Benefits only conferred by this Deed

No person shall have any claim, right or interest under the Scheme or any claim upon or against the Trustees or the Principal Company and Participating Employers except under or in accordance with this Definitive Deed and the Rules.

29.5 Payment in the event of Disability

29.5.1 If any benefit is payable under the Scheme to a person who is unable in the opinion of the Trustees to act by reason of mental disorder or otherwise they may reduce or suspend the benefit for the period during which the person is incapacitated. If the Trustees do so they shall:

- (a) pay or apply the amount suspended or reduced for the maintenance of the person and/or any person or persons who in the opinion of the Trustees were wholly or in part financially dependent on that person and;
- (b) to the extent that it is not applied under (a) hold that amount until the person is again able to act or for that person's estate (as the case may be).

29.5.2 Without prejudice to Clause 29.5.1, if any Beneficiary is:

- (a) under any physical or mental disability as certified by a qualified medical practitioner which makes the Beneficiary incapable of managing and administering his or her own property and affairs the Trustees may pay all or part of the benefit to such other person as they may think fit on behalf of the Beneficiary and the receipt of such other person shall be a complete discharge to the Trustees.
- (b) a Child, the Trustees may:-
 - (i) pay the pension or any part of it to the Child's guardian or any person with whom the Child resides or under whose care and control the Child is or appears to be without being obliged either to ascertain whether that guardian or other person has any right to the care and control of the Child or to supervise the application of the pension by that guardian or other person and without being responsible for any misapplication;
 - (ii) apply the pension or any part of it towards the education or other benefit of the Child in any other way as they may see fit;
 - (iii) pay the pension to the Child if he or she is over the age of 18 and is still in full-time education or vocational training.

29.6 Benefits withheld until information produced

29.6.1 The Trustees may withhold the payment of any benefit to which a person is entitled under the Scheme until that person produces such information or evidence as the Trustees may reasonably require.

29.6.2 If the information or evidence supplied by a person entitled to benefit under the Scheme is false or incorrect the Trustees may after considering Actuarial Advice make such arrangements as they consider just by way of adjustment or cancellation of any benefit.

29.7 Donations

The Trustees shall have power to accept any donations, transfers, benefits or gifts for any purposes of the Scheme.

29.8 Annuity in satisfaction of Member's rights

29.8.1 The Trustees, after considering Actuarial Advice, may, if for any reason they consider it convenient in any particular case, purchase from any Insurance Company any policy of insurance or annuity contract for the purpose of satisfying any benefits which may be paid to any person under the Rules, whether immediately or prospectively, on terms which as nearly as may be correspond to the terms on which such benefits would otherwise be payable under the Rules. Any policy or contract so purchased will be purchased in the name or names of the person or persons to whom the benefits purchased are to be paid, or in the name of the person's trustees, and will be paid or applied for the purposes and in the manner to, for and in which the benefits in respect of which the annuity was purchased is payable or applicable in accordance with the Rules.

29.8.2 No person on whose behalf a policy or contract is purchased under the provisions of this clause shall then have any claim upon or interest in the remainder of the Fund.

29.9 Offsets on Benefits for Crime, Fraud or Negligence

29.9.1 If a Member has a monetary obligation to the Employer arising out of a criminal, negligent or fraudulent act or omission, the Employer may require that Member's benefits (subject to the limitations set out in Clause 29.9.2) shall be charged with the lesser of:

- (a) an amount which the Trustees on Actuarial Advice decide is equivalent to the obligation;
- (b) the value of the Member's benefits under the Scheme.

29.9.2 A benefit which is attributable to a transfer to the Scheme in accordance with Clause 18 (Transfers to the Fund) shall not be charged if to do so would be contrary to the preservation requirements of the 1993 Act;

A benefit payable in accordance with the Sixth Schedule or the Seventh Schedule (Contracting Out) shall not be charged.

29.9.3 Where an Employer enforces a charge in accordance with this Clause 29.9 the Trustees shall:

- (a) either pay to the Employer with the consent of the Principal Company an amount equal to the sum charged, or, credit that amount against future contributions payable by the Employer; and
- (b) reduce the benefits otherwise payable to or in respect of the Member by such amount and in such manner as after obtaining Actuarial Advice they may decide.

PROVIDED THAT:

if the amount of the obligation is disputed, no reduction in benefits will be made until the obligation has become enforceable under the order of a Court or arbitrator.

- 29.9.4 Clause 29.9 shall apply to Former Members as if the words "Former Members" were inserted in place of the words "Members".

29.10 Bankruptcy, Attempted Assignment or Charging

29.10.1 If a Beneficiary attempts to assign or charge a benefit under the Scheme or if any event occurs by which such benefit would become payable in whole or in part to some other person, then subject to the requirements of the 1995 Act the Beneficiary's entitlement to the benefit shall cease, subject to the Sixth Schedule or the Seventh Schedule (Contracting Out). However, the Trustees may apply the benefit for the maintenance and personal support of the Beneficiary and any Dependents of that Beneficiary as the Trustees think fit.

29.10.2 Subject to the requirements of the 1995 Act in no circumstances will payment be made for the benefit of a person in whose favour an attempted assignment or charge of the Beneficiary's beneficial interest under the Scheme shall have been made.

29.10.3 If a Beneficiary's entitlement under the Scheme has ceased due to bankruptcy, then once that person has been absolutely discharged and is free from all claims and has so informed the Trustees such Beneficiary will be entitled to receive any further payments which fall due.

29.11 Power to extend time limits

29.11.1 Subject to Clause 29.11.2 where any period or date is specified in this Deed:

- (a) as the period within which or the date by which anything is to be done, or
- (b) as applying to or in respect of an Employee who is eligible for membership or a Member, or Former Member

the Trustees may, on written application being made in that behalf (notwithstanding that period has expired or that date has passed), extend the period or fix a later date on such terms and conditions as they decide.

29.11.2 The time limit in Clause 15.2 (Release of Power) may not be extended.

29.12 Minor Adjustments

29.12.1 Any minor adjustments to any figures used in calculating benefits under the Scheme or in administering the Scheme deemed to be necessary for the efficient administration of the Scheme may be undertaken by the Trustees.

29.12.2 The Trustees may in calculating the number of years, months or weeks in a specified period disregard any part of that period which does not form part of a complete year or month or week.

29.12.3 If the composition of the Retail Price Index changes or the Retail Price Index is replaced by another similar index, the Trustees after obtaining Actuarial advice, shall make the necessary adjustments to any calculations using the Retail Price Index (or any replacement index) as they consider to be fair and reasonable.

29.13 Confidentiality

29.13.1 The Trustees shall at all times endeavour to ensure that personal information relating to any individual member (including Member's entitlements) is kept strictly confidential so far as is practical.

29.13.2 Unless otherwise required by statute or directed by the court the Trustees shall be entitled to withhold from disclosing to any or all the Beneficiaries or other claimants the whole or any part of any documents, minutes, records or other data or information in their possession.

29.14 Members to give notice of addresses

Every Member, Former Member and any person in receipt of benefits under the Scheme shall give notice in writing to the Trustees of his or her place of residence at the time he or she becomes a Member or entitled to an annuity out of the Fund and thereafter shall give immediate notice of any change of residence.

29.15 Payment in the event of Imprisonment

Where a person to whom a benefit is payable under the Scheme is imprisoned or otherwise detained in legal custody the Trustees may:-

29.15.1 reduce or suspend the benefit for the period during which the person is imprisoned or detained; and/or

29.15.2 pay or apply the amount suspended or reduced for the maintenance of such one or more persons who were wholly or in part financially dependent on that person as the Trustees decide.

29.16 Recovery of tax in respect of lifetime allowance charges

In addition to Clause 29.1 the Trustees or Scheme administrator are authorised to:

29.16.1 deduct from the Member's present or future benefits or entitlement, in respect of which the lifetime allowance charge arises within the meaning of Section 215 of the Finance Act 2004, so as fully to reflect the amount of tax paid by the Trustees or Scheme administrator provided that the Trustees may not reduce the entitlement to a benefit which has not crystallised for the purposes of Part 4 of Finance Act 2004 except that in relation to which the lifetime allowance charge arises; and

29.16.2 provide that without prejudice to the generality of the above whether the reduction of benefits or entitlement fully reflects that amount shall be determined in accordance with normal actuarial practice and in accordance with any policy adapted from time to time by the Trustees for this purpose.

29.17 Duty to disclose information

The Principal Company shall comply with any statutory duty to disclose information to the Trustees which is from time to time in force.

30 NOTICES

30.1 To Trustees

Any notice required to be given to the Trustees shall be given by sending or delivering it to any address which the Trustees may from time to time notify to Employers and Members for the purpose, in default of which it may be sent or delivered to the registered office of any corporate Trustee or (when there is no corporate Trustee) to the registered office of the Principal Company.

30.2 To Employers

Any notice required to be given to any Employer shall be given by sending or delivering it to the registered office of that Employer.

30.3 To Members

Any notification or document which the Trustees are required to supply to any Member or other beneficiary shall be treated as having been supplied by sending it to the last address known to the Trustees or (in the case of a Member in Service) addressed to the Member at the Member's usual place of employment or (where applicable) by displaying a notice on a notice-board at that place of employment. A notice exhibited in this way shall be deemed to be sufficient notice to all the Employees at that place of employment.

30.4 Postal Service

A notice sent by first class post shall be treated as having been effectively served on the third working day inclusive of the day posting or on earlier delivery if proved or acknowledged.

31 INFORMATION

The Trustees will, in a way which complies with the Disclosure Regulations and the 1995 Act provide such information and make such statements, documents and reports available as required.

The Trustees need not supply information under this Rule more often than is required by the Disclosure Regulations or the 1995 Act. The Trustees are only required to give information to a trade union in so far as that information is relevant to the rights of

members or prospective members who belong to a class of employee in relation to which that trade union is recognised, to any extent, for the purposes of collective bargaining.

32 LIMITATIONS

Notwithstanding anything to the contrary in this Deed but subject to Clause 24 (Alteration of Scheme) the benefits payable under the Scheme shall not exceed the maximum benefits consistent with Registration or Scheme Limits, a summary of which is set out in the Fifth Schedule (Scheme Limits).

33 DISPUTE RESOLUTION

The Trustees shall maintain a dispute resolution procedure in accordance with section 50 of the 1995 Act (resolution of disputes).

34 PERIOD OF SCHEME

The Definitive Deed hereby provides that the trusts constituted by it shall not in any event continue beyond the expiration of the period of 80 years beginning with the date on which the Scheme commenced on 11 April 1994 and the said period shall be the perpetuity period applicable to the Definitive Deed provided that this provision shall not apply while the Scheme is exempt from the operation of any rules of law relating to perpetuities by virtue of section 163 of the 1993 Act.

35 DATA PROTECTION

The Trustees and the Principal Company will, where required, comply with the requirements of the Data Protection Act 1998 and any secondary legislation made under it.

36 COPIES AND FACSIMILES

Any document executed hereunder shall be validly executed if a copy or a facsimile copy has been duly executed by each of the parties.

37 CROSS BORDER

Notwithstanding any provision in this Definitive Deed a Member will not be considered to be an active member of the Scheme if by a result of his active membership the Scheme would be required to become subject to the cross-border requirements of the 2004 Act.

38 APPORTIONMENT OF SECTION 75 DEBT

38.1 Purpose of this Clause

This Clause 38 applies to apportion amongst the Participating Employers, for the purposes of regulation 6(2)(a) of the Employer Debt Regulations, of the Total Debt and is without prejudice to any other powers under which such debt may be apportioned among the Participating Employers.

38.2 Default position

Except where Clause 38.3 applies, a Participating Employer's share of the Total Debt shall be calculated and verified in the manner required by sections 75 or 75A of the 1995 Act and the Employer Debt Regulations.

38.3 Agreement to apportion

Subject to Clauses 38.4 to 38.6 below and regulation 6B of the Employer Debt Regulations, the Trustees may, at the request of the Principal Company, agree that the Total Debt shall be apportioned in accordance with Regulation 6(2)(a) of the Employer Debt Regulations amongst the Participating Employers in such manner as shall be agreed in writing between the Trustees and the Principal Company.

38.4 Conditions

The Total Debt may be apportioned pursuant to Clause 38.3 subject to the following:

- 38.4.1 the whole of the Scheme's liabilities (including any transfer credits) to or in respect of a Member or a Beneficiary may, at the Principal Company's request, (save where (b) applies) be treated as attributable to that person's Last Employer;
- 38.4.2 where, in relation to a Beneficiary or a Member who is not an Active Member, that person's Last Employer is unknown or is not a Scheme Employer at the relevant date for calculation of the debt, the whole of the Scheme's liabilities to or in respect of that person shall be treated as attributable to the Default Employer;
- 38.4.3 the agreement between the Trustees and the Principal Company shall specify what part or proportion of the Total Debt will be apportioned to the Scheme Employer or Scheme Employers who will be responsible for securing and paying it, and it shall include such other terms in respect of payment as the Trustees and the Principal Company may agree, including terms as to the time of payment, interest for late payment and security for the payment of the relevant proportion of the Total Debt.
- 38.4.4 any such apportionment shall take effect on the date agreed between the Principal Company and the Trustees (or immediately prior to the date of certification of the Total Debt by the Actuary if no such date has by then been agreed by the Principal Company and the Trustees).
- 38.4.5 no such apportionment may have the effect of reducing the amount of any debt due to the Scheme under Section 75 of the 1995 Act which may be recovered by, or on behalf of, the Trustees in a manner which would cause the Scheme to cease to be an eligible scheme (as defined in section 126 of the 2004 Act) by reason of Regulation 2(2) of the Pension Protection Fund (Entry Rules) Regulations 2005.

38.5 Calculations of liabilities

Liabilities shall be calculated in the manner prescribed by the Employer Debt Regulations. Liabilities attributable solely to money purchase benefits shall be ignored (to the same extent that they are ignored under sections 75 and 75A of the 1995 Act).

38.6 Disclosure of information

The Actuary and the Trustees shall, on request by the Principal Company, provide details of the method and workings of any calculation of a debt payable under section 75 or 75A of the 1995 Act.

38.7 Withdrawal arrangements

38.7.1 If a debt arises under section 75A of the 1995 Act in respect of a Participating Employer, the Participating Employer may enter into a withdrawal arrangement or an approved withdrawal arrangement (as defined in Schedule 1A to the Employer Debt Regulations) with the Trustees.

38.7.2 If such a withdrawal arrangement or an approved withdrawal arrangement is entered into, this Clause 38 shall operate subject to that arrangement.

38.7.3 No such withdrawal arrangement or approved withdrawal arrangement shall have the effect of reducing the amount of any debt due to the Scheme under sections 75 and 75A of the 1995 Act which may be recovered by, or on behalf of, the Trustees in a manner which would cause the Scheme to cease to be an eligible scheme (as defined in section 126 of the 2004 Act) by reason of Regulation 2(2) of the Pension Protection Fund (Entry Rules) Regulations 2005.

IN WITNESS whereof the Definitive Deed has been executed as a deed the day and year first before written.

SIGNED and delivered as a deed by
FENNER PLC acting by two directors or by
one director and the secretary:

Director

Signature

Name

: 
:

Director/Secretary

Signature

Name

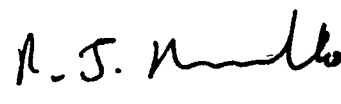
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SIGNED and delivered as a deed by
FENNER PENSION SCHEME TRUSTEE
LIMITED acting by two directors or by one
director and the secretary:

Director

Signature

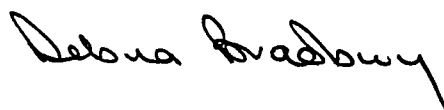
Name

: 
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Director/Secretary

Signature

Name

: 
:

SCHEDULE 1

1 DEFINITIONS

Throughout the Definitive Deed, and the Rules (unless the context otherwise requires) the following expressions shall have the meanings herein assigned to them:

"Accrued Rights" means for any Member the rights conferring respective entitlement under the Scheme for the Member and his Widow or her Widower to a Guaranteed Minimum Pension or to Protected Rights;

"the Actuary" means a fellow of, or a firm the majority of whose partners are fellows of, or a company making available the advice of persons who are fellows of, the Institute of Actuaries (or Faculty of Actuaries in Scotland) and who is permitted to act as the Actuary by the 1995 Act and the Occupational Pension Schemes (Scheme Administration) Regulations 1996;

"Actuarial Advice" means advice given by an Actuary or by a corporate body making available the advice given to it by an Actuary;

"Additional Voluntary Contributions" means additional voluntary contributions paid by a Member under Rule 1.3 of the Third Schedule, Rule 1.3 of the Fourth Schedule, Rule 2.2 of Appendix B of the Ninth Schedule.

"Adoption Leave" means absence authorised pursuant to Chapter 1A of Part VIII of the Employment Rights Act 1996.

"Appendices" means the Appendices to the Third Schedule, the Fourth Schedule and the Ninth Schedule;

"Authorised Employer Payment" means a payment to or in respect of a current or former Participating Employer which is:

- (a) "public service scheme payment"
- (b) an "authorised surplus payment" made in accordance with Clause 25.2
- (c) a "compensation payment"
- (d) an "authorised employer loan"
- (e) a "scheme administration employer payment", or
- (f) any other payment authorised by HM Revenue and Customs;

as all such terms are defined in sections 175 to 180 of the Finance Act 2004.

"Authorised Member Payment" means a payment to or in respect of a current or former Member which is:

SCHEDULE 1
Definitions

- (a) a pension permitted by the "pension rules" or the "death benefit rules"
- (b) a lump sum permitted by the "lump sum rule" or the "lump sum death benefit rule"
- (c) a "recognised transfer"
- (d) a "scheme administration member payment"
- (e) a payment pursuant to a "pension sharing order or provision", or
- (f) any other payment authorised by HM Revenue and Customs

as all such terms are defined in section 164 to 169, section 171 and section 279 of the Finance Act 2004.

"Beneficiary" means a person for the time being entitled to receive or prospectively entitled to receive a benefit under the provisions of these Rules;

"BTL Scheme" means the BTL Limited Retirement Benefit Scheme;

"Cash Transfer Sum" has the same meaning as in section 101AB of the 1993 Act, as calculated in accordance with Section 101AF including any increases or reductions required by regulations made under that Section;

"Cash Equivalent" means in relation to a Member the amount calculated in accordance with Clause 19.12;

"Category A" means those provisions of the Scheme which apply to former members of the Fenner Works Pension Scheme and the Works categories of the BTL Scheme and the Dawson Scheme (Works);

"Category B" means those provisions of the Scheme which apply to former members of the Fenner PLC 1972 Staff Pension Scheme and the Staff categories of the BTL Scheme and the Dawson Scheme (Staff);

"Category C" means those provisions of the Scheme which apply to Employees who are not in Category A, B or D and who are not Money Purchase Members;

"Category D" means those provisions of the Scheme which apply to Employees who are Final Salary Members and who are designated as Executive Members by the Principal Company;

"Category E" means those provisions of the Scheme which apply to Employees who are Money Purchase Members and who are designated as Executive Members by the Principal Company;

the decision of the Principal Company as to whether any Employee falls into one or other of the Categories shall be final;

SCHEDULE 1 Definitions

"Child"¹ means a child of a Member or Former Member under age eighteen, or, under the age of twenty-one and currently in receipt of full-time educational or vocational training and includes:

- (a) A step-child,
- (b) A child legally adopted,
- (c) A child to whom immediately prior to death in the opinion of the Trustees a Member or Former Member stood in loco parentis,

and shall include an unborn child (but shall not except at the Trustees' discretion include an illegitimate child of the Member or Former Member unless that child falls within one or other of paragraphs a) to c) above) and "Children" shall be construed accordingly;

"Civil Partner" means the registered civil partner of a Member in accordance with the provision in Chapter 1 of the Civil Partnership Act 2004.

"Civil Partnership" means a registered civil partnership in accordance with the provisions of the Civil Partnership Act 2004.

"Class A Member, Class B Member and Class C Member" have the meanings set out in the Fifth Schedule;

"Confidential Information" means information which a Trustee acquires otherwise than in his capacity as a Trustee which he is prevented from disclosing to other Trustees by reason of a duty of confidentiality owed to another party.

"Contracted Out Employment" means any period of Membership of the Scheme (or of membership of any scheme for which Accrued Rights have been transferred to the Fund under the provisions of the 1993 Act) in relation to which the following conditions are satisfied, namely:

- (a) the Scheme is contracted out in relation to the Member's employment by the Employers, or
- (b) the former scheme was contracted out in relation to employment by the Member's former employer and service in such employment qualified the Member for guaranteed minimum benefits under that scheme; and, in either case,

¹ HM REVENUE AND CUSTOMS REQUIREMENTS Paragraph 15(2) of Schedule 28 FA04 does not actually define the term 'child', but HM REVENUE AND CUSTOMS has confirmed in a letter dated 15 August 2005, that whilst the term covers a natural or legally adopted child, it does not cover step-children or children accepted by the member as a part of the member's family. Prior to 6 April 2006, the Inland Revenue definition of 'child' provided that a child would automatically be treated as a dependant for these purposes if at the time of death the child was under age 18, or over age 18 but continuing to receive full-time education or vocational training, or dependent on the deceased member because of disability. There are transitional provisions which allow a pension being paid to a child on 6 April 2006 or payable to a dependent child under a retirement arrangement of a member who has retired on 6 April 2006 to continue in payment until the later of the child reaching age 23 and ceasing full time education or vocational training – see the Taxation of Pension Schemes (Transitional Provisions) Order 2006 –SI 2006/572 and RPSM 10104042. Take care that any payment to a child will not be treated as an unauthorised payment for tax purposes.

SCHEDULE 1
Definitions

- (c) there is or was in force a contracting out certificate issued by the Occupational Pensions Board or the Occupational Pensions Regulatory Authority that the employment is contracted out by reference to the Scheme or the previous scheme of which he or she was a member;

"Contracting-out Laws" means the requirements that the Scheme must satisfy if it is to contract-out of the state scheme, as set out in Part III of the 1993 Act.

"Dawson Scheme (Works)" means the James Dawson (1978) Pension Scheme: Works;

"Dawson Scheme (Staff)" means the James Dawson (1978) Pension Scheme: Staff

"Death Benefit Beneficiaries" has the meaning in Clause 15.4;

"Deed of Adherence" means the relevant deed by which an Employer commenced to participate in the Scheme;

"Default Event" means the making of an order or the passing of a resolution for the winding up of the Principal Company or the Liquidation of the Principal Company or the appointment of a receiver or administrator or administrative receiver in respect of the Principal Company or any of its assets; and the Default Event will be regarded as continuing indefinitely in the case of winding up and throughout any receivership or administration or administrative or Liquidation.

"Default Employer" means the Principal Company and/or such other of the Participating Employers participating in the Scheme that are nominated by the Principal Company.

"Definitive Deed" means the Deed to which these Rules are scheduled;

"Deferred Pension" means the pension to which a Deferred Pensioner is entitled under Rule 5 of the Third Schedule or Rule 2.3 of the Fourth Schedule or the Preserved Pension under Rule 3.5 of Appendix A of the Ninth Schedule or Rule 5 of Appendix B of the Ninth Schedule;

"Deferred Pensioner" means a Former Member who is entitled to a Deferred Pension under the Scheme but who has not yet become a Pensioner or ceased to have any further interest in the Scheme;

"Dependant" in relation to a Member or Former Member means:-

- (a) any widow or widower of that person;
- (b) any Child of that person; and
- (c) any person who, in the opinion of the Trustees: is or was wholly or substantially financially dependent upon that Member or Former Member; or to whose maintenance and support that Member or Former Member had, in the opinion of the Trustees, been contributing before or at his or her death; or who was a partner of that Member or Former Member who shared living expenses with, or

SCHEDULE 1
Definitions

who received material financial support from that Member or Former Member and whose standard of living would be materially affected by the loss of that Member or Former Member's Contribution or support.

"Dependant's Pension" means the Pension payable after the death of a Pensioner to a Dependant;

"Disclosure Regulations" means the Occupational Pension Schemes (Disclosure of Information) Regulations 1996;

"Effective Date" means the date of this deed;

"Elected Pension" means the Pension a Member has elected to receive in lieu of an ordinary Pension in order that a Dependant's Pension shall be provided;

"Eligible Employee" means an Employee who is aged 18 or over and is in Service or is a salaried director of any of the Employers;

"Employee" means an employee (including a director) of an Employer and references to "Employment" shall be construed accordingly;

"Employer Debt Regulations" means the Occupational Pension Schemes (Employer Debt) Regulations 2005 as amended.

"Employers" means:

- (a) the Principal Company; and
- (b) any Participating Employer

and references to "Employer" means in relation to a Member or Former Member or other Beneficiary or a prospective Member as the case may be that one of the Employers by which the Member is employed, or that one of the Employers or former Employers by which the Member or Former Member was last employed, or for a prospective Member, that one of the Employers by which he or she will prospectively be employed, or for any other Beneficiary, that one of the Employers or Former Employers by which the Member in respect of whose Service the Beneficiary is entitled to receive a benefit was last employed:-

PROVIDED THAT:

for any Former Member and other Beneficiary where the appropriate Employer has ceased to exist or has ceased to participate in the Scheme, the Principal Company shall be substituted for that Employer for the purposes of the fulfilment of any duties and obligations or the exercise of any trust power or discretion to be exercised in respect of that Member by the Employer under these Rules or the Definitive Deed;

"Family Leave" means Adoption Leave, Maternity Leave, Paternity Leave, Parental Leave and any other period of leave during which the Active Member is absent from work for family reasons.

SCHEDULE 1
Definitions

"Final Pensionable Salary" means:

- (a) In relation to a Money Purchase Member other than a Category E Member, the Member's highest average Pensionable Salary earned during any three consecutive years within the ten years before the Member leaves Pensionable Service, dies, or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three years.
- (b) in relation to all other Members except Hallite Members the meaning set out in paragraph 1 of whichever of the Appendices to the Third Schedule or the Fourth Schedule applies in relation to that Member.
- (c) For the purposes of Schedule 2 and those provisions of Schedule 3 which apply to Hallite Members "Final Pensionable Salary" in relation to a Hallite Member means "Hallite Final Pensionable Salary" as defined in Schedule 9.

PROVIDED THAT:

where required by HM Revenue & Customs or the Scheme Limits any excess of the Member's Pensionable Salary over the Permitted Maximum shall be disregarded;

"Final Salary Member" means a Member or Former Member entitled to benefits under the Final Salary Section or in respect of a Hallite Member under the Hallite Final Salary Section.

"Final Salary Section" means the final salary rules under the Third Schedule;

"Fixed Benefit" means benefits granted under the Fenner Works Scheme in respect of membership of previous schemes prior to 6 April 1978;

"Former Member" means a Deferred Pensioner, a Postponed Pensioner, a Continuing Member (as defined in Schedule 9) or a Pensioner;

"Full Time Service" means Pensionable Service earned in respect of Employments where Members are required under their contracts of employment to work in excess of 35 hours per week;

"the Fund" means all contributions paid to and received by the Trustees pursuant to the Scheme and the moneys investments policies and property representing the same and any other moneys investments policies and property for the time being held by the Trustees by way of addition or accretion to or otherwise the trusts of the Fund;

"Guaranteed Minimum Pension" has the meaning assigned to it in section 8(2) of the 1993 Act and "GMP Element" shall be construed accordingly;

"GMP Trivial Amount" means £260 per annum or such other amount as is prescribed from time to time by regulations made under section 21(1) of the 1993 Act;

"Hallite Final Salary Section" means the Hallite Section providing benefits in accordance with Appendix A of the Ninth Schedule;

SCHEDULE 1 Definitions

"Hallite Member" means a member of the Scheme entitled to benefits under Schedule 9, the Hallite Section of the Scheme. Hallite Membership shall be construed accordingly;

"Hallite Money Purchase Section" means Hallite Section providing benefits in accordance with Appendix B of the Ninth Schedule;

"Hallite Section" means the section of the Scheme applicable to Employees who have joined the Scheme as part of the transfer of the assets and liabilities of the Wellington Holdings Pension Scheme to the Scheme as set out in the Ninth Schedule.

"Incapacity" means physical or mental deterioration of health to a degree which in the opinion of the Employer and the Trustees (whose joint decision is final) and on the evidence of a registered medical practitioner prevents the Member from following his or her normal employment and the Member has in fact ceased to carry on his occupation or severely impairs earning capacity;

"Insurance Company" means an insurance company as defined in section 275 of the Finance Act 2004.

"Last Employer"

(a) In relation to a Member other than an Active Member, "Last Employer" means the former Scheme Employer of which that Member was an employee when he last ceased to be in Pensionable Service under the Scheme;

(b) In relation to a Beneficiary who is not and has never been a Member (including a Spouse or Dependant of a deceased Member or a pension credit member), "Last Employer" means the former Scheme Employer which, applying (a) above, is the Last Employer for the Member in respect of whom the Beneficiary is entitled to receive a benefit under the Scheme.

"Liquidation" means voluntary or compulsory liquidation as defined by section 247 of the Insolvency Act 1986.

"Lower Earnings Limit" means the minimum amount which must be earned in any pay period before national insurance contributions are payable, as defined in section 122 of the Social Security Contributions and Benefits Act 1992;

"Maximum Benefit" means the appropriate maximum prescribed in the Fifth Schedule (Scheme Limits);

"Member" means a person who has joined the Scheme and remains entitled to benefit under the Scheme and has not ceased to be a Member by becoming a Former Member. In relation to each of the Employers, any references to Members means those Members in Service. References to Membership are references to the status of being a Member. Hallite Members are included with this definition of Member as applicable;

SCHEDULE 1
Definitions

"Member's Account" means in relation to a Money Purchase Member, the total amount or value at the relevant date of:

- (a) his Protected Rights Assets;
- (b) any contributions paid by or treated as having been paid by the Member under Rule 1.2 of the Fourth Schedule;
- (c) any contributions paid by the Employer in respect of the Member excluding any contributions paid under Rule 1.1.4(a) and Rule 1.1.4(b) of the Fourth Schedule;

including any investment yield and bonuses in respect of them but excluding the Member's Voluntary Fund.

"Member's Contributions" means in respect of any Member the total of the contributions which have been paid by the Member to the Scheme, together with any part of any transfer value paid to the Trustees in respect of that Member which is certified by the Trustees of the transferring scheme to be contributions which have been paid to that scheme by the Member, or contributions which have been paid to another scheme by the Member in respect of which a transfer value has been made to that transferring scheme;

"Member's Compulsory Contributions" means the contributions a Member is required to make to the Scheme in accordance with Rule 1.2 of the Third Schedule or Rule 1.2 of the Fourth Schedule or Rule 2.1 of Appendix B of the Ninth Schedule;

"Member Nominated Director" means member nominated directors of a corporate trustee as defined in section 242 of the Pensions Act 2004.

"Member Nominated Trustee" means member nominated trustees as defined in section 241 of the Pensions Act 2004.

"Member's Voluntary Fund" means in relation to a Member that part of the Fund constituting voluntary contributions paid by the Member and any additions to them less any deductions from them which have been separately invested and identified under Rule 1.3 of the Third Schedule or Rule 1.3 of the Fourth Schedule. For the purposes of Clause 26 Member's Voluntary Fund includes voluntary contributions made a Hallite Member under Rule 2.2 of Appendix B to Schedule 9;

"Minimum Pension" means for any Member who has been in Contracted Out Employment or his or her Spouse a pension equal to the Guaranteed Minimum Pension applicable to him or her;

"Minimum Pension Age" means the Member's 50th birthday or, with effect from 6 April 2010, his 55th birthday. Where a Member has a Protected Pension Age which is earlier than his Minimum Pension Age, that earlier age shall be his Minimum Pension Age.

"Money Purchase Section" means the money purchase rules under the Fourth Schedule;

SCHEDULE 1
Definitions

"Money Purchase Member" means a Member or Former Member entitled to benefits under the Money Purchase Section;

"Month" means a calendar month;

"Normal Retirement Age" means the sixty fifth birthday;

"Overseas Scheme" means a qualifying recognised overseas pension scheme as defined in section 169 and Schedule 33 of the Finance Act 2004.

"Paid Family Leave" means any period of Family Leave in respect of which the Member is entitled to, and receives remuneration from the Employer (including statutory maternity, paternity and adoption pay).

"Paid Maternity Leave"

Any period of Maternity Leave in respect of which the Member is entitled to, and receives remuneration from the Employer (including statutory maternity pay).

"Parental Leave" means absence authorised pursuant to Chapter II of Part VIII of the Employment Rights Act 1996.

"Participating Employer" means any Employer who executes a deed of adherence under Clause 17 to participate in the Scheme;

"Part Time Work" means Pensionable Service earned in respect of Employments where Members are not required under their contracts of employment to work more than 35 hours per week;

"Paternity Leave" means absence authorised pursuant to Chapter III of Part VIII of the Employment Rights Act 1996.

"Pension" means the annual pension payable to a person in accordance with the Rules;

"Pensionable Salary" has the following meaning:

- (a) In relation to a Final Salary Member shall have the meaning set out in paragraph 1 of whichever of the Appendices to the Third Schedule applies to that Member;
- (b) In relation to a Money Purchase Member (subject to the Permitted Maximum where applicable) is fixed at 1 April in each year and means the Member's gross earnings received in the twelve months ending on the following 5 April, excluding overtime earnings.
- (c) For the purposes of Schedule 2 and those provisions of Schedule 3 which apply to Hallite Members "Pensionable Salary" in relation to a Hallite Member means "Hallite Pensionable Pay" as defined in Schedule 9.

"Pensionable Service" means (subject to Rule 3 of the Second Schedule) Service (including complete Months of Service) whilst a Member before the Normal Retirement Age and such other service prior to becoming a Member of the Scheme as the Trustees

SCHEDULE 1 Definitions

may with the consent of the Principal Company at their discretion allow, but it does not include any period during which the Member has opted out of the Scheme. For the purposes of Schedule 2 and those provisions of Schedule 3 which apply to Hallite Members "Pensionable Service" in relation to a Hallite Member means "Hallite Pensionable Service" as defined in Schedule 9;

"Pensioner" means a Former Member who for the time being is entitled to receive a Pension under the Scheme or who would be so entitled but for the payment of a lump sum in commutation of his or her Pension under the provisions of Rule 6 of the Third Schedule or Rule 5 of the Fourth Schedule or Rule 4.4 Appendix B of the Ninth Schedule;

"Permitted Maximum" is as defined in Schedule 5;

"Personal Pension Scheme" means a scheme which is approved by the HM Revenue & Customs under section 153 of the Finance Act 2004 and references to "Personal Pension" shall be construed accordingly;

"Postponed Pensioner" means a Member who remains an Employee after Normal Retirement Age, but ceases to accrue further benefits under the Scheme, and who elects to postpone the start of his or her Pension under Rule 3 of the Third Schedule and whose election is accepted by the Trustees of the Scheme and the Principal Company;

NB For Hallite Members the definition of Continuing Member as defined in Schedule 9 shall apply in place of Postponed Pensioner where applicable.

"Preservation Requirements" means the requirements the Scheme must satisfy regarding the preservation of benefits as set out in Part IV of the 1993 Act.

"Previous Schemes" means any one or more of:

- the Fenner Works Pension Scheme
- the Fenner PLC (1972) Staff Pension Scheme
- the BTL Limited Retirement Benefit Scheme
- the James Dawson (1978) Pension Scheme: Works
- the James Dawson (1978) Pension Scheme: Staff
- the Fenner Executive Pension Scheme
- the Wellington Holdings Pension Scheme

as may be relevant to the Member or Former Member.

"Principal Company" means Fenner PLC in relation to the period until any other individual company or firm assumes the obligations of the Principal Company in accordance with Clause 16 (Substitution of New Principal Company) and in relation to any subsequent period, means the individual company or firm which has for that period assumed the obligations of the Principal Company under that Clause;

"Protected Rights" is defined in Rule 1 of Schedule 7 of the Protected Rights Rules;

SCHEDULE 1 Definitions

"Protected Rights Assets" is defined in Rule 1 of Schedule 7 of the Protected Rights Rules.

"Protected Rights Rules" means the Protected Rights Rules contained in the Seventh Schedule, as amended from time to time and any reference to a particular Protected Rights Rule (or its replacement) shall be construed accordingly.

"Qualifying Service" for a Member who leaves Pensionable Service means (subject to Rule 3 of the Second Schedule) the aggregate of:-

- (a) Pensionable Service;
- (b) service as a member of any other retirement benefits scheme of the Employers or any predecessors in business (other than the Scheme);
- (c) actual periods of service whilst a member of another retirement benefits scheme where benefits have been transferred to the Fund under Clause 18, (this will not necessarily be the same period of Pensionable Service which is credited to a Member pursuant to Clause 18 on the receipt of a transfer payment); and
- (d) such other period or periods as the Trustees, with the consent of the Employer, may allow generally or in any particular case;

PROVIDED THAT:

- A Pensionable Service interrupted by a break of one month or less will be treated as continuous (but excluding the break); and
- B no period of time shall be reckoned twice;
- C interruptions in Service, employment or Membership which are attributable to Family Leave (as set out in Rule 3 of the Second Schedule) after which a right to return to work is exercised under the Employment Protection (Consolidation) Act 1978 shall be disregarded (subject to Rule 3 of the Second Schedule);

"Regulatory Requirements" means the requirements for Registration, the preservation requirements of the 1993 Act and the contracting-out requirements of the 1993 Act;

"Registration" means registration of the Scheme in accordance with Chapter 2 of Part 4 of the Finance Act 2004;

"Registered Pension Scheme" means a pension scheme as defined in section 150 of the Finance Act 2004 which is registered under Chapter 2 of Part 4 of that Act, or such other scheme or arrangement which meets the conditions or requirements prescribed by HM Revenue and Customs from time to time.

"Relevant Scheme" shall mean any other scheme which is a Registered Pension Scheme;

SCHEDULE 1 Definitions

"Retail Price Index" shall mean The Government's Index of Retail Prices or such other index as is acceptable to the HM Revenue & Customs;

"Revalued GMP Element" means the Guaranteed Minimum Pension increased in accordance with the Rules;

"Rules" means the Rules of the Scheme including all Schedules and Appendices to them for the time being in force;

"Schedule" means a Schedule to the Definitive Deed and the number of the Schedule shall be construed accordingly;

"Schedule of Contributions" means a schedule of contributions as defined in section 227 of the Pensions Act 2004, prepared, reviewed and if necessary revised by the Trustees in accordance with Clause 12.6.

"Scheme Employer" means an employer in relation to the Scheme which satisfies the definition of "employer" in regulation 2(1) of the Employer Debt Regulations.

"Scheme Funding Regulations" means the Occupational Pension Schemes (Scheme Funding) Regulations 2005;

"Scheme Limits" means the relevant limitations set out in the Fifth Schedule;

"Scheme Service" means (subject to Rule 3 of the Second Schedule) the current period of complete years of continuous Service of a Member (calculated as at the preceding 1 April) commencing on the date on which the Member became a Member of the Scheme or if earlier the date on which the Member became a member of a Previous Scheme and ending at a Member's Normal Retirement Age and in addition any additional period of Service notionally credited for the purposes of this definition at the discretion of the Principal Company. Any period during which a Member has opted out of the Scheme shall not be counted. In the case of any doubt as to the length of a Member's Scheme Service, the decision of the Principal Company shall be final.

"Serious Ill-Health" means exceptional circumstances of serious ill-health being circumstances in which the Trustees are satisfied on the basis of advice received from a registered medical practitioner that the Member's expectation of life is unquestionably very short and in any event less than a year;

"Service" means employment by any of the Employers as an Employee in the United Kingdom or such other territory or territories as the Principal Company may with the approval of the HM Revenue & Customs from time to time agree. For the purposes of the Rules transfers from one to another of the Employers shall not be construed as termination or interruption of Service if any such break in employment does not exceed six months;

"Spouse" means in respect of a deceased Member or Former Member his widow or her widower;

SCHEDULE 1 Definitions

"State Pension Age" means in relation to GMPs, the 65th birthday for men and the 60th birthday for women. In any other case, the state pension age will have the same meaning as the term "pensionable age" in paragraph 1 of Part 1 of Schedule 4 to the 1995 Act.

"State Scheme Premium" means one or more of the premiums prescribed by Part III Chapter III of the 1993 Act;

"Statutory Funding Objective" has the meaning given by section 222 of the Pensions Act 2004.

"Surviving Civil Partner" means the surviving registered civil partner of a Member in accordance with the provision in Chapter 1 of the Civil Partnership Act 2004.

"Temporary Absence" means absence from work as defined in Rules 3.5.2 of Schedule 2.

"Total Debt" means the total of any debt that may arise under section 75 or 75A of the 1995 Act calculated as set out in section 75 of the 1995 Act and the Employer Debt Regulations.

"Trivial Amount" means a pension which is trivial and total benefits arising in respect of a Member's Pensionable Service and in respect of membership of any other Registered Pension Scheme do not exceed 1% of the standard lifetime allowance for the relevant tax year in accordance with paragraph 7 of Schedule 29 to the Finance Act 2004 (or any greater amount that is permitted by HM Revenue & Customs and the Preservation Requirements). "Standard lifetime allowance" is defined in section 218 of that Act.

"Trivial Commutation Lump Sum" has the same meaning as paragraph 7 of Part 1 of Schedule 29 of the Finance Act 2004;

"Trustees" means the trustees for the time being of the Scheme;

"20 per cent Director" means:

- (a) a director of any of the Employers who either alone or with his or her Spouse or minor Children is the beneficial owner of shares which when added to shares held by the trustees of any settlement to which the Member or Spouse has transferred any asset, carry 20 per cent or more of the voting rights of any of the Employers or of any company which controls any of the Employers; and
- (b) a person who retires on or after 17 March 1987 and at any time after 16 March 1987 and within 10 years of retirement has been a director (as defined in section 612(1) of the 1988 Act) who is within paragraph (b) of section 417(5) of that Act;

"Unauthorised Payment" means a payment which is not an Authorised Employer Payment or an Authorised Member Payment.

SCHEDULE 1
Definitions

"Unpaid Family Leave" means a period of Family Leave in respect of which the Member is not in receipt of remuneration from the Employer (including statutory maternity, paternity or adoption pay).

"Unpaid Maternity Leave" means a period of Maternity Leave in respect of which the Member is not in receipt of remuneration from the Employer (including statutory maternity pay).

"Upper Tier" means those Employees who are designated as Upper Tier Members by the Principal Company whose decision shall be final;

"Warranted Benefits" in relation to Final Salary Members means:

- (a) in relation to a male Member who joined the Scheme prior to 1 August 1991 (or being a Member of Category D, commenced Pensionable Service prior to 1 September 1991) the benefits accrued in respect of any period of Pensionable Service between (and including) 18 May 1990 and 8 April 1994;
- (b) in relation to a female Member who joined the Scheme prior to 1 August 1991 the benefits accrued in respect of any period of Pensionable Service to 8 April 1994;

in each case calculated upon the presumption that Normal Retirement Age is the 60th birthday and accordingly increased under Rule 3 of the Third Schedule in respect of any period after the 60th birthday and before the benefit starts or (except on retirement due to Incapacity) reduced under paragraph 4 of the appropriate Appendix to the Third Schedule, but only in respect of any period after the benefit starts and before the 60th birthday;

"Year" means the period of twelve months commencing 1 April in any year.

"1988 Act" means the Income and Corporation Taxes Act 1988;

"1993 Act" means the Pension Schemes Act 1993;

"1995 Act" means the Pensions Act 1995;

"2004 Act" means the Pensions Act 2004

SCHEDULE 2
GENERAL RULES

ELIGIBILITY

1.1 Eligibility as of right

An Employee shall subject to Rule 1.7 of this Second Schedule be eligible for admission to Membership of the Scheme on the first day of the month following or coincident with that in which Employment commences when all of the following conditions are satisfied:-

1.1.1 The Employee is an Eligible Employee;

1.1.2 The Employee is under the age of 64; and

1.1.3 The Employee has completed to the satisfaction of the Trustees an application for Membership in a form prescribed by the Trustees (accompanied by any particulars the Trustees may require, including proof of date of birth and marital status and satisfactory evidence of health) before or as soon as the Employee is (apart from this rule 1.1.3) eligible to do so.

When an Eligible Employee joins the Scheme after 5 April 1997 he shall be eligible to become a Member of the Money Purchase Section or (subject to Appendix B Rule 1 of the Ninth Schedule) the Hallite Money Purchase Section as directed by the Principal Company. In relation to any Member who has joined the Scheme prior to 5 April 1997, the Principal Company shall notify the Trustees of the category of Membership which is applicable to him or her and the Principal Company's decision in this respect shall be final.

1.2 Eligibility - discretionary

An Employee who is not an Eligible Employee or who has elected under Rule 3.2 of this Second Schedule to cease to be a Member may be admitted to Membership of the Scheme on such terms as the Principal Company and the Trustees shall determine (including the provision of such medical and other evidence as may be required) but not so as to prejudice the Regulatory Requirements or other relevant legislation. The Trustees shall notify the Employee in writing of the relevant terms.

1.3 Eligibility - special terms

Subject to the Regulatory Requirements an Employee may be admitted to Membership of the Scheme on such special terms as the Principal Company and the Trustees shall determine (including the provision of such medical and other evidence as may be required). The Trustees shall notify the Employee in writing of those terms.

1.4 Eligibility - exclusion of Employees

1.4.1 The Principal Company may from time to time by notice in writing to the Trustees direct that with effect from a specified date, any Employee or class of Employee

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shall not be eligible to become a Member and any notice under this paragraph (insofar as it is not such as to affect Registration) shall have effect notwithstanding the other provisions of these Rules.

1.4.2 The Final Salary Section and the Hallite Final Salary Section are closed to new entrants and hereafter no Employee who is not already a Final Salary Member or a Hallite Final Salary Section shall be eligible to become one.

1.4.3 The Principal Company may at any time by notice in writing to the Trustees direct that Membership of the Scheme shall be closed to new entrants and thereafter no Employee who is not already a Member shall be eligible to become a Member.

1.5 Equal Access

Notwithstanding anything to the contrary the Principal Company and the Trustees shall not operate the provisions of Rule 1 of this Second Schedule contrary to requirements of the 1993 Act relating to equal access for men and women to membership of occupational pension schemes or other relevant legislation.

1.6 Change of Category

The Principal Company may at any time invite a Member who has been allocated to a Category of Membership to change Category (other than to the Final Salary Section or the Hallite Final Salary Section) upon such terms as the Principal Company and the Member may jointly agree.

1.7 Discretionary Waiting Period

The Principal Company may from time to time direct in relation to one or more Employers that any or all Employees of that Employer shall only be eligible for admission to Membership of the Scheme on their completion of any period of Service determined by the Principal Company.

2 APPLICATION FOR MEMBERSHIP

2.1 Every Employee who is eligible for Membership under the provisions of Rule 1 of this Second Schedule shall, if the Employee wishes to become a Member, submit to the Trustees a copy of his or her birth certificate or such other evidence of age and other evidence (including evidence as to health) relevant to any benefits contingently payable in respect of the Employee under the Scheme as the Trustees may require. The Trustees will require any such Employee to complete a form of application for Membership as provided for in Rule 1.1 of this Second Schedule.

2.2 An Employee who could have become a Member under the provisions of Rule 1.1 of this Second Schedule but has failed to do so shall not become a Member thereafter without the consent of the Principal Company and the Trustees, but may subsequently be admitted to Membership in accordance with Rule 1.3 of this Second Schedule.

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2.3 If an Employee is or will become eligible for admission that Employee shall undergo such a medical examination as the Trustees may require and by such date as they may decide.

2.4 If an Employee fails to provide the Trustees with the information required by them or the result of the medical examination is, in their opinion, unsatisfactory, the Trustees may:

2.4.1 refuse to admit the Employee to Membership, or

2.4.2 modify or restrict the benefits provided for or in respect of that Employee in such manner as they may agree with the Principal Company and is consistent with the contracting out requirements of the 1993 Act.

The Trustees shall notify the Employee affected in writing of their decision.

2.5 The Trustees may act and rely upon:

2.5.1 any evidence or information supplied by an Employee to any of the Employers, or

2.5.2 a medical examination undergone by an Employee for any of the Employers or for any Insurance Company.

2.6 Where any of the information supplied by or on behalf of an Employee to the Trustees is incorrect they may modify or restrict the benefits provided for or in respect of that Employee in such manner as they may agree with the Principal Company and is consistent with the contracting out requirements of the 1993 Act.

The Trustees shall notify the Employee in writing of their decision.

3 CESSATION OF MEMBERSHIP

3.1 General

Subject to the further provisions of this Rule a Member shall cease to be a Member:-

3.1.1 on ceasing to be an Eligible Employee;

3.1.2 on attaining Normal Retirement Age;

3.1.3 on death;

3.1.4 on notification to the Trustees by the Principal Company in writing that with effect from a specified date he or she shall cease to be a Member; or

3.1.5 where permitted by section 160 of the 1993 Act the Member elects to cease to be a Member.

3.2 Voluntary Withdrawal whilst remaining an Employee

Membership of the Scheme for an Employee otherwise qualified to be a Member shall be voluntary and any Member may on giving two months' notice in writing to the Trustees elect to withdraw from Membership whereupon that Member's benefits under the Scheme shall be calculated on the basis that the Member left Service on the date of the Member's withdrawal from Membership. The said Member will only be re-admitted to Membership of the Scheme pursuant to Rule 1.2 of this Second Schedule.

3.3 Ineligibility for Continued Membership

If a Member ceases to be an Eligible Employee although remaining an Employee no further contribution shall be payable by or in respect of that Member and no further pension shall accrue to or in respect of him or her and the benefits prospectively and contingently payable to and in respect of that Member under Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3 of the Ninth Schedule and Appendix B Rule 5 of the Ninth Schedule shall apply.

3.4 Parental Leave and Family Leave

3.4.1 General provisions

(a) Maternity Leave

A female Member who is absent from active Service, with a right to return to active Service (following pregnancy or confinement) under the relevant provisions of the Employment Rights Act 1996 and the Employment Act 2002, shall remain a Member until the cessation of the period during which that right may be exercised (on Maternity Leave).

(b) Benefits and Member's Contributions during Paid Maternity Absence

(i) **Benefits.** Benefits shall continue to accrue and be payable in respect of a female Member during Paid Maternity Absence, and shall be calculated by reference to the notional Pensionable Salary (as appropriate, and as determined by the Principal Company) which would have been applicable to her if she had continued in active Service during Paid Maternity Absence.

(ii) **Member's Contributions.** The Member's Contributions during Paid Maternity Absence shall continue to be payable, and shall be calculated at a percentage of Pensionable Salary applicable to her immediately prior to the absence but on the basis of the statutory or contractual pay received by the Member during Paid Maternity Absence.

(c) Benefits and Member's Contributions during Unpaid Maternity Absence

(i) **Benefits.** Pension benefits shall continue to accrue in respect of a female Member during any period of Unpaid Maternity Absence in respect

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of which she pays Member's Contributions (either during Unpaid Maternity Absence or upon returning to active Service). In the event of her death during Unpaid Maternity Absence, there shall be payable a lump sum in accordance with Rule 8.2 of the Third Schedule, Rule 3.2 of the Fourth Schedule, Appendix A Rule 4.1 of the Ninth Schedule and Appendix B Rule 6.1 of the Ninth Schedule as appropriate. The lump sum under Rule 8.2 of the Third Schedule shall be calculated by reference to her Pensionable Salary immediately before the commencement of Maternity Leave.

- (ii) **Member's Contributions.** The female Member may elect with the agreement of the Employer whether or not to continue payment of her Member's Contributions (based on her Pensionable Salary immediately before the commencement of Maternity Leave) in respect of Unpaid Maternity Absence (either during Unpaid Maternity Absence or upon returning to active Service).
- (iii) **Employment Rights Act 1996/Employment Act 2002.** The provisions of this Rule 3.4 shall be overridden to any extent necessary to comply with the relevant requirements of the Employment Rights Act 1996 and/or the Employment Act 2002.

(d) End of Maternity Leave

- (i) **Return to active Service.** If the female Member returns to active Service, the two periods of Pensionable Service before and after Maternity Leave shall be treated as continuous Pensionable Service, which shall include any period for which pension benefits have accrued in respect of her, in accordance with Rule 3.4.2 and (if applicable) Rule 3.4.3.
- (ii) **Non-return to active Service.** If the female Member does not then return to active Service, Pensionable Service shall terminate when payment of the Member's Contributions ceases.

3.4.2 Paid Family Leave

Benefits and Member's Contributions. Benefits shall continue to accrue and be payable, and Member's Contributions shall continue to be payable, during Paid Family Leave, and shall be calculated by reference to the Member's Pensionable Salary during Paid Family Leave.

3.4.3 Unpaid Family Leave

Benefits and Member's Contributions. Pension benefits shall continue to accrue in respect of a Member during any period of Unpaid Family Leave in respect of which he pays Member's Contributions (either during Unpaid Family Leave or upon returning to active Service).

3.4.4 Parental Leave

If a Member is absent on parental leave he will continue to be a Member of the Scheme. The provisions of Rule 3.4 will apply in respect of the calculation of his benefits as if the term "parental leave" were substituted for the term "Paid Maternity Absence". However, the Member's benefits during the absence will be based on the annual rate of contractual pay received by the Member during that period.

3.4.5 Paternity Leave

If a Member is absent on paternity leave he will continue to be a Member of the Scheme and the provisions of Rule 3.4 will apply in respect of the calculation of his benefits as if the term "paid paternity leave" were substituted for the term "Paid Maternity Absence" and "unpaid paternity leave" were substituted for the term "Unpaid Maternity Absence".

The Trustees may determine what constitutes "paternity leave" subject to any relevant overriding legislation.

3.4.6 Ordinary Adoption Leave

If a Member is absent on ordinary adoption leave he will continue to be a Member of the Scheme and the provisions of Rule 3.4 will apply in respect of the calculation of his benefits as if the term "ordinary adoption leave" were substituted for the term "Paid Maternity Absence".

3.4.7 Unpaid Adoption Leave

If a Member is absent on unpaid adoption leave, the provisions of Rule 3.4 will apply in relation to the terms upon which he is considered a Member of the Scheme. His benefits will be calculated in accordance with Rule 3.4 as if the term "unpaid adoption leave" were substituted for the term "Unpaid Maternity Absence".

3.4.8 Aggregation of Pensionable Service

If a Member resumes employment after the relevant period of temporary absence, Pensionable Service which has accrued before, during and after the absence will be aggregated.

3.5 Other circumstances of absence

- 3.5.1** The following provisions of this Rule 3.5 shall apply where a Member is on Temporary Absence.

3.5.2

- (a) Subject to the following provisions of this Rule 3.5, if a Member is absent from work whilst remaining an Employee, he or she shall be deemed to remain a Member for up to six months or such period as the Principal Company may determine. The period of absence to be termed Temporary Absence. Where a Member is treated as being on Temporary Absence, Rules 3.3 of this Second Schedule and Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule and Appendix B Rule 5 of the Ninth Schedule (Withdrawal) shall not apply and the Principal Company and the Trustees shall decide to what extent, if any, benefits for or in respect of the Member shall accrue in respect of Temporary Absence, and to what extent Employee contributions remain payable.
- (b) Subject to Rule 3.5.5, a period of Temporary Absence shall only count as Pensionable Service in the following circumstances:-
- (i) if the Temporary Absence is due to illness or accident at work the Employer may, after receiving such medical evidence as it may require that there is a definite expectation of the Member's return to work, agree that the first six months of absence shall rank as Pensionable Service;
 - (ii) absence in excess of six months shall rank as Pensionable Service at the absolute discretion of the Principal Company;
 - (iii) Employee contributions payable under Rule 1.2 of the Third Schedule, Rule 1.2 of the Fourth Schedule or Appendix B Rule 2.1 of the Ninth Schedule shall continue to be deducted in respect of that period if the Member continues to receive payment.

3.5.3 A Member's Temporary Absence shall end on the earlier of, death, Normal Retirement Age and the date on which the Member ceases to be designated as on Temporary Absence by the Principal Company.

3.5.4 If a Member dies while on Temporary Absence Rule 8.2 of the Third Schedule, Rule 3.2 of the Fourth Schedule, Appendix A Rule 4.1 of the Ninth Schedule and Appendix B Rule 6.1 of the Ninth Schedule shall apply.

Pensionable Salary and (in relation to a Final Salary Member) Final Pensionable Salary shall be calculated as at the day before Temporary Absence commenced, but making full allowance for any periods of Pensionable Service.

3.5.5 If during any part of the Temporary Absence the Employer continues to pay the Member his or her salary or the Member is in receipt of benefits under a sick pay or permanent health scheme of an Employer and he or she continues to pay contributions, that part shall count as Pensionable Service.

3.5.6 For the purposes of determining benefits and contributions payable under the Scheme to or in respect of a Member who has been on Temporary Absence,

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subject to any requirements imposed by an insurer of any benefit the Principal Company and the Trustees may deem the Member to have been in receipt of such earnings of such category or categories as they may consider to be fair and reasonable and as will not prejudice Registration.

- 3.5.7 If the Member's Temporary Absence ends and the Member being alive does not return to work Rules 2 or 4 of the Third Schedule, Rule 2 of the Fourth Schedule, Appendix A Rule 3 of the Ninth Schedule and Appendix B Rule 4 of the Ninth Schedule shall apply if appropriate. Otherwise the Member shall be deemed to have ceased to be an Employee on the day after Pensionable Service ceases and the relevant Rules shall apply.
- 3.5.8 Subject to Rule 3.5.2 of this Second Schedule where a Member returns to work at the end of Temporary Absence, the period of Pensionable Service before, the period of Pensionable Service (if any) during, and the period of Pensionable Service after Temporary Absence shall be treated as continuous.
- 3.5.9 Service which is broken for less than six months, being contracted-out Service, will be treated as continuous, (excluding the break). It will not be treated as continuous if a) a State Scheme Premium under the 1993 Act has been paid; b) a transfer has been effected to another scheme; or, c) the GMP Element or the Protected Rights have been preserved or bought out under a buy-out policy.
- 3.5.10 A Member who ceases to be an Eligible Employee and within six months thereafter becomes an Eligible Employee of another of the Employers shall be deemed not to have ceased to be an Eligible Employee.
- 3.5.11 Where a Member would but for the provisions of this Rule 3 cease to be eligible to remain a Member by reason only of ceasing to be engaged in Service in the United Kingdom, his or her Membership shall nevertheless continue for so long as the Member remains in all other respects eligible to be a Member provided that Registration would not be prejudiced thereby.
- 3.5.12 As soon as practicable after any Employee ceases to be a Member either by death, leaving Pensionable Service or otherwise, the Employer shall give notice in writing of that fact to the Trustees.

4 STRIKES

- 4.1 If a Member ceases to be at work because of a Strike (as defined in the Employment Rights Act 1996) then this Rule shall apply and override any other provision of the Deed apart from Clause 24 (Alteration of the Scheme) and the Sixth Schedule or the Seventh Schedule (Contracting Out).
- 4.2 During the period of absence from active work due to a Strike that person shall be treated as remaining as a Member unless employment is expressly terminated or that person becomes engaged in full time employment for someone other than an Employer. Unless the Principal Company decides otherwise the said period of absence shall not be counted as Pensionable Service.

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- 4.3** If the Employer terminates a Member's employment during a Strike then the Member shall be treated as if he or she had ceased to be an Eligible Employee under Rule 3.3 of this Second Schedule while remaining in the employment of the Employer until whichever is the earliest of:
- 4.3.1 the Employer certifying to the Trustees that the Strike has been resolved and the Member is not re-engaged pursuant to Rule 4.3.4 below in which case Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule or Appendix B Rule 5 of the Ninth Schedule will apply from the date of certification;
 - 4.3.2 the Employer notifying the Trustees that it has engaged another person on a permanent basis to do the work which the Member had been doing in which case Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule or Appendix B Rule 5 of the Ninth Schedule will apply from the date of engagement of that other person;
 - 4.3.3 the Employer permanently discontinuing the activity in which the Member was employed, in which case Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule or Appendix B Rule 5 of the Ninth Schedule will apply from the date of such discontinuance;
 - 4.3.4 the Member being re-engaged by the Employer; and
 - 4.3.5 the Member reaching Normal Retirement Age, in which case Rule 5 of the Third Schedule, Rule 2.3 of the Fourth Schedule, Appendix A Rule 3.4 of the Ninth Schedule or Appendix B Rule 5 of the Ninth Schedule will apply.
- 4.4** If a Member dies prior to Normal Retirement Age during a period of absence due to a Strike, benefits will be payable in accordance with Rule 8 of the Third Schedule, Rule 3 of the Fourth Schedule, Appendix A Rule 4 of the Ninth Schedule and Appendix B Rule 6 of the Ninth Schedule. The amount of benefits shall be equal to those payable had the Member died on the day prior to the start of the period of absence, and for a Final Salary Member, calculated on Final Pensionable Salary as at that date.
- 4.5** In order to ascertain and determine the benefits payable under the Scheme during the period of absence, the Employer and Trustees may deem the Member to be in receipt of such earnings as they think fit provided that such decision will not prejudice Registration.

5 RE-ENTRY INTO MEMBERSHIP

5.1 General

Subject to Rules 1.2, 3.4, 3.5 and Rule 4 all of this Second Schedule and to the following provisions of this Rule 5, where an Employee is re-admitted to Membership he or she:

- 5.1.1 shall retain any benefits as a Deferred Pensioner to which an entitlement has arisen,

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- 5.1.2 shall accrue benefits under the Scheme in respect of the new period of Membership as if he or she had not previously been a Member;
- 5.1.3 in relation to a Money Purchase Member, may continue to accrue benefits to the Member's Account; and
- 5.1.4 in relation to be a Hallite Money Purchase Member continue to accrue benefits to the Hallite Member Account.

5.2 Surrender of Benefit

Where a Final Salary Member is re-admitted to Membership as a Final Salary Member and, with the consent of the Trustees and the Principal Company, either:

- 5.2.1 surrenders the benefits to which an entitlement has arisen by virtue of the previous period of Membership, or
- 5.2.2 repays to the Scheme the Member's Compulsory Contributions which were paid to the Employee on the termination of the previous period of Membership,

the Member shall be credited with such additional period of Pensionable Service as the Trustees may decide, after obtaining Actuarial Advice, as comparing reasonably with either the amount of the benefits surrendered, or the amount of the repayment.

6 TERMINATION OF CONTRIBUTIONS

- 6.1 An Employer may, with the consent of the Principal Company, at any time by giving to the Trustees not less than four weeks' notice in writing (or such shorter period as the Trustees may accept) terminate its liability under this Rule 6.1 to contribute to the Fund.
- 6.2 If a notice is given under Rule 6.1 of this Second Schedule:
 - (a) by the Principal Company, Clause 26 (Termination and Winding up of the Scheme) shall apply, or,
 - (b) by any other Employer, Clause 17 (Participating Employers) shall apply.

7 CONTRACTING-OUT

The Sixth Schedule or the Seventh Schedule (Contracting Out) shall apply in respect of the benefits of any Member or Former Member who is or was in Contracted Out Employment by reference to the Scheme or any person entitled to benefits under the Scheme in respect of the Member's or Former Member's membership of the Scheme and shall override any provisions of the Scheme which are inconsistent with it except Clause 24 (Alteration of Scheme).

SCHEDULE 3

FINAL SALARY RULES

The Rules in this Schedule 3 shall apply only to or in relation to Final Salary Members unless expressly stated in the Ninth Schedule and for the avoidance of doubt where not expressly stated in the Ninth Schedule no Rule within this Schedule 3 shall apply to or in relation to Hallite Members unless in relation to any particular Member or group of Members the Trustees and Principal Company agree.

1 CONTRIBUTIONS

1.1 Employers' contributions

1.1.1 Subject to Rules 6.1 and 6.2 of the Second Schedule each Employer shall contribute to the Fund such sum as the Trustees having regard to Actuarial Advice and after consultation with the Principal Company may from time to time require when aggregated with the contributions payable by the Members to provide the benefits under the Scheme and in particular, to comply with the requirements of the 1995 Act and the 2004 Act. If applicable Clause 12.6 shall apply.

1.1.2 The Employers' contributions shall be paid to the Trustees monthly (or as the Trustees direct). The Principal Company may with the prior agreement of the Trustees and subject to the 1995 Act and the 2004 Act suspend or reduce contributions of the Employers at any time for such period as may be agreed.

1.2 Members' Compulsory Contributions

1.2.1 Subject to Rules 3.4 and 3.5.2 of the Second Schedule and Rule 1.2.2 of this Third Schedule each Member shall pay 8% of Pensionable Salary by deduction weekly or monthly from remuneration from the Employers until the Member attains Normal Retirement Age, accrues 40 years' Pensionable Service or ceases to be a Member, whichever first occurs,

PROVIDED THAT:

- (a) the payment of contributions shall be terminated suspended or reduced at any time at which the Actuary advises that they are excessive having regard to the amount of the Maximum Benefit applicable to the Member; and
- (b) the contributions payable by a Member shall not be such as will prejudice Registration.

1.2.2 The Principal Company may from time to time alter the Members' contribution rate and the Members' contribution rate may be reduced to nil on either a temporary or permanent basis.

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- 1.2.3 The Employers shall pay Members' Compulsory Contributions to the Trustees in the month following the month of deduction and pay them to the Trustees in accordance with any schedule of contributions prepared under section 227 of the 2004 Act (schedule of contributions).

1.3 Members' Voluntary Contributions

- 1.3.1 Subject to Rules 1.3.3 and 1.3.4 of this Third Schedule, a Member in Pensionable Service may make Additional Voluntary Contributions of such amount as the Member may determine to the Fund in order to increase the benefits prospectively payable under the Scheme to, or in respect of, that Member.

- 1.3.2 A Member may not pay Additional Voluntary Contributions to the Fund:

- (a) if, unless the Trustees otherwise agree, the amount of the Member's Additional Voluntary Contributions in respect of a tax year, would be less than the amount stipulated by the Trustees as being the minimum amount (if any) payable in that tax year,
- (b) if the amount of the Additional Voluntary Contributions would not be relievable pension contributions (as defined in Section 188(2) of the Finance Act 2004), or
- (c) if that payment would not qualify for relief from tax in accordance with Section 190 of the Finance Act 2004.

1.3.3

- (a) The aggregate of the contributions of a Member to the Scheme and to any other retirement benefit schemes to which the Employer contributes shall not:
 - (i) in any tax year exceed contributions which would be defined as relievable pension contributions in accordance with Section 188(2) of the Finance Act 2004; or
 - (ii) be greater than such sum as would be the maximum amount upon which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004.
- (b) If the Trustees are of the opinion that, in respect of any Member, the benefits payable under the Scheme may exceed the maximum amount which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004 or Scheme Limits the Trustees may:
 - (i) reduce or waive the Member's Additional Voluntary Contributions, and thereafter, and if necessary, may waive or reduce the contributions payable by, or in respect of, the Member, or

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- (ii) repay on retirement such excess to the Member where permitted by HM Revenue & Customs.
- 1.3.4 The Principal Company may impose any terms and conditions or any limit it determines on the payment of Additional Voluntary Contributions and in relation to the benefits provided in relation to Additional Voluntary Contributions.
- 1.3.5 A Member who is paying Additional Voluntary Contributions to the Scheme may not, except where Rules 1.3.2(b) or 1.3.2(c) of this Third Schedule apply, vary the rate at which Additional Voluntary Contributions are paid to the Fund unless the Member gives the Trustees three months' notice (or such shorter period as the Trustees may permit) of the Member's intention to vary that rate. Any such varied rate must satisfy Rule 1.3.2 of this Third Schedule.
- 1.3.6 The Trustees shall invest the Additional Voluntary Contributions of a Member in such a way that they can at all times identify them, any additions to them and any deductions from them (in this Rule 1.3 and in the Rules called the "Member's Voluntary Fund"). Clause 12 (Investment and Application of Fund) shall apply to the investment of the Additional Voluntary Contributions of a Member as it applies to the investment of the other Fund assets. For the avoidance of doubt Additional Voluntary Contributions made by a Member under this Rule 1.3 may be invested under the investment options available from time to time to Money Purchase Members under Schedule 4.
- 1.3.7 Where the benefits in respect of a Member's Additional Voluntary Contributions are provided in accordance with Rule 1.3.8 below the Member's Voluntary Fund shall be deemed to have been extinguished.
- 1.3.8 Where a Member has paid Additional Voluntary Contributions the benefits to which the Member shall be entitled in respect of those contributions after allowing for any additions to and deductions from them shall be:
 - (a) such as the Trustees can secure with the Member's Voluntary Fund on or about the date of the Member's retirement or earlier death,
 - (b) in such form as the Trustees shall decide and after obtaining Actuarial Advice,
 - (c) consistent with the any requirements of HM Revenue & Customs (and in particular no such benefit may be taken by way of lump sum except to the extent permitted by HM Revenue & Customs),
 - (d) of such amount and in such form as is consistent with the preservation requirements of the 1993 Act (if applicable), and
 - (e) of such value as is reasonable having regard to the amount of the Member's Additional Voluntary Contributions.

PROVIDED THAT:

- (A) The Trustees may after consultation with the Member increase any or all of the benefits payable under the Scheme to or in respect of the Member or increase them by equal or unequal proportions and the Trustees may provide other benefits in respect of the Member's Additional Voluntary Contributions than those prescribed by this Definitive Deed and Rules, being of such a kind and amount as are acceptable to HM Revenue & Customs and as will not prejudice Registration of the Scheme,
 - (B) Where after payment of all benefits payable to and in respect of a Member attributable to his or her Additional Voluntary Contributions there remain moneys in the Member's Voluntary Fund, such moneys shall be paid to the Member after the deduction of an amount equal to any tax for which the Trustees are liable.
- 1.3.9 Where a Member dies, any benefit payable under this Rule 1.3 in lump sum form shall be paid or applied in accordance with Clause 15 (Death Benefits).
- 1.3.10 A Member who has elected to pay Additional Voluntary Contributions under this Rule 1.3 can take these additional benefits as a lump sum if the Trustees are satisfied that Registration would not be prejudiced.
- 1.3.11 If any cash sum or assets in respect of any Member are transferred from a scheme, policy of assurance, annuity, contract or other arrangement (in this Rule called "the Transferor Scheme") pursuant to Clause 18 (Transfers to the Fund) into the Scheme and all or part of the cash sum or assets so transferred are attributable to voluntary contributions made to the Transferor Scheme then (insofar as is consistent with the requirements of the 1993 Act) the Trustees may treat such of those cash and assets (if any) which are attributable to voluntary contributions made by the Member to the Transferor Scheme as if those cash and assets were Additional Voluntary Contributions made by the Member under this Rule 1.3 except that the provisions of Rule 1.3.3 of this Third Schedule shall not apply to those assets.
- 1.3.12 Where the Trustees make a transfer of, or otherwise apply, assets in respect of a Member under Clause 17 (Participating Employers), or Clause 19 (Transfers from the Fund), the assets transferred or applied will include that Member's Voluntary Fund. The Trustees shall be discharged from any obligation to provide or secure benefits in respect of that Member's Voluntary Fund, once transferred.
- 1.3.13 Members' contributions shall be deducted from pay by the Employers and shall be paid by the Employers to the Trustees monthly within the time limits laid down by the 1995 Act.
- 1.3.14 A Member may by giving notice in writing to the Trustees one month before the date on which he is to commence receipt of his retirement benefits under the

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Scheme, subject to the consent of the Trustees, defer payment of the retirement benefits payable out of his Member's Voluntary Fund.

PROVIDED THAT:

- A The deferred Voluntary Fund benefits may only be paid after the main Scheme benefits have commenced and that those deferred benefits are taken between the Minimum Pension Age and age 75.
- B Where the member elects to defer the payment of any benefits payable in pension from out of his Member's Voluntary Fund, his election must apply to all such benefits and he may not elect to defer only a part of such pension benefits. He may elect to commence receipt of any benefits payable in lump sum form out of his Voluntary Funds and defer all other benefits.
- C Once the Member has elected to defer the benefits payable out of his Member's Voluntary Fund he may at any subsequent time make a written request to the Trustees to commence payment of these benefits.

1.3.15 If the Trustees are of the opinion that a Member is using the facility to make Additional Voluntary Contributions in a way which may breach any legislative restrictions or guidance from HM Revenue & Customs or other applicable body, the Trustees may carry out any investigations or place any restrictions on payment of Additional Voluntary Contributions by a Member, which they consider to be necessary.

2 NORMAL RETIREMENT

- 2.1** Except as provided under Rule 2.2 of this Third Schedule, a Member who retires at Normal Retirement Age shall be paid a Pension for life calculated at the rate set out in paragraph 2 of whichever of the Appendices applies to that Member for each Year and Month of Pensionable Service.

PROVIDED THAT:

If the calculation of the Warranted Benefits, would result in a higher level of benefits in respect of the period of Pensionable Service to which the Warranted Benefits relate, then the higher level of benefits shall apply in respect of that period to that particular Member.

- 2.2** The Pension payable under the provisions of this Rule 2 when aggregated with any benefits payable under any other provisions of these Rules shall not:

2.2.1 exceed the Maximum Benefit; or

2.2.2 be less than the Minimum Pension.

3 LATE RETIREMENT

3.1 Where a Member, with the Principal Company's consent, remains an Employee after Normal Retirement Age, the Member may elect with the consent of the Trustees and the Principal Company to postpone the start of his or her Pension until whichever is the earlier of:

3.1.1 the date on which the Member notifies the Trustees in writing that he or she wishes the postponement to end;

3.1.2 the date on which the Member ceases to be an Employee;

3.1.3 in the case of a Class A Member, the seventy fifth birthday.

3.2 Subject to the provisions of Rule 9 of this Third Schedule, a Postponed Pensioner who remains an Employee after Normal Retirement Age will be entitled (at his option) to either:

3.2.1 defer payment of his or her pension as permitted by Rule 3.1 of this Third Schedule, in which case the pension will be calculated in accordance with Rule 2 of this Third Schedule had that person retired at Normal Retirement Age (the "Postponed Pension") and increased by such amount as the Actuary advises the Trustees to be appropriate in respect of the period of deferment after Normal Retirement Age; or

3.2.2 if the Principal Company and the Trustees agree, remain in Pensionable Service until the date of his actual retirement or such earlier date as the Principal Company may specify, in which case the pension will be calculated in accordance with Rule 2 of this Third Schedule had that person retired at Normal Retirement Age but based on the Member's Pensionable Service at the date of ceasing to be an Employee or at the earlier date (if any) specified by the Principal Company under this Rule 3.2.2 and on the Member's Final Pensionable Salary at that date.

PROVIDED THAT:

If the calculation of the Warranted Benefits, would result in a higher level of benefits in respect of the period of Pensionable Service to which the Warranted Benefits relate, then the higher level of benefits shall apply in respect of that period to that particular Member.

3.3 The Postponed Pension payable under the provisions of this Rule 3 when aggregated with any benefits payable under any other provisions of these Rules shall not:

3.3.1 exceed the Maximum Benefit, or

3.3.2 be less than the Minimum Pension.

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3.4 Subject to Rule 3.5 of this Third Schedule, when the Postponed Pension starts to be paid under Rule 3 it shall:

3.4.1 if it starts to be paid after State Pension Age be increased by the difference between:

(a) the Revalued GMP Element increased in accordance with section 15 of the 1993 Act in respect of the period between State Pension Age and the date on which the Postponed Pension starts to be paid, and

(b) the Revalued GMP Element, and

3.4.2 be increased at State Pension Age (or date of payment if later) to the extent necessary to comply with the 1993 Act (anti franking):

3.5 Any increase to a Postponed Pension made under any other provision of the Definitive Deed and Rules or made to comply with the 1993 Act shall satisfy the equivalent increase required under Rule 3.4 above.

3.6 The Pension payable to a 20 per cent Director under the provisions of Rule 3.2 above shall be calculated in a manner acceptable to HM Revenue & Customs and shall not exceed the Maximum Benefit or commence to be paid later than a date acceptable to HM Revenue & Customs.

4 EARLY RETIREMENT FOR INCAPACITY OR OTHERWISE

4.1 Incapacity

4.1.1 A Member who retires at any time with the consent of the Employer and the Trustees (after receiving such medical evidence as the Employer and the Trustees in their absolute discretion decide,) due to Incapacity, may elect to receive an immediate Pension for life which will be calculated in the manner described in paragraphs 3A and 3B of whichever of the Appendices applies to the Member.

4.1.2 If in the opinion of the Trustees the Member is unable by reason of Incapacity to make an election the Trustees may with the consent of the Principal Company pay an immediate Pension pursuant to this Rule 4 notwithstanding the absence of such election.

4.2 Early Retirement

Subject to the provisions of Rule 4.3 of this Third Schedule:

4.2.1 a Member who retires with the consent of the Employer and the Trustees, otherwise than by reason of Incapacity, on or after attaining his Minimum Pension Age may (subject to 4.2.2 of this Third Schedule if applicable) elect to receive an immediate Pension for life calculated as described in paragraph 4 of whichever of the Appendices applies to that Member;

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- 4.2.2 a Member who gives six months' written notice to the Employer of his or her intention to retire on or after attaining age 60 in the five year period from 1 April 1994, to 31 March 1999, may, with the prior written consent of the Employer, elect to receive an immediate Pension for life calculated as described in paragraph 4 of whichever of the Appendices applies to that Member.

PROVIDED THAT:

If the calculation of the Warranted Benefits, would result in a higher level of benefits in respect of the period of Pensionable Service to which the Warranted Benefits relate, then the higher level of benefits shall apply under Rule 4.1 or 4.2 of this Third Schedule in respect of that period to that particular Member.

- 4.3 A Pension payable under Rules 4.1 and 4.2 of this Third Schedule shall:

4.3.1 not exceed the Maximum Benefit, or

4.3.2 be less after State Pension Age than the Minimum Pension.

- 4.4 If a Pension is being paid in accordance with Rule 4.1 above and the Member ceases, in the opinion of the Trustees (who shall be entitled to call from time to time for evidence of continued Incapacity), to be under an Incapacity, the Trustees:-

4.4.1 may vary or suspend the Pension as they think fit until the Member's Normal Retirement Age,

4.4.2 may reduce the amount of the Pension which is payable at Normal Retirement Age by such amount as they think fit; but the amount of that Pension shall not be less than that required by the preservation requirements of the 1993 Act and the contracting out requirements of the 1993 Act.

5 WITHDRAWAL

5.1 Subject to other Rules

This Rule 5 is subject to Rules 3.3, 3.4, 3.5 and Rule 4 of the Second Schedule.

5.2 Where Applicable

Rules 5.3 and 5.5 of this Third Schedule shall apply where:-

5.2.1 a Member's Pensionable Service ends before Normal Retirement Age (other than by reason of death), and

5.2.2 he or she is not entitled to or does not receive an immediate Pension under Rule 4 or a lump sum by way of commutation of an immediate Pension under Rule 6.3 of this Third Schedule.

5.3 Refund of Contributions

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5.3.1 A Member who has less than two years' Qualifying Service (or such other period as the preservation requirements of the 1993 Act may require) in respect of whom the Trustees shall have received no transfer of rights under Clause 18 (Transfers to the Fund) on the date of ceasing to be in Service may receive in lieu of all other benefits a refund of Member's Compulsory Contributions and an amount equal to the Member's Voluntary Fund.

5.3.2 Any refund shall be reduced by the aggregate of

- (a) any tax for which the Trustees are accountable; and
- (b) any amount retained in accordance with the Sixth Schedule (Contracting Out).

5.4 No further interest

A Member who receives a refund under the previous provisions of this Rule shall cease to be a Member and the Member and any Beneficiary claiming through the Member shall have no further interest in the Fund or under the Scheme.

5.5 Transfer as Alternative

Whensoever required by Section 101AA to 101AI of the 1993 Act, the Trustees shall offer a Member to whom Rule 5.2 above applies and who has satisfied the three month condition (as defined in Section 101AA of the 1993 Act) a Cash Transfer Sum as an alternative to the refund of contributions under Rule 5.3. If the Member does not elect to take either a Cash Transfer Sum or the refund within three months (or such other reasonable period as the Trustees may from time to time determine) the Member shall be entitled to the refund under Rule 5.3 only. The Trustees shall comply with Section 101AA to 101AI of the 1993 Act at times including in calculating the Cash Transfer Sum and the refund under Rule 5.3. On payment of the Cash Transfer Sum no other benefits will be payable in respect of the Member under the Scheme.

5.6 Deferred Pensions

A Member to whom no immediate Pension is granted under the provisions of these Rules or no refund is paid under Rule 5.3 or no Cash Transfer Sum is paid under Rule 5.5 of this Third Schedule on the date he or she ceases to be in Pensionable Service shall be granted a Deferred Pension commencing at Normal Retirement Age calculated by the method prescribed by paragraph 9 of whichever of the Appendices applies.

PROVIDED THAT:

- (a) if the calculation of the Warranted Benefits would result in a higher level of benefits in respect of the period of Pensionable Service to which the Warranted Benefits relate then the higher level of benefits shall apply in respect of that period to that Deferred Pensioner; and
- (b) no Pension payable under the provisions of this Rule 5.6 shall:-

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- (i) exceed the Maximum Benefit; or
- (ii) be less after State Pension Age than the Minimum Pension.

5.7 Deferred Pensioner

A Member who is granted a Deferred Pension under the provisions of this Rule 5 shall thereupon become a Deferred Pensioner until the Deferred Pension becomes payable and thereafter shall become a Pensioner.

5.8 Member may elect to receive an immediate Pension

5.8.1 A Member granted a Deferred Pension other than a Guaranteed Minimum Pension under the provisions of this Rule may, subject to the consent of the Employer and the Trustees (and to Rule 5.8.2 of this Third Schedule if applicable), if he or she has reached the Minimum Pension Age or is under an Incapacity, elect to receive, prior to Normal Retirement Age, in lieu of that Deferred Pension, a Pension immediately payable equal to the Deferred Pension (revalued under Rule 5.10 of this Third Schedule to date of early retirement) and calculated in accordance with paragraph 9 of whichever of the Appendices is applicable to the Deferred Pensioner; then reduced in such a manner as the Trustees and the Principal Company after considering Actuarial Advice may decide.

5.8.2 a Deferred Pensioner who gives six months' written notice to the Employer of his or her intention to retire on or after attaining age 60 in the five year period from 1 April 1994, to 31 March 1999, may, with the prior written consent of the Employer, elect to receive an immediate Pension for life calculated as described in paragraph 4 of whichever of the Appendices applies to that Deferred Pensioner.

PROVIDED THAT:

- (a) the Pension payable to that person after State Pension Age shall not be less than the Minimum Pension,
- (b) the Trustees with the consent of the Principal Company may increase the Pension by eliminating or varying the reduction referred to in this sub-rule, and
- (c) if the calculation of the Warranted Benefits would result in a higher level of benefits in respect of the period of Pensionable Service to which the Warranted Benefits relate then the higher level of benefits shall apply in respect of that period to that Deferred Pensioner.

5.9 Member incapable of Election

A Member who is granted a Deferred Pension other than a Guaranteed Minimum Pension under this Rule 5 and who is under an Incapacity may at the discretion of the Employer and the Trustees receive a Pension immediately payable in lieu of his or her

Deferred Pension under Rule 5.8, even though that Member is unable by reason of Incapacity to make an election to receive such a Pension and whether or not he or she has reached the Minimum Pension Age, at the date such Pension commences.

5.10 Revaluation

Where a Member's Pensionable Service ends before Normal Retirement Age the Deferred Pension and any Pension or other benefit payable on death shall be revalued to the extent required by the 1993 Act or by such greater amount as the Principal Company and the Trustees may decide.

5.11 Overriding Provisions

Subject to Rule 5.12 of this Third Schedule the amount of a Deferred Pensioner's Pension under Rule 5.6 shall:

5.11.1 be increased to State Pension Age by the difference between the Revalued GMP Element and the GMP Element; and

5.11.2 be increased at State Pension Age to the extent necessary to comply with sections 87-92, 129 and 181 of the 1993 Act (anti-franking).

5.12 Increase of Deferred Pensioner's Pension

Any increase of a Deferred Pensioner's Pension made under any other provision of the Definitive Deed or these Rules or to comply with the 2004 Act shall satisfy the equivalent increase required under Rule 5.11 of this Third Schedule.

5.13 Pension less than the Minimum Pension

If the Pension which would be payable is less than the Minimum Pension (if any) to which the Deferred Pensioner would become entitled at State Pension Age he or she shall not be entitled to a Pension unless the Employer and the Trustees decide otherwise, and Rule 5.14 of this Third Schedule shall apply.

5.14 Reduction or Postponement of Pensions

Where Rule 5.13 of this Third Schedule applies, then the Trustees, with the consent of the Employer, may either:-

5.14.1 reduce the Pension until State Pension Age by such amount as they decide after taking Actuarial Advice and then increase the Pension at State Pension Age to the Member's Minimum Pension at that date, or

5.14.2 postpone the payment of the Pension until it (as reduced under 5.14.1 above) is equal to the Member's Minimum Pension at State Pension Age.

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5.15 Deferred Pensioner's late retirement

This Rule shall apply where a Deferred Pensioner continues working after his or her Normal Retirement Age.

5.16 The Deferred Pensioner may, with the consent of the Trustees and the Employer, elect to defer the payment of his or her Pension under Rule 5.6 of this Third Schedule until whichever is the earlier of the day he or she ceases to work and his or her 70th birthday.

5.17 When it starts to be paid, the Pension shall be equal to the Deferred Pensioner's Pension under Rule 5 of this Third Schedule reduced by the amount of Pension (if any) previously commuted under Rule 6 of this Third Schedule and surrendered under Rule 7 of this Third Schedule and then increased by such amount as the Trustees shall decide and as the Actuary shall advise to be reasonable having regard to the period of postponement after Normal Retirement Age.

5.18 Subject to Rule 5.19 of this Third Schedule the Deferred Pension shall:

- (a) be increased to the extent required by Rule 9 of this Third Schedule;
- (b) be increased to State Pension Age by the difference between the Revalued GMP Element and the GMP Element;
- (c) if it starts to be paid after State Pension Age, be increased by the difference between:-
 - (i) the Revalued GMP Element increased in accordance with section 15 of the 1993 Act in respect of the period between State Pension Age and the date when it starts to be paid; and
 - (ii) the Revalued GMP Element, and
- (d) be increased at State Pension Age (or date of payment if later) to the extent necessary to comply with sections 87-92, 129 and 181 of the 1993 Act (anti-franking).

5.19 Any increase to a Pension made under any other provision of the Definitive Deed or made to comply with the 1993 Act shall satisfy the equivalent increase required under Rule 5.18 of this Third Schedule.

6 LUMP SUM OPTIONS

6.1 Member's Election

6.1.1 A Member or Deferred Pensioner who is granted a Pension under the provisions of any of the Rules in this Third Schedule may, when payment of the Pension is about to commence, elect by notice in writing to the Trustees to surrender so much as does not exceed the amount prescribed in the proviso below and to receive in lieu a lump sum of such amount as the Actuary advises the Trustees to

be the equivalent of the Pension so surrendered and such lump sum shall be paid on the date on which the first payment of Pension falls due.

PROVIDED THAT:

- (a) a lump sum to which this Rule refers shall not exceed the maximum amount that would be a pension commencement lump sum as defined in paragraphs 1 to 3 of Schedule 29 to the Finance Act 2004 (including any modification to such pension commencement lump sum which applies under paragraph 31 of Schedule 36 to the Finance Act 2004 (Entitlement to lump sums exceeding 25% of uncrystallised rights); and
- (b) no written election shall be exercised under this Rule which reduces the amount of any Pension payable to the Member to less than the Minimum Pension.

6.1.2 In accordance with any policy agreed between the Principal Company and the Trustees from time to time Members may determine whether their lump sum payment shall be derived from their AVCs or the surrender of other scheme pensions or partly from the two. Members wishing to make any such determination must notify the Principal Company in writing prior to their retirement (or any later date that the Principal Company may determine and notify to the Member). If a Member fails to so notify the Principal Company, the Principal Company shall determine such proportions.

6.2 Receive lump sum before Pension

Subject to any restrictions imposed by HM Revenue and Customs, where the start of a Member's Pension is deferred until after Normal Retirement Age, the Member, with the consent of the Trustees, may elect to receive on or after Normal Retirement Age and before the date on which the Pension starts to be paid a lump sum in commutation of part (or the whole) of the Pension which would have been payable on Normal Retirement Age, in such a case Rule 6.1 of this Third Schedule shall apply and no further commutation by the Member shall be permitted.

6.3 Commutation on serious ill-health

Where on the date on which the Pension would otherwise start to be paid a Member is (in the opinion of the Employer and the Trustees after considering such medical evidence as they deem appropriate) in exceptional circumstances of Serious Ill-Health, and consents to the commutation of his or her Pension or is unable (in the opinion of the Employer and the Trustees) to consent due to the nature of the Serious Ill-Health, the Trustees may commute any part (or the whole) of the Pension for a lump sum provided that the operation of this Rule 6.3 would be permitted by HM Revenue & Customs.

6.4 Reduction of Pension

Where a Member receives a lump sum in commutation of his or her Pension, the Pension shall be reduced by the Trustees on such a basis as the Actuary shall advise as

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comparing reasonably with the capital value of the pension commuted; for this purpose, the Trustees may decide that it can be assumed that the Member is active and in good health.

6.5 Pension not to be reduced below minimum

The option available under Rules 6.1 and 6.2 and the power conferred on the Trustees under Rule 6.3 each of this Third Schedule shall not be exercised so as to reduce the Pension payable to the Member to below the Minimum Pension (if any) to which the Member is, or will become, entitled at State Pension Age.

6.6 Commutation of a Pension payable on the death of a Member

If the Trustees commute a Pension under Rule 6.3 of this Third Schedule on the grounds of Serious Ill-Health, and there is a pension contingently payable on the death of the Member which could (had the Member died on the date upon which the Member's Pension was commuted) have been commuted in accordance with Rule 6.3 of this Third Schedule the Trustees may also commute that Pension and pay it to the Member.

6.7 Triviality

If, at the date when it would otherwise start to be paid to or for the benefit of any person, a Pension (after taking account of Rule 10 of this Third Schedule (Preservation)) together with the annuity equivalent of all other retirement benefits to which that person is entitled under the Employer's schemes, if commuted would produce a Trivial Commutation Lump sum, and:-

6.7.1 that person is not a Member who has elected under Rule 6 of this Third Schedule (Lump sum options) to commute for a lump sum part of his or her Pension; and

6.7.2 the Guaranteed Minimum Pension to which the person will be entitled at State Pension Age does not exceed the GMP Trivial Amount, then

the Trustees may commute the whole of the pension for a lump sum payable to or for the benefit of such person.

6.8 Where the GMP Trivial Amount exceeds the Trivial Amount, the Trustees may commute that part of the pension in excess of the Guaranteed Minimum Pension up to the Trivial Amount for a lump sum payable to or for the benefit of such person.

7 CONVERSION

7.1 A Member who retires under the provisions of any of these Rules may with the consent of the Trustees by giving notice in writing to the Trustees before Normal Retirement Age (or the date on which the Member retires, whichever is the earlier) elect to receive in lieu of the ordinary Pension an Elected Pension in order that a Dependant's Pension (for such period and on such terms as may be agreed between the Member and Trustees) shall be provided of such amount (not being greater than the Elected Pension) as the Actuary

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prescribes to be appropriate and for this purpose the Actuary may assume that both the Member and the Dependant are in good health.

PROVIDED THAT:

A Member shall not exercise this option so as to reduce the Elected Pension payable to below the Minimum Pension (if any) to which the Member is, or will become, entitled at State Pension Age.

- 7.2** An election made by a Member under Rule 7.1 above shall be automatically revoked (unless the Trustees decide otherwise) if at any time before the Member retires:

7.2.1 the Member or the Dependant dies; or

7.2.2 where the Dependant is the Member's Spouse or Civil Partner, the marriage is dissolved or the Civil Partnership is annulled or the Member or the Spouse or Civil Partner is granted a decree of judicial separation; or

7.2.3 after the date of the election the Member marries or enters into a Civil Partnership.

- 7.3** If at the retirement of a Member there is subsisting a valid election under Rule 7.1 above the Member shall be paid the Elected Pension and on the Member's death the Dependant if he or she survives shall be paid the Dependant's Pension.

- 7.4** A Deferred Pensioner granted a Deferred Pension under the provisions of Rule 5 of this Third Schedule may make a similar election (subject to the provisos described in Rule 7.1 of this Third Schedule) prior to (but not earlier than three months before) Normal Retirement Age which shall be nullified in like circumstances to those prescribed by Rule 7.2 of this Third Schedule.

8 DEATH BENEFITS

8.1 Evidence of Death

Wherever any sum is prescribed by these Rules to be paid to a deceased's personal representatives there shall be produced to the Trustees the death certificate and a grant of representation, except that if no such grant has been taken out any sum or sums not exceeding £5,000 in the aggregate may at the discretion of the Trustees be paid to the personal representatives of a Member, or a Former Member or may at the Trustees' discretion be paid to the Spouse or Civil Partner or Dependents and the receipt of the person or persons to whom the payment is made shall be valid discharge as though it had been given by the deceased's personal representatives.

8.2 Death in Pensionable Service before or after Normal Retirement Age

- 8.2.1 Where a Member dies before Normal Retirement Age or after Normal Retirement Age in the circumstances set out in Rule 3.2.2 of this Third Schedule there shall

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be payable in accordance with Clause 15 (Death Benefits) a sum equal to that specified in paragraph 6 of whichever of the Appendices applies to that Member.

- 8.2.2 The Member's Spouse shall be entitled to a Pension equal to the proportion specified in paragraph 8A of whichever of the Appendices is applicable to that Member.
- 8.2.3 Where the deceased Member is survived by a Civil Partner, a minimum Pension calculated in accordance with paragraph 8A of whichever of the Appendices is applicable to that Member but calculated only in relation to Pensionable Service on or after 5 December 2005 shall be paid to the Civil Partner for the rest of his or her life. The Trustees with the agreement of the Principal Company may increase such pension to the level of a Spouse's pension that would have been payable under this Rule 8.2 had the Member been survived by a Spouse.
- 8.2.4 If at the Member's date of death he or she has a Child or Children living, then in addition to the Spouse's or Civil Partner's Pension, an annual Pension shall be payable to that Child or Children which is equal to the appropriate proportion of the Spouse's or Civil Partner's Pension calculated in accordance with paragraph 8A of whichever of the Appendices is applicable to that Member, subject to the Fifth Schedule (Scheme Limits).

PROVIDED THAT:

- (a) Where the Spouse's or Civil Partner's Pension ceases to be payable then the Child's Pension shall be increased by such amount as the Actuary prescribes to be appropriate and shall take effect from the first day of the following month;
- (b) A Child who ceases to become eligible for a Pension may not subsequently become eligible again unless the Trustees otherwise agree;
- (c) the Pension shall subject to the Fifth Schedule (Scheme Limits) be allocated to each Child in such proportions as the Trustees think fit.

8.3 Death in Service on or after Normal Retirement Age

- 8.3.1 Where a Postponed Pensioner dies on or after Normal Retirement Age there shall be payable in accordance with Clause 15 (Death Benefits) a lump sum equal to that specified in paragraph 7A of whichever of the Appendices applies to that Member.
- 8.3.2 Where a Postponed Pensioner dies on or after Normal Retirement Age the Postponed Pensioner's Spouse shall be entitled to a Pension equal to the proportion specified in paragraph 7B of whichever of the Appendices is applicable to the Postponed Pensioner, ignoring
- (a) any commutation under Rule 6 (Lump Sum Option) of this Third Schedule, and

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- (b) (if not revoked) any surrender under Rule 7 of this Third Schedule (Conversion)

8.3.3 Where a Postponed Pensioner dies on or after Normal Retirement Age and is survived by a Civil Partner a minimum pension equal to the proportion specified in paragraph 7B of whichever of the Appendices is applicable to the Postponed Pensioner but calculated only in relation to Pensionable Service on or after 5 December 2005 shall be paid to the Civil Partner for the rest of his or her life. The Trustees with the agreement of the Principal Company may increase such pension to the level of a Spouse's pension that would have been payable under this Rule 8.3 had the Postponed Pensioner been survived by a Spouse, ignoring

- (a) any commutation under Rule 6 (Lump Sum Option) of this Third Schedule, and

- (b) (if not revoked) any surrender under Rule 7 of this Third Schedule (Conversion).

8.3.4 If at the Member's date of death he or she has a Child or Children living, then in addition to the Spouse's or Civil Partner's Pension, an annual Pension shall be payable to that Child or Children which is equal to the appropriate proportion of the Spouse's or Civil Partner's Pension calculated in accordance with paragraph 7B of whichever of the Appendices is applicable, subject to the Fifth Schedule (Scheme Limits) and to provisos (a), (b) & (c) in Rule 8.2.4 of this Third Schedule.

8.4 Death of a Deferred Pensioner Before Normal Retirement Age

8.4.1 Where a Deferred Pensioner dies before Normal Retirement Age there shall be payable in accordance with Clause 15 (Death Benefits) a lump sum equal to that specified in paragraph 9B of whichever of the Appendices is applicable.

8.4.2 Where a Deferred Pensioner dies before Normal Retirement Age the Deferred Pensioner's Spouse shall be entitled to a Pension equal to that specified in paragraph 9A of whichever of the Appendices is applicable.

8.4.3 Where the deceased Member is survived by a Civil Partner, a minimum pension calculated in accordance with paragraph 9A of whichever of the Appendices is applicable to that Member but calculated only in relation to Pensionable Service on or after 5 December 2005 shall be paid to the Civil Partner for the rest of his or her life. The Trustees with the agreement of the Principal Company may increase such pension to the level of a Spouse's pension that would have been payable under this Rule 8.4 had the Member been survived by a Spouse.

8.4.4 For the purposes of Rule 8.4.2 and 8.4.3 of this Third Schedule, the Deferred Pension shall be first increased by such amount, if any, as would be required if Rule 5.10 of this Third Schedule applied. To apply that Rule, the Deferred Pensioner's date of death shall be treated as if it were Normal Retirement Age and the period of deferment for the purposes of that Rule shall be limited to the period ending on the date of death.

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- 8.4.5 For the purposes of Rule 8.4.2 and 8.4.3 of this Third Schedule, the Deferred Pension payable shall be increased by such amount, if any, as is required to comply with sections 87, 92, 129 and 181 of the 1993 Act (anti-franking).
- 8.4.6 If at the Deferred Pensioner's date of death he or she has a Child or Children living, then in addition to the Spouse's or Civil Partner's Pension, an annual Pension shall be payable to that Child or Children, which is equal to the appropriate proportion of the Spouse's or Civil Partner's Pension, calculated in accordance with paragraph 9A of whichever of the Appendices is applicable, subject to the Fifth Schedule (Scheme Limits) and to provisos (a), (b) and (c) in Rule 8.2.4 of this Third Schedule.

8.5 Death of a Pensioner

- 8.5.1 Where a Pensioner who has not attained age 75 dies within five years of the date upon which the Pension starts, there shall be payable in accordance with Clause 15 (Death Benefits) a lump sum calculated in accordance with paragraph 7 of whichever of the Appendices is applicable.
- 8.5.2 Where a Pensioner dies, the Pensioner's Spouse shall be entitled to a Pension equal to that specified in paragraph 8 of whichever of the Appendices is applicable before:
- (a) any commutation under Rule 6 of this Third Schedule (Lump Sum Options), and
 - (b) (if not revoked), any surrender under Rule 7 of this Third Schedule (Conversion).
- 8.5.3 Where a Pensioner dies, and is survived by a Civil Partner a minimum Pension equal to that specified in paragraph 8 of whichever of the Appendices is applicable to that Member but calculated before
- (a) any commutation under Rule 6 of this Third Schedule (Lump Sum Options), and
 - (b) (if not revoked), any surrender under Rule 7 of this Third Schedule (Conversion),
- but only in relation to Pensionable Service on or after 5 December 2005 shall be paid to the Civil Partner for the rest of his or her life. The Trustees with the agreement of the Principal Company may increase such pension to the level of a Spouse's pension that would have been payable under this Rule 8.5 had the Member been survived by a Spouse.
- 8.5.4 Where a Pensioner who has not attained age 75 at his or her date of death and he or she has a Child or Children living then in addition to the Spouse's or Civil Partner's Pension, a Pension shall be paid to that Child or Children which is equal to the appropriate proportion of the Spouse's or Civil Partner's Pension specified

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in paragraph 8 of whichever of the Appendices is applicable, subject to the Fifth Schedule (Revenue Limitations) and to provisos (a), (b) and (c) in Rule 8.2.4 of this Third Schedule.

- 8.5.5 If the Pensioner (being a Class B Member or a Class C Member as defined in the Fifth Schedule) having retired early (but not due to Incapacity) prior to reaching the normal retirement age to which such early retirement was calculated, dies prior to reaching that normal retirement age, a lump sum shall be held and applied in the discretionary trusts declared in Clause 15 equal to the lump sum which would have been paid had the Pensioner died in Service on the day prior to his early retirement.

8.6 General Provisions

- 8.6.1 If it is shown to the satisfaction of the Trustees that two or more persons are the widows or widowers or Surviving Civil Partners of a Member the Trustees may:
- (a) decide that only one of them shall be treated as his or her Spouse or Surviving Civil Partner; or
 - (b) decide that the Spouse's or Civil Partner's Pension shall be apportioned between such two or more of them as they may decide and in such shares and on such terms as they may decide.
- 8.6.2 If a Pension is being paid to a Spouse or Civil Partner, and it is shown to the satisfaction of the Trustees that another person also qualifies as that Member's Spouse or Civil Partner, the Trustees may, but without prejudice to any instalments of a Pension already paid, make a decision or further decision under Rule 8.6.1 of this Third Schedule.
- 8.6.3 Subject to the Sixth Schedule (Contracting Out), if, at the date of a Member's death, a person is separated from that Member by reason of the breakdown of the marriage or Civil Partnership, he or she shall not be treated as that Member's Spouse or Civil Partner unless the Trustees decide otherwise.
- 8.6.4 If a Member dies within six months of marriage the Spouse's or Civil Partner's Pension shall not be paid unless the Trustees, with the consent of the Principal Company, decide otherwise.
- 8.6.5 If a Member's Spouse or Civil Partner is more than ten years younger than that Member at the date of the Member's death, then the Trustees may reduce the Spouse's or Civil Partner's Pension by such amount as is advised to be reasonable by the Actuary.
- 8.6.6 If a Member is not survived by a Spouse or Civil Partner but is survived by one or more Dependants, or the Member is separated from the Spouse or Civil Partner by reason of the breakdown of the marriage or Civil Partnership and the Trustees decide not to pay a Spouse's or Civil Partner's Pension in excess of the Guaranteed Minimum Pension, the Trustees may pay a Pension or Pensions, in

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aggregate not exceeding a Pension which could have been paid to a Spouse or Civil Partner, to such one or more of the Dependants as they may decide, equal to the amount specified in paragraph 8B of whichever of the Appendices is applicable.

8.6.7 Notwithstanding anything in this Rule 8 to the contrary, if a Member dies and leaves a sole surviving widow or widower or Surviving Civil Partner, that widow or widower or Surviving Civil Partner shall be entitled to such a pension as may be payable under the Sixth Schedule (Contracting Out).

8.6.8 Payment of Childrens' Benefits when Disabled

If the Child is suffering from physical or mental disability which prevents the Child from earning his or her own living or impairs the capacity to earn his or her own living, the Trustees may continue the payment of all or part of the Child's Pension for such period and on such terms as they may decide notwithstanding the attainment of age 21 provided that the operation of this Rule 8.6.8 is permitted by HM Revenue & Customs.

8.7 Former Members

This Rule 8 shall apply to Former Members as if the words "Former Members" were inserted in place of the word "Member".

9 INCREASES TO PENSIONS

9.1 Increases up to 5 April 1997

A Pension which is in course of payment in respect of Pensionable Service up to 5 April 1997 shall be subject to such increases as are set out in paragraph 10 of whichever of the Appendices is applicable.

9.2 Between 5 April 1997 and 31 August 2006

Any Pensions (excluding Guaranteed Minimum Pensions) which are attributable to Pensionable Service after 5 April 1997 up to 31 August 2006 in payment under the Scheme shall be increased each Year with effect from each 1 April in proportion to the increase in the Retail Price Index in the twelve month period ending 31 December, subject to a maximum increase of five percent in respect of that period. The first increase shall, where appropriate, be a proportionate amount.

9.3 On and from 1 September 2006

Any Pensions (excluding Guaranteed Minimum Pensions) which are attributable to Pensionable Service on and from 1 September 2006 in payment under the Scheme shall be increased each Year with effect from each 1 April in proportion to the increase in the Retail Price Index in the twelve month period ending 31 December, subject to a maximum increase of 2.5 percent in respect of that period. The first increase shall, where appropriate, be a proportionate amount.

9.4 Review of Pensions

If the Principal Company agrees, the Trustees may in each year review all Pensions whether currently in payment or deferred for the purpose of determining whether the Trustees, acting on Actuarial Advice and with the prior written consent of the Principal Company, should grant additional increases to those Pensions, and if so, by how much.

9.5 Minimum Pension

Notwithstanding anything to the contrary, any Minimum Pension which is in payment shall be increased each year to the extent (if at all) required by the Sixth Schedule (Contracting Out).

10 PRESERVATION

10.1 This Rule 10 applies where:

10.1.1 a Pension becomes payable under Rule 5 of this Third Schedule (Withdrawal),

10.1.2 an early retirement Pension becomes payable under Rule 4 of this Third Schedule (early retirement),

10.1.3 any part of a Pension is surrendered under Rule 7 of this Third Schedule (Conversion),

10.1.4 a lump sum becomes payable under Rule 6.7 of this Third Schedule (Triviality),

10.1.5 any Pension is payable on the death of a Deferred Pensioner, Postponed Pensioner or Pensioner on or after Normal Retirement Age under Rule 8 (Death Benefits), or

10.1.6 a transfer payment is made in respect of a Deferred Pensioner in accordance with Clause 17 (Participating Employer), Clause 26.7 (Securing benefits under insurance policies), Clause 26 (Termination and winding up of Scheme) or Clause 19 (Transfers from the Fund).

10.2 At the time required by the preservation requirements of the 1993 Act, the Trustees shall ensure that they are reasonably satisfied that the value or amount of the benefit or payment referred to in Rule 10.1 above equals or exceeds the value required by the preservation requirements of the 1993 Act.

10.3 The Scheme is designed to comply with the provisions of the preservation requirements set out from time to time in the 1993 Act and regulations made under it, and accordingly, if any of the provisions of the Definitive Deed and Rules are inconsistent with the requirements, those requirements shall prevail. In particular, any provisions which are inconsistent with sections 71, 74, 75 and 76 and Schedule 6 paragraph 15 of the 1993 Act shall be overridden and the requirements of the 1993 Act shall prevail.

11 PART TIME AND FULL TIME SERVICE

11.1 Change from Part Time to Full Time Work

Where a Final Salary Member is in employment under a contract which requires him or her to work 35 or more hours per week ("Full Time Work") at the date of retirement and has previously been employed under a contract of employment which allows him or her to work less than 35 hours per week ("Part Time Work") the Pension on retirement shall be calculated using Final Pensionable Salary in Full Time Work but the Member's benefits shall be calculated using Years of Pensionable Service as follows:-

the aggregate of:

Actual Years of Full Time Work + Actual Years of Part Time Work x $\frac{\text{Part Time working hours}}{\text{Full Time working hours}}$

- 11.2** Where Final Pensionable Salary has to be calculated using a period including a period of part time Pensionable Service then the Final Pensionable Salary shall be calculated using Pensionable Salary whilst in Part Time Work, increased pro rata to its full time equivalent, limited to the Permitted Maximum.

11.3 Change from Full Time Work to Part Time Work

Where a Final Salary Member is in Part Time Work at the date of retirement and has previously been in Full Time Work the benefits on retirement shall be calculated as if Pensionable Salary whilst in Part Time Work was increased pro rata to its full time equivalent (not exceeding the Permitted Maximum) and the notional Final Pensionable Salary then calculated accordingly. The Member's benefits shall then be calculated by reference to the notional Final Pensionable Salary and to Years of Pensionable Service as follows:-

the aggregate of:

Actual Years of Full Time Work + Actual Years of Part Time Work x $\frac{\text{Part Time working hours}}{\text{Full Time working hours}}$

- 11.4** Where Pensions are payable in respect of the death of a Final Salary Member in Pensionable Service or where a Final Salary Member who is under an Incapacity dies, any Pensions payable to Spouses, Civil Partners, Children or Dependents are to be calculated on the basis that the terms of employment (whether Full Time or Part Time) at the time of the Member's death would have continued unchanged until Normal Retirement Age.
- 11.5** Where a lump sum benefit is payable in respect of the death of a Final Salary Member in Part Time work who was previously in Full Time work and the lump sum benefit payable is to be calculated by reference to Pensionable Salary at date of death the Trustees may substitute for Pensionable Salary at date of death, average Pensionable Salary for any Year ending not earlier than 36 months prior to the date of change from Full Time work to Part Time work.

12 PAYMENT OF PENSIONS

Unless the Trustees otherwise decide Pensions and all other benefits shall be payable in monthly instalments in advance on the penultimate working day of the month into a recipient's own account at a bank or building society.

13 OVERRIDING PROVISIONS

If the benefits payable on the death of a Member, Deferred Pensioner, Postponed Pensioner or Pensioner are for the time being insured with (or arranged wholly or in part) through an insurance company then they shall be subject to such restrictions and shall be payable only in such circumstances as the Trustees may agree with that insurance company.

14 FINAL SALARY MEMBERS CAPPED BY PERMITTED MAXIMUM

- 14.1** The Principal Company may direct that the provisions of this Rule 14 shall apply in the case of any individual Member or Members who as at 5 April 2006 is a Final Salary Member accruing benefits pursuant to the provisions applicable to the Final Salary Section of the Scheme, and whose Pensionable Salary is capped as at 5 April 2006 by the Permitted Maximum as set out in the Fifth Schedule.
- 14.2** Where any such direction is made, the relevant Member may continue to accrue benefits under the Final Salary Section (for as long as he remains a Member) on the basis applicable to him as at 5 April 2006 and by reference to that part of his Pensionable Salary limited from time to time by the Permitted Maximum and may at the same time become a Money Purchase Member. The Employer may make contributions to the Member's Money Purchase Account as it shall from time to time determine and agree with the Member being in relation to the Member's remuneration from time to time in excess of the Permitted Maximum (without infringing any legislative provisions applicable to a registered pension scheme). The Member shall not be required to make contributions to the Money Purchase Section unless otherwise agreed with the Principal Company.
- 14.3** Any benefits accrued in relation to the Member's Money Purchase Account shall be payable pursuant to the terms of the Money Purchase Section but shall only come into payment at the same time and in the same circumstances as any benefits accrued in relation to the Member under the Final Salary Section.
- 14.4** Where after 6 April 2006 any Money Purchase Member's remuneration is in excess of the Permitted Maximum from time to time, then where the Principal Company directs that the provisions of this Clause shall apply, the Employer may make such additional contributions to the Member's Money Purchase Account as it shall from time to time determine and agree with the Member being in relation to the Member's remuneration from time to time in excess of the Permitted Maximum (without infringing any legislative provisions applicable to a Registered Pension Scheme).
- 14.5** Any Final Salary Member in relation to whom money purchase contributions are paid pursuant to this Clause 14 shall not be entitled to any minimum level of benefits in relation to his Money Purchase Account for the purposes of the following Rules which

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shall be hereby varied accordingly, and instead shall be entitled to those benefits which can be provided from the then value of the Member's Money Purchase Account;

(a) Rules 2.7.2 of the Fourth Schedule; and/or

(b) Rule 3.2.1 (b) of the Fourth Schedule;

- 14.6** The lump sum death benefits payable on a Member's death in the service of a Participating Company in relation to any Member to whom the Principal Company directs that this clause shall apply and whose Pensionable Salary exceeds the Permitted Maximum may be calculated by reference to all or part of the Member's Pensionable Salary in excess of the Permitted Maximum, (assuming for this purpose that that Pensionable Salary is not restricted by the Permitted Maximum), in such proportion or amount as the Principal Company may direct from time to time and notify the Trustees in relation to any Member. Where the Trustees consider this necessary, the Principal Company shall meet the cost of provision of such benefits (including but not limited to the costs of provision of any related insurance) on a basis agreed by the Principal Company and the Trustees following actuarial advice.

APPENDIX A TO SCHEDULE 3

CATEGORY A

Provisions applicable to former Members of the
Fenner Works Pension Scheme and former Works Members
of the BTL Scheme and the Dawson Scheme Works

1 "Final Pensionable Salary" means

the Member's highest average Pensionable Salary earned during any three consecutive Scheme Years within the ten Years before the Member leaves Pensionable Service, dies or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three Years.

"Pensionable Salary" is fixed as at 1 April and means:-

- (i) in respect of periods of Pensionable Service on and after 1 April 1993, the Member's gross earnings received in the twelve months ending on the following 5 April excluding overtime earnings;
- (ii) in respect of periods of Pensionable Service prior to 1 April 1993, the Member's gross earnings received in the twelve months ending on the following 5 April or the basic annual rate of salary if greater;
- (iii) in respect of periods of Pensionable Service prior to 1 April 1993 earned by former BTL Scheme members the Member's gross earnings as at 5 April in each Year; and
- (iv) in respect of periods of Pensionable Service prior to 1 April 1993 earned by former Dawson (Works) Members, the Member's gross earnings as at 5 April in each Year less an amount equal to the Lower Earnings Limit, at that 5 April.

2 PENSION ON RETIREMENT AT NORMAL RETIREMENT AGE (RULE 2 OF THE THIRD SCHEDULE)

A Member's Pension at Normal Retirement Age will be the aggregate of:-

- (i) the Fixed Benefit granted in respect of Service prior to 6 April 1978;
- (ii) 1/80th of Final Pensionable Salary for each Year and Month of Pensionable Service earned prior to 1 April 1993 (except as set in (iii) below);
- (iii) 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service in the Fenner PLC (1972) Staff Pension Scheme (if any) earned prior to 1 April 1993 in respect of which benefits were granted under the Fenner Works Pension Scheme;

- (iv) 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service earned on and after 1 April 1993.

3 EARLY RETIREMENT DUE TO INCAPACITY (RULE 4.1 OF THE THIRD SCHEDULE)

A Member with less than two Years' Service will not be entitled to a Pension under this paragraph.

Where the medical evidence of a registered medical practitioner provided to the Employer and the Trustees shows in their opinion that a Member is under an Incapacity; and either

- 3A the Member is unable to carry out the duties allocated to him or her under the employment contract with the Employer but is capable of other less arduous duties in another paid employment, in which case his or her Pension will be calculated in the manner set out in paragraph 2 above; or
- 3B it is unlikely that the Member will be able to undertake any paid employment in the future, in which case his or her Pension will be calculated in the manner set out in paragraph 2 above, but by reference to Pensionable Service plus 50% of potential Pensionable Service from the date of retirement to Normal Retirement Age.

The decision of the Employer and the Trustees (after considering such independent medical evidence as they may consider appropriate) as to whether any Incapacity retirement falls under 3A or 3B above shall be final.

4 EARLY RETIREMENT NOT DUE TO INCAPACITY (RULE 4.2 OF THE THIRD SCHEDULE)

The Pension will be calculated in the manner set out in paragraph 2 and shall then be reduced in such manner as the Trustees and Principal Company after taking Actuarial Advice consider to be appropriate having regard to the period between the date of retirement and Normal Retirement Age.

5 LUMP SUM BENEFITS ON RETIREMENT (RULE 6.1 OF THE THIRD SCHEDULE)

Not used now.

6 LUMP SUM DEATH BENEFITS ON DEATH IN SERVICE BEFORE NORMAL RETIREMENT AGE (RULE 8.2 OF THE THIRD SCHEDULE)

A lump sum equal to three times the Member's Pensionable Salary (as defined in paragraph 1(i)), plus a sum equal to the total contributions paid by the Member, without interest.

7 LUMP SUM BENEFITS ON DEATH AFTER RETIREMENT (RULE 8.5.1 OF THE THIRD SCHEDULE)

A lump sum equal to the aggregate of the instalments of Pension (excluding pension increases under Rule 9) which the Pensioner would have received during the period of five years after the date of retirement had he or she survived to the end of that period, less instalments of Pension paid to the date of death.

7A LUMP SUM BENEFITS ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.1 OF THE THIRD SCHEDULE)

A lump sum equal to:

- (a) the aggregate of the total of the instalments of Pension to which the Member would have been entitled on retirement under the Rules (excluding any increase to Pensions under Rule 9) after any commutation under Rule 6 (Lump Sum Options), and (if not revoked) any surrender under Rule 7 (Conversion), had the Member retired on Pension on the day upon which he or she died and the Pension arising on retirement been paid for a period of five years, and
- (b) if the Member had not commuted any part of the Pension under Rule 6 (Lump Sum Option), the amount which could have been commuted under that Rule if he or she had retired and exercised that right on the day before death.

7B SPOUSE'S PENSION ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the annual Pension to which the Postponed Pensioner would have been entitled on retirement had the Postponed Pensioner retired on the date of death.

8 SPOUSE'S PENSION ON DEATH AFTER RETIREMENT (RULE 8.5.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Pensioner's Pension at the date of death.

8A SPOUSE'S PENSION ON MEMBER'S DEATH IN SERVICE (RULE 8.2.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Member's prospective Pension at Normal Retirement Age, based on Final Pensionable Salary (as defined in paragraph 1) as at the date of death, calculated by reference to Pensionable Service earned up to the date of death, plus potential Pensionable Service up to Normal Retirement Age.

8B PENSION FOR DEPENDANT (RULE 8.6.6 OF THE THIRD SCHEDULE)

The Dependant's Pension shall be equal in the case of a deceased Member to the Pension calculated under paragraph 8A, in the case of a deceased Pensioner to the

Pension calculated under paragraph 8, in the case of a deceased Postponed Pensioner, to the Pension calculated under paragraph 7B and in the case of a deceased Deferred Pensioner to the Pension calculated under paragraph 9A, divided in each case by the number of Dependants.

9 AMOUNT OF DEFERRED PENSION (RULE 5.6 OF THE THIRD SCHEDULE)

A Deferred Pension shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at termination of Pensionable Service.

9A DEATH BEFORE DEFERRED PENSION COMES INTO PAYMENT (RULE 8.4.2 OF THE THIRD SCHEDULE)

On the death of any Deferred Pensioner before benefits come into payment, there shall be payable a Spouse's Pension equal to one half of the Pension to which the Deferred Pensioner was entitled under Rule 5 (increased if appropriate in accordance with Rule 5.10) as at the date of death.

9B LUMP SUM BENEFITS ON DEATH IN DEFERMENT (RULE 8.4.1 OF THE THIRD SCHEDULE)

A lump sum equal to the Member's Contributions without interest.

10 PENSION INCREASES (RULE 9 OF THE THIRD SCHEDULE)

- (i) Subject to (ii) and (iii) below, the Trustees will on 1 April in each Year increase Pensions in payment by 3% per annum on the amount (if any) by which that Pension exceeds the Guaranteed Minimum Pension.
- (ii) In respect of Pensionable Service prior to 1 April 1993, no guaranteed increases will be paid except increases at 3% per annum on the Guaranteed Minimum Pension accrued since 6 April 1988.
- (iii) That portion of a Pension in payment which relates to Pensionable Service granted under paragraph 2 (iii) shall be increased in accordance with (i) above.

Where the period from the date of retirement or death to 1 April is less than 12 months the increase shall be calculated at the rate of 1/12th of the increase for each Month.

APPENDIX B TO SCHEDULE 3

CATEGORY B

Provisions applicable to former Members of the former
Fenner PLC (1972) Staff Pension Scheme
and Staff Members of the BTL Scheme and the Dawson Scheme Staff

1 "Final Pensionable Salary" means either

- (i) the Member's highest average Pensionable Salary earned during any three consecutive Scheme Years within the ten Years before the Member leaves Pensionable Service, dies or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three Years, or
- (ii) in respect of pre 1 April 1993 Service former Dawson Staff Members with Pensionable Service earned prior to 1 April 1993, Pensionable Salary at Normal Retirement Age or earlier withdrawal from Service.

"Pensionable Salary" (subject to the Permitted Maximum (if applicable)) is fixed as at 1 April in each Year and means:

- (i) in respect of periods of Pensionable Service on and after 1 April 1993 the Member's gross earnings received in the twelve months ending on the following 5 April excluding overtime earnings;
- (ii) in respect of periods of Pensionable Service prior to 1 April 1993 the annual rate of basic salary at 1 April plus the yearly average of any commission (or in the case of former Dawson Scheme Staff Members, other emoluments) received in the preceding three Years;
- (iii) in respect of periods of Pensionable Service prior to 1 April 1993 earned by former BTL Scheme Staff Members, the Member's gross earnings as at 5 April in each Year.

2 PENSION ON RETIREMENT AT NORMAL RETIREMENT AGE (RULE 2 OF THE THIRD SCHEDULE)

A Member's Pension at Normal Retirement Age will be the aggregate of:-

- (i) 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service prior to 1 April 1993;
- (ii) 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service on or after 1 April 1993;

- (iii) 1/80th of Final Pensionable Salary in respect of the relevant portion of Pensionable Service earned prior to 1 April 1993 in respect of those Members who transferred in benefits from the Fenner Works Pension Scheme

3 EARLY RETIREMENT DUE TO INCAPACITY (RULE 4.1 OF THE THIRD SCHEDULE)

A Member with less than two years' Service will not be entitled to a Pension under this paragraph.

Where the medical evidence of a registered medical practitioner provided to the Employer and the Trustees shows in their opinion that a Member is under an Incapacity; and either

- 3A the Member is unable to carry out the duties allocated to him or her under the employment contract with the Employer but is capable of other less arduous duties in another paid employment in which case his or her Pension will be calculated in the manner set out in paragraph 2 above; or
- 3B it is unlikely that the Member will be able to undertake any paid employment in the future, in which case his or her Pension will be calculated in the manner set out in paragraph 2 above, but by reference to Pensionable Service plus 50% of potential Pensionable Service to Normal Retirement Age.

The decision of the Employer and the Trustees (after considering such independent medical evidence as they may consider appropriate) as to whether any Incapacity retirement falls under 3A or 3B above shall be final.

4 EARLY RETIREMENT NOT DUE TO INCAPACITY (RULE 4.2 OF THE THIRD SCHEDULE)

The Pension will be calculated in the manner set out in paragraph 2 and shall then be reduced in such manner as the Trustees and the Principal Company after taking Actuarial Advice consider to be appropriate having regard to the period between the date of retirement and Normal Retirement Age.

5 LUMP SUM BENEFITS ON RETIREMENT (RULE 6.1 OF THE THIRD SCHEDULE)

Not used now.

6 LUMP SUM DEATH BENEFITS ON DEATH IN SERVICE BEFORE NORMAL RETIREMENT AGE (RULE 8.2 OF THE THIRD SCHEDULE)

A lump sum equal to three times the Member's Pensionable Salary (as defined in paragraph 1(i)), plus a sum equal to the total contributions paid by the Member, without interest.

7 LUMP SUM BENEFITS ON DEATH AFTER RETIREMENT (RULE 8.5.1 OF THE THIRD SCHEDULE)

A lump sum equal to the aggregate of the instalments of Pension (excluding pension increases under Rule 9) which the Pensioner would have received during the period of five years after the date of retirement had he or she survived to the end of that period, less instalments of Pension paid to the date of death.

7A LUMP SUM BENEFITS ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.1 OF THE THIRD SCHEDULE)

A lump sum equal to:

- (a) the aggregate of the total of the instalments of Pension to which the Member would have been entitled on retirement under the Rules (excluding any increase to Pensions under Rule 9) after any commutation under Rule 6 (Lump Sum Options), and (if not revoked) any surrender under Rule 7 (Conversion), had the Member retired on Pension on the day upon which he or she died and the Pension arising on retirement been paid for a period of five years, and
- (b) if the Member had not commuted any part of the Pension under Rule 6 (Lump Sum Option), the amount which could have been commuted under that Rule if he or she had retired and exercised that right on the day before death.

7B SPOUSE'S PENSION ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the annual Pension to which the Postponed Pensioner would have been entitled on retirement had the Postponed Pensioner retired on the date of death.

8 SPOUSE'S PENSION ON DEATH AFTER RETIREMENT (RULE 8.5.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Pensioner's Pension at the date of death.

8A SPOUSE'S PENSION ON MEMBER'S DEATH IN SERVICE (RULE 8.2.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Member's prospective Pension at Normal Retirement Age, based on Final Pensionable Salary (as defined in paragraph 1) as at the date of death, calculated by reference to Pensionable Service earned up to the date of death, plus potential Pensionable Service up to Normal Retirement Age.

8B PENSION FOR DEPENDANT (RULE 8.6.6 OF THE THIRD SCHEDULE)

The Dependant's Pension shall be equal in the case of a deceased Member to the Pension calculated under paragraph 8A, in the case of a deceased Pensioner to the Pension calculated under paragraph 8, in the case of a deceased Postponed Pensioner,

APPENDIX B TO SCHEDULE 3
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to the Pension calculated under paragraph 7B and in the case of a deceased Deferred Pensioner to the Pension calculated under paragraph 9A, divided in each case by the number of Dependants.

9 AMOUNT OF DEFERRED PENSION (RULE 5.6 OF THE THIRD SCHEDULE)

A Deferred Pension shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at termination of Pensionable Service.

9A DEATH BEFORE DEFERRED PENSION COMES INTO PAYMENT (RULE 8.4.2 OF THE THIRD SCHEDULE)

On the death of any Deferred Pensioner before benefits come into payment, there shall be payable a Spouse's Pension equal to one half of the Pension to which the Deferred Pensioner was entitled under Rule 5 (increased if appropriate in accordance with Rule 5.10) as at the date of death.

9B LUMP SUM BENEFITS ON DEATH IN DEFERMENT (RULE 8.4.1 OF THE THIRD SCHEDULE)

A lump sum equal to the Member's Contributions without interest.

10 PENSION INCREASES (RULE 9 OF THE THIRD SCHEDULE)

- (i) Subject to (ii) below the Trustees will on 1 April in each Year increase Pensions in payment by 3% on the amount (if any) by which that Pension exceeds the Guaranteed Minimum Pension.
- (ii) No guaranteed increases on the excess of Pension over the Guaranteed Minimum Pension will be paid in respect of Pensionable Service:
 - (a) prior to 6 April 1978 earned by former Dawson Staff Scheme members;
 - (b) prior to 1 April 1993 earned by former BTL Scheme Members;
 - (c) prior to 1 April 1993 on Pensions falling under paragraph 2 (iii) above

Where the period from the date of retirement or death to 1 April is less than 12 months the increase shall be calculated at the rate of 1/12th of the increase for each Month.

APPENDIX C TO SCHEDULE 3

CATEGORY C

Provisions applicable to Members who join the Scheme
on or after 1 April 1994

1A "Final Pensionable Salary" means the Member's highest average Pensionable Salary earned during any three consecutive Years within the ten Years before the Member leaves Pensionable Service, dies or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three Years,

1B "Pensionable Salary" (subject to the Permitted Maximum (if applicable)) is fixed as at 1 April in each Year and means the Member's gross earnings received in the twelve months ending on the following 5 April, excluding overtime earnings.

2 PENSION ON RETIREMENT AT NORMAL RETIREMENT AGE (RULE 2 OF THE THIRD SCHEDULE)

A Member's Pension at Normal Retirement Age will be 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service

3 EARLY RETIREMENT DUE TO INCAPACITY (RULE 4.1 OF THE THIRD SCHEDULE)

A Member with less than two Years' Service will not be entitled to a Pension under this paragraph.

Where the medical evidence of a registered medical practitioner provided to the Employer and the Trustees shows in their opinion that a Member is under an Incapacity; and either

3A the Member is unable to carry out the duties allocated to him or her under the employment contract with the Employer but is capable of other less arduous duties in another paid employment, in which case his or her Pension will be calculated in the manner set out in paragraph 2 above; or

3B it is unlikely that the Member will be able to undertake any paid employment in the future, in which case his or her Pension will be calculated in the manner set out in paragraph 2 above, but by reference to Pensionable Service plus 50% of potential Pensionable Service from the date of retirement to Normal Retirement Age.

The decision of the Employer and the Trustees (after considering such independent medical evidence as they may consider appropriate) as to whether any Incapacity retirement falls under 3A or 3B shall be final.

4 EARLY RETIREMENT NOT DUE TO INCAPACITY (RULE 4.2 OF THE THIRD SCHEDULE)

The Pension will be calculated in the manner set out in paragraph 2 and shall then be reduced in such manner as the Trustees and the Principal Company after taking Actuarial Advice consider to be appropriate having regard to the period between the date of retirement and Normal Retirement Age.

5 LUMP SUM BENEFITS ON RETIREMENT (RULE 6.1 OF THE THIRD SCHEDULE)

Not used now.

6 LUMP SUM DEATH BENEFITS ON DEATH IN SERVICE BEFORE NORMAL RETIREMENT AGE (RULE 8.2 OF THE THIRD SCHEDULE)

A lump sum equal to three times the Member's Pensionable Salary plus a sum equal to the total contributions paid by the Member, without interest.

7 LUMP SUM BENEFITS ON DEATH AFTER RETIREMENT (RULE 8.5.1 OF THE THIRD SCHEDULE)

A lump sum equal to the aggregate of the instalments of Pension (excluding pension increases under Rule 9) which the Pensioner would have received during the period of five years after the date of retirement had he or she survived to the end of that period, less instalments of Pension paid to the date of death.

7A LUMP SUM BENEFITS ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.1 OF THE THIRD SCHEDULE)

A lump sum equal to:

- (a) the aggregate of the total of the instalments of Pension to which the Member would have been entitled on retirement under the Rules (excluding any increase to Pensions under Rule 9) after any commutation under Rule 6 (Lump Sum Options), and (if not revoked) any surrender under Rule 7 (Conversion), had the Member retired on Pension on the day upon which he or she died and the Pension arising on retirement been paid for a period of five years, and
- (b) if the Member had not commuted any part of the Pension under Rule 6 (Lump Sum Option), the amount which could have been commuted under that Rule if he or she had retired and exercised that right on the day before death.

7B SPOUSE'S PENSION ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the annual Pension to which the Postponed Pensioner would have been entitled on retirement had the Postponed Pensioner retired on the date of death.

8 SPOUSE'S PENSION ON DEATH AFTER RETIREMENT (RULE 8.5.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Pensioner's Pension at the date of death.

8A SPOUSE'S PENSION ON MEMBER'S DEATH IN SERVICE (RULE 8.2.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to one half of the Member's prospective Pension at Normal Retirement Age, based on Final Pensionable Salary as at the date of death, calculated by reference to Pensionable Service earned up to the date of death, plus potential Pensionable Service up to Normal Retirement Age.

8B PENSION FOR DEPENDANT (RULE 8.6.6 OF THE THIRD SCHEDULE)

The Dependant's Pension shall be equal in the case of a deceased Member to the Pension calculated under paragraph 8A, in the case of a deceased Pensioner to the Pension calculated under paragraph 8, in the case of a deceased Postponed Pensioner, to the Pension calculated under paragraph 7B and in the case of a deceased Deferred Pensioner to the Pension calculated under paragraph 9A, divided in each case by the number of Dependants.

9 AMOUNT OF DEFERRED PENSION (RULE 5.6 OF THE THIRD SCHEDULE)

A Deferred Pension shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at termination of Pensionable Service.

9A DEATH BEFORE DEFERRED PENSION COMES INTO PAYMENT (RULE 8.4.2 OF THE THIRD SCHEDULE)

On the death of any Deferred Pensioner before benefits come into payment, there shall be payable a Spouse's Pension equal to one half of the Pension to which the Deferred Pensioner was entitled under Rule 5 (increased if appropriate in accordance with Rule 5.10) as at the date of death.

9B LUMP SUM BENEFITS ON DEATH IN DEFERMENT (RULE 8.4.1 OF THE THIRD SCHEDULE)

A lump sum equal to the Member's Contributions with Interest.

10 PENSION INCREASES (RULE 9 OF THE THIRD SCHEDULE)

The Trustees will on 1 April in each Year increase Pensions in payment by 3% per annum on the amount (if any) by which that Pension exceeds the Guaranteed Minimum Pension.

Where the period from the date of retirement or death to 1 April is less than 12 months the increase shall be calculated at the rate of 1/12th of the increase for each Month.

APPENDIX D TO SCHEDULE 3

CATEGORY D

**Provisions applicable to Executive
Members of the Fenner Pension Scheme**

The provisions of the Sixth Schedule (Contracting Out) and provisions regarding Guaranteed Minimum Pensions contained in the Definitive Deed and Rules shall be disregarded for the purposes of this Appendix in respect of benefits accrued prior to 1 April 1994.

1A "Final Pensionable Salary" means the greater of:

- (i) the highest average Pensionable Salary earned during any three consecutive years within the ten years before the Member leaves Pensionable Service, dies or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three years; and
- (ii) Pensionable Salary as at the previous 1 September.

1B "Pensionable Salary" means (subject to the Permitted Maximum (if applicable)) an amount equal to the aggregate of:

- (i) basic annual salary as at the previous 1 September; plus
- (ii) an amount representing the average annual bonus earned by the Member (irrespective of when the bonus is paid) over the three years immediately preceding that 1 September (subject for these purposes to the bonus earned in each year to 1 September being limited to a maximum of 30% of the Member's basic annual salary as at that preceding 1 September). If the Member's Service to that preceding 1 September is less than 3 years the bonus will be averaged over the number of years of Scheme Service with any part years to 1 September rounded up to a complete year for the purpose only of this averaging.

In the event of any doubt as to the amount of a Member's Pensionable Salary, the Principal Company's decision will be final.

1C Variations of Rules for Category D Members

Eligibility (Rule 1 of the Second Schedule)

An Executive shall be eligible to join Category D when invited to do so by the Principal Company. The Principal Company shall impose such formalities governing acceptance of the invitation to join as it shall choose.

Member's Compulsory Contributions (Rule 1 of the Third Schedule)

In respect of Category D Executives who joined the Fenner Executive Scheme:-

- (i) prior to 1 September 1992, no contributions are payable;
- (ii) on or after 1 September 1992, 8% of Pensionable Salary.
- (iii) on and after 28 February 2001 8% of each payment of basic salary to the Member. The Member shall also pay contributions of 8% of each and any bonus payments made to him except that no contributions shall be payable on bonus payments made to the Member in respect of any year from 1 September to 31 August ("Bonus Year") after and to the extent that the aggregate of the bonus payments received by the Member in respect of that Bonus Year have exceeded 30% of his basic salary as at the 1 September at the start of the Bonus Year. For the purposes of this paragraph (iii) bonuses shall be treated as being payable in respect of a Bonus Year if and to the extent that the Member's entitlement to them was earned during that Bonus Year and whether or not they are paid or became payable during that Bonus Year. The contributions shall be calculated on gross basic salary and gross bonuses before any deductions for taxation and National Insurance or similar deductions.

Normal Retirement Age (First Schedule)

With effect from 1 April 1995, in respect of Category D Members in Service on that date and persons who subsequently join Appendix D, Normal Retirement Age shall be the sixty-second birthday.

2 PENSION ON RETIREMENT AT NORMAL RETIREMENT AGE (RULE 2 OF THE THIRD SCHEDULE)

Subject to paragraphs 11 and 12 a Member's Pension at Normal Retirement Age will be 1/45th of Final Pensionable Salary for each Year and Month of Pensionable Service as a Category D Member and 1/60th of Final Pensionable Salary for each Year and Month of Pensionable Service as a Member in any other category (subject to a maximum of 2/3rds of Final Pensionable Salary).

3 EARLY RETIREMENT DUE TO INCAPACITY (RULE 4.1 OF THE THIRD SCHEDULE)

A Member with less than two Years' Service will not be entitled to a Pension under this paragraph.

Where the medical evidence of a registered medical practitioner provided to the Employer and the Trustees shows in their opinion that a Member is under an Incapacity; and either

- 3A the Member is unable to carry out the duties allocated to him or her under the employment contract with the Employer but is capable of other less arduous duties in another paid employment, in which case his or her Pension will be calculated in the manner set out below:

APPENDIX D TO SCHEDULE 3
Category D

Actual Pensionable Service to date of early retirement ÷ Actual Pensionable Service plus potential Pensionable Service from date of early retirement to Normal Retirement Age

X

Pension at Normal Retirement Age calculated under paragraph 2 above by reference to Final Pensionable Salary to date of early retirement;

Or

- 3B it is unlikely that the Member will be able to undertake any paid employment in the future, in which case his or her Pension will be calculated in the manner set out below

Actual Pensionable Service to date of early retirement + 50% of potential Pensionable Service from date of retirement to Normal Retirement Age ÷ Actual Pensionable Service plus potential Pensionable Service from date of early retirement to Normal Retirement Age

X

Pension at Normal Retirement Age calculated under paragraph 2 above by reference to Final Pensionable Salary to date of early retirement.

The decision of the Employer and the Trustees (after considering such independent medical evidence as they may consider appropriate) as to whether any Incapacity retirement falls under 3A or 3B above shall be final.

For the purposes of this Rule, actual Pensionable Service and prospective Pensionable Service shall each be restricted to a maximum period of 40 years.

4 EARLY RETIREMENT NOT DUE TO INCAPACITY (RULE 4.2 OF THE THIRD SCHEDULE)

The Pension will be calculated in the manner set out below

Actual Pensionable Service to date of early retirement ÷ Actual Pensionable Service plus potential Pensionable Service from date of early retirement to Normal Retirement Age

X

Pension at Normal Retirement Age calculated under paragraph 2 above by reference to Final Pensionable Salary to date of early retirement.

and shall then be reduced in such manner as the Trustees and the Principal Company after taking Actuarial Advice consider to be appropriate, having regard to the period between the date of retirement and Normal Retirement Age.

For the purposes of this Rule, actual Pensionable Service and prospective Pensionable Service shall each be restricted to a maximum period of 40 years.

5 LUMP SUM BENEFITS ON RETIREMENT (RULE 6.1 OF THE THIRD SCHEDULE)

Not used now.

6 LUMP SUM DEATH BENEFITS ON DEATH IN SERVICE BEFORE NORMAL RETIREMENT AGE (RULE 8.2 OF THE THIRD SCHEDULE)

A lump sum equal to four times the Member's Pensionable Salary, plus a sum equal to the total contributions paid by the Member, without interest.

7 LUMP SUM BENEFITS ON DEATH AFTER RETIREMENT (RULE 8.5.1 OF THE THIRD SCHEDULE)

A lump sum equal to the aggregate of the instalments of Pension (excluding pension increases under Rule 9) which the Pensioner would have received during the period of five years after the date of retirement had he or she survived to end of that period; less instalments of Pension paid to the date of death.

7A LUMP SUM BENEFITS ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.1 OF THE THIRD SCHEDULE)

A lump sum equal to:

- (a) the aggregate of the total of the instalments of Pension to which the Member would have been entitled on retirement under the Rules (excluding any increase to Pensions under Rule 9) after any commutation under Rule 6 (Lump Sum Options), and (if not revoked) any surrender under Rule 7 (Conversion), had the Member retired on pension on the day upon which he or she died and the Pension arising on retirement been paid for a period of five years; plus
- (b) if the Member had not commuted any part of the Pension under Rule 6 (Lump Sum Option), the amount which could have been commuted under that Rule if he or she had retired and exercised that right on the day before death.

7B SPOUSE'S PENSION ON DEATH IN SERVICE ON OR AFTER NORMAL RETIREMENT AGE (RULE 8.3.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to two thirds of the annual Pension to which the Postponed Pensioner would have been entitled on retirement had the Postponed Pensioner retired on the date of death.

8 SPOUSE'S PENSION ON DEATH AFTER RETIREMENT (RULE 8.5.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to two thirds of the Pensioner's Pension at the date of death.

8A SPOUSE'S PENSION ON MEMBER'S DEATH IN SERVICE (RULE 8.2.2 OF THE THIRD SCHEDULE)

The Spouse's Pension shall be equal to two thirds of the Member's prospective Pension at Normal Retirement Age based on Final Pensionable Salary as at the date of death, calculated by reference to Pensionable Service earned up to the date of death, plus potential Pensionable Service up to Normal Retirement Age.

8B PENSION FOR DEPENDANT (RULE 8.6.6 OF THE THIRD SCHEDULE)

The Dependant's Pension shall be equal in the case of a deceased Member to the Pension calculated under paragraph 8A, in the case of a deceased Pensioner to the Pension calculated under paragraph 8, in the case of a deceased Postponed Pensioner, to the Pension calculated under paragraph 7B and in the case of a deceased Deferred Pensioner to the Pension calculated under paragraph 9A, divided in each case by the number of Dependants.

9 AMOUNT OF DEFERRED PENSION (RULE 5.6 OF THE THIRD SCHEDULE)

A Deferred Pension shall be computed by reference to the formula set out below calculated by reference to Final Pensionable Salary at termination of Pensionable Service.

$$\frac{\text{Actual Pensionable Service to date of withdrawal}}{\text{Actual Pensionable Service plus potential Pensionable Service from date of withdrawal to Normal Retirement Age}}$$

X

Pension at Normal Retirement Age calculated under paragraph 2 above by reference to Final Pensionable Salary to date of withdrawal.

9A DEATH BEFORE DEFERRED PENSION COMES INTO PAYMENT (RULE 8.4.2 OF THE THIRD SCHEDULE)

On the death of any Deferred Pensioner before benefits come into payment, there shall be payable a Spouse's Pension equal to two thirds of the Pension to which the Deferred Pensioner was entitled under Rule 5 (increased in accordance with 5.10) as at the date of death.

9B LUMP SUM BENEFITS ON DEATH IN DEFERMENT (RULE 8.4.1 OF THE THIRD SCHEDULE)

A lump sum equal to the Member's Contributions without Interest.

10 PENSION INCREASES (RULE 9 OF THE THIRD SCHEDULE)

The Trustees will on 1 April in each Year increase Pensions in payment by 3% on the amount (if any) by which that Pension exceeds the Guaranteed Minimum Pension.

Where the period from the date of retirement or death to 1 April is less than 12 months the increase shall be calculated at the rate of 1/12th of the increase for each Month.

11 SPECIAL PROVISIONS FOR UPPER TIER MEMBERS

The Rules and Appendix D shall apply to Upper Tier Members subject to the following modification:

paragraph 2 shall be modified by the substitution of the fraction "1/30th" where the fraction "1/45th" appears;

12 SPECIAL PROVISIONS FOR CATEGORY D MEMBERS WHO JOINED THE FENNER EXECUTIVE SCHEME PRIOR TO 1 SEPTEMBER 1992

The Rules and Appendix D shall apply to Members who joined prior to 1 September 1992, except that paragraph 2 shall be substituted as follows:

"A Member's Pension at Normal Retirement Age shall be 2/3rds of Final Pensionable Salary, subject to the limits prescribed in the Fifth Schedule (Scheme Limits)"

SCHEDULE 4

MONEY PURCHASE RULES

The Rules in this Schedule 4 shall apply only to or in relation to Money Purchase Members and for the avoidance of doubt no Rule within this Schedule 4 shall apply to or in relation to Hallite Money Purchase Members unless in relation to any particular Member or group of Members the Trustees and Principal Company agree.

1 CONTRIBUTIONS

1.1 EMPLOYERS' CONTRIBUTIONS

- 1.1.1 Subject to Rules 6.1 and 6.2 of the Second Schedule each Employer shall contribute to each Member's Account at an annual rate dependent upon a Member's Scheme Service as follows:

Length of Scheme Service	Employer Contribution as a Percentage of Pensionable Salary
0 to 5 years	1.5%
from 5 to 10 years	2.5%
from 10 to 15 years	3.5%
from 15 to 20 years	4.5%
over 20 years	5.5%

This Rule 1.1.1 of this Fourth Schedule shall be varied for Category E Members as set out in paragraph 2 of Appendix E.

If applicable Clause 12.6 shall apply.

- 1.1.2 In addition to the contributions in Rule 1.1.1 above there shall be paid to the Scheme by the Contributions Agency of the Department of Social Security (or any other relevant body) and credited to a Member's Account the minimum payments calculated with reference to the age of a Member and in accordance with the Protected Rights Rules.
- 1.1.3 Where a Member achieves a period of Scheme Service at which an increase in the rate of employer contributions is payable, that increase will take effect on the next following 1 April but shall not be backdated to the last complete year of Scheme Service.
- 1.1.4 In addition the Employer shall pay at an annual rate in relation to each Member the total of any additional contributions determined by the Trustees on Actuarial Advice to provide:
- (a) The benefits in Rule 2.7 and Rule 3 of this Fourth Schedule;
 - (b) for the administration and investment expenses and any other expenses in relation to the Member's membership of the Scheme;

SCHEDULE 4
Money Purchase Rules

- (c) any additional amounts it shall from time to time decide in its absolute discretion.

1.1.5 Employer contributions shall be paid to the Trustees monthly (or as the Trustees shall direct). Where at any time on Actuarial Advice there is a surplus of the Scheme's assets over the Scheme's liabilities then subject to the provisions of the 1995 Act, the Principal Company may with the prior agreement of the Trustees suspend or reduce contributions of the Employer at any time for such period as may be agreed. If so the Employer contributions in whole or in part may be credited to the Members' Account from the remaining surplus assets of the Scheme for such period as may be agreed.

1.1.6 Employer contributions shall become payable from the day an Employee becomes a Member and shall cease at the earliest of:

- (a) Normal Retirement Age, or with the agreement of the Principal Company if the Member remains in Service after Normal Retirement Age and continues making contributions, at the day of his retirement from Service;
- (b) the date that the Member ceases to be a Member.

1.2 Members' Compulsory Contributions

1.2.1 Subject to Rule 3.5.2 of the Second Schedule and Rule 1.2.2 of this Fourth Schedule each Member shall pay 5.5% of Pensionable Salary by deduction weekly or monthly from remuneration from the Employers until the Member attains Normal Retirement Age, or ceases to be a Member, whichever first occurs,

PROVIDED THAT:

- (a) the payment of contributions shall be terminated suspended or reduced at any time at which the Actuary advises that they are excessive having regard to the amount of the Maximum Benefit applicable to the Member; and
- (b) the contributions payable by a Member shall not be such as will prejudice Registration.

1.2.2 The Principal Company may from time to time alter the Members' contribution rate and the Members' contribution rate may be reduced to nil on either a temporary or permanent basis.

1.2.3 The Employers shall pay Members' Compulsory Contributions to the Trustees in the month following the month of deduction and subject to the requirements of the 1995 Act.

1.3 Members' Voluntary Contributions

1.3.1 Subject to Rules 1.3.3 and 1.3.4 of this Fourth Schedule, a Member in Pensionable Service may make Additional Voluntary Contributions of such amount as the Member may determine to the Fund in order to increase the benefits prospectively payable under the Scheme to, or in respect of, that Member.

1.3.2 A Member may not pay Additional Voluntary Contributions to the Fund:

- (a) if the amount of the Additional Voluntary Contributions would not be relivable pension contributions (as defined in Section 188(2)) of the Finance Act 2004),
- (b) if that payment would not qualify for relief from tax in accordance with Section 190 of the Finance Act 2004,

1.3.3

- (a) The aggregate of the contributions of a Member to the Scheme and to any other retirement benefit schemes to which the Employer contributes shall not:
 - (i) in any tax year exceed contributions which would be defined as relivable pension contributions in accordance with Section 188(2) of the Finance Act 2004, or
 - (ii) be greater than such sum as would be the maximum amount upon which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004.
- (b) If the Trustees are of the opinion that, in respect of any Member, the benefits payable under the Scheme may exceed the maximum amount upon which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004 or Scheme Limits they may:
 - (i) reduce or waive the Member's Additional Voluntary Contributions, and thereafter, and if necessary, may waive or reduce the contributions payable by, or in respect of, the Member, or
 - (ii) repay on retirement such excess to the Member where permitted by HM Revenue & Customs.

1.3.4 The Principal Company may impose any terms and conditions or any limit it determines on the payment of Additional Voluntary Contributions and in relation to the benefits provided in relation to Additional Voluntary Contributions.

1.3.5 A Member who is paying Additional Voluntary Contributions to the Scheme may not, except where Rules 1.3.2(a) or 1.3.2(b) of this Fourth Schedule apply, vary

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Money Purchase Rules

the rate at which Additional Voluntary Contributions are paid to the Fund unless the Member gives the Trustees three months' notice (or such shorter period as the Trustees may permit) of the Member's intention to vary that rate. Any such varied rate must satisfy Rule 1.3.2 of this Fourth Schedule.

- 1.3.6 The Trustees shall invest the Additional Voluntary Contributions of a Member in such a way that they can at all times identify them, any additions to them and any deductions from them (in this Rule 1.3 and in the Rules called the "Member's Voluntary Fund"). Clause 12 (Investment and Application of Fund) shall apply to the investment of the Additional Voluntary Contributions of a Member as it applies to the investment of the other Fund assets.
- 1.3.7 Where the benefits in respect of a Member's Additional Voluntary Contributions are provided in accordance with Rule 1.3.8 below the Member's Voluntary Fund shall be deemed to have been extinguished.
- 1.3.8 Where a Member has paid Additional Voluntary Contributions the benefits to which the Member shall be entitled in respect of those contributions after allowing for any additions to and deductions from them shall be:
- (a) such as the Trustees can secure with the Member's Voluntary Fund on or about the date of the Member's retirement or earlier death,
 - (b) in such form as the Trustees shall decide and after obtaining Actuarial Advice and after consultation with the Member which may include one or more of the following:
 - additional lump sum on death in Service;
 - retirement pension
 - Spouse's and/or Dependant's pension;
 - additional increases to pensions in payment.
 - (c) consistent with any requirements of HM Revenue & Customs (and in particular no such benefit may be taken by way of lump sum except to the extent permitted by the HM Revenue & Customs),
 - (d) of such amount and in such form as is consistent with the preservation requirements of the 1993 Act (if applicable), and
 - (e) of such value as is reasonable having regard to the amount of the Member's Additional Voluntary Contributions.

PROVIDED THAT:

- (A) The Trustees may after consultation with the Member increase any or all of the benefits payable under the Scheme to or in respect of the

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Money Purchase Rules

Member or increase them by equal or unequal proportions and the Trustees may provide other benefits in respect of the Member's Additional Voluntary Contributions than those prescribed by this Definitive Deed and Rules, being of such a kind and amount as are acceptable to HM Revenue & Customs and as will not prejudice Registration of the Scheme,

- (B) Where after payment of all benefits payable to and in respect of a Member attributable to his or her Additional Voluntary Contributions there remain moneys in the Member's Voluntary Fund, such moneys shall be paid to the Member after the deduction of an amount equal to any tax for which the Trustees are liable.

- 1.3.9 Where a Member dies, any benefit payable under this Rule 1.3 in lump sum form shall be paid or applied in accordance with Clause 15 (Death Benefits).
- 1.3.10 A Member who has elected to pay Additional Voluntary Contributions under this Rule 1.3 can take these additional benefits as a lump sum if the Trustees are satisfied that Registration would not be prejudiced.
- 1.3.11 If any cash sum or assets in respect of any Member are transferred from a scheme, policy of assurance, annuity, contract or other arrangement (in this Rule called "the Transferor Scheme") pursuant to Clause 18 (Transfers to the Fund) into the Scheme and all or part of the cash sum or assets so transferred are attributable to voluntary contributions made to the Transferor Scheme then (insofar as is consistent with the requirements of the 1993 Act) the Trustees may treat such of those cash and assets (if any) which are attributable to voluntary contributions made by the Member to the Transferor Scheme as if those cash and assets were Additional Voluntary Contributions made by the Member under this Rule 1.3 except that the provisions of Rule 1.3.3 of this Fourth Schedule shall not apply to those assets.
- 1.3.12 Where the Trustees make a transfer of, or otherwise apply, assets in respect of a Member under Clause 17 (Participating Employers), or Clause 19 (Transfers to the Fund), the assets transferred or applied will include that Member's Voluntary Fund. The Trustees shall be discharged from any obligation to provide or secure benefits in respect of that Member's Voluntary Fund, once transferred.
- 1.3.13 Members' Additional Voluntary Contributions shall be deducted from pay by the Employers and shall be paid by the Employers to the Trustees in the month following the month of deduction and subject to the requirements of the 1995 Act.
- 1.3.14 A Member may by giving notice in writing to the Trustees one month before the date on which he is to commence receipt of his retirement benefits under the Scheme, subject to the consent of the Trustees, defer payment of the retirement benefits payable out of his Member's Voluntary Fund.

PROVIDED THAT:

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Money Purchase Rules

- (A) The deferred Voluntary Fund benefits may only be paid after the main Scheme benefit have commenced and that those deferred benefits are taken between the Minimum Pension Age and 75.
- (B) Where the Member elects to defer the payment of any benefits payable in pension from out of his Member's Voluntary Fund, this election must apply to all such benefits and he may not elect to defer only a part of such pension benefits. He may elect to commence receipt of any benefits payable in lump sum form out of his Voluntary Funds and defer all other benefits.
- (C) Once the Member has elected to defer the benefits payable out of his Member's Voluntary benefits payable out of his Member's Voluntary Fund he may at any subsequent time make a written request to the Trustees to commence payment of these benefits.

1.3.15 If the Trustees are of the opinion that a Member is using the facility to make Additional Voluntary Contributions in a way which may breach any legislative restrictions or guidance from HM Revenue & Customs or other applicable body, the Trustees may carry out any investigations or place any restrictions on payment of Additional Voluntary Contributions by a Member, which they consider to be necessary.

2 RETIREMENT BENEFITS

2.1 General

Subject to Scheme Limits and to the options available under Rule 4 of this Fourth Schedule the following benefits are payable from the Scheme:

2.2 Pension on or after the Normal Retirement Age

2.2.1 A Member in Service at the Normal Retirement Age (or with the consent of the Principal Company at any later date of retirement), shall be entitled to use the Member's Account to provide immediate benefits, as the Member shall select and advise the Trustees in writing, at least 45 days prior to his Normal Retirement Age (or such shorter period as the Trustees shall allow) in the form of pension and/or the options available under Rule 4 of this Fourth Schedule. Where the Member does not so advise the Trustees, the Member's Account shall be used to provide benefits as the Trustees shall decide and in accordance with these Rules.

2.2.2 The Trustees shall use the Member's Account to purchase from an Insurance Company an annuity to provide the Member's benefits having regard to any options selected by the Member under Rule 4 of this Fourth Schedule. The Trustees shall from time to time review their selection of appropriate Insurance Companies to ensure as far as possible that they are offering competitive premium rates.

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2.2.3 Where the Member so agrees the Member's Voluntary Fund shall be added to the Member's Account when purchasing any annuity under this Rule 2.2, subject to Rule 1.3 of this Fourth Schedule.

2.2.4 Any pension shall under this Rule 2.2 be payable pursuant to the terms of any annuity purchased. Where the Trustees have purchased an annuity, and where the Member's Account has thereby been reduced to nil, they shall be discharged from any obligation to provide any further benefits under the Scheme for or in relation to the Member.

2.3 Pension on withdrawal from Pensionable Service before the Normal Retirement Age

2.3.1

- (a) When a Member leaves Pensionable Service before the Normal Retirement Age, and is not granted an immediate Pension under the provisions of these Rules or no refund of contributions is paid under Rule 2.4 or no Cash Transfer Sum is paid under Rule 2.5 of this Fourth Schedule, then subject to Rule 3 of the Second Schedule he shall be entitled to a Deferred Pension commencing at Normal Retirement Age of the amount which can be purchased by his Member's Account and which the Deferred Pensioner shall select and advise the Trustee in writing, in the form of pension and/or the options available under Rule 4 of this Fourth Schedule. Where the Deferred Pensioner does not so advise the Trustee, the Member's Account shall be used to provide benefits as the Trustee shall decide and in accordance with these Rules.
- (b) The Deferred Pensioner may opt to take the benefits if he retires at any time after his Minimum Pension Age. However, he may not take any benefits arising from his Protected Rights before his 60th birthday.
- (c) The Rules 2.2.2, 2.2.3 and 2.2.4 shall apply in relation to the Deferred Pensioner.
- (d) A Member who is granted a Deferred Pension under the terms of this Rule 2.3.1 shall thereupon become a Deferred Pensioner until his Member's Account has been used to purchase benefits in accordance with this Rule 2 of this Fourth Schedule.

2.4 Refund of Contributions

2.4.1 A Member who has less than two years' Qualifying Service (or such other period as the preservation requirements of the 1993 Act may require) in respect of whom the Trustees shall have received no transfer of rights under Clause 18 (Transfer to the Fund) on the date of ceasing to be in Service may receive in lieu of all other benefits a refund of Member's Contributions and an amount equal to the Member's Voluntary Fund.

2.4.2 Any refund shall be reduced by the aggregate of:

- (a) any tax for which the Trustees are accountable; and
- (b) any amount retained in accordance with the Sixth Schedule (Contracting Out).

2.4.3 A Member who receives a refund under this Rule shall subject to the Seventh Schedule (Contracting Out – Protected Rights) cease to be a Member and the Member and any Beneficiary claiming through the Member shall have no further interest in the Fund or under the Scheme.

2.5 Transfer as Alternative

Whensoever required by Section 101AA to 101AI of the 1993 Act, the Trustees shall offer a Member to whom Rule 2.3 above applies and who has satisfied the three month condition (as defined in Section 101AA of the 1993 Act) a Cash Transfer Sum as an alternative to the refund of contributions under Rule 2.4. If the Member does not elect to take either a Cash Transfer Sum or the refund within three months (or such other reasonable period as the Trustees may from time to time determine) the Member shall be entitled to the refund under Rule 2.4 only. The Trustees shall comply with Section 101AA to 101AI of the 1993 Act at times including in calculating the Cash Transfer Sum and the refund under Rule 2.4. On payment of the Cash Transfer Sum no other benefits will be payable in respect of the Member under the Scheme.

2.6 Benefits on normal early retirement

On retirement of a Member from Service before the Normal Retirement Age at his Minimum Pension Age other than on Incapacity and with the agreement of the Principal Company the Member may with the consent of the Trustees, in lieu of receiving benefits under Rule 2.3 of this Fourth Schedule, opt to receive immediate benefits on the same basis as described in Rule 2.2 of this Fourth Schedule.

However, a Member may not take any benefits arising from his Protected Rights before his 60th birthday.

2.7 Benefits on Incapacity of a Member

2.7.1 On retirement of a Member from Service before the Normal Retirement Age for reasons of Incapacity the Member may elect to receive (or the Trustees may

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elect that the Member shall receive where the Member is unable to make an election) immediate benefits by way of purchase of an annuity on the same basis as described in Rule 2.2 of this Fourth Schedule.

2.7.2 As a minimum, and subject to the Protected Rights Rules the benefits in Rule 2.7.1 above shall be:

- (a) an annual Pension for the Member equal to one third of the Member's Final Pensionable Salary; and
- (b) an annual Pension payable to the Member's Spouse on the death of that Member in receipt of pension of 50% of the Member's Pension under Rule 2.7.2 (a) above.

This Rule shall be varied for Category E Members as set out in paragraph 3 of Appendix E.

3 DEATH BENEFITS

3.1 Evidence of Death

Wherever any sum is prescribed by these Rules to be paid to a deceased's personal representatives there shall be produced to the Trustees the death certificate and a grant of representation, except that if no such grant has been taken out any sum or sums not exceeding £5,000 in the aggregate may at the discretion of the Trustees be paid to the personal representatives of a Member, or a Former Member or may at the Trustees' discretion be paid to the Spouse or Civil Partner or Dependants and the receipt of the person or persons to whom the payment is made shall be valid discharge as though it had been given by the deceased's personal representatives.

3.2 Death of a Member in Pensionable Service

3.2.1 On death of a Member in Pensionable Service (including any Member in Service with the agreement of the Principal Company after his Normal Retirement Age) there will be payable the higher of the value as determined by the Trustees on the Actuarial Advice of:

- (a) the Member's Account (subject to Rule 3.2.2 below); or
- (b) the total of:
 - (i) a lump sum of three times the Member's Pensionable Salary at the date of death (varied for Category E Members in accordance with paragraph 4 of Appendix E) plus a sum equal to the total contributions paid by the Member, without interest; and
 - (ii) an annual pension for the Member's Spouse of 25% of the Member's Final Pensionable Salary (varied for Category E Members in accordance

SCHEDULE 4
Money Purchase Rules

with paragraph 5 of Appendix E) subject to Rule 3.4 of this Fourth Schedule.

3.2.2 Any benefits payable in lump sum form under Rule 3.2.1 above shall be paid (subject to Scheme Limits) in accordance with Clause 15 (Death Benefits) and shall be subject to any limitations in amount or special conditions as may be imposed under any policy of insurance by which the benefit is provided.

3.2.3 Where Scheme Limits do not allow payment of the Member's Account under Rule 3.2.1(a) and Rule 3.2.2 additional Spouse's or Children's or Dependant's pensions shall be payable by way of purchase of annuities to the extent the Member's Account and Scheme Limits allow in such shares as the Trustees shall decide.

3.3 Death of A Deferred Pensioner before receipt of his Pension

On a Deferred Pensioner's death before receipt of his Pension, the balance of the Member's Account which remains after the exercise of any option under Rule 4 of this Fourth Schedule will be used as follows:

3.3.1 Where the Deferred Pensioner is survived by a Spouse or a Civil Partner, the part of the Member's Account arising from his Protected Rights will be used to provide a Pension for the Spouse or Civil Partner in accordance with Rule 7 of the Protected Rights Rules.

3.3.2 The remainder of the Member's Account shall be used as the Trustees decide, within Scheme Limits;

(a) to provide lump sum benefits in accordance with Clause 15; and/or

(b) Where the Member is survived by a Spouse and/or Dependant or Dependents and/or a Child or Children, to purchase annuities to provide pensions to or for the benefit of such of that Spouse and/or Dependant or Dependents and/or those Children (and in such shares) as the Trustees decide.

3.4 General Provisions

This Rule 3.4 is subject to the overriding requirements of the Protected Rights Rules.

3.4.1 If it shown to the satisfaction of the Trustees that two or more persons are the widows or widowers or Surviving Civil Partner of a Member the Trustees may:

(a) Decide that only one of them shall be treated as his or her Spouse or Civil Partner; or

(b) Decide that the Spouse's or Civil Partner's Pension shall be apportioned between two or more of them as they may decide and in such shares and on such terms as they may decide.

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- 3.4.2 If a Pension is being paid to a Spouse or Civil Partner, and it is shown to the satisfaction of the Trustees that another person also qualifies as that Member's Spouse or Civil Partner, the Trustees may, but without prejudice to any instalments of a Pension already paid, make a decision or further decision under Rule 3.4.1 of this Fourth Schedule.
- 3.4.3 If, at the date of a Member's death, a person is separated from that Member by reason of the breakdown of the marriage or Civil Partnership, he or she shall not be treated as the Member's Spouse or Civil Partner unless the Trustees decide otherwise.
- 3.4.4 If a Member dies within six months of marriage the Spouse's or Civil Partner's Pension shall not be paid unless the Trustees, with the consent of the Principal Company, decide otherwise.
- 3.4.5 If a Member's Spouse or Civil Partner is more than ten years younger than that Member at the date of the Member's death, then the Trustees may reduce the Spouse's or Civil Partner's Pension by such an amount as is advised to be reasonable by the Actuary.
- 3.4.6 If a Member is not survived by a Spouse or Civil Partner but is survived by one or more Dependants, or the Member is separated from the Spouse or Civil Partner by reason of the breakdown of the marriage or Civil Partnership and the Trustees decide not to pay a Spouse's or Civil Partner's Pension in excess of the pension as is required to be paid under the Protected Rights Rules, the Trustees may pay a Pension or Pensions, in aggregate not exceeding a Pension which could have been paid to a Spouse or Civil Partner, to such one or more of the Dependants as they may decide.
- 3.4.7 Notwithstanding anything in this Rule 3 to the contrary, if a Member dies and leaves a sole surviving widow or widower or Surviving Civil Partner, that widow or widower or Surviving Civil Partner shall be entitled to such a pension as may be payable under the Protected Rights Rules.

4 OPTIONS ON RETIREMENT

4.1 Protected Rights

On retirement of a Member the Trustees shall use part of a Member's Protected Rights so that if he dies after retirement and is survived by a Spouse or Civil Partner, a pension will be provided for the Spouse or Civil Partner in accordance with Rule 6 of the Protected Rights Rules.

4.2 Option to provide an annuity for a spouse or Civil Partner or Dependant

Subject to Scheme Limits a Member or a Deferred Pensioner who becomes entitled to a pension under Rule 2 of this Fourth Schedule may use part of his Member's Account which has not been otherwise used in accordance with Rule 2 or Rule 3 of this Fourth Schedule to provide an annuity for one or more Dependants (including his Spouse or

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Civil Partner). The annuity must not be greater than the pension payable to the Member or Deferred Pensioner. The annuity will start on the day next following the date of death of the Member or Deferred Pensioner. The amount of the annuity will be that purchased by the amount of the Member's Account used.

The option is exercised by notice in writing to the Trustees, at least 45 days before the date on which the Member's or Deferred Pensioner's pension is due to commence. If after the date of that notice and before commencement of the pension either the Member or Deferred Pensioner or the Dependant dies the notice will be cancelled. The notice must specify the amount of the Member's Account to be given up.

4.3 Guaranteed Pension

The Trustees shall use part of a Member's Account to provide that if that Member dies before the age of 75 and within 5 years of his pension starting, a lump sum benefit shall be paid in accordance with Clause 15.

The benefit will be an amount equal to the pension payments which would have been made during the remainder of the 5 year period if he had not died, at the rate applicable at the date of death.

The Member may choose not to take a guaranteed pension under this Rule 4.3 or to choose a pension guaranteed for a shorter or a longer period (within Scheme Limits) where the Trustees so consent.

4.4 Additional Pension Increases

Subject to Scheme Limits a Member who becomes entitled to a pension under Rule 2 may with the consent of the Trustees use part of his Member's Account which has not been otherwise used in accordance with Rule 2 or Rule 3 of this Fourth Schedule to provide for (in addition to the increases set out in Rule 6 of this Fourth Schedule) additional increases to his own Pension or that of his Spouse or Civil Partner or Children as Dependents within any options given to him by the Trustees.

5 EXCHANGING PENSION FOR LUMP SUM

5.1 How option is exercised

A Member or Deferred Pensioner whose pension becomes payable may elect to give up part of his pension in exchange for a lump sum payable when his pension is due to start. This option shall be exercisable by written notice to the Trustee at least 45 days before the date on which his pension is due to begin. The lump sum shall not exceed the maximum amount that would be a pension commencement lump sum as defined in paragraphs 1-3 of Schedule 29 to the Finance Act 2004 (including any modification to such pension commencement lump sum which applies under paragraph 31 of Schedule 36 to the Finance Act 2004 (Entitlement to lump sums exceeding 25% of uncrystallised rights)).

5.2 Protected Rights requirements

The option available under Rule 5.1 above may be elected only to the extent of the Member's Account in excess of his Protected Rights.

5.3 Lump sum available in special circumstances: exceptional ill-health

Upon the application of or on behalf of any Member or Former Member entitled to but not in receipt of the payment of a pension under the Scheme who is in Serious Ill-Health, the Trustees may decide to grant to that Member a lump sum payment instead of that part of his Member's Account which exceeds the Member's Protected Rights to which he is or will become entitled at State Pensionable Age. The amount of the lump sum shall be certified as reasonable by the Actuary and shall be payable on the date on which the Member's pension is due to commence. Where payment of the lump sum is delayed more than 30 days after the date the pension was due to become payable, interest may be added at the Trustees' discretion in respect of all or part of that period between that date and the actual date of payment, other than where the beneficiary caused or contributed to the delay. The interest shall be calculated in the way and at a rate decided on by the Trustees.

5.4 Pension of Trivial Amount

Where a pension payable to or in respect of a Member or Former Member would produce a Trivial Commutation Lump Sum, the Trustees may decide to grant to the Member or Former Member or other person a lump sum payment payable on the date the Member's pension is due to commence instead of the Member's pension and any contingent death benefits. This shall not apply to any pension remaining after a Member or Former Member exercises his option to take a lump sum under this Rule 5.

6 INCREASES TO PENSIONS

6.1 Pensions in payment

Any Protected Rights provided under the Scheme shall be increased in accordance with the Protected Rights Rules.

6.2 Pensions in deferment

6.2.1 The Protected Rights of a Deferred Pensioner who has not reached State Pensionable Age shall be increased in accordance with the Protected Rights Rules.

6.2.2 Any part of the deferred pension of a Deferred Pensioner under the Scheme which exceeds his Protected Rights shall be varied to take account of any alteration in the value of the investments underlying the Member's Account in the period beginning on the date he became a Deferred Pensioner and ending on the Member's Normal Retirement Age (or the earlier date on which the Deferred Pensioner's pension comes into payment) in accordance with the revaluation requirements of the 1993 Act.

SCHEDULE 4
Money Purchase Rules

6.3 Proportionate increase where pension in payment for less than 12 months

When a pension has been in payment for less than 12 months it shall be increased within the terms provided for in any relevant annuity which provides the pension.

6.4 Additional Increases

In addition to the increases within the preceding provisions of this Rule 6, any additional increases selected pursuant to Rule 4.4 of this Fourth Schedule shall be provided.

7 OVERRIDING PROVISIONS

If the benefits payable on the death of a Member, Deferred Pensioner, Postponed Pensioner or Pensioner are for the time being insured with (or arranged wholly or in part) through an insurance company then they shall be subject to such restrictions and shall be payable only in such circumstances as the Trustees may agree with that insurance company.

APPENDIX E TO SCHEDULE 4

CATEGORY E

Provisions applicable to Executive Members of the Money Purchase Section

1A "Final Pensionable Salary"

Means the greater of:

- (i) The highest average Pensionable Salary earned during any three consecutive Years within the ten Years before the Member leaves Pensionable Service, dies, or reaches Normal Retirement Age, whichever is the earliest, or averaged over a shorter period, where Service is less than three years; and
- (ii) Pensionable Salary as at the previous 1 September.

1B "Pensionable Salary"

Means (subject to the Permitted Maximum (if applicable)) an amount equal to the aggregate of:

- (i) basic annual salary as at the previous 1 September; plus
- (ii) an amount representing the average annual bonus earned by the Member (irrespective of when the bonus is paid) over the three years immediately preceding that 1 September (subject for these purposes to the bonus earned in each year to 1 September being limited to a maximum of 30% of the Member's basic annual salary as at the preceding 1 September). If the Member's Service to that preceding 1 September is less than three years the bonus will be averaged over the number of years of Scheme Service with any part years to 1 September rounded up to a complete year for the purpose only this averaging.

In the event of any doubt as to the amount of a Member's Pensionable Salary, the Principal Company's decision will be final.

1C Variations of Rules for Category E Members

Eligibility (Rule 1 of the Second Schedule)

An Executive shall be eligible to join Category E when invited to do so by the Principal Company. The Principal Company shall impose such formalities governing acceptance of the invitation to join as it shall so choose.

Normal Retirement Age (First Schedule)

The Normal Retirement Age of a Category E Member shall be the sixty second birthday.

2 EMPLOYERS CONTRIBUTIONS (RULE 1.1.1 OF THE FOURTH SCHEDULE)

Subject to Rules 6.1 and 6.2 of the Second Schedule the Employer shall contribute to the Member's Account at an annual rate determined by the Principal Company and notified in writing to the Category E Member.

2A EMPLOYEES' CONTRIBUTIONS (RULE 1.2.1 OF FOURTH SCHEDULE)

On and after 28 February 2001 each Category E Member shall contribute to their Member's Account 5.5% of each payment of basic salary to the Member. Each Category E Member shall also pay contributions of 5.5% of each and any bonus payments made to him except that no contributions shall be payable on bonus payments made to the Member in respect of any year from 1 September to 31 August ("Bonus Year") after and to the extent that the aggregate of the bonus payments received by the Member in respect of that Bonus Year have exceeded 30% of his basic salary as at the 1 September at the start of the Bonus Year. For the purposes of this paragraph 2A bonuses shall be treated as being payable in respect of a Bonus Year if and to the extent that the Member's entitlement to them was earned during that Bonus Year and whether or not they are paid or became payable during that Bonus Year. The contributions shall be calculated on gross basic salary and gross bonuses before any deductions for taxation and National Insurance or similar deductions.

3 BENEFITS ON INCAPACITY OF A MEMBER (RULE 2.7 OF THE FOURTH SCHEDULE)

As a minimum, and subject to the Protected Rights Rules the benefits in Rule 2.7.1 of the Fourth Schedule shall be:

- (a) an annual Pension for the Member equal to one half of the Member's Final Pensionable Salary; and
- (b) an annual Pension payable to the Member's Spouse on the death of that Member in receipt of Pension of two thirds of the Member's Pension under Rule 2.7.2(a).

4 LUMP SUM BENEFITS ON THE DEATH OF A MEMBER IN SERVICE (RULE 3.2.1 OF THE FOURTH SCHEDULE)

Subject to any limitations in amount or special conditions as may be imposed by any policy of insurance by which the benefit is provided, a lump sum of four times Pensionable Salary is payable by the Trustees in accordance with Clause 15 (Death Benefits).

5 PENSION BENEFITS ON THE DEATH OF A MEMBER IN SERVICE (RULE 3.2.1 OF THE FOURTH SCHEDULE)

The Member's Account shall be utilised to provide by way of purchase of an annuity as a minimum an annual Pension for the Member's Spouse of 40% of the Member's Final Pensionable Salary.

SCHEDULE 5
SCHEME LIMITS

General

Notwithstanding anything to the contrary in the Rules, the benefit payable to a Member or Former Member or a Spouse or Civil Partner, Dependants or other Beneficiaries in respect of that Member or Former Member shall not, when aggregated with all benefits payable to the same person and provided under all other Schemes providing retirement benefits established by the Employer or to which the Employer has contributed, exceed the limits set out below,

PROVIDED THAT:

where the Employer provides a scheme or arrangement to or in respect of a Member which is not Registered, then any such scheme or arrangement shall not be taken into account nor be aggregated with the benefits provided to or in respect of that Member under this Scheme for the purposes of determining whether the limits set out in this Fifth Schedule are or have been exceeded.

1 DEFINITIONS

In this Schedule the following expressions shall have the meanings ascribed to them:

"ACT" shall mean the Income and Corporation Taxes Act 1988 and any statutory amendment modification or re enactment thereof.

"AGGREGATE RETIREMENT BENEFIT" shall mean the aggregate of:

- (a) the Member's pension under this Scheme and any Associated Scheme and
- (b) the pension equivalent of the Member's Lump Sum Retirement Benefit.

"ASSOCIATED EMPLOYER" means an employer is associated with another employer if one is controlled by the other, or both are controlled by a third party. Control has the meaning in section 840 of the Act, or in the case of a close company, section 416 of the Act.

"ASSOCIATED SCHEME" shall mean any Relevant Scheme providing benefits in respect of service.

"CLASS A MEMBER" shall be any member who is not a Class B or Class C member.

"CLASS B MEMBER" shall mean any member:

- (a) who, on or after 17 March 1987 and before 1 June 1989, joined the Scheme being a scheme which commenced before 14 March 1989, or
- (b) who HM Revenue and Customs have at any stage agreed in writing to be a Class B Member by virtue of previous membership of a Relevant Scheme

and, in either case, has not opted to become a Class A Member.

"CLASS C MEMBER" shall mean any Member:

- (a) who joined the Scheme before 17 March 1987; or
- (b) who joined subsequently and who HM Revenue and Customs at any stage agreed in writing have agreed in writing to be a Class C Member by virtue of previous membership of a Relevant Scheme

and, in either case, has not opted to become a Class A Member.

"CONNECTED SCHEME" shall mean any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. if

- (a) there is a period during which the Member has been the employee of 2 Associated Employers;
- (b) that period counts under both schemes as a period in respect of which benefits are payable; and
- (c) the period counts under one scheme for service with one employer and under the other for service with the other employer.

"CONTROLLING DIRECTOR" shall mean a Member who, at any time on or after 17 March 1987 and in the last 10 years before the Relevant Date has, in relation to the Employer, been both within the definition of a director in Section 612(1) of the Act and within paragraph (b) of Section 417(5) of that Act.

"FINAL REMUNERATION" shall mean the greater of:

- (a) The highest remuneration upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date being the aggregate of:
 - (i) the basic pay for the year in question, and
 - (ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments provided that Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year. Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances it may be included provided the yearly average of 3 or more consecutive years begins no later than the commencement of the basic pay year; or

SCHEDULE 5
Scheme Limits

- (b) the yearly average of the total emoluments from the Employer which are assessable to income tax as employment income (as defined in Section 7 of ITEPA) and upon which tax liability has been determined for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included provided that in these circumstances the yearly average of 3 or more consecutive years begins no later than the commencement of the year ending with the Relevant Date.

Provided that:

- (i) remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc which give rise to such an amount liable to tax as employment income (as defined in Section 7 of ITEPA) had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Chapter III of Part VI of ITEPA;
- (ii) in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with (b) and (a) above shall not apply;
- (iii) in relation to any other employee whose remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000, (or such other figure as may be prescribed by the Treasury), Final Remuneration shall not exceed the amount ascertained in accordance with (b) above and (a) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);
- (iv) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Class C Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this proviso and/or the first sentence of (a)(ii) above and then only to the same proportionate extent;
- (v) for Class A Members Final Remuneration shall not exceed the Permitted Maximum;
- (vi) for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Class B Member Final Remuneration shall not in any event exceed £100,000 (or such other figure as may be prescribed by the Treasury);

SCHEDULE 5
Scheme Limits

- (vii) an employee who remains, or is treated as remaining, in Service but by reason of Incapacity is in receipt of a much reduced remuneration i.e. under a sick pay or permanent health insurance scheme, for more than 10 years up to the Relevant Date, may calculate Final Remuneration under (a) or (b) above with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;
- (viii) the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument; and
- (ix) an early retirement pension in payment from the Employer may not be included in Final Remuneration.

Notes: Except as in proviso (i) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments being employment income (as defined in Section 7 of ITEPA), and will normally be regarded as Fluctuating Emoluments. If benefits are not so assessable, they may not be included as part of Final Remuneration unless the Principal Company otherwise determines.

For the purpose of providing immediate benefits at the Relevant Date it will be permitted to calculate Final Remuneration on the appropriate basis above using remuneration assessable to tax as employment income (as defined in Section 7 of ITEPA) and upon which tax liability has not been determined. On determination of this liability Final Remuneration must be recalculated. Should this result in a lower Final Remuneration then benefits in payment should be reduced if this is necessary to ensure that they do not exceed the maximum approvable based on the lower Final Remuneration. Where Final Remuneration is greater it will be possible to augment benefits in payment. Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued pension benefits then Final Remuneration may only be calculated using remuneration assessable to income tax as employment income (as defined in Section 7 of ITEPA) and upon which tax liability has been determined.

"FLUCTUATING EMOLUMENTS" are any part of an employee's earnings which are not paid on a fixed basis and are additional to the basic wage or salary. They include overtime, commission, bonuses or benefits in kind as long as they are assessable to tax as employment income (as defined in Section 7 of ITEPA) and profit related pay (see proviso (viii) to definition of Final Remuneration). Directors' fees may rank as fluctuating emoluments according to the basis on which they are voted.

"INCAPACITY" means physical or mental deterioration which on the evidence of a registered medical practitioner is bad enough to prevent the Member from following his normal employment or which seriously impairs his earning capacity.

"INDEX" shall mean the Government's Index of Retail Prices.

"LUMP SUM RETIREMENT BENEFIT" shall mean the total value of all retirement benefits payable in any form other than non commutable pension under this and any Associated Scheme.

"PENSIONABLE SERVICE" shall have the meaning ascribed to it by Section 70(2) of the 1993 Act.

"PERMITTED MAXIMUM" is to be construed as defined in Section 590C(2) of the Act in force immediately prior to 6 April 2006 as adjusted from time to time in accordance with subclauses (a) and (b) below:

- (a) The Trustees shall review the Permitted Maximum on 6 April 2006 and thereafter on each subsequent 6 April. Adjustments to the Permitted Maximum in force immediately before the date of the review (including all increases previously made under this sub-clause (a) and sub-clause (b) shall be made with effect from the 6 April in respect of which the review is being undertaken when so required by the following principles:
 - (i) If the 6 April in question falls in any tax year for which an order is made under Section 590C(6) of the Income and Corporation Taxes Act 1988 the Permitted Maximum shall be increased in line with any increase specified in that order.
 - (ii) If sub-clause (i) does not apply, the retail prices index (within the meaning of section 833 of the Income and Corporation Taxes Act 1988) for the first month of September preceding the 6 April upon which the review is being undertaken shall be compared with the retail price index for the previous September and the following provisions shall apply:
 - (A) If the index for the later September exceeds the index for the earlier September, the Permitted Maximum shall be increased by the same percentage as the percentage increase in the retail prices index. If the resulting Permitted Maximum is not a multiple of £600 it shall be rounded up to the nearest amount that is such a multiple.
 - (B) If the index for the later September is not higher than the index for the earlier September, the Permitted Maximum shall not be adjusted.
 - (iii) The Principal Company may request the Trustees to increase the Permitted Maximum to a higher amount than it would otherwise be if calculated in accordance with sub-clauses (a) and (b). The Trustees shall have the power to implement any such request and must implement any such request if the relevant Employer pays such further contributions (if any) as the Trustees may require after taking Actuarial Advice.

"REGISTRATION" means registration of the Scheme in accordance with Chapter 2 of Part 4 of the Finance Act 2004.

SCHEDULE 5
Scheme Limits

"RELEVANT DATE" shall mean the date of retirement, leaving Pensionable Service or death as the case may be.

"RELEVANT SCHEME" shall mean any other registered pension scheme or a scheme in respect of which an application for Registration has been made under the Finance Act 2004 and in respect of a Class A Member who is a Controlling Director also any retirement annuity contract or trust scheme approved under Chapter III Part XIV or any personal pension scheme as approved under Chapter IV Part XIV of the Act insofar as it provides benefits secured by contributions in respect of Service.

"REMUNERATION" in relation to any year shall mean the aggregate of the total emoluments for the year in question from the employer and which are assessable to income tax as employment income (as defined in Section 7 of ITEPA) but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Chapter III of Part VI of ITEPA. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.

"RETAINED DEATH BENEFITS" shall mean any lump sum benefits payable on the Member's death from:

- (a) any registered pension schemes or schemes in respect of which an application for registration has been made pursuant to Finance Act 2004,
- (b) funds to which Section 608 of the Act applies,
- (c) retirement benefits schemes which have been accepted by H M Revenue and Customs as "corresponding" in respect of a claim made on behalf of the Member for the purposes of Section 596(2)(b) of the Act,
- (d) retirement annuity contracts approved under Chapter III Part XIV of the Act, or
- (e) personal pension schemes approved under Chapter IV Part XIV of the Act,
- (f) transfer payments from overseas schemes held in a type of arrangement defined in (a), (d) or (e) above

in respect of previous employments or periods of self employment (whether alone or in partnership). If the Retained Death Benefits do not exceed £2,500 in total they may be ignored.

"SERVICE" shall mean service with the Employers or an Associated Employer or, except in relation to a Class A Member who is a Controlling Director of either employer, an employer who is associated with the Employer only by virtue of a permanent community of interest.

PART 1

SCHEME LIMITS RULE

CLASS A MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions,

- (i) any term used in the Scheme as a measure of the annual earnings of a Class A Member for the purpose of calculating benefits is to be interpreted as though those earnings are no greater than the Permitted Maximum. The benefits so calculated may be augmented up to the maximum limits in (ii) below,
- (ii) the benefits payable to a Class A Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes exceed the limits set out below:

1 The Member's Aggregate Retirement Benefit shall not exceed:

- (a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Age on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Registration;
- (b) on retirement at any time before Normal Retirement Age on grounds of Incapacity a pension of the amount which could have been provided at Normal Retirement Age in accordance with paragraph 1(a) above, Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Registration. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.
- (d) benefits for a Class A Member are further restricted to ensure that his total retirement benefit from this Scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of Final Remuneration for each year of Service, subject to a maximum of 20/30ths. For the purpose of this limit, Service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme provided that no period is to be counted more than once.
- (e) for the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in (a) to (d) above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

- 2 The Member's Lump Sum Retirement Benefit will not exceed such lump sum as may be commuted without giving rise to a tax charge calculated in accordance with the relevant provisions of the Finance Act 2004 or such other applicable legislation in force from time to time.

CLASS B OR C MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Class B or a Class C Member or to his Dependants or other beneficiaries in respect of him shall not when aggregated with all benefits of a like nature provided under all Associated Schemes exceed the limits set out below.

- 1 The Member's Aggregate Retirement Benefit shall not exceed:
- (a) on retirement at or before Normal Retirement Age, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Registration;
 - (b) on retirement on grounds of Incapacity the amount calculated in accordance with paragraph 1(a) above as if the Member had remained in Service until the Normal Retirement Age, Final Remuneration being computed as at the actual date of retirement;
 - (c) on retirement after Normal Retirement Age, a pension of the greatest of:-
 - (i) the amount calculated in accordance with paragraph 1(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Age,
 - (ii) the amount which could have been provided at Normal Retirement Age in accordance with paragraph 1(a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
 - (iii) where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Age (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Age, with an overall maximum of 45 reckonable years.
- Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 4 below;
- (d) on leaving Pensionable Service before Normal Retirement Age, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Registration. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on

SCHEDULE 5
Scheme Limits

which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.

- 2 The Member's Lump Sum Retirement Benefit will not exceed such lump sum as may be commuted without giving rise to a tax charge calculated in accordance with the relevant provisions of Finance Act 2004 or such other applicable legislation in force from time to time.
- 3 If a Member elects to take any part of his benefits under this Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 above shall apply as if he had retired at the date of the election, no account being taken of subsequent Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.
- 4 The preceding provisions of this Rule shall be modified in their application to a Member who is a Controlling Director as follows:
 - (a) the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Registration, to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III Part XIV of the Act or under personal pension schemes approved under Chapter IV Part XIV of the Act;
 - (b) where retirement takes place after Normal Retirement Age but not later than the Member's 70th birthday, paragraph 1(c)(ii) and (iii) and paragraph 2(c)(ii) and (iii) shall not apply, and if retirement is later than the attainment of that age, the paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Age, so as not to treat as Service after Normal Retirement Age any Service before the Member reaches the age of 70;
 - (c) where paragraph 3 applies to him, the rate of the actuarial increase referred to in relation to any period of deferment prior to his attaining the age of 70, shall not exceed the percentage increase in the Index during that period.

PART 2

OTHER CONDITIONS RELATING TO CLASS A MEMBERS

A MEMBER'S CONTRIBUTIONS

- (a) Each Member is required to contribute at the rate (if any) specified in the Rules.
- (b) In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependents. Any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health.
- (c) The contributions paid to the Scheme by a Member shall not exceed the amount that would be considered to be relievable pension contributions (as defined in Section 188(2) of the Finance Act 2004) and do not exceed the maximum amount upon which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004.

B CONTINUED LIFE COVER

Any provision in the Rules to provide a lump sum benefit on the death of a Member occurring after retirement on pension (other than a payment under a guarantee of pension provision) shall be restricted in respect of a Member who joined the Scheme on or after 1 October 1991 to exclude any provision other than on death occurring before the Normal Retirement Age and after retirement on grounds of Incapacity. The amount of the benefit shall not exceed the amount payable had the Member died immediately before retirement increased in proportion to any increase in the Index between the date of the Member's retirement and the date of death.

C PAYMENT OF RETIREMENT BENEFITS

- 1 The payment of a Member's retirement benefits shall not commence earlier than the Member attaining age 50, and on and from 6 April 2010 age 55, except on retirement on grounds of Incapacity, nor later than attaining age 75.
- 2 No part of the Member's retirement benefits is to be paid in advance of actual retirement except as necessary to comply with paragraph C1 above or to the extent necessary to comply with the requirements of the 1993 Act.

PART 3

OTHER CONDITIONS RELATING TO CLASS B OR C MEMBERS

A MEMBER'S CONTRIBUTIONS

- (a) Each Member is required to contribute at the rate (if any) specified in the Rules.
- (b) In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants. Where such contributions commence on or after 8 April 1987 any retirement benefits so secured must be in the form of non commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health.
- (c) The contributions paid to the Scheme by a Member shall not exceed the amount that would be considered to be relievable pension contributions (as defined in Section 188(2) of the Finance Act 2004) and do not exceed the maximum amount upon which the Member is entitled to relief in accordance with Section 190 of the Finance Act 2004.

B TRANSFERS

- 1 Any retirement benefits arising by virtue of the receipt by the Scheme of a transfer value (other than from another scheme providing benefits in respect of Service) shall not be capable of commutation unless and then only to the extent that a certificate has been obtained from the administrator of the transferring scheme showing the maximum lump sum payable from the transfer value. The amount so certified may be increased in proportion to any increase in the Index since the date the transfer payment was received
- 2 When, on or after a transfer having been made to another occupational pension scheme, the administrator of that scheme requests such a certificate as is referred to in paragraph B.1 above, the Administrator shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.

PART 4

OTHER CONDITIONS RELATING TO ALL MEMBERS

1 INCREASES OF PENSIONS IN PAYMENT

The maximum amount of a pension ascertained in accordance with Part 1 or Part 2 of these Rules less any pension which has been commuted for a lump sum or the pension equivalent of any benefits in lump sum form and any pension surrendered to provide a Dependant's pension may be increased by 3% for each complete year or if greater, in proportion to any increase in the Index since the pension commenced.

2 SURPLUS AVCs

Where the application of the limits in these Rules requires the quantum of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement Scheme benefits, that restriction shall first be effected on those supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions subject to Section 599A of the Act.

3 TRANSFERS

- (a) The benefits arising on retirement from a transfer value shall be capable of commutation or payment in lump sum form and any certificate from the administrator of the transferring scheme to the effect that the transfer value is not to be used to provide benefits in lump sum form shall be ignored.
- (b) When making a transfer to an approved personal pension scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring member:
 - (i) was aged 45 or more at the time that the transfer payment was made; or
 - (ii) has at any time within the 10 years preceding the date on which the right to the cash equivalent being transferred arose, been, in respect of any employment to which the transfer payment or any part of it relates, either:-
 - (A) a Controlling Director, or
 - (B) in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (i.e. the equivalent for pension schemes of the Permitted Maximum) for the year of assessment in which the date of transfer falls, or
- (a) is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.

4 RULES NOT TO REQUIRE THE MAKING OF UNAUTHORISED PAYMENTS

- 4.1** Any provision (however framed) in this Deed which would require the Trustees to make a payment which, by virtue of Section 160 of the Finance Act 2004 would be an unauthorised payment, shall be construed as conferring a discretion on the Trustees to make that payment subject to the Trustees obtaining such consent from the relevant Member or beneficiary if the value of the Member's benefits would be otherwise adversely calculated on the basis applicable under Section 67 of the 1995 Act.
- 4.2** If, immediately before 6 April 2006, the consent of the Principal Company, or any other person, was required before the Trustees could make a payment, then the discretion conferred by paragraph 4.1 of this section may only be exercised with the consent of that person.
- 4.3** So much of a payment made in exercise of the discretion conferred by paragraph 4.1 of this section as is referable:
- (a) to subsisting rights which have accrued under defined benefits arrangements before 6 April 2006; or
 - (b) to contributions which have been paid to a scheme under money purchase arrangements before that day,

is exempt from being a scheme chargeable payment.

Here "subsiding rights" has the meaning given in Section 67(A)(6) of the 2004 Act.

- (c) to provide that whether the reduction fully reflects that amount shall be determined in accordance with normal actuarial practice and in accordance with any policy adopted from time to time by the Trustees for this purpose.

SCHEDULE 6

CONTRACTING OUT – GMP MODEL RULES

1 INTERPRETATION

1.1 Definitions

In this Appendix the following words have the following meanings:-

"1993 Act" means the Pension Schemes Act 1993

"1975 Act" means the Social Security Pensions Act 1975

"Actuary" means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Trustees, as being a proper person to act in this capacity.

"Contracted-out Employment" of a Member means his contracted-out employment by reference to the Scheme (which expression shall have the same meaning as in the 1975 Act).

"Fixed Rate Revaluation" means the method of revaluing a GMP before State Pension Age described in (C) in Rule 6.2.

"GMP" means the guaranteed minimum pension of a Member, Widow or Widower as defined in the 1993 Act in relation to Pensionable Service prior to 5 April 1997.

"Insurer" means an insurance company, an EU Company or Friendly Society as defined in the Occupational Pension Scheme (Discharge of Liability) Regulations 1997.

"Limited Revaluation" means the method of revaluing a GMP before State Pension Age described in (B) in Rule 6.2.

"Member" means a member of the Scheme (including a person who is no longer in the pensionable service of any employer participating in the Scheme but in respect of whom benefits are still immediately or prospectively payable under the Scheme).

"Normal Retiring Date" means the day on which a Member attains his normal pension age (within the meaning of the 1993 Act) under the Scheme.

"Protected Rights" has the same meaning as in Section 10 of the 1993 Act.

"Qualifying Service" has the same meaning as in the 1993 Act.

"Rule" followed by a number means the Rule with that number in this Appendix.

"Scheme" means this occupational pension scheme.

SCHEDULE 6
Contracting Out – GMP Model Rules

"Section 148 Revaluation" means the method of revaluing a GMP before State Pension Age described in Rule 6.2.

"Section 53 Money Purchase Scheme" means a scheme which was a contracted-out money purchase scheme and which the Occupational Pensions Board are under a duty to supervise under section 49 of the 1975 Act.

"Section 53 Salary Related Scheme" means a scheme which was a contracted-out salary related scheme and which the Occupational Pensions Board are under a duty to supervise under section 49 of the 1975 Act.

"Short Service Benefit" means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements.

"State Pension Age" means a man's 65th birthday and a woman's 60th birthday.

"Surviving Civil Partner" means the surviving registered civil partner of a Member in accordance with the provision in Chapter 1 of the Civil Partnership Act 2004.

"Transfer Regulations" means the Contracting-out (Transfer and Transfer Payment Regulations 1996).

"Trustees" means the trustees or administrators of the Scheme.

"Widow" and "Widower" mean respectively the widow and the widower of a Member. If a Member has married under a law which allows polygamy and, on the day of the Member's death has more than one spouse, none of them will qualify as a Widow or Widower. However, if only one spouse survives, that survivor will be the Widow or Widower.

Legislation. References to any piece of legislation include any legislative modification or re-enactment of it, any regulations made under it and any equivalent Northern Ireland legislation.

2 APPLICATION OF APPENDIX

- 2.1 Application of Appendix.** This Appendix shall apply if any Member's employment becomes Contracted-out Employment by reference to the Scheme and the Scheme is not contracted-out on money purchase basis.

The Appendix will only apply so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme.

- 2.2 Overriding effect of Appendix.** This Appendix overrides any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that Registration is not prejudiced. To the extent these GMP Rules do not reflect the statutory requirements for the provision of GMPs they will stand amended accordingly.

3 AMENDMENT OF APPENDIX

- 3.1 Power to alter Appendix.** The persons or bodies having the power of alteration in relation to the rest of the Scheme may make in writing any alteration to this Appendix necessary to comply with the contracting-out requirements of the 1993 Act applicable to salary related contracted-out schemes and section 53 Salary-related Schemes. This power of alteration may be exercised by them without any condition except the one in Rule 3.2.
- 3.2** No alteration of these GMP Rules may be made which contravenes the requirements of the 1993 Act.

4 ENTITLEMENT TO GMP

- 4.1 Guaranteed Minimum.** Rule 4 applies to a Member, Widow or Widower or Surviving Civil Partner where the Member has a guaranteed minimum in relation to the pension provided for the Member under the Scheme in accordance with section 14 of the 1993 Act.
- 4.2 Member's GMP.** The Member shall be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pension Age but commencement of the pension may be postponed for any period during which the Member remains in employment after State Pension Age:
- (a) if the employment is employment to which the Scheme relates and the postponement is not for more than five years after State Pension Age, or
 - (b) if the Member consents to the postponement.
- 4.3 Widow's GMP.** Where the Member is a man and dies at any time leaving a Widow, she shall be entitled, subject to Rule 4.4, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.
- 4.4** The pension shall be paid for life to any Widow.
- 4.5 Widower's GMP.** Where the Member is a woman and dies at any time on or after 6 April 1989 leaving a Widower, he shall be entitled, subject to Rule 4.6, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of that guaranteed minimum which is attributable to earnings for the tax year 1988/89 and subsequent tax years.
- 4.6** The pension shall be paid for life to any Widower.
- 4.7 Surviving Civil Partner's GMP** Where the Member dies at any time on or after 6 April 1989 leaving a Surviving Civil Partner, the Surviving Civil Partner will be entitled, subject to provision 5.9 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.
- 4.8** The pension shall be paid for life to any Surviving Civil Partner.

SCHEDULE 6
Contracting Out – GMP Model Rules

- 4.9 Offsetting pension against GMP.** Any pension payable to the Member, Widow or Widower or Surviving Civil Partner under any other provision of the Scheme may be offset against his or her pension entitlement under Rule 4 except to the extent that:
- (a) any part of the other pension is an equivalent pension benefit within the meaning of the National Insurance Act 1965, or
 - (b) any part of the other pension is an increase, calculated in accordance with Schedule 3 of the 1993 Act and added to the amount that would be payable but for Chapter II of the Part IV of the 1993 Act or regulations made under it; or
 - (c) offsetting would contravene Rule 7.

5 INCREASING A MEMBER'S GMP AFTER STATE PENSION AGE OR A WIDOW'S OR WIDOWER'S OR SURVIVING CIVIL PARTNER'S GMP

Any GMP to which a Member, Widow, Widower or Surviving Civil Partner is entitled under Rule 4 shall, insofar as it is attributable to earnings in the tax years from and including 1988/89, be increased in accordance with the requirements of section 109 of the 1993 Act.

6 REVALUATION OF GMP

- 6.1 After State Pension Age.** If the commencement of any Member's GMP is postponed for any period after State Pension Age, that GMP shall be increased to the extent, if any, specified in the 1993 Act.

- 6.2 Before State Pension Age.** Where a Member ceases to be in Contracted-out Employment before State Pension Age, the Member's GMP at State Pension Age or at the Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under (a) or (b) or (c) below.

- (a) Section 148 Revaluation

The increase will be by the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member reaches State Pension Age or dies (if earlier).

- (b) Limited Revaluation

The increase will be by the lesser of:

- (i) 5 per cent compound for each tax year after that in which Contracted-out Employment ceases up to and including the last complete tax year before the Member reaches State Pension Age or dies (if earlier), and

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Contracting Out – GMP Model Rules

- (ii) the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under the 1993 Act to come into force before the tax year in which the Member reaches State Pension Age or dies (if earlier).

The Trustees must pay a limited revaluation premium in respect of the Member to the Secretary of State.

(c) **Fixed Rate Revaluation**

The increase will be by such rate as regulations made under section 55(5) of the 1993 Act specify as being relevant at the date Contracted-out Employment ceases, for each tax year after the tax year containing that date up to and including the last complete tax year before the Member reaches State Pension Age or dies (if earlier).

The Trustees and the Principal Company participating in the Scheme shall decide whether (a) or (b) or (c) applies to the Scheme. They may at any time decide that one of the other two methods shall be used, instead of the method currently being used, for all Members ceasing to be in Contracted-out Employment after a specified date. They must make any required notifications whenever the method of revaluation for the Scheme is changed.

6.3 Transfers in. Where a transfer payment is received in respect of a Member from another scheme ('the transferring scheme') which includes accrued rights of the Member to a GMP, the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's Contracted-out Employment and Rule 6.2 will apply if that Contracted-out Employment ceases before State Pension Age. The Trustees may, however, decide, if the provisions of the transferring scheme so allow, to use either Fixed Rate Revaluation or Limited Revaluation from the date on which the Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member attains State Pension Age (or dies, if earlier) but:

- (a) Fixed Rate Revaluation may not be used as regards any part of the GMP being transferred which arose from contracting-out employment in relation to a previous scheme and which the transferring scheme is already revaluing by Limited Revaluation (or vice versa), and
- (b) the Trustees may not make that decision in respect of any Member if, when he becomes a Member, his contracted-out employment before he became a Member is treated as continuing for the purposes of the 1993 Act.

Where under Rule 6.3 Limited Revaluation is to be used, the Trustees shall have power to pay out of the transfer payment in respect of that Member any limited revaluation payable as a result of the Member ceasing to be in contracted-out employment by reference to the transferring scheme.

SCHEDULE 6
Contracting Out – GMP Model Rules

Where the Scheme accepts the proceeds of or the assignment of an insurance policy which consists of or includes accrued rights to GMP condition (a) above applies unless the Trustees use Section 148 Revaluation.

- 6.4 Transfers out.** Where a Member's accrued rights to GMPs are transferred to another contracted-out salary related scheme or to a section 53 salary related scheme, the Trustees may agree with the administrator of that scheme that the Member's GMP shall, instead of being revalued using the method currently being adopted under Rule 6.2, be revalued using another method which would be permitted if that scheme contained a rule in the same terms as Rule 6.3 but, where Limited Revaluation is to be used, that administrator must make arrangements for the payment of any limited revaluation premium (unless it has already been paid by the Trustees).

7 ANTI-FRANKING

Except as provided in sections 87-92 and 110 of the 1993 Act, no part of a Member's, Widow's, Widower's or Surviving Civil Partners pension under the Scheme may be used to frank an increase in the Member's, Widow's, Widower's or Surviving Civil Partners GMP under Rule 5 or Rule 6.

8 TRANSFERS INTO THE SCHEME

- 8.1** Acceptance of transfers. The Trustees may accept:

- (a) a transfer payment in respect of the Member's accrued rights to GMPs under a contracted-out salary related scheme, a section 53 Salary Related Scheme or an annuity policy of the type described in section 19 of the 1993 Act,
- (b) a transfer of the liability for the payment of GMPs to or in respect of any person who has become entitled to them, or
- (c) a transfer of Protected Rights in respect of the Member from another scheme which is, or was, an appropriate personal pension scheme, a scheme contracted-out on a money purchase basis or a section 53 Money Purchase Scheme.

Transfers may be accepted only as provided in the appropriate regulations.

- 8.2 Effect of transfers.** Where a transfer is accepted under Rule 8.1(a), the Member's accrued rights to GMPs under the Scheme will be increased accordingly.

Where a transfer is accepted under Rule 8.1(c), the Member's, Widow's and Widower's and Surviving Civil Partner's GMPs under the Scheme will be increased by amounts equal to the GMPs to which they would have been treated as entitled by reason of the Member's membership of the transferring scheme if the transfer payment had not been made.

9 TRANSFERS OF GMPS OUT OF THE SCHEME

9.1 Conditions for transfer of GMPS. A transfer payment made out of the Scheme may include a Member's accrued rights to GMPS or the liability for the payment of GMPS to or in respect of any person who has become entitled to them only if the following conditions are fulfilled. These conditions depend on the type of scheme or policy to which the transfer is being made:

(a) All transfers

The Member must consent to the transfer unless:-

- (i) it is made to another contracted-out salary related scheme or section 53 Salary Related Scheme where either the scheme is a scheme of the same employer or the transfer involves all of or a group of the Members of the Scheme and either the transfer results from a financial transaction between the Member's old and new employers, or the receiving scheme is a scheme of an employer connected with the Member's old employer for the purposes of section 35 of the 1993 Act, or
- (ii) it is to allow benefits to be bought out where the Member has between 2 and 5 years' Qualifying Service, or to allow the Trustees to buy out the benefits of the Widow or Widower or Surviving Civil Partner of such a Member.

The transfer will be subject to any requirements of the HM Revenue & Customs.

The receiving scheme or policy must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, a section 53 Money Purchase or section 53 Salary Related Scheme, an overseas occupational pension scheme to which the transfer may be made in accordance with the Transfer Regulation or an annuity policy of the type described in section 19 of the 1993 Act.

(b) Contracted-out salary related schemes and Section 19 annuity policies

The receiving scheme or policy must provide the Member and the Member's Widow or Widower or Surviving Civil Partner with GMPS equal to their accrued GMPS under the Scheme up to the date of transfer, together with revaluation until the Member reaches State Pension Age (or dies, if earlier). In the case of GMPS already in payment the receiving scheme must provide for the pensions to commence from the date from which liability for payment has been assumed by it, and for the conditions of payment relating to its own GMPS to apply equally to such pensions.

(c) All occupational pension schemes (except overseas schemes covered by 9.1(f)).

SCHEDULE 6
Contracting Out – GMP Model Rules

The Member must have entered employment with an employer which is (or, in the case of a Section 53 scheme, is or was) a contributor to the receiving scheme.

- (d) Appropriate personal pension schemes and occupational pension schemes which are or were contracted-out by the money purchase test

That part of the transfer payment which relates to the Member's accrued rights to GMPs must be of an amount at least equal to the cash value of those accrued rights and applied by the receiving scheme in providing money purchase benefits for or in respect of the Member.

- (e) Section 53 Money Purchase or section 53 Salary Related Schemes

No transfer payment may be made to such a scheme unless it is made in accordance with the Transfer Regulations.

- (f) Overseas occupational pension schemes not covered by (b), (d) or (e) above

No transfer payments may be made to such a scheme unless it is made in accordance with the Transfer Regulations.

- 9.2 Effect of such transfers.** Where the Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with Rule 9.1, the Member and the Member's Widow or Widower or Surviving Civil Partner will cease to have any entitlement to a GMP under the Scheme. If the transfer does not relate to the whole of the Member's rights to benefits under the Scheme, the Member's remaining benefits under the Scheme may be reduced to allow for the fact that the Member's GMP rights have been transferred.

10 TRANSFER PREMIUMS

Where a Member ceases to be in Contracted-out Employment before Normal Retiring Date and the Member's accrued rights to benefits (other than GMPs) are transferred to another occupational pension scheme which is neither a contracted-out scheme nor one which was formerly contracted-out the Trustees may elect to pay a transfer premium to the Secretary of State for Social Security. No such election may be made where the Member has completed less than two years' Qualifying Service or where an accrued rights premium is payable in respect of the Member.

Where a transfer premium is paid, the Member's accrued rights to GMPs under the Scheme shall be extinguished.

Any such transfer premium must be paid in accordance with the Transfer Regulations.

11 COMMUTATION OF GMP

- 11.1 Commutation Condition.** The Commutation Condition is that the payment of a lump sum is authorised under section 164 of the Finance Act 2004 and the payment is

SCHEDULE 6
Contracting Out – GMP Model Rules

permitted under the provisions described in regulation 60 of the Occupational Pension Schemes (Contracting-out Regulations 1996). In addition:

- (a) Where commutation is taking place before State Pension Age, other than on the death of the Member, Fixed Rate Revaluation or Limited Revaluation must be applied to any GMP included in the aggregate pension and such GMP must be revalued to State Pension Age for the purposes of calculating that aggregate. For this purpose Limited Revaluation is to be taken as 5% per annum compound.
- (b) Where the Member's pension, being an alternative to Short Service Benefit, becomes payable before Normal Retiring Date, the value of that pension must, to the reasonable satisfaction of the Trustees reflect the revaluation to Normal Retiring Date that the deferred pension would have attracted in accordance with Chapter II of Part IV of the 1993 Act had it been provided by the Scheme at Normal Retiring Date and the revaluation of GMP referred to in (a) above.
- (c) Where the Member's pension is equal to or larger than Short Service Benefit and becomes payable earlier than at Normal Retiring Date with the Member's consent, the pension to be taken into account to meet the Commutation Condition is the actuarial equivalent of the benefit which would have been payable if it had been payable only from Normal Retiring Date.
- (d) Where commutation of the whole of a Member's deferred pension is taking place at Normal Retiring Date (or on the winding up of the Scheme if earlier) the Member's pension in excess of GMP must be revalued up to Normal Retiring Date in accordance with Chapter II of Part IV of the 1993 Act.
- (e) In any event, the basis of commutation must be certified as reasonable by an Actuary.

11.2 Circumstances in which GMP may be commuted

- (a) **Member's GMP.** The Member's GMP may be commuted if the Commutation Condition is satisfied and all his/her other benefits under the Scheme are being commuted and
 - (i) his/her benefits have become payable; or
 - (ii) the Scheme is being wound up.
- (b) **Widow or Widower's or Surviving Civil Partner's GMP.** The Widow or Widower's or Surviving Civil Partner's GMP may be commuted if the Commutation Condition is satisfied and all his/her other benefits under the Scheme are being commuted, and
 - (i) his/her benefits have become payable; or
 - (ii) the Member's benefits are being commuted on grounds of triviality.

- (c) If the Member is a member of more than one retirement benefit scheme relating to the same employment the requirements of this rule must be satisfied by each of the schemes.

12 SECURING GMPS

GMPs may be secured through the Scheme provided it has been established under an irrevocable trust subject to the laws of any part of the United Kingdom. Otherwise, a GMP must be secured by means of an insurance policy or annuity contract with an Insurer.

13 WINDING-UP OF THE SCHEME

13.1 Priorities on winding-up. On a winding-up of the Scheme for any reason, priority must be given over any other liability to provide benefits to any benefit which falls within any one or more of the following:

- (a) Pensions and other benefits in respect of which entitlement to payment has already arisen.
- (b) GMPs and accrued rights to GMPs.
- (c) State scheme premiums.
- (d) Equivalent pension benefits within the meaning of the National Insurance Act 1965.
- (e) in the case of a serving Member who has attained Normal Retiring Date before winding-up began, the benefits to which the Member would have been entitled if the Member had retired on the day the winding-up began.
- (f) benefits to which the widow or widower or any dependent of a Member to whom Rule 13.1.1 applies will be entitled on the Member's death;
- (g) benefits to which any dependant of a deceased Member will be entitled on the death of any widow or widower or Surviving Civil Partner or dependant of that Member.
- (h) benefits to which the widow or widower or Surviving Civil Partner or any dependant of a serving Member

13.2 Order of priorities. The Trustees and the Principal Company participating in the Scheme may elsewhere in the provisions of the Scheme specify an order of priorities amongst the items listed in Rule 13.1 but the order of priorities shall not give any liability to provide benefits which are not listed in Rule 13.1 priority equal to or exceeding the priority given to any item which is listed there.

13.3 Voluntary Contributions

Where Members' voluntary contributions to the Scheme are being used to provide benefits equivalent on a money purchase basis to the voluntary contributions paid and where there are separately identifiable assets attributable to those voluntary contributions within the Scheme, Rule 13.1 shall not apply to those separately identifiable assets. That part of those assets which is attributable to the voluntary contributions of a Member shall be used to provide benefits for or in respect of that Member of the types specified in the other provisions of the Scheme. No regular payments may be made by the employer unless they are used solely for the purpose of meeting administrative expenses.

14 SCHEME CEASING TO BE A CONTRACTED-OUT SALARY RELATED SCHEME

If the Scheme ceases to be a contracted-out salary related scheme, the Trustees must seek the approval of HM Revenue & Customs to any proposed arrangements for securing GMPs. If it is decided to buy Members back into the State Earnings Related Pension Scheme, then accrued rights premiums or pensioner's rights premiums must be paid to the Secretary of State for Social Security in the manner required by regulations made under the 1993 Act. Once these premiums have been paid, the GMPs will be extinguished. The other benefits of the Members, Widows or Widowers concerned under the Scheme shall be reduced by the amount of the GMP accrued at the date the Scheme ceased to be contracted-out increased to State Pension Age (or the Member's death, if earlier) by Fixed Rate Revaluation or Section 148 Revaluation.

15 UPPER AGE LIMIT FOR ENTRY

Membership of the Scheme must be open to persons who enter employments to which the Scheme relates more than 6 years before Normal Retiring Date. If the Scheme has an annual entry date, this six year period may be increased to a period of between 6 and 7 years beginning with that annual entry date. Where the Scheme and one or more other contracted-out schemes relate to employment with the same employer, those schemes may be treated as if they were a single scheme in deciding whether the requirements of this Rule 15 are satisfied.

16 SUSPENSION OF GMP

16.1 Payment of a GMP may be suspended during any period when:

- (a) the person receiving the GMP is unable to act (by reason of mental disorder or otherwise) but the amount of the GMP must either be paid or applied for the maintenance of the recipient or his or her Dependents or paid to the recipient when the recipient is again able to act or paid to the recipient's estate after the recipient's death;
- (b) the recipient of the GMP is in prison or detained in legal custody but the amount of the GMP must then be paid or applied for the maintenance of such one or more of the recipient's Dependents as the Trustees shall determine; or

- (c) the Member is receiving the GMP but is then re-employed in an employment to which the Scheme relates. The GMP must then be increased under Rule 6.1 during the period of suspension.

17 FORFEITURE OF GMP

Any instalment of a GMP may be forfeited if it is not paid within 6 years of the date on which the instalment became due and the Trustees do not know the whereabouts of the recipient.

18 CONTRIBUTIONS EQUIVALENT PREMIUMS

- 18.1** A contributions equivalent premium shall be paid, subject to Rule 18.2, in respect of a Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's Normal Retiring Date and the end of the tax year preceding that in which the member will reach State Pension Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium shall not be paid where the Member's accrued rights include rights transferred from a personal pension, nor where the Member is a woman who dies in contracted-out employment in respect of Widower's GMP, or where the Member is a Civil Partner who dies in contracted-out employment in respect of the Surviving Civil Partner's GMP.

Payment of the contributions equivalent premium extinguishes the Member's accrued rights to GMP's under the Scheme. Therefore, where the premium is paid, any refund of contributions to the Member or any transfer payment from the Scheme in respect of the Member shall be reduced by the certified amount (as defined in the 1993 Act) in relation to that premium and any pension benefit under the Scheme for the Member or the Member's Widow or Widower or Surviving Civil Partner shall be reduced so as to allow for the fact that their accrued rights to GMPs have been extinguished.

18.2 The premium shall not be payable if:

- (a) its amount is less than £17 (or such greater amount as is specified in regulations made under the 1993 Act),
- (b) the Member's accrued rights to GMPs are transferred to another scheme or policy in accordance with Rule 9,
- (c) the Member is a woman who has been paying primary Class 1 National Insurance contributions at the reduced rate, or
- (d) the Member becomes entitled to an immediate or deferred pension under the Scheme on ceasing to be in Contracted-out Employment.

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CONTRACTING OUT – PROTECTED RIGHTS RULES

OPB Model Rules OPB/MP/89, amended as required by statute
(referred to as "this Appendix")

1 **DEFINITIONS**

In these Protected Rights Rules the following words have the following meanings:-

"the Act" means the Pension Schemes Act 1993.

"Actuary" means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Trustees, as being a proper person to act in this capacity.

"Commencement Date" means the date from which pension provided from the Member's Protected Rights Assets will be paid to the Member. This will not be earlier than the date on which the Member attains the age of 60. The pension will not be paid later than the date on which the Member attains the age of 65, unless the Member agrees that payment should start from a later date, but this later date must be acceptable to the Inland Revenue.

"Guaranteed Minimum Pension" has the same meaning as in the Act.

"Insurer" means an insurance company, an EU company or a friendly society as defined in the Protected Right Regulations.

"Member" means an individual who is in contracted-out employment in relation to the Scheme and who is accruing Protected Rights Assets, or an individual who has Protected Rights Assets in the Scheme in respect of previous membership of the Scheme or another scheme.

"Money Purchase Benefits" means benefits calculated by reference to payments made by, or in respect of, a Member. It does not include benefits calculated by reference to the Member's final or average salary.

"Protected Rights" and **"Protected Rights Assets"** are defined in Rule 4 below.

"Protected Rights Regulations" means the Personal and Occupational Pension Scheme (Protected Rights) Regulations 1996.

"Qualifying Widow or Widower or Surviving Civil Partner" means a widow or widower or Surviving Civil Partner of the Member who, when the Member dies, is aged 45 or over, or is entitled to child benefit for a Qualifying Child under age 18, or is living with a Qualifying Child under age 16.

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"Qualifying Child" means a child of the Member and the Member's widow or widower or Surviving Civil Partner. It also includes any other child for whom the Member was entitled to child benefit immediately before the Member died (or would have been if the child had been in Great Britain). If the Member and the widow or widower or Surviving Civil Partner were living together at the time the Member died, it also includes any child for whom the widow or widower or Surviving Civil Partner was then entitled to child benefit (or would have been if the child had been in Great Britain).

"Rule" (followed by a number) means the Rule (with that number) in this Appendix.

"Scheme" means this occupational pension scheme.

"State Pensionable Age" has the meaning given in the Protected Rights Regulations.

"Trustees" means the trustees of the Scheme.

2 MEMBERSHIP OF THE SCHEME

Membership of the Scheme must be open to persons who enter employment to which the Scheme relates more than 6 years before the normal retiring date of the Scheme. If the Scheme has an annual entry date, this 6 year period may be increased to a period of 6 years plus the part of a year until the next entry date. Where the Scheme and one or more other contracted-out schemes relate to employment with the same employer, those schemes may be treated as if they were a single scheme in deciding whether the requirements of this Rule are satisfied.

3 MINIMUM PAYMENTS

3.1 Minimum payments will be paid to the Scheme in respect of all Members who are in contracted-out employment in relation to the Scheme. These minimum payments are the contracted-out rebate percentage of the Member's earnings from the Employer between the lower earnings limit and upper accrual point for National Insurance purposes. They are inclusive of any amounts deducted from Members' earnings and paid by the employer to the Scheme as described in 3.2 below.

3.2 The minimum payments under 3.1 above will be contributed by the employer except that if the rules of the Scheme require a Member to contribute to the Scheme, the amount of that contribution up to the Member's share of minimum payments must be deducted by the employer from that Member's earnings and paid to the Scheme as part of the minimum payments. A Member's share of minimum payments is the amount by which his National Insurance contributions on his earnings from the employer are less than would have been the case if he had not been contracted-out. (Other contributions by Members will be paid by deduction from earnings or otherwise as described in the rules of the Scheme.).

4 MEMBERS' PROTECTED RIGHTS

4.1 **Payments to which the Protected Rights Rules apply.** The Protected Rights Rules apply to the following payments made to the Scheme in respect of a Member and the benefits resulting from those payments:

- (a) minimum payments as described in Rule 3.1 above;
- (b) incentive payments made under section 7 of the Social Security Act 1986 and regulation 3(10) of the Personal and Occupational Pension Schemes (Incentive Payments) Regulations 1987;
- (c) transfer payments received under Rule 9 below covering Protected Rights or Guaranteed Minimum Pensions under other occupational or personal pension schemes or under insurance policies or annuity contracts of the type described in section 19 of the Act; and
- (d) payments of minimum contributions by the Secretary of State for Social Security made under regulation 12(5) of the Personal Pension Schemes (Appropriate Schemes) Regulations 1997.

4.2 Payments to which the Protected Rights Rules do not apply. Any payments other than those specified in 4.1 above (and the benefits resulting from such payments) are not subject to the Protected Rights Rules unless the rules of the Scheme specifically state otherwise.

4.3 **Money Purchase Benefits.** The payments to which the Protected Rights Rules apply and their proceeds under the Scheme must be used to provide the Member with Money Purchase Benefits, except so far as they are used to meet administrative expenses of the Scheme and to pay commission.

The Member's rights to these benefits are called "**Protected Rights**". The Scheme assets representing these Protected Rights are referred to in these Protected Rights Rules as "**Protected Rights Assets**".

4.4 **Calculation.** The value of the Member's Protected Rights Assets must be calculated in a way approved by the Trustees. It must be at least as favourable as the way in which any other Money Purchase Benefits of the Member in the Scheme are calculated. It must also be consistent with the requirements set out in the rest of these Protected Rights Rules. Where the valuation of the Protected Rights Assets involved making estimates of the value of benefits, then the manner of calculation must be approved by an Actuary. The methods and assumptions used must be either determined by the Trustees, or notified to the Trustees by an Actuary, and must in either case be certified by an Actuary to be consistent with the relevant requirements of the Act, and with "Retirement Benefit Schemes - Transfer Values (GN11) or replacing actuarial guidance from time to time" published jointly by the Institute of Actuaries and the Faculty of Actuaries and current when the calculation is being made. The Trustees must keep such records as will enable the amount of the Member's Protected Rights Assets to be calculated at any time.

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- 4.5 Employee Contributions.** All employee contributions must be used to provide Money Purchase Benefits, even if the Scheme otherwise provides salary related benefits.

If the rules of the Scheme provide for compulsory employee contributions, then each employee's contribution up to the contracted-out rebate percentage of his Primary Class 1 contributions on his earnings between the lower earnings limit and upper accrual point for National Insurance purposes count as minimum payments under Rule 3.1 above. These Protected Rights Rules apply to them.

Other employee contributions do not count as minimum payments. These Protected Rights Rules only apply to them if the rules of the Scheme say that the Protected Rights Rules apply to all payments to the Scheme. But even if the Protected Rights Rules do not apply to other employee contributions, the Money Purchase Benefits from them must be calculated in the same way as Protected Rights are calculated under 4.4 above. The method of calculation, however, may be amended in this case as far as necessary to reflect the fact that the rest of these Protected Rights Rules do not apply.

- 4.6 Overriding effect of Protected Rights.** So far as Protected Rights are concerned, these Protected Rights Rules override any inconsistent provisions elsewhere in the Scheme, except provisions which are necessary in order that Registration is not prejudiced.

5 PENSION FOR MEMBER

- 5.1 When Pension is paid.** The pension from a Member's Protected Rights Assets becomes payable at the Commencement Date specified in the rules of the Scheme. The Trustees may (but need not) allow the Member to choose a later Commencement Date, in which case the Member must notify the Trustees of the date chosen by writing to them at least one month before the specified Commencement Date.

- 5.2 Providing the Pension.** When the Member reaches the Commencement Date the Protected Rights Assets will be used to provide a pension for life.

The pension must be one offered without regard to the sex or marital status of the Member either in making the offer or in calculating the amount of the pension.

- 5.3 Member's right to choose.** The Member has the right to choose any Insurer or, where the rules of the Scheme allow, the Scheme, to provide the pension. If the Member decides to choose an Insurer, he must do so by writing to tell the Trustees which Insurer he has chosen at least one month, but not more than 6 months, before the Commencement Date.

If the Member agrees to the pension becoming payable at a later date than age 65, and there is less than one month between the date on which he agrees to a later date and that later date, then he can only choose an Insurer by telling the Trustees so in writing on the same day as he agrees to the later date. The Trustees may allow any Member a longer period in which to make his choice.

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5.4 Trustees' Choice. If the Member does not choose an Insurer by writing to tell the Trustees by the latest date permitted under 5.3 above, the Trustees will choose an Insurer.

5.5 Form of Pension. The pension will include provisions for benefits after the Member's death as described in Rule 6 below. Where that allows alternative benefits, then a Member who chooses an Insurer may at the same time choose which alternatives apply. If the Trustees choose an Insurer, they may allow the Member to choose the alternatives or the Trustees may choose the alternatives. If the pension is provided by the Scheme, the alternatives applying will be those described in the rules of the Scheme, or the alternatives allowed in Rule 6 below which the Trustees agree to provide.

5.6 Lump Sum instead of Trivial. If the pension which can be provided from a Member's Protected Rights Assets is trivial, the Trustees may pay the Member the cash value of his Protected Rights Assets instead. But they may not do so if the Member has any other rights under the Scheme which are not being satisfied by a lump sum.

If there are other rights under the Scheme which are to be satisfied by payment of a lump sum, the Trustees will calculate the amount of that lump sum by reference to the amount of the relevant pension, on a basis which is acceptable HM Revenue & Customs or certified as reasonable by an Actuary.

The Trustees may only treat a pension as trivial if it is considered to be a trivial commutation lump sum under Schedule 29 Finance Act 2004.

6 MEMBER DIES AFTER PENSION STARTS

6.1 Qualifying Widow's or Widower's or Surviving Civil Partner's Pension. The pension provided from a Member's Protected Rights Assets will include provision for a pension to continue to be paid to any Qualifying Widow or Widower or Surviving Civil Partner. Subject to 6.5 below, the Qualifying Widow's or Widower's or Surviving Civil Partner's pension will be half the amount that would have been payable if the Member had survived.

6.2 Duration of. The Qualifying Widow's or Widower's or Surviving Civil Partner's pension will be paid for life unless provision is made for it to stop:

either if the Qualifying Widow or Widower or Surviving Civil Partner remarries before reaching State Pensionable Age

or if, before the Qualifying Widow or Widower or Surviving Civil Partner reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a Qualifying Child under age 18 nor living with a Qualifying Child under age 16.

6.3 No Qualifying Widow or Widower or Surviving Civil Partner but Dependant. The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Member does not leave a Qualifying Widow or Widower or Surviving Civil Partner, then a pension will be paid to a dependant of the Member. Subject to 6.5

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below, the dependant's pension will not be more than half the amount that would have been payable if the Member had survived.

- 6.4 No Qualifying Widow or Widower or Surviving Civil Partner but Dependent Child(ren).** The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Member does not leave a Qualifying Widow or Widower or Surviving Civil Partner and no dependant's pension is to be provided, but he does leave a Dependent Child (or Dependent Children), a pension will be paid for the benefit of that child or those children. "**Dependent Child(ren)**" means a child (or children) for whom the Member was entitled to child benefit immediately before he died (or would have been if the child had been in Great Britain).

Subject to 6.5 below, the amount paid as pension for the child(ren) will not be more than half the amount that would have been payable if the Member had survived. The pension will be paid only so long as at least one Dependent Child is under age 18.

- 6.5 5 Year Guarantee.** The pension provided from a Member's Protected Rights Assets may (but need not) be on terms that it will in any event be paid for up to 5 years. Then, if the Member dies during the 5 years, any survivor's pension payable may be an amount up to the amount of the pension payable to the Member until the end of the 5 years, after which it will not be more than half the amount that would have been payable if the Member had survived. If a pension guarantee applies, a pension of an amount up to the amount of the Member's pension will still be paid for the rest of the 5 years even if no survivor's pension is payable, or the survivor's pension ceases to be payable before the end of the 5 years. In these circumstances, the pension will be paid to another individual, or to the estate of the Member or of another individual who dies after the Member (and the recipient may vary from time to time during the payment period).

7 MEMBER DIES BEFORE PENSION STARTS

- 7.1 Qualifying Widow's or Widower's or Surviving Civil Partner's Pension.** If a Member dies before his pension under Rule 5 above starts, the Trustees must take reasonable steps to find out whether the Member is survived by a Qualifying Widow or Widower or Surviving Civil Partner.

If the Trustees discover that the Member is survived by a Qualifying Widow or Widower or Surviving Civil Partner then, as soon as is practicable, the Member's Protected Rights Assets must be used to provide the Qualifying Widow or Widower or Surviving Civil Partner with a pension. The pension may be provided by the Scheme if the rules of the Scheme allow for this. If they do not, or if they allow a Qualifying Widow or Widower or Surviving Civil Partner to choose an Insurer and she or he does so, the pension must be bought from an Insurer.

- 7.2 Duration of Pension.** The Qualifying Widow's or Widower's or Surviving Civil Partner's pension will be paid for life unless provision is made for it to stop:

either if the Qualifying Widow or Widower or Surviving Civil Partner remarries before reaching State Pensionable Age

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or if, before the Qualifying Widow or Widower or Surviving Civil Partner reaches age 45, the situation changes so that she or he is neither entitled to child benefit for a Qualifying Child under age 18 nor living with a Qualifying Child under age 16.

- 7.3 Qualifying Widow's or Widower's or Surviving Civil Partner's right to choose.** If the rules of the Scheme do not allow for a pension to be provided from the Scheme, or if they do allow for this but they also allow the Qualifying Widow or Widower or Surviving Civil Partner to choose an Insurer, the Trustees must write and tell the Qualifying Widow or Widower or Surviving Civil Partner that she or he has the right to choose an Insurer. The Qualifying Widow or Widower or Surviving Civil Partner then has three months to write back to the Trustees and tell them which Insurer has been chosen. The pension may (but need not) include any or all of the alternatives described in 7.2 above and 7.5 and 7.6 below. If the Qualifying Widow or Widower or Surviving Civil Partner chooses an Insurer, she or he may at the same time choose which alternatives will apply to the pension.
- 7.4 Trustees' Choice.** If a Qualifying Widow or Widower or Surviving Civil Partner who is allowed to choose an Insurer does not do so by writing to tell the Trustees by the latest date permitted under 7.3 above, the Trustees may choose an Insurer. The pension may (but need not) include any or all of the alternatives described in 7.2 above and 7.5 and 7.6 below. The Trustees may allow the Qualifying Widow or Widower or Surviving Civil Partner to choose which alternatives will apply to the pension or the Trustees may choose the alternatives. If the pension is provided by the Scheme, the alternatives applying will be those described in the rules of the Scheme, or the alternatives allowed in Rule 6 above which the Trustees agree to provide.
- 7.5 Child's Pension.** The pension bought with or provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Qualifying Widow or Widower or Surviving Civil Partner is still receiving a pension when she or he dies and leaves a Dependent Child (or Dependent Children), the pension will continue for the benefit of that child or those children. "**Dependent Child(ren)**" means a child (or children) for whom the Qualifying Widow or Widower or Surviving Civil Partner was entitled to child benefit immediately before she or he died (or would have been if the child had been in Great Britain). The amount paid as pension for the child(ren) will not be more than the Qualifying Widow's or Widower's or Surviving Civil Partner pension would have been if she or he had survived. It will continue to be paid only so long as at least one Dependent Child is under age 18.
- 7.6 5 Year Guarantee.** The pension bought with or provided from a Member's Protected Rights Assets may (but need not) be on terms that, if the Qualifying Widow or Widower or Surviving Civil Partner dies within 5 years of the pension commencing (or if the pension continues under 7.5 above but the last Dependent Child dies or reaches age 18 within 5 years of the pension commencing), the pension will continue to be paid for the rest of the 5 years to another individual, or to the estate of the Member or of another individual who dies after the Member (and the recipient may vary from time to time during the payment period).
- 7.7 Lump Sum instead of Trivial Pension.** If there is a surviving Qualifying Widow or Widower or Surviving Civil Partner and the pension which can be provided is trivial, the

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Trustees may if they wish pay her or him the cash value of the Protected Rights Assets as a lump sum instead. But they may not do so if the Member had any other rights under the Scheme when he died which are not being satisfied by a lump sum, or if the HM Revenue & Customs limits would otherwise be infringed.

If there are other rights under the Scheme which are to be satisfied by payment of a lump sum, the Trustees will calculate the amount of that lump sum by reference to the amount of the relevant pension, on a basis which is acceptable to HM Revenue & Customs or which has been certified as reasonable by an Actuary.

The Trustees may only treat a pension as trivial if it is considered to be a trivial commutation lump sum under Schedule 28 Finance Act 2004.

- 7.8 Qualifying Widow or Widower or Surviving Civil Partner dies before Pension starts.** If the Qualifying Widow or Widower or Surviving Civil Partner dies before the pension is provided, the Trustees will pay the value of the Member's Protected Rights Assets in accordance with any direction given by the Member in writing. If there has been no direction given, the value will be paid to the Member's estate.

- 7.9 No Qualifying Widow or Widower or Surviving Civil Partner** If the Trustees decide that the Member died without leaving a Qualifying Widow or Widower or Surviving Civil Partner, then as soon as practicable the Trustees will pay the value of the Member's Protected Rights Assets in accordance with any direction given by the Member in writing. If there has been no direction given, the value will be paid to the Member's estate.

8 TRANSFER OF PROTECTED RIGHTS ASSETS OUT OF THE SCHEME

- 8.1 Transfer of Protected Rights.** The Trustees may, at the written request of a Member, transfer his Protected Rights Assets (which may be part of a larger transfer) to another occupational pension scheme of which the Member has become a member or to an appropriate personal pension scheme. The Member may withdraw the request by giving the Trustees notice in writing to that effect but may not withdraw the request after the Trustees have entered into an agreement with a third party to make the transfer to the other scheme. A Member who has withdrawn a request may make another.
- 8.2 Conditions for Transfer of Protected Rights Assets.** A transfer payment made out of the Scheme under the rules of the Scheme may only include a Member's Protected Rights Assets if the following conditions are fulfilled. These conditions depend on the type of scheme to which a transfer is being made.

(a) All Schemes

The Member must consent to the transfer.

The transfer will be subject to any requirements of the HM Revenue & Customs.

The receiving scheme must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, an occupational pension scheme

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which has ceased to be contracted-out or an overseas occupational pension scheme in accordance with the Transfer Regulations.

The transfer payment must be of an amount at least equal to the Member's Protected Rights Assets.

- (b) **Appropriate personal pension schemes and occupational pension schemes which are or were contracted-out by the money purchase test**

The transfer payment must be applied by the receiving scheme in providing Money Purchase Benefits for and in respect of the Member.

- (c) **All occupational pension schemes (except overseas schemes not covered by (b), (d) or (e))**

The Member must have entered employment with an employer which is (or, where the scheme has ceased to be contracted-out, was) a contributor to the receiving scheme, or be a former member of the receiving scheme.

- (d) **Occupational pension schemes other than schemes which are or were contracted-out by the money purchase test**

The receiving scheme must provide the Member and the Member's widow or widower with Guaranteed Minimum Pensions equal to those to which they would have been treated as entitled by reason of the Member's membership of the Scheme if the transfer payment had not been made.

The transfer must have been made after 5 April 1990.

- (e) **Schemes which have ceased to be contracted-out**

No transfer payment may be made to such a scheme unless permitted by legislation and any conditions are complied with.

- (f) **Overseas occupational pension schemes not covered by (b), (d) or (e)**

The Member must have entered employment outside the United Kingdom to which the receiving scheme applies, or be a former member of the receiving scheme.

No transfer payment may be made to such a scheme unless it is made in accordance with the Transfer Regulations.

- 8.3 Discharge of Protected Rights.** Where the Member's Protected Rights Assets are transferred in accordance with this Rule, the Member will cease to have any Protected Rights under the Scheme and the Trustees will be discharged from any obligation to give effect to those Protected Rights.

9 TRANSFER INTO THE SCHEME

9.1 Acceptance of Transfer. The Trustees may, at the request of the Member, or a former Member, accept:

- (a) a transfer of assets representing Protected Rights for the Member from another scheme which is, or was, an appropriate personal pension scheme or an occupational pension scheme contracted-out by the money purchase test; or
- (b) a transfer payment in respect of the Member's accrued rights to Guaranteed Minimum Pensions under a scheme which is, or was, a contracted-out salary related scheme, or an insurance policy or annuity contract of the type described in section 19 of the Act.

9.2 Use of Transfer Payment to provide Protected Rights. The Trustees must use that part of any transfer payment representing Protected Rights or accrued rights to Guaranteed Minimum Pensions to provide the Member with Protected Rights under the Scheme. The rest of the transfer payment will only be used to provide Protected Rights if the rules of the Scheme say that these Protected Rights Rules apply to all payments to the Scheme.

10 GENERAL PROVISIONS

10.1 Beneficiary unable to act. If the Trustees believe that a person entitled to payment of a Member's Protected Rights Assets or of a pension provided with those assets is unable to act by reason of mental disorder or otherwise, the Trustees may arrange that payments, instead of being made to that person, will be made for the maintenance of that person and/or any of that person's dependants. If any payments are not so made, they (and any proceeds) must be held for the person concerned until that person is again able to act. If the person dies without becoming able to act, payment must be made to that person's estate.

10.2 Prison. If a person entitled to benefit is serving a period of imprisonment or detention in legal custody, payments which are or become due to that person of a Member's Protected Rights Assets or of a pension provided from those assets may be suspended. The value of the suspended payments must be used for the maintenance of one or more of that person's dependants.

10.3 Whereabouts unknown. Any payment due to any person of a Member's Protected Rights Assets or of the pension provided from those assets may be forfeited if at least 6 years have passed from the date the payment became due and the address of the person is not known to the Trustees.

11 GENERAL PROVISIONS ABOUT PENSIONS

11.1 Payment Intervals. The pension provided with a Member's Protected Rights Assets will be paid in advance or arrears as is arranged with the Insurer providing it. If the Scheme is providing the pension it will be as provided in the rules of the Scheme.

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If it is payable in advance, it must be paid at least once a year.

If it is payable in arrears, it must be paid at least monthly, unless the recipient agrees in writing that it can be paid less often. It must be paid at least once a year.

- 11.2 Increase in Payment.** The pension provided with a Member's Protected Rights Assets must increase each year by the same percentage as a Guaranteed Minimum Pension accruing after 5 April 1988. These increases are governed by orders under section 109 of the Act, and reflect increases in the general level of prices up to a maximum of 5%. The pension may (but need not) be on terms that it will increase by a greater amount, but not by more than 5% in any year.

The first increase must be made not later than the first anniversary of the pension starting. Further increases must be made on each anniversary of the first increase.

- 11.3 Enforceability.** The Trustees may only buy a pension from an Insurer with a Member's Protected Rights Assets if the Trustees are satisfied that any person who is or may be entitled to payment of that pension may enforce that entitlement:

- (a) under a trust; or
- (b) under a deed poll; or
- (c) under Scottish law.

12 ALTERATIONS TO PROTECTED RIGHTS RULES

- 12.1 Power to alter Protected Rights.** The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to these Protected Rights Rules necessary to comply with the contracting-out requirements of the Act applicable to contracted-out money purchase schemes and Section 53 money purchase schemes. The Protected Rights Rules will only apply for so long as anyone continues to have Protected Rights under the Scheme. This power of alteration may be exercised by them without any condition except the one in 12.2 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

- 12.2** No alteration to these Protected Rights Rules may be made which contravenes the requirements of the 1993 Act.

13 SCHEME CEASES TO BE A CONTRACTED-OUT MONEY PURCHASE SCHEME

If the Scheme ceases to be contracted-out by the money purchase test, the Trustees will inform Members of their rights and options in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 1986 and will seek the approval of HM Revenue & Customs where required to any proposed arrangements for securing Protected Rights.

14 INVESTMENTS

14.1 Permitted Classes. The resources of the Scheme may be invested only in assets of the classes listed in the table at 14.5 below.

14.2 Limits. The Trustees will take all reasonable steps to comply with the limits set out in the Table. These limits are of two types:

- (a) there are "**class limits**" on the proportion of Scheme resources that may be invested in certain classes of investments;
- (b) there are "**concentration limits**" on the proportion of Scheme resources that may be invested in the securities of any one issuer.

14.3 "Self Investment" No more than 5% of the Scheme assets may be invested in employer-related investments (as defined in section 112 of the Act and subject to regulations which may be prescribed under that section) and no more than 10% may be used in the following ways (taken together):

- (a) shares or other securities issued by the employer or by any person who is connected with, or an associate of, the employer;
- (b) land which is occupied or used by, or subject to a lease in favour of, the employer or any such person;
- (c) property (other than land) which is used for purposes of any business carried on by the employer or any such person;
- (d) loans to the employer or any such person; and
- (e) resources invested in non-Stock Exchange securities, unauthorised collective investment schemes, and futures and options (classes 8, 9 and 10 of the Table).

14.4 Changes to Limits. These provisions about investments, including the Table, set out the requirements of the Money Purchase Contracted-out Schemes Regulations 1987 and the Occupational Pension Schemes (Investment of Scheme's Resources) Regulations 1992. If those regulations are amended or replaced by any other regulations, then this Rule will have effect as if it had been amended or replaced accordingly.

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14.5 The Table

Class	Brief Description of Class	Class Limit (limits expressed Scheme	Concentration Limit as a % value of total resources)	Full Definition of Class
1	Insurance Policies & Annuity Contracts	-	-	See Note to Class 1 below
2	Authorised Unit Trust Scheme or Collective Investment Schemes	-	-	Units of Unit Trust Schemes authorised under section 78, Financial Services Act 1986, or by virtue of para 9 of Schedule 15 to that Act. Any undertaking for collective investment in transferable securities which is an undertaking authorised by the competent authority of a member state under Article 4 of Council Directive 85/611/EEC on the co-ordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities.
3	EU Government Securities	-	-	See Note to Class 3 below
4	Interest-bearing Accounts	-	-	See Note to Class 4 below
5	Listed Securities- EU		Classes 5-8 Combined No more than 5% in the securities of any particular issuer,	Securities listed on a recognised Stock Exchange in a member state of the EU (except Securities in Classes 3 and 11)
			except	
6	Listed Securities- Non	50%	up to 10% may be in the securities of any	Securities listed on a recognised Stock Exchange in a country which is not a

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Contracting Out – Protected Rights Rules

	EU		particular issuer, so long as the total of such investments greater than 5% is not more than 50% of the Scheme resources	member state of the EU
7	Second Tier Securities- EU	35% (when combined with any securities in Class 8)	Classes 5-8 Combined No more than 5% in the securities of any particular issuer,	Securities which are not listed on a recognised Stock Exchange but which are traded on a second tier market of a recognised Stock Exchange in a member state of the EU
			except	
8	Other Securities	No more than 5% employer related	up to 10% may be in the securities of any particular issuer, so long as the total of such investments greater than 5% is not more than 40% of the Scheme resources	Securities which are neither listed on a recognised Stock Exchange nor traded in a second tier market in a member state of the EU
9	Unauthorised Collective Investment Schemes	investments in the overall 10% limit (see 14.3)	-	Collective Investment Schemes not in Class 2
10	Futures and Options		-	The same meaning as in Schedule 1 to the Financial Services Act 1986
11	Investment Trust Companies	-	No more than 40% in the securities of any particular issuer	Securities of investment trust companies as defined in section 842, Income and Corporation Taxes Act 1988
12	Land	25%	-	Land

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NOTE ON CLASS 1

Scheme resources can only be invested in insurance policies and/or annuity contracts which satisfy all the following conditions:

They are issued by:

an insurance company which is authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on ordinary long-term insurance business as defined in that Act;

an EC company as defined in section 2(6) of the Insurance Companies Act 1982 which carries on ordinary long-term insurance business in the United Kingdom through a branch in respect of which such of the requirements of Part I of Schedule 2F to that Act as are applicable have been complied with;

an EC company as defined in section 2(6) of the Insurance Companies Act 1982 which provides ordinary long-term insurance in the United Kingdom provided that such of the requirements of Part I of Schedule 2F to that Act as are applicable have been complied with in respect of the insurance; or

a Friendly Society which is authorised under section 32 of the Friendly Societies Act 1992 to carry on long term business under any of the Classes specified in Head A of Schedule 2 to that Act;

and they are not issued under, or in connection with, arrangements which allow the Trustees to direct the way in which premiums are invested.

NOTE ON CLASS 3

"EU Government Securities" means securities issued by:-

- (a) the government of any EU member state;
- (b) a local authority in any EU member state;
- (c) an international organisation whose members comprise EU member states.

For this purpose, "securities" has the meaning it would have in paragraph 3 of Schedule 1 to the Financial Services Act 1986, if "government, local authority or public authority" there meant bodies as described in (a), (b) or (c) above.

NOTE ON CLASS 4

Class 4 comprises the following investments only:

An interest-bearing account (including, in the case of a building society, a share or deposit account) with:

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Contracting Out – Protected Rights Rules

- (a) a building society as defined in the Building Societies Act 1986;
- (b) a pension vehicle as defined in item 14 of the Schedule to the Building Societies (Designation of Qualifying Bodies) Order 1988 which is associated with a building society as described in section 18(17) of the Building Societies Act 1986;
- (c) an institution authorised under Part I of the Banking Act 1987.

NOTE ON CLASSES 5 - 11

"Securities" means an investment covered by paragraph 1, 2, 4 or 5 of Schedule 1 to the Financial Services Act 1986.

SCHEDULE 8

PART 1

PENSIONS SHARING

1 DEFINITIONS AND INTERPRETATION

- 1.1 The following expressions which begin with capital letters in this schedule have the meanings set out below. Any other defined terms used in this schedule will have the meanings given to them in the Definitive Deed and Rules including any definitions contained in the Fifth Schedule to the Definitive Deed.

"Ex-Civil Partner" means an individual to whom a Pension Credit has been or is to be allocated following a Pension Sharing Order, agreement or equivalent provision.

"Ex-Civil Partner Participant" Is an Ex-Civil Partner who participates in the Scheme either:

- (a) solely for the provision of a Pension Credit Benefit; or
- (b) for the wholly separate provision of a Pension Credit Benefit, where benefits accrue or have accrued to that individual under the Scheme for any other reason.

"Ex-Spouse" means an individual to whom a Pension Credit has been or will be allocated following a Pension Sharing Order, agreement or equivalent provision.

"Ex-Spouse Participant" means an Ex-Spouse who participates in the Scheme, either:

- (a) solely for the provision of a Pension Credit Benefit; or
- (b) for the wholly separate provision of a Pension Credit Benefit, where benefits accrue or have accrued to that individual under the Scheme for any other reason.

"Implementation and Discharge Regulations" means the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000.

"Negative Deferred Pension" means the amount by which the Member's or Former Member's Pension or deferred Pension under the Scheme which arose/arises from service with an Employer, is reduced at the Pension Calculation Date by section 31 of the Welfare Reform Act following a Pension Sharing Order, agreement or equivalent provision. For this purpose, service with an Employer includes all periods of service with other employers which have been treated as if they were service with an Employer where a transfer payment has been made to the Scheme in respect of that other service.

"Part 1" means Part 1 of this schedule entitled "Pensions on Divorce".

"Part 2" means Part 2 of this schedule entitled "Scheme Limits on Pension Sharing".

"Pension Credit" means a credit under section 29(1)(b) of the Welfare Reform Act.

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Pensions Sharing

"Pension Credit Benefit" means the benefits payable under the Scheme to or in respect of a person by virtue of rights under the Scheme attributable (directly or indirectly) to a Pension Credit.

"Pension Credit Rights" means rights to future benefits under the Scheme which are attributable (directly or indirectly) to a Pension Credit.

"Pension Debit" means a debit under section 29(1)(a) of the Welfare Reform Act.

"Pension Debit Member" means a Member or Former Member whose benefits have been permanently reduced by a Pension Debit excluding a moderate earner as defined in regulation 5 of the Retirement Benefits Schemes (Sharing of Pensions on Divorce or Annulment) Regulations 2000.

"Pension Sharing Order" means any order or provision as is mentioned in section 28(1) of the Welfare Reform Act.

"Qualifying Arrangement" means a qualifying arrangement as defined in paragraph 6 of Schedule 5 of the Welfare Reform Act and not disqualified pursuant to paragraph 7 of that schedule.

"Serious Ill Health" means ill health on evidence which is such as to give rise to a life expectancy of less than one year from the date on which commutation of the Pension Credit Benefit is applied for.

"Trivial" means an amount that would be a Trivial Commutation Lump Sum.

"Valuation Day" has the meaning given by section 29(7) of the Welfare Reform Act.

"Welfare Reform Act" means the Welfare Reform and Pensions Act 1999.

- 1.2** Any reference to a statute, statutory instrument or other legislative provision includes any amendment or re-enactment of it for the time being in force and any regulations made under it. Any reference to a particular section or part of a statute or statutory instrument will be read to include reference to any other relevant section or part of the statute or statutory instrument referred to in it. Any reference to legislation applicable to only part of the United Kingdom includes a reference to the corresponding legislation (if any) applicable to any other part of the United Kingdom.
- 1.3** Words in the singular include the plural and vice versa.
- 1.4** Words in the masculine gender include the feminine and vice versa unless the context otherwise requires.
- 1.5** Where the following terms are used in the Definitive Deed and Rules (apart from paragraph 8.2 of this schedule) for the purposes of this schedule the reference to a Member in relation to those terms will be construed as references to the Ex-Spouse or Ex-Civil Partner:

- (a) Child;
- (b) Dependant;
- (c) Incapacity.

1.6 Unless the context requires otherwise any reference within a part of this schedule to a paragraph is to a paragraph within that part.

2 PENSIONS SHARING ON DIVORCE

2.1 This schedule applies in respect of Pension Sharing Orders. When a Pension Sharing Order takes effect in relation to the Scheme the Trustees will give effect to it in accordance with this schedule and the Welfare Reform Act and any regulations made under it.

2.2 This schedule also applies where the Trustees wish to impose charges in relation to an earmarking order pursuant to paragraph 4.2.

3 SUPPLY OF INFORMATION

The Trustees will comply with any requirement to supply information they are required to provide pursuant to the Welfare Reform Act and the regulations made under it.

4 CHARGING

4.1 The Trustees may subject to complying with the Welfare Reform Act and with any relevant regulations pursuant to the Welfare Reform Act impose such charges as they think fit in relation to pension sharing and may require any such charges to be paid before implementing a Pension Sharing Order.

4.2 The Trustees may subject to complying with the Welfare Reform Act and any relevant regulations impose such charges as they think fit in relation to an earmarking order specified in section 24 of the Welfare Reform Act.

5 VALUATION AND CALCULATION OF PENSION CREDIT

5.1 The Trustees will issue a notice of implementation under the Welfare Reform Act and will notify the Member or Former Member and the Ex-Spouse or Ex-Civil Partner of the Valuation Day.

5.2 The Trustees will then:

- (a) make arrangements to carry out a valuation of the benefits of the Member or Former Member that are subject to a Pension Sharing Order; and
- (b) make arrangements to calculate the Pension Credit in accordance with the Welfare Reform Act and the Pension Sharing (Valuation) Regulations 2000;

as at the Valuation Day.

6 OPTION FOR EX-SPOUSE OR EX-CIVIL PARTNER

The Trustees will give the Ex-Spouse or Ex-Civil Partner details of the option to require the Trustees to discharge the Pension Credit by making a payment to a Qualifying Arrangement in accordance with the Welfare Reform Act.

7 METHOD OF DISCHARGING LIABILITY FOR PENSION CREDIT

7.1 The Trustees will discharge their liability for a Pension Credit for and in respect of an Ex-Spouse or Ex-Civil Partner:

- (a) by paying the Pension Credit to a Qualifying Arrangement with the consent of the Ex-Spouse or Ex-Civil Partner (the "External Transfer"); or
- (b) where such consent is not obtained by paying the Pension Credit to a Qualifying Arrangement without the consent of the Ex-Spouse or Ex-Civil Partner (the "Default Option").

For this purpose the payment will be made in accordance with the relevant provisions of the Welfare Reform Act that apply.

7.2 Once a payment has been made pursuant to paragraph 7.1 above the Trustees will be discharged from any further liability to and in respect of the Ex-Spouse or Ex-Civil Partner in relation to his Pension Credit.

8 LIMITATION OF RIGHTS

8.1 No person with a Pension Credit or Pension Credit Rights will have any right or interest under the Scheme except under and to the extent specified in this schedule or as required by law or as determined by the Principal Company. For the avoidance of doubt such person is excluded from the ambit of any Scheme Rule which provides for:

- (a) the augmentation of benefits or improvement of the terms on which benefits are payable;
- (b) discretionary pension increases; or
- (c) the grant of new or additional benefits;

whether the Scheme is continuing or winding up.

8.2 The provisions of paragraph 8.1 above will not operate in respect of any other capacity in which the person may have rights or interests under the Scheme whether as a Member, Former Member or Dependant.

9 DEATH BEFORE DISCHARGE

- 9.1** If the Ex-Spouse or Ex-Civil Partner dies after a Pension Sharing Order has been made but before the Trustees have discharged their liability in respect of the Pension Credit subject to regulation 6 of the Implementation and Discharge Regulations the Trustees will discharge their liability in respect of the Pension Credit by applying the Pension Credit in such one or more of the following ways as the Trustees determine:
- (a) by paying one or more lump sum death benefits at the discretion of the Trustees in accordance with Clause 15 of the Definitive Deed;
 - (b) by paying one or more Pensions to one or more of the Dependants as decided by the Trustees; and
 - (c) by purchasing an annuity contract or insurance policy for the benefit of any one or more Dependants as decided by the Trustees which satisfies the requirements of regulation 6(3) of the Implementation and Discharge Regulations.
- 9.2** The amount of the Pension Credit applied under each of paragraphs 9.1(a), 9.1(b) and 9.1(c) will be determined by the Trustees and be subject to the limits set out in Part 2.
- 9.3** Any payments or purchases pursuant to paragraph 9.1 will be made in accordance with the requirements of the HM Revenue and Customs and the 1993 Act and any applicable regulations, made under it. The Trustees may pay a lump sum in lieu of a Dependant's Pension which is a Trivial Amount at the time the Pension becomes payable, or at such other time as will not prejudice Registration.
- 9.4** Any balance of the Pension Credit not applied in accordance with paragraph 9.1 will be retained by the Trustees for the general purposes of the Scheme.
- 9.5** Once the Trustees have applied the Pension Credit pursuant to paragraphs 9.1 or 9.4 the Trustees will be discharged from their liability in respect of the Pension Credit (except their liability to a Dependant in respect of a Pension pursuant to paragraph 9.1(b)).

10 ASSIGNMENT

Clause 29.10 of the Definitive Deed which places a bar on the assignment of benefits will not apply when a Pension Sharing Order comes into effect against them. In such a case benefits may be assigned in whole or in part to the extent necessary to comply with the Pension Sharing Order.

11 PENSION DEBIT MEMBERS

The benefits for a Pension Debit Member are also subject to the requirements set out in Part 2 and subject to compliance with social security legislation.

12 STATUTORY COMPLIANCE

- 12.1** For the avoidance of doubt the Trustees will have all such powers and discretions as they consider appropriate to give effect to a Pension Sharing Order.
- 12.2** To the extent this schedule does not reflect any statutory requirements and any requirements of HM Revenue and Customs in relation to Pension Debits, Pension Credits and Pension Credit Rights it will stand amended accordingly.

PART 2

SCHEME REQUIREMENTS ON PENSION SHARING

13 SCHEME REQUIREMENTS FOR EX-SPOUSE OR EX-CIVIL PARTNER PARTICIPANT

The requirements relating to an Ex-Spouse or Ex-Civil Partner Participant's benefits are as follows:

- (a) Subject to Part 1 a Pension can be paid:
 - (i) at any time from the Minimum Pension Age and 75 (commencement of the Pension cannot be deferred beyond his 75th birthday);
 - (ii) earlier on grounds of Incapacity;
 - (iii) immediately if the Ex-Spouse Participant or Ex-Civil Partner Participant is aged 75 or over at the date the Pension Sharing Order is implemented.
- (b) A Pension not yet in payment may be fully commuted at any age on the grounds of Serious Ill Health.
- (c) There is no limit on the amount of the Pension payable to an Ex-Spouse Participant or Ex-Civil Partner Participant. Such a Pension should not be commuted, surrendered or assigned except in accordance with the Definitive Deed and Rules and this schedule. Such a Pension will be payable for life unless it is fully commuted under the terms of this schedule.
- (d) No lump sum may be paid to the Ex-Spouse Participant or Ex-Civil Partner Participant where the Member or Former Member (who was formerly married to the Ex-Spouse Participant or Ex-Civil Partner Participant) has already received a Lump Sum Retirement Benefit from the Scheme before the date of the implementation by the Scheme of the Pension Sharing Order, agreement or equivalent provision.
- (e) No lump sum may be paid to the Ex-Spouse Participant or Ex-Civil Partner Participant where all of the Pension Credit Rights under the Scheme have been transferred into the Scheme with a lump sum nil certificate.
- (f) An Ex-Spouse Participant or Ex-Civil Partner Participant may only take benefits in lump sum form as permitted by Regulation 3 of the Pension Sharing (Pension Credit Benefit) Regulations 2000. The amount of any lump sum shall not be greater than permitted under Schedule 29 of the Finance Act 2004;
- (g) Where the Ex-Spouse Participant or Ex-Civil Partner Participant dies before benefits come into payment the requirements are as follows:

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- (i) The Trustees shall pay any benefits in accordance with Regulation 6 of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000.
 - (ii) The amount of any Pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the Pension that could have been paid to the Ex-Spouse Participant or Ex-Civil Partner Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the Pension which could have been paid to the Ex-Spouse Participant or Ex-Civil Partner Participant, it should be assumed that he was aged 50 at the date of death, where he died at an earlier age. Where more than one Pension will be paid the total of all the Pensions cannot exceed the amount of the Pension that could have been paid to the Ex-Spouse Participant or Ex-Civil Partner Participant.
- (h) Where the Ex-Spouse Participant or Ex-Civil Partner Participant dies after Pension has come into payment, the requirements are as follows:
- (i) The Trustees shall pay any benefits in accordance with Regulation 6 of the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000.
 - (ii) The amount of Pension payable to a Dependant is limited to a maximum of 2/3rds of the initial annual Pension which was paid to the Ex-Spouse Participant or Ex-Civil Partner Participant as increased by any rise in the Index since the commencement of the Ex-Spouse Participant's or Ex-Civil Partner Participant's Pension. Where more than one Pension will be paid the total of all the Pensions cannot exceed the amount of the initial annual Pension which was paid to the Ex-Spouse Participant or Ex-Civil Partner Participant, as increased by any rise in the Index since the commencement of the Ex-Spouse Participant or Ex-Civil Partner Participant's Pension. For these purposes initial annual Pension should be calculated as follows:
 - (a) If the Pension payable for the year changes, the initial Pension payable should be taken;
 - (b) It should be assumed that the Ex-Spouse Participant or Ex-Civil Partner Participant will survive for a year;
 - (c) The effect of commutation should be ignored.
 - (iii) Where the Ex-Spouse Participant or Ex-Civil Partner Participant selected a guarantee not exceeding 5 years and the guarantee period has not expired, the remaining balance of the Pension instalments can be paid as a lump sum. This lump sum will be paid at the discretion of the Trustees. Where the Ex-Spouse Participant or Ex-Civil Partner Participant selected a guarantee exceeding 5 years and the guarantee period has not expired,

the remaining balance of the Pension instalments will be paid in pension form to an individual or individuals at the discretion of the Trustees.

- (d) Any payment of death benefits to be made at the discretion of the Trustees will be paid pursuant to Clause 16 of the Definitive Deed.
- (e) Full commutation of Pension Credit Rights which a Trivial Amount is permitted when the Pension first becomes payable or at such other time that will not prejudice Registration. Where the Ex-Spouse Participant or Ex-Civil Partner Participant is also entitled to benefits under this Scheme arising from his own Membership of the Scheme for the purposes of determining whether the aggregate value of total benefits exceed the Trivial Amount for the purposes of Rule 6.7 of the Third Schedule of the Rules, Rule 5.4 of the Fourth Schedule or Appendix B Rule 4.4 of the Ninth Schedule of the Rules benefits from Pension Credit Rights will be included and will be simultaneously commuted.
- (f) Where an Ex-Spouse Participant or Ex-Civil Partner Participant surrenders his Pension to provide an additional pension for a Dependant, the amount of Pension surrendered will not exceed the reduced Pension that the Ex-Spouse Participant or Ex-Civil Partner Participant retains. The option of the Ex-Spouse Participant or Ex-Civil Partner Participant to surrender his Pension does not apply where the Pension is paid in the form of income drawdown.

14 SCHEME REQUIREMENTS FOR PENSION DEBIT MEMBER

14.1 Notwithstanding any other provisions of the Definitive Deed and Rules, the benefits for a Pension Debit Member are additionally subject to the following limits; subject to compliance with social security legislation:

- (a) The Pension will not exceed the Aggregate Retirement Benefit less the Negative Deferred Pension in this Scheme and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.
- (b) On the death of the Pension Debit Member, any Pension for a Dependant will not exceed $\frac{2}{3} \times$ of the Pension for the Pension Debit Member determined in accordance with the Fifth Schedule of the Rules as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme. Where more than one Pension will be paid the total of all the Pensions cannot exceed 100% of the Pension for the Pension Debit Member determined in accordance with the Fifth Schedule of the Rules as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.

15 SCHEME REQUIREMENTS ON DEATH BEFORE DISCHARGE

- 15.1** The lump sum death benefit payable is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse or Ex-Civil Partner.
- 15.2** The amount of Pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the Pension that could have been paid to the Ex-Spouse or Ex-Civil Partner at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one Pension will be paid the total of all the Pensions cannot exceed the amount of the Pension that could have been paid to the Ex-Spouse or Ex-Civil Partner.

16 SCHEME REVENUE REQUIREMENTS ON PAYMENT OF PENSIONS ON DEATH

Any Pension payable to a Dependant on the death of an Ex-Spouse or Ex-Civil Partner will be payable for life except a Pension payable to a Child will cease (unless continued payment would not prejudice Registration) on the attainment of age 18 or if later on the cessation of full time education. Such Pensions may be fully commuted for a lump sum in accordance with Part 1 at the time the Pension becomes payable, or at such other time that will not prejudice Registration.

17 SCHEME REQUIREMENTS FOR PENSION CREDIT BENEFIT TO BE KEPT SEPARATE

Where any individual is entitled to Pension Credit Benefits under the Scheme in addition to other benefits pursuant to the Definitive Deed and Rules such Pension Credit Benefits will be kept separate from the other Scheme benefits of the individual concerned.

18 SCHEME REQUIREMENTS ON TRANSFERS

The following provisions apply to transfers.

- (a) The Trustees will give full details of the Pension Debit to the receiving scheme/arrangement where the fund underlying the benefits for a Pension Debit Member is transferred to another Registered scheme.
- (b) Where the Trustees accept a transfer payment for an individual who is already a Member or Former Member of the Scheme or is already an Ex-Spouse Participant or Ex-Civil Partner Participant in the Scheme and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees will separately identify the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights from other funds held for the benefit of the Member or Ex-Spouse Participant or Ex-Civil Partner Participant. Furthermore the Trustees will comply with the requirements of paragraph 17 above in respect of the transferred-in Pension Credit Rights. Then the individual will acquire the status of an Ex-Spouse Participant or Ex-Civil

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Partner Participant in the Scheme in relation to his transferred-in Pension Credit Benefits. Such Pension Credit Benefits will not count towards any limit on benefits for that Member or Former Member.

- (c) Where the Trustees accept a transfer payment and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees will take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member or Former Member. If a transfer of the fund underlying the benefits for the Member or Former Member is made to a Registered scheme the Trustees will give full details of the Pension Debit to the receiving scheme/arrangement.
- (d) Where the Trustees make a transfer payment in respect of an Ex-Spouse Participant or Ex-Civil Partner Participant it will be made in accordance with any requirements of the HM Revenue & Customs and the Trustees will confirm to the receiving scheme or arrangement that the transfer consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant or Ex-Civil Partner Participant.

SCHEDULE 9

HALLITE SECTION OF THE SCHEME

The provisions of this Ninth Schedule apply to Employees who joined the Scheme as part of the transfer of the assets and liabilities of the Wellington Holdings Pension Scheme to the Scheme.

In respect of these Hallite Employees the benefits and contributions in respect of the period of Hallite Pensionable Service completed before 1 April 2000 by any person who became a Hallite Member before that date shall be determined in accordance with Appendix A of this Ninth Schedule, the "Hallite Final Salary Section". The benefits and contributions of any such person in respect of Hallite Pensionable Service after 31 March 2000 and in respect of any person who became a Hallite Member after that date shall be determined in accordance with Appendix B of this Ninth Schedule, the "Hallite Money Purchase Section".

Terms which are not specifically defined in this Ninth Schedule shall have the meaning attributed to the same term within Schedule 1 of this Definitive Deed.

Rule references, unless otherwise stated, are to rules within this Ninth Schedule.

DEFINITIONS

"Active Member" means a Hallite Member in Service who has not attained Normal Retirement Date and in respect of whom pension benefits under the Scheme are accruing by reference to that Hallite Member's current service or by reference to contributions paid by and on behalf of the Hallite Member.

"AVC Requirements" means any legislative requirements in respect of Voluntary Contributions.

"Continuing Member" means a Hallite Member still in Service after Normal Retirement Date who was an Active Member immediately before Normal Retirement Date and who is not drawing any pension from the Scheme.

"Contribution Salary" means a Hallite Member's Gross Earnings less the appropriate multiple of the weekly rate of the Lower Earnings Limit.

"General Account" means a notional account within the Hallite Money Purchase Section consisting of:

- (a) contributions paid by the Employers under Appendix B Rule 2.4(c);
- (b) the part of any Hallite Member Account that cannot (because of Scheme Limits) be used to provide benefits for or in respect of that Hallite Member;
- (c) the part of any Hallite Member Account that is not refunded to a Hallite Member to whom Appendix B Rule 5.1(a) applies;
- (d) all other assets in the Hallite Money Purchase Section that do not form part of any Hallite Member Account;

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Hallite Section of the Scheme

revalued in accordance with the investment return (which may be positive or negative) attributed to such sums from time to time by the Trustees on Actuarial Advice.

"Gross Earnings" means a Hallite Member's gross earnings from an Employer except:

- (a) bonus payments based on the profitability of any company which is a subsidiary or holding company of an Employer (within the meaning of Section 736 of the Companies Act 1985) or on the profitability of any project carried out by such a company or in which such a company is concerned;
- (b) any excess over £5000 of other commission or bonus payments within any one Scheme Year; and
- (c) any other payment declared by the Hallite Member's Employer prior to payment to be non-pensionable.

"Hallite Definitive Deed" means the deed dated 7 November 2003 relating to the Wellington Holdings Pension Scheme made between Wellington Holdings plc (1) and Wellington Holdings Pension Trustee Limited (2).

"Hallite Early Retirement Pension" as defined in Appendix A Rule 3.3.

"Hallite Employees" means Employees who are members of the Hallite Section of the Scheme.

"Hallite Final Pensionable Salary" means the greater of:

- (a) the highest average of the annual Contribution Salaries of a Hallite Member on any three consecutive Renewal Dates out of the last ten Renewal Dates prior to whichever is the earlier of his date of retirement or the date of leaving Hallite Pensionable Service; or
- (b) the average of the annual Contribution Salaries of a Hallite Member in the three year period ending on whichever is the earlier of his date of retirement or the date of leaving Hallite Pensionable Service.

Where the Hallite Member's Service is less than three years Hallite Final Pensionable Salary means twelve times the average of the Hallite Member's monthly Contribution Salary while an Active Member.

"Hallite Member" means a member of the Scheme entitled to benefits under this Schedule 9, the Hallite Section of the Scheme. Hallite Membership shall be construed accordingly.

"Hallite Member Account" means in relation to any Hallite Member at any time a notional account consisting of:

- (a) ordinary contributions made by the Hallite Member under Appendix B Rule 2.1; plus
- (b) Voluntary Contributions made by the Hallite Member under Appendix B Rule 2.2; plus

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- (c) contributions made towards the Hallite Member Account by the Hallite Member's Employer under Appendix B Rule 2.4; plus
- (d) any amounts transferred to the Scheme in respect of the Member under Clause 18 (or its equivalent in any preceding documentation);

revalued in accordance with the investment return (which may be positive or negative) attributed to such sums from time to time by the Trustees (for which purpose they may consult the Actuary if they think fit) and having regard to any written directions on investment given by the Hallite Member in accordance with the provisions of the Definitive Deed less:

- (a) any amounts paid or transferred (or due to be paid or transferred) out of the Hallite Money Purchase Section in respect of the Hallite Member;
- (b) Such amounts (if any) as the Hallite Member's Employer may direct to be deducted and which represent costs and expenses that are directly attributable to the Hallite Member.

The assets constituting a Hallite Member Account shall be invested by the Trustees in accordance with the Definitive Deed.

The Hallite Member Account is solely for the purpose of calculating the benefits payable in respect of the Hallite Member. It shall not confer on the Hallite Member any rights to specific monies or assets of the Fund.

"Hallite Member Account Pension" means in relation to any Hallite Member such pension for his life as can be provided by applying (in accordance with Appendix B Rule 4) the Hallite Member Account (the amount of which shall be determined by the Trustees after consulting the Actuary if they think fit) at the date when the pension is to commence less any amount used to provide a lump sum under Appendix B Rule 4.4 upon such terms (subject to Scheme Limits) as to:

- (a) the annual amount of pension;
- (b) the amount and duration of any pension payable to any Spouse or Civil Partner or Dependants following the Hallite Member's death;
- (c) any increases during payment to the amount of the Hallite Member's pension and any pensions under (b) above; and
- (d) any lump sum payable on the Hallite Member's death within a specified period of the commencement of his pension and representing the further instalments of pension which would have been paid had he survived for that period,

as the Trustees, having taken all reasonable steps to ascertain the wishes of the Hallite Member, (and except to the extent that legislation otherwise requires following those wishes) shall decide. The Trustees shall use the Hallite Member's Account to purchase from an Insurance Company an annuity to provide the Hallite Member's benefits. The Trustees shall from time to time review their selection of appropriate Insurance Companies to ensure as far as possible that they are offering competitive premium rates.

SCHEDULE 9
Hallite Section of the Scheme

"Hallite Member's Credit" means that part of the value of any transfer which represents a Hallite Member's contributions to another Registered Pension Scheme.

"Hallite Pensionable Pay" means a Hallite Member's basic monthly earnings (or the monthly equivalent of his basic weekly earnings) less the monthly equivalent of the weekly rate of the Lower Earnings Limit in force for the month in question.

"Hallite Pensionable Service" means a Hallite Member's only or last continuous period of Active Membership; plus any additional periods credited as the result of a transfer payment received under Clause 18 or resulting from the payment by the Hallite Member of Voluntary Contributions or resulting from the exercise of Clause 20.

"Normal Retirement Date" shall have the same meaning as Normal Retirement Age.

"Preserved Pension" as defined in Appendix A Rule 3.5.

"Renewal Date" means any 6 April.

"Right to Cash Equivalent" means the right conferred by Section 94 of the 1993 Act.

"Scheme Year" means a calendar year commencing 6 April or such other date as the Trustees determine from time to time to be appropriate.

"Short Service Benefit" is as defined in Section 71(2) of the 1993 Act.

"Special Member" as defined in Appendix A Rule 3.1.

"Standard Pension" as defined in Appendix A Rule 3.1.

"Voluntary Contributions" means contributions made by Hallite Members under Rule Appendix B Rule 2.2.

APPENDIX A TO SCHEDULE 9

Hallite Final Salary Section

The following provisions shall apply in respect of Pensionable Service in the Hallite Final Salary Section prior to 1 April 2000.

1 ELIGIBILITY

The Hallite Final Salary Section closed to new entrants with effect on and from 1 April 2000. Details of the previous eligibility conditions are contained in the Hallite Definitive Deed.

2 CONTRIBUTIONS

A Hallite Member was not permitted to make contributions to the Hallite Final Salary Section with effect on and from 1 April 2000. Details of the previous contribution rates are contained in the Hallite Definitive Deed.

3 RETIREMENT PENSION

3.1 Retirement of Hallite Member at Normal Retirement Date

- (a) On the Retirement of a Hallite Member (who was not previously a member of the Hallite Pension Plan or the Evered Group Pension Scheme) from Service at Normal Retirement Date the Member will be entitled to the Standard Pension which means (subject to Appendix A Rule 3.1(b)) an immediate pension at the annual rate of $1/60^{\text{th}}$ of the Hallite Member's Hallite Final Pensionable Salary for each complete year of Hallite Pensionable Service completed before 1 April 2000 together with $1/720^{\text{th}}$ of the Hallite Member's Hallite Final Pensionable Salary for each additional complete month of such Hallite Pensionable Service.
- (b) On the Retirement of a Hallite Member who was previously a member of the Hallite Pension Plan or the Evered Group Pension Scheme the Member will be entitled to:
 - (i) 1.5% of the Hallite Member's Hallite Final Pensionable Salary with no deduction for the Lower Earnings Limit for each year of Hallite Pensionable Service prior to 1 August 1984;
 - (ii) $1/60^{\text{th}}$ of the Hallite Member's Hallite Final Pensionable Salary with no deduction for the Lower Earnings Limit for each year of Hallite Pensionable Service from 1 August 1984 to 31 December 1987;
 - (iii) $1/720^{\text{th}}$ of the Hallite Member's Hallite Final Pensionable Salary with no deduction for the Lower Earnings Limit for each complete year of Hallite Pensionable Service prior to 1 January 1988;

APPENDIX A to SCHEDULE 9
Hallite Final Salary Section

- (iv) $1/60^{\text{th}}$ of the Hallite Member's Hallite Final Pensionable Salary for each year of Hallite Pensionable Service completed after 1 January 1988 and prior to 1 April 2000.
- (c) In the case of any Member who was a Hallite Member on 17 May 1990 (a "Special Member"), the Standard Pension shall be calculated throughout this Rule 3 unless otherwise stated in accordance with Appendix A Rule 3.1(a) except that benefits in respect of the transitional period shall be calculated as if the Hallite Member's 60^{th} birthday were the Normal Retirement Date. For this purpose the transitional period means the period of a female Hallite Member's Hallite Pensionable Service completed before 31 December 1990 and the period of a male Hallite Member's Hallite Pensionable Service which falls between 17 May 1990 and 31 December 1990 (both dates inclusive).

3.2 Pension on retirement after Normal Retirement Date

- (a) A Continuing Member shall be entitled to a pension calculated in accordance with Appendix A Rule 3.2(b) with effect from the date determined under Appendix A Rule 3.2(c).
- (b) The amount of the pension payable to a Continuing Member shall be:
 - (i) The Standard Pension; plus
 - (ii) Such amount as the Trustees on Actuarial Advice consider appropriate having regard to the period between the date when Active Membership ceased and the date when payment of the pension commences. For this purpose the Active Membership of a female Special Member shall be deemed to have ceased on her 60^{th} birthday in respect of benefits that relate to her Hallite Pensionable Service completed before 17 May 1990.
- (c) Subject to Schedule 5 (Scheme Limits) the pension of a Continuing Member shall commence as follows:
 - (i) In the case of a Class A Hallite Member from the earlier of the date when the Hallite Member ceases to be in Service and the date when the Hallite Member reaches the age of 75 years;
 - (ii) In the case of a Class B or C Hallite Member at such time after Normal Retirement Date and before the date of leaving Service as he may elect.

3.3 Early Retirement

- (a) A Hallite Member who was immediately before leaving Service an Active Member and who leaves Service before Normal Retirement Date otherwise than as a result of the Hallite Member's Employer ceasing to be an Employer shall be entitled to a Hallite Early Retirement Pension if:

APPENDIX A to SCHEDULE 9
Hallite Final Salary Section

- (i) the Hallite Member so requests and the Principal Company and the Trustees so agree; and
 - (ii) the Hallite Member has attained the Minimum Pension Age, or the Hallite Member has completed at least 5 years Service and suffers from Incapacity.
- (b) For the purposes of this Rule 3.3 the Hallite Early Retirement Pension means the Standard Pension calculated on the basis that the date of actual retirement were substituted for the Normal Retirement Date in the calculation of Hallite Final Pensionable Salary and varied as follows:
 - (i) if the entitlement arises from Incapacity the Hallite Early Retirement Pension shall, if greater, be one half of the Standard Pension calculated in accordance with the opening paragraph of this Rule 3.3(b) but also on the basis that Hallite Pensionable Service is deemed to be equal to the length it would have been if Active Membership had continued until 31 March 2000;
 - (ii) in the absence of Incapacity, the Hallite Early Retirement Pension shall be reduced having regard to the length of the period between the actual date of retirement and Normal Retirement Date on a basis certified by the Actuary to be reasonable;
 - (iii) the Trustees must in any event be reasonably satisfied that when the Hallite Member's benefit becomes payable the total value of the benefits to be provided in substitution for Short Service Benefit is at least equal to the amount described in Regulation 11 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991; and
 - (iv) in the case of a Special Member, for the purpose of determining the actuarial reduction, the Hallite Member's Normal Retirement Date for benefits in respect of the transitional period shall be deemed to be the 60th birthday.
- (c) The request of the Hallite Member under Appendix A Rule 3.3(a) may be dispensed with if in the opinion of the Trustees the Hallite Member is incapable of deciding whether it is in the interests of the Hallite Member to consent.
- (d) The Trustees may before accepting the existence of Incapacity or at any time thereafter require production by or on behalf of the relevant Hallite Member of independent medical evidence of the nature and extent of such Incapacity or the continuance of Incapacity satisfactory to the Trustees or to a medical adviser appointed by them for the purpose and the Trustees shall have complete discretion as to the acceptability of such medical evidence.
- (e) The Trustees may at any time before Normal Retirement Date determine having regard to the extent of any Incapacity or any change in the extent of any Incapacity that an Hallite Early Retirement Pension shall be suspended, paid in

part only or reduced or increased in accordance with HM Revenue & Customs requirements.

- (f) In the event of any suspension under Appendix A Rule 3.3(e) (unless at or before Normal Retirement Date the Hallite Early Retirement Pension is again paid in full together with an amount certified by the Actuary to be the value of the pension suspended) the Hallite Member shall be entitled to a Preserved Pension under Appendix A Rule 3.5 as though the Hallite Member had never taken a Hallite Early Retirement Pension but with such reduction as the Actuary shall certify to be appropriate to take account of any earlier commutation of Short Service Benefit.

3.4 Leaving Pensionable Service Early

- (a) If a Hallite Member ceases to be an Active Member before Normal Retirement Date without either having completed two years Qualifying Service or having any entitlement in the Scheme in consequence of a transfer of accrued rights having been made from a Personal Pension Scheme then the Hallite Member shall be entitled to a refund of the Hallite Member's contributions to the Scheme and any Hallite Member's Credit (if not otherwise restricted) less the amount of Contributions Equivalent Premium payable under Section 55(2) of the 1993 Act which is referable to the Hallite Member's contributions and less any appropriate tax and to no other benefit.
- (b) If a Hallite Member ceases to be an Active Member before Normal Retirement Date in any other circumstances and without immediately taking a Hallite Early Retirement Pension under Appendix A Rule 3.3 the Hallite Member will be entitled to a Preserved Pension under Appendix A Rule 3.5 (subject always to any exercise of a Right to Cash Equivalent).
- (c) Whensoever required by Section 101AA to 101AI of the 1993 Act, the Trustees shall offer a Member to whom this Rule 3.4 applies and who has satisfied the three month condition (as defined in Section 101AA of the 1993 Act) a Cash Transfer Sum as an alternative to the refund of contributions under Appendix A Rule 3.4. If the Member does not elect to take either a Cash Transfer Sum or the refund within three months (or such other reasonable period as the Trustees may from time to time determine) the Member shall be entitled to the refund under Appendix A Rule 3.4(a) only. The Trustees shall comply with Section 101AA to 101AI of the 1993 Act at times including in calculating the Cash Transfer Sum and the refund under Rule 3.4(a). On payment of the Cash Transfer Sum no other benefits will be payable in respect of the Member under the Scheme.

3.5 Preserved Pension

- (a) A Preserved Pension payable in accordance with Appendix A Rule 3.5 shall commence at Normal Retirement Date unless the Principal Company (providing it has not experienced a Default Event) requests and the Hallite Member and the Trustees agree that it shall commence instead (on or after leaving Service):

APPENDIX A to SCHEDULE 9
Hallite Final Salary Section

- (i) at any time after the Hallite Member has attained the Minimum Pension Age or at any earlier time (being not earlier than 5 years after the Hallite Member's Service began) in case of Incapacity; or
 - (ii) subject to Schedule 6 at any time after Normal Retirement Date but before whichever is the earlier of attainment of age 75 and the Hallite Member's retirement from all remunerative employment.
- (b) The amount of the Preserved Pension under Appendix A Rule 3.5 shall be equal to the Standard Pension (calculated on the basis that the date of ceasing to be an Active Member is substituted for the Normal Retirement Date) subject to the following provisions:
 - (i) in the case of a Special Member benefits in respect of the transitional period shall be calculated as if the Hallite Member's Normal Retirement Date for that period were the 60th birthday and the provisions of this Appendix A Rule 3.5(b) shall be construed accordingly;
 - (ii) that part of the Standard Pension which is attributable to the Hallite Member's Guaranteed Minimum Pension will as from State Pensionable Age be subject to increase and anti-franking requirements in accordance with Schedule 6;
 - (iii) if the Hallite Member left Service at least 1 year before Normal Retirement Date and the Preserved Pension commences at Normal Retirement Date the Trustees shall ensure that at Normal Retirement Date that part of the Standard Pension which is in excess of the Guaranteed Minimum Pension shall have been increased by a percentage not smaller than the appropriate revaluation percentage specified in accordance with the revaluation requirements of the 1993 Act;
 - (iv) where the Hallite Member's Preserved Pension commences before Normal Retirement Date it shall be calculated as at Normal Retirement Date under Appendix A Rule 3.5(b)(i), (ii) and (iii) and then reduced as the Trustees on Actuarial Advice and subject to Schedule 6 decide but so that the basis of the reduction shall be such that the Trustees are reasonably satisfied that the total value of the benefits to be provided for and in respect of the Hallite Member is not less than the value (certified by the Actuary as at the date payment commences) of the Member's Short Service Benefit as at Normal Retirement Date;
 - (v) where the Hallite Member's Preserved Pension commences before Normal Retirement Date by reason of Incapacity the reduction referred to in Appendix A Rule 3.5(b)(iv) may be wholly or partly not applied to the extent that the Principal Company so requests and the Trustees so agree;
 - (vi) where the Hallite Member's Preserved Pension commences after Normal Retirement Date the Preserved Pension shall be calculated as at Normal

Retirement Date and shall then be increased as the Trustees on Actuarial Advice and subject to Schedule 6 decide but so that the basis of increase shall be such that the Trustees are reasonably satisfied that the total value of the benefits to be provided for and in respect of the Hallite Member is not less than the value (certified by the Actuary as at the date payment commences) of the Hallite Member's Short Service Benefit as at Normal Retirement Date (subject to special Scheme Limits for Controlling Directors).

4 BENEFIT ON DEATH

4.1 Of Active Member

Benefits are only payable on the death of an Active Member before 1 April 2000 therefore none of these further benefits can be paid from the date of this Definitive Deed. Details of the previous benefits are contained in the Hallite Definitive deed.

4.2 Of Continuing Member - after Normal Retirement Date

On the death after Normal Retirement Date of a Continuing Member there will be payable:

- (a) in the case of a married Hallite Member an immediate Spouse's Pension of an amount which subject to Appendix A Rule 4.7 will be one-half of the pension to which the Hallite Member would have been entitled under Appendix A Rule 3.2 if the Hallite Member had retired immediately before the Hallite Member's death without having commuted or surrendered any pension under Rule 5 of Appendix A of Schedule 9;
- (b) in the case of a Hallite Member who has registered his Civil Partnership the Trustees with the agreement of the Principal Company have a discretion to pay a pension to the Surviving Civil Partner to the level of a Spouse's pension that would be payable under (a) had the Member been survived by a Spouse;
- (c) Dependants' Benefits where applicable under Appendix A Rule 4.6; and
- (d) a lump sum under Appendix A Rule 4.5 as though the Continuing Member had become a Pensioner immediately before the Hallite Member's death.

4.3 Of Deferred Hallite Member

On the death before the earlier of Normal Retirement Date or the commencement of the Preserved Pension of a Hallite Member who is entitled to a Preserved Pension under Appendix A Rule 3.5 there will be payable:

- (a) in the case of a married Hallite Member an immediate Spouse's Pension of an amount which subject to Appendix A Rule 4.7 will be one half of the Preserved Pension to which the Hallite Member would have become entitled at Normal Retirement Date under Appendix A Rule 3.5 applying increases under Appendix

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Hallite Final Salary Section

A Rule 3.5(b)(iii) up to the date of death and without making any reduction under Appendix A Rule 3.5(b)(iv); or

- (b) in the case of a Hallite Member who has registered his Civil Partnership the Trustees with the agreement of the Principal Company have a discretion to pay a pension to the Surviving Civil Partner to the level of a Spouse's pension that would be payable under (a) had the Member been survived by a Spouse;
- (c) if no Spouse's or Civil Partner's pension is payable an amount equal to the total contributions (other than Voluntary Contributions) paid by the Hallite Member to the Scheme together with any Hallite Member's Credit and the amount of the fund representing the Voluntary Contributions (if any) of the Hallite Member.

If a Hallite Member entitled to a Preserved Pension dies on or after Normal Retirement Date before the pension comes into payment then benefit shall be payable under Appendix A Rule 4.4 as though the Preserved Pension had come into payment immediately before the Hallite Member's death and the Hallite Member had accordingly been a Pensioner.

4.4 Of Pensioner

On the death of a Pensioner there will be payable:

- (a) in the case of a married Pensioner an immediate Spouse's Pension of an amount which subject to Appendix A Rule 4.7 will be one half of the pension payable to the Pensioner immediately before the Pensioner's death assuming that any amount commuted or surrendered in accordance with the Definitive Deed and Rules had not been commuted or surrendered;
- (b) in the case of a Hallite Member who has registered his Civil Partnership the Trustees with the agreement of the Principal Company have a discretion to pay a pension to the Surviving Civil Partner to the level of a Spouse's pension that would be payable under (a) had the Member been survived by a Spouse;
- (c) a lump sum where applicable under Appendix A Rule 4.5; and
- (d) Dependants' Benefits where applicable under Appendix A Rule 4.6.

4.5 Lump sum

When a Pensioner dies before age 75 and within 5 years after the commencement of payment of the Pensioner's pension under the Scheme, a lump sum shall be payable equal to the value as determined by the Trustees on Actuarial Advice of the remaining amounts (as reduced if it be the case by any earlier commutation or surrender) which would have been expected to be payable during the life of the Pensioner had the Pensioner died immediately before the expiry of such 5 year period ignoring any increases which would have been made solely as a result of Section 109 of the 1993 Act but taking into account any previous discretionary increases granted to the Pensioner and any guaranteed increases in accordance with the Definitive Deed and Rules and for

the purposes of entitlement to this payment a Continuing Member who dies in Service after Normal Retirement Date shall be deemed to have retired and become a Pensioner immediately before the Continuing Member's death.

4.6 Dependants' Benefit

The benefits referred to as Dependants' Benefits shall be in accordance with the provisions of this Appendix A Rule 4.6 in which and in the remainder of Appendix A Rule 4.6 "the deceased" means the relevant Hallite Member or Pensioner as the case may be.

- (a) Where the deceased left a Child or Children but left no Spouse or Civil Partner or left a Spouse or Civil Partner who has later died a benefit shall be payable for so long as any such Child remains a Dependant not exceeding in total the amount which a Spouse's Pension would have been (subject to Appendix A Rule 4.6(b)).
- (b) Where the deceased left no Spouse or Civil Partner or left a Spouse who has later died and there exist one or more Dependants of the deceased other than a Child or Children the Trustees may (but shall in no case be obliged to) pay a pension or pensions not exceeding in total the amount of a Spouse's Pension in respect of such Dependant or Dependants for such period (not exceeding the life of the relevant Dependant) as the Trustees shall decide. In any such case the total benefit (if any) payable to a Child or Children in default of a Spouse's Pension shall be reduced by a corresponding amount.

This power in Appendix A Rule 4.6(b) shall be exercised only if the Principal Company shall have requested (which request shall not be unreasonably refused) unless the Principal Company has suffered a Default Event in which case the Trustees' discretion is unfettered subject to the Trustees where practicable consulting such (if any) existing Employer as last employed the deceased.

4.7 Spouse's or Civil Partner's Pension

If a Spouse in respect of whom a Spouse's or Civil Partner's Pension is payable was first married to the deceased less than six months before the deceased's death or if the age of the Spouse or Civil Partner is more than ten years less than the deceased the Spouse's Pension may in the Trustees' discretion be reduced by such amount or proportion as (on Actuarial Advice and subject to Schedule 6) they think fit (but any such potential reduction shall be ignored in calculating Dependants' Benefit).

4.8 Pension discretion

Subject to the obligation under Contracting-out Laws to make payment of any Guaranteed Minimum Pension direct to a widow or widower all amounts payable under this Appendix A Rule 4 by way of pension shall be applied by the Trustees for the benefit of those in respect of whom they are stated to be payable in such shares and in such manner and with such powers during minority as the Trustees may from time to time decide or appoint (subject to Scheme Limits).

5 ADDITIONAL RULES

Rule 6 and Rule 7 of Schedule 3 shall apply to Appendix A of Schedule 9.

6 INCREASES

6.1 Subject always to Scheme Limits the Trustees shall as at each 30 April increase every pension (including Dependants' Benefit) in payment under this Appendix A to Schedule 9. The rate of increase shall be 3% per annum (compound) in respect of that part of the pension which is attributable to the Hallite Member's Hallite Pensionable Service completed before 6 April 1997.

6.2 The remainder shall be increased:

- (a) as at each 30 April or such earlier date as the Trustees may determine in line with the Retail Prices Index over the period of 12 months ending on the immediately preceding 31 December (or such other period as the Trustees shall decide) or;
- (b) by 5% per annum if less in respect of Hallite Member's Hallite Pensionable Service completed between 6 April 1997 and when the Hallite Final Salary Section closed to future accrual on 1 April 2000;

6.3 Any pension which has been in payment for a fraction of a year only shall be increased similarly by the equivalent fraction of the aforesaid rate of increase. Any increase of the Guaranteed Minimum Pension required by Section 109 of the 1993 Act shall be added only to the extent (if any) which the 1993 Act may require taking into account this provision of the Hallite Scheme.

In addition to the powers provided by the Definitive Deed the Trustees with the consent of the Principal Company shall have power to increase the amount of any pension in payment under the Hallite Scheme beyond the extent required by Appendix A Rule 6.

7 ADDITIONAL RULES

Rules 8.1 (Evidence of Death), 10 (Preservation), 11 (Part time and Full time Service), 12 (Payment of Pensions), 13 (Overriding Provisions) and 14 (Final Salary Members capped by Permitted Maximum) of Schedule 3 shall apply to Appendix A of Schedule 9.

APPENDIX B TO SCHEDULE 9

Hallite Money Purchase Rules

Membership and Contributions

1 MEMBERSHIP

1.1 Eligibility

(a) Every Hallite Employee (male or female) who on 31 March 2000 was an Active Member for the purposes of the Hallite Final Salary Section was eligible to become a Hallite Member on 1 April 2000 subject to the provisions of Appendix B Rules 1.4 and 1.6 to 1.10 inclusive.

(b) Every Hallite Employee (male or female) who:

- (i) has completed six months' Service;
- (ii) has attained age 18 but has not reached Normal Retirement Date;
- (iii) has not previously declined an invitation to join the Scheme or the Wellington Holdings Pension Scheme under Appendix B Rule 1.5 or withdrawn from the Scheme under Appendix B Rule 1.4; and
- (iv) is not a Controlling Director of any Employer which is for the time being treated as an investment company as defined in Section 130 of the 1988 Act,

is eligible to become a Hallite Member subject to the provisions of Appendix B 1.3 to 1.10 inclusive.

1.2 Invitation

An Employer may invite by written notice or announcement any person who is not eligible for membership under Appendix B Rule 1.1 and that person shall thereafter be entitled to become an Active Member on such date or within such period as such Employer shall in such notice or announcement specify. Any such notice or announcement must be consistent with the Scheme and with such (if any) guidelines for admission as the Principal Company may for the time being have approved or notified to such Employer.

1.3 Joining

Each eligible person is (subject to Appendix B Rules 1.4, 1.5 and 1.9) entitled to become an Active Member on whichever is the earlier of the next 1 October and the next Renewal Date immediately following the date on which he first becomes eligible under Appendix B Rules 1.1 or 1.2.

APPENDIX B to SCHEDULE 9
Hallite Money Purchase Rules

1.4 Withdrawal

Any Active Member may elect by notice in writing to his Employer to cease to be an Active Member. A person who has so elected to cease is no longer entitled again to become an Active Member unless specifically so invited under Appendix B Rule 1.2. Unless otherwise agreed by the Active Member and the Hallite Member's Employer, a withdrawal under this Rule 1.4 shall take effect on the last day of the calendar month immediately prior to the Active Member's election.

1.5 Later admission

Any Hallite Employee entitled to admission under Appendix B Rules 1.1 or 1.2, who is not a Hallite Final Salary Member and who does not become an Active Member at the first opportunity may thereafter be refused admission by the Trustees or the Principal Company (or may be required to accept terms as to benefits less favourable than those which would have otherwise applied) unless in either case the applicant provides to the Trustees such evidence of good health as the Trustees may require.

1.6 Death in waiting period

A person who is eligible under Appendix B Rules 1.1 or 1.2, who is not a Hallite Final Salary Member and who has not yet become an Active Member and who dies before the first date on which the person would (if continuing eligible) have been entitled to become an Active Member shall be deemed to have become an Active Member for the purpose only of entitlement to lump sum death benefit under Appendix B Rule 6.1 but no other benefit or liability.

1.7 Closure

The Principal Company may at any time or times by written notice to the Trustees direct that (with effect from such time as the notice may specify) any person or any of a class of persons shall not thereafter be eligible to become a Hallite Member or an Active Member and thereafter this Appendix B Rule 1 shall be read subject to that direction as though herein set out PROVIDED THAT the Principal Company may at any time by similar written notice revoke such an earlier notice as to any or all of the persons thereby affected.

1.8 Application

Except where Appendix B Rule 1.6 applies and, in respect of provision of any death benefits under this Appendix B subject to the Trustees being satisfied as to evidence of the Member's good health, every person who wishes to become an Active Member (or again become an Active Member having ceased to be one) shall complete an application in such form and produce such documents as the Trustees shall require.

1.9 Obligation

Every person becoming entitled or prospectively entitled to any benefit under the Scheme shall be bound in all respects by the Definitive Deed.

1.10 Relation to service contract

Nothing in the Definitive Deed shall restrict the right of an Employer to determine the employment or reduce the remuneration of a Hallite Member nor shall any Hallite Member be treated for the purposes of compensation or damages in relation to termination or alteration of employment as ever having been actually or prospectively entitled to any benefit under the Trust Deed other than that provided in those circumstances.

2 CONTRIBUTIONS

2.1 Hallite Member's Ordinary Contributions

- (a) Subject to Appendix B Rule 2.1(b) each Active Member shall pay ordinary monthly contributions towards his Hallite Member Account at the minimum rate of 1.5% of his Hallite Pensionable Pay.
- (b) The minimum rate of an Active Member's ordinary contributions may be altered either generally or in relation to any Hallite Member or group of Hallite Members as may be from time to time (subject to Scheme Limits) determined by the Principal Company and notified in writing to the Hallite Member or Hallite Members affected but such rate shall not be increased for any Hallite Member without the consent of the Hallite Member affected.
- (c) An Active Member may increase his ordinary monthly contributions to a maximum rate of 3% of his Hallite Pensionable Pay in accordance with Appendix B Rule 2.4.

Without the specific agreement of the HM Revenue and Customs where such agreement is required by HM Revenue & Customs practice and procedure, no rate fixed or determined under this Appendix B Rule 2.1 may be altered in relation to any Hallite Member before the expiry of a period of 12 months from the date on which the first payment at the current rate became due from that Hallite Member.

2.2 Voluntary Contributions

- (a) Subject to the following provisions and to Scheme Limits and to AVC Requirements and otherwise subject to such conditions as the Trustees shall determine an Active Member may elect and a Continuing Member may if the Trustees so agree be permitted to pay Voluntary Contributions towards his Hallite Member Account in addition to any required under Appendix B Rule 2.1.
- (b) The Trustees shall use any Voluntary Contributions so paid to provide benefits for and in respect of that Hallite Member which will be additional to any other entitlement under the Scheme in such manner and of such amounts as the Trustees (having taken all reasonable steps to ascertain the wishes of the Member and, except to the extent that relevant legislation otherwise requires, following those wishes) shall determine provided that (subject as aforesaid):

APPENDIX B to SCHEDULE 9
Hallite Money Purchase Rules

- (i) a Hallite Member may receive a return of the Hallite Member's Voluntary Contributions on leaving the Service but only if the Hallite Member also receives a return of any compulsory Hallite Member's contributions relating to the same period and subject to the same conditions as apply to the return of the said contributions; and
 - (ii) the Trustees must ensure that the value of the additional benefits is reasonable having regard to the amount of the Voluntary Contributions.
- (c) No such conditions determined by the Trustees shall operate so as to prohibit or allow the prohibition of payment of Voluntary Contributions by an Active Member or impose or allow imposition of any upper or lower limit on such contributions except to such extent (if any) as may be permitted by AVC Requirements or may be necessary to comply with Scheme Limits and provided that a Member may not pay Voluntary Contributions if the amount of the Voluntary Contributions would not be relievable pension contributions (as defined in section 188(2) of the Finance Act 2004), or if that payment would not qualify for relief from tax in accordance with section 190 of the Finance Act 2004.
- (d) The Trustees shall set aside a separate fund or funds to receive Voluntary Contributions and such other (if any) amounts from the Fund which on Actuarial Advice they determine to be requisite to secure the said additional benefits or to meet related administrative expenses. No such fund shall be used to meet any other liabilities of the Scheme and the Trustees shall ensure that the assets (the "Segregated Assets") and liabilities relating to Voluntary Contributions remain separately identifiable and isolated from other assets and liabilities of the Scheme.
- (e) If the Trustees are of the opinion that a Member is using the facility to make Additional Voluntary Contributions in a way which may breach any legislative restrictions or guidance from HM Revenue & Customs or other applicable body, the Trustees may carry out any investigations or place any restrictions on payment of Additional Voluntary Contributions by a Member, which they consider to be necessary.

2.3 Collection of Members' Contributions

The Employers shall collect the contributions of each Active or Continuing Member by deduction from remuneration during each pay period in such manner as the Employer shall agree with the Hallite Member and shall pay such contributions to the Trustees or as the Trustees shall direct.

2.4 Employer's Contributions

- (a) Subject to the provisions of the Definitive Deed as to the right to suspend or terminate contributions and to applicable legislation each Employer shall contribute towards the Hallite Member Account of every Active Member employed by it at the rate from time to time applying to that Active Member under Appendix B Rule 2.4(b);

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Hallite Money Purchase Rules

- (b) An Employer's rate of contribution at any time in respect of an Active Member shall be such monthly rate (including nil) as is required by the Principal Company and the Trustees, taking into account the amount of the General Account, to ensure that an amount is credited to the Hallite Member's Account in accordance with the table below, depending on the rate at which that Active Member pays monthly ordinary contributions:

% of Pensionable Pay

Hallite Member Contribution	Employer Contribution
1.5%	0.5%
2%	1.5%
2.5%	2.5%
3%	3.5%

- (c) Each Employer shall contribute the cost of the lump sum benefit payable under Appendix B Rule 6.1 in respect of the Hallite Employees employed by him.
- (d) Each Employer shall contribute towards the General Account such amounts from time to time as the Trustees may require in order to meet that Employer's share of the costs, charges and expenses relating to the administration of the Hallite Money Purchase Section. For this purpose, an Employer's share shall be calculated by reference to the proportion that the Employer's contributions under Appendix B Rule 2.4 bear to the total Employer contributions made under Appendix B Rule 2.4.
- (e) If applicable Clause 12.6 shall apply.

2.5 Payment Schedule

The Trustees shall ensure that there is prepared maintained and from time to time revised a Schedule in accordance with Section 87 of the 1995 Act showing:

- (a) the rates of contributions payable towards the Scheme by or on behalf of the Employers and the Active Members; and
- (b) such other amounts and items of information as are required by Section 87 of the 1995 Act.

3 FORMER ACTIVE MEMBERS IN SERVICE

3.1 Withdrawal

If a Hallite Member ceases to be an Active Member otherwise than by reaching Normal Retirement Date but does not leave Service then:

- (a) the Hallite Member shall cease to contribute to the Fund;

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- (b) the provisions of Appendix B Rule 5 (Leaving Pensionable Service Early) and Clause 19 (Transfers from the Fund) shall apply;
- (c) Service completed and changes in remuneration arising thereafter while not an Active Member shall not be taken into account in ascertaining the amount of the Hallite Member's benefits under this Schedule 9.

3.2 Resumption

If the Hallite Member again becomes an Active Member (whether before or after a break in Service) there shall be a separate Member Account in respect of that Hallite Member for each period of Active Membership (subject always to Scheme Limits) unless the Principal Company, the Trustees and the Member otherwise agree in which event Appendix B Rule 3.3 shall apply (subject to its terms).

3.3 Merger of Hallite Member Accounts

Where Rule 3 applies and the Hallite Member is entitled to a Hallite Member Account Pension under Appendix B Rule 5.2, the Hallite Member Account relating to the previous period as an Active Member shall if the Principal Company, the Trustees and the Hallite Member agree, be amalgamated with the Hallite Member Account relating to the new period for the purposes of determining the benefits payable in respect of that Hallite Member, so that the provisions of Appendix B Rule 5 and Clause 19 (Transfers from the Fund) shall not apply to the earlier period of Active Membership.

4 BENEFITS

4.1 Normal Retirement

An Active Member who retires from Service at Normal Retirement Date shall be entitled to a Hallite Member Account Pension commencing at his Normal Retirement Date.

4.2 Late Retirement

- (a) If a Hallite Member's Employer (with the Principal Company's consent) invites the Hallite Member to remain in Service after Normal Retirement Date as a Continuing Member and the Member agrees, the Continuing Member shall be entitled to a Hallite Member Account Pension from the date determined under Appendix B Rule 4.2(b).
- (b) Subject to Schedule 5 (Scheme Limits) the Hallite Member Account Pension of a Continuing Member shall commence as follows:
 - (i) in the case of a Class A Member from the earlier of:
 - (A) the Hallite Member's actual date of retirement; and
 - (B) the Hallite Member's 75th birthday;

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- (ii) in the case of a Class B or C Member from the date selected by the Hallite Member and agreed by the Employer being either:
 - (A) his Normal Retirement Date; or
 - (B) any date after his Normal Retirement Date but not later than the earlier of:
 - (I) the Hallite Member's actual date of retirement;
 - (II) and the Hallite Member's 75th birthday.

4.3 Early Retirement

- (a) An Active Member who leaves Service before Normal Retirement Date (otherwise than as a result of the Hallite Member's Employer ceasing to be an Employer) and:
 - (i) after his Minimum Pension Age
 - (ii) at any time because of Incapacity

shall be entitled to the immediate commencement of his Hallite Member Account Pension if the Hallite Member requests and the Principal Company so agrees.

- (b) The request of the Hallite Member under Appendix B Rule 4.3(a) may be dispensed with if, in the opinion of the Trustees, the Hallite Member is incapable of deciding whether it is in the interests of the Hallite Member to make such a request. In such circumstances the Trustees may deem the Hallite Member to have exercised his option under Appendix B Rule 4.4 in such manner as they may decide.
- (c) The Trustees may before accepting the existence of Incapacity require production by or on behalf of the relevant Hallite Member of independent medical evidence of the nature and extent of such Incapacity satisfactory to the Trustees or to a medical adviser appointed by them for the purpose and the Trustees shall have complete discretion as to the acceptability thereof.

4.4 Commutation

A Hallite Member may, subject to Scheme Limits and to the conditions set out in this Appendix B Rule 4.4, elect to take all or part of his Member Account as a lump sum (provided that as a result the total pension payable to the Hallite Member under the Scheme shall not give rise to a Trivial Commutation Lump Sum) subject to the following conditions:

- (a) The option must (except to the extent that HM Revenue & Customs may otherwise permit) be exercised at the date of commencement of the pension except that if the Hallite Member is a Class B or C Member and the pension is not to commence until after Normal Retirement Date the option can be exercised

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once only either at Normal Retirement Date or at any date after Normal Retirement Date but before the pension commences.

- (b) The total lump sum in lieu of pension under the Scheme when added to the lump sum equivalent of the total benefits payable in a form other than a non-commutable pension including under Associated Schemes and including any return of contributions under the Scheme shall not exceed Scheme Limits. The lump sum shall not exceed the maximum amount that would be a pension commencement lump sum as defined in paragraphs 1-3 of Schedule 29 to the Finance Act 2004 (including any modification to such pension commencement lump sum which applies under paragraph 31 of Schedule 36 of the Finance Act 2004 (Entitlement to lump sums exceeding 25% of uncrystallised rights).
- (c) If the Hallite Member Account Pension when added to any other pension payable to the Member under the Scheme and to the pension and pension equivalent of all retirement benefits not in the form of pension under Associated Schemes is not more than gives rise to a Trivial Commutation Lump Sum the whole of the Hallite Member Account Pension may be commuted for a lump sum less the deduction of a sum equal to the amount of any tax for which the Trustees may be accountable in respect of the payment.
- (d) In exceptional circumstances of Serious Ill Health of a Hallite Member the whole of the Hallite Member Account Pension under the Scheme may be commuted for a lump sum less the deduction of any tax for which the Trustees may be accountable in respect of the payment.

5 LEAVING PENSIONABLE SERVICE EARLY

5.1 Effect

- (a) If a Hallite Member ceases to be an Active Member before Normal Retirement Date his contributions under Appendix B Rule 2 shall cease on the last day of the calendar month preceding the date on which his Active Membership ceased.
- (b) If a Hallite Member ceases to be an Active Member before Normal Retirement Date without either having completed two years Qualifying Service or having any entitlement in the Scheme in consequence of a transfer of accrued rights having been made from a Personal Pension Scheme then the Hallite Member may elect to receive a refund of the Hallite Member's contributions to the Scheme and any Hallite Member's Credit (insofar as not otherwise restricted) less any appropriate tax and to no other benefit.
- (c) Subject to Appendix B Rule 5.1(d) if a Hallite Member ceases to be an Active Member before Normal Retirement Date without making an election (where applicable) under Appendix B Rule 5.1(b) and without immediately taking a pension on early retirement under Appendix B Rule 4.3 the Hallite Member will be entitled to a Hallite Member Account Pension under Appendix B Rule 5.2 (subject always to any exercise of a Right to Cash Equivalent).

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Hallite Money Purchase Rules

- (d) Whensoever required by Section 101AA to 101AI of the 1993 Act, the Trustees shall offer a Hallite Member to whom this Rule 5.1 applies and who has satisfied the three month condition (as defined in Section 101AA of the 1993 Act) a Cash Transfer Sum as an alternative to the refund of contributions under Appendix B Rule 5.1(b). If the Hallite Member does not elect to take either a Cash Transfer Sum or the refund within three months (or such other reasonable period as the Trustees may from time to time determine) the Hallite Member shall be entitled to the refund under Appendix B Rule 5.1(b) only. The Trustees shall comply with Section 101AA to 101AI of the 1993 Act at times including in calculating the Cash Transfer Sum and the refund under Appendix B Rule 5.1(b). On payment of the Cash Transfer Sum no other benefits will be payable in respect of the Hallite Member under the Scheme.

5.2 Pension

A Hallite Member Account Pension payable in accordance with Appendix B Rule 5.1 shall commence at Normal Retirement Date unless the Principal Company (if it has not suffered a Default Event) requests and the Hallite Member and the Trustees agree that it shall commence instead (on or after leaving Service):

- (a) at any time before Normal Retirement Date and after the Hallite Member has attained his Minimum Pension Age or at any earlier time in case of Incapacity; or
- (b) subject to Schedule 6 at any time after Normal Retirement Date but before whichever is the earlier of attainment of age 75 and the Hallite Member's retirement from all remunerative employment.

6 BENEFITS ON DEATH

6.1 Of Active Member

- (a) On the death of an Active Member (including a deemed Active Member under Appendix B Rule 1.6):
- (i) a lump sum shall be payable equal to five times the Hallite Member's Gross Earnings at the date of death;
 - (ii) an additional lump sum equal to the amount of the Hallite Member's Member Account shall be payable; and
 - (iii) the Trustees shall pay in accordance with Clause 15 the maximum amount of the aggregate lump sums in Appendix B Rule 6.1(a)(i) and (ii) as is payable in lump sum form according to Scheme Limits. The Trustees shall apply the remainder to provide a pension or pensions payable to such of the Hallite Member's Spouse or Civil Partner and Dependants as the Trustees shall determine. In the event of the Hallite Member leaving no Spouse or Civil Partner or Dependant or of Scheme Limits restricting the level of pensions payable, any balance of the lump sum shall be paid to the General Account.

6.2 Of Continuing Member or Deferred Pensioner

On the death of a Continuing Member or a Deferred Pensioner the Trustees shall apply the Hallite Member Account as they think fit either as a lump sum in accordance with Clause 15 or to provide a pension or pensions payable to such of the Hallite Member's Spouse or Civil Partner and Dependants as the Trustees shall determine. In the event of the Hallite Member leaving no Spouse or Civil Partner or Dependant or of Scheme Limits restricting the level of pensions payable, any balance of the Hallite Member Account shall (subject to Scheme Limits) be paid as an additional lump sum benefit in accordance with Clause 15.

6.3 Of Pensioner

On the death of a Pensioner benefits shall be payable in accordance with the terms of his Hallite Member Account Pension.

7 PAYMENT OF BENEFITS

7.1 Evidence of death

Wherever any sum is prescribed by these Rules to be paid to a deceased's personal representatives there shall be produced to the Trustees the death certificate and a grant of representation, except that if no such grant has been taken out any sum or sums not exceeding £5,000 in the aggregate may at the discretion of the Trustees be paid to the personal representatives of a Hallite Member, or a Former Member or may at the Trustees' discretion be paid to the Spouse or Civil Partner or Dependants and the receipt of the person or persons to whom the payment is made shall be valid discharge as though it had been given by the deceased's personal representatives.

7.2 Medical evidence

If the Trustees so specify in relation to any particular Hallite Member or category of Hallite Members entitlement to death benefits payable under the Scheme shall on admittance to membership and/or at any subsequent time be subject to production of evidence of good health satisfactory to the Trustees and may otherwise be restricted or suspended until such evidence is produced.

7.3 Insurance conditions

The Trustees shall be entitled to secure benefits payable on the death or Incapacity of any person by the payment of premiums to one to more Insurance Companies and shall not be obliged to require contributions for securing such benefits to any greater extent. Where any policy of insurance so effected imposes any condition or limit (whether generally or in relation to any individual) on the payment of a benefit under the policy entitlement to any benefit under the Trust Deed secured by that policy shall be subject to the same condition or limit.

SCHEDULE 10
Preceding Documents

SCHEDULE 10
PRECEEDING DOCUMENTS

Document	Date
Deed of Removal and Appointment (James Dawson) 1978 Pension Scheme: Works	18.10.93
Deed of Appointment (Fenner plc 1972 Staff Pension Scheme)	18.10.93
Deed of Appointment (Fenner Pension Scheme)	18.10.93
Deed of Removal and Appointment (Fenner Executive Pension Scheme)	18.10.93
Deed of Removal and Appointment of Trustees (BTL Limited Retirement Benefit Scheme)	18.10.93
Deed of Removal of Trustees relating to the BTL Limited Retirement Benefits Scheme	07.04.94
Definitive Deed	11.04.94
Deed of Variation relating to the BTL Limited Retirement Benefits Scheme	18.04.94
Deed of Variation relating to the Fenner Executive Pension Scheme	18.04.94
Deed of Variation relating to the Fenner Works Pension Scheme	18.04.94
Deed of Variation relating to the James Dawson (1978) Pension Scheme: Works	18.04.94
Deed of Variation relating to the Fenner plc (1972) Staff Pension Scheme	18.04.94
Deed of Amalgamation	18.04.94
Deed Poll (Fenner plc)	18.04.94
Deed of Adherence	18.04.94
Deed of Appointment of Trustee	25.04.94
Deed of Removal and Appointment of Trustees	08.03.95
Deed of Variation	03.07.95

SCHEDULE 10
Preceeding Documents

Deed of Amendment	26.03.96
Deed Confirming Retirement of a Trustee	09.04.96
Deed of Adherence – W A Thatcher Limited	01.08.96
Deed of Removal of Trustee	20.11.96
Deed of Appointment of Trustees	13.12.96
Deed of Adherence and Inland Revenue letter of approval	29.01.97
Second Definitive Deed	04.04.97
Deed of Amendment	14.07.97
Deed of Appointment and Removal of Trustee	14.07.97
Deed of Amendment	18.01.99
Deed of Transfer	22.04.99
Deed of Amendment	15.11.99
Deed of Amendment	02.05.00
Deed of Amendment	02.05.00
Deed of Appointment	02.05.00
Deed of Amendment	21.03.01
Deed of Appointment and Removal of Trustee	03.07.01
Deed of Amendment	03.07.01
Deed of Amendment inserting Pension on Divorce Schedule	Undated
Deed of Appointment of Trustee appointing Brian Heckford as a trustee	Undated
Transfer Deed relating to the transfer of assets and liabilities of the Wellington Holdings Pension Scheme to the Fenner Pension Scheme	20.12.05
Deed of Amendment relating to changes to the Fenner Pension Scheme in light of the Finance Act 2004	06.04.06
Deed of Appointment and Removal of Trustees	13.03.06

SCHEDULE 10
Preceding Documents

Deed of Adherence	13.03.06
Deed of Assignment and Novation	Undated
Deed of Removal and Appointment	16.04.08
Guarantee made between (1) Fenner plc and (2) Fenner Pension Scheme Trustee Limited	10.03.09

SCHEDULE 11
Actuarial Certificates (S67 and S37)

SCHEDULE 11
ACTUARIAL CERTIFICATES (S67 AND S37)

CERTIFICATE GIVEN IN ACCORDANCE WITH SECTION 67 OF THE PENSIONS ACT 1995 AND THE
OCCUPATIONAL PENSION SCHEMES (MODIFICATION OF SCHEMES) REGULATIONS 1996

(SI 1996/2517)

Name of scheme **Fenner Pension Scheme**

I hereby certify, in accordance with the requirements of section 67 of the Pensions Act 1995, that, in my opinion, the exercise of the power to modify the provisions of the scheme as set out in the Deed amending the Definitive Trust Deed and Rules dated 1 September 2009 maintains the actuarial value of an affected member's subsisting rights, under the scheme acquired before 1 September 2009.

For the purpose of this certificate, the term "subsisting right" means:

- (i) in relation to a member of an occupational pension scheme, at any time:
 - a) any right which at that time has accrued to or in respect of him to future benefits under the scheme rules, or
 - b) any entitlement to the present payment of a pension or other benefit which he has at that time, under the scheme rules, and
- (ii) in relation to the survivor of a member of an occupational pension scheme, at any time, any entitlement to benefits, or right to future benefits, which he has at that time under the scheme rules in respect of the member.

In giving this certificate, I have considered only the entitlements and accrued rights acquired before 1 September 2009 that are guaranteed under the rules of the scheme. I have not considered the impact on any discretionary benefits, nor on benefits on death-in-service or on early retirement from active service.

In addition, I have not considered the security of benefits for scheme members, nor have I considered any wider issues, for example relating to pensions law, employment law or trust law. Accordingly, this certificate should not be taken to imply anything other than that which is explicitly stated above.

I have also taken into account clause 3.2 of the definitive deed dated 1 September 2009, which states that if a member's accrued right or entitlement is inadvertently adversely affected without the Member's written agreement or its value improved so as to contravene the registration requirements of the Finance Act 2004, the definitive deed dated 1 September 2009 shall be deemed to be varied in such a way to ensure that such accrued right or entitlement remains unchanged.

Signature.....John Burns.....

Date.....1 September 2009.....

Name John Burns

Qualification: Fellow of the Institute of Actuaries

Address PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP

Note: This certificate is provided to the trustees to satisfy the certification requirements of section 67 of the Pensions Act 1995 in relation to the modification described above and should not be relied upon by anyone for any other purpose.

Confirmation given in accordance with Section 37 of the Pension Schemes Act 1993 and regulations made thereunder

To the Trustee of the Fenner Pension Scheme ("the Scheme")

I have considered the proposal to alter the provisions of the Scheme with effect from 1 September 2009 as set out in the Deed amending the Trust Deed and Rules dated 4 April 1997.

I confirm that, in respect of contracted-out service, I am satisfied that the Scheme will continue to satisfy the statutory standard in accordance with section 12A of the Pension Schemes Act 1993 if this alteration is made.

Signature..... John Burns Date..... 1 September 2009

Name John Burns

Qualification: Fellow of the Institute of Actuaries

Address PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP

Notes

1. This confirmation is provided to the trustees to satisfy the requirements of section 37 of the Pension Schemes Act 1993 and Regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 in relation to the alteration referred to above. It should not be relied upon by anyone for any other purpose.
2. I note that the Trustee has taken legal advice regarding the intention to modify the Rules. This certification should not be taken as confirming the validity of the change from any perspective other than as detailed above.