

DATED 27th June 2013

BRUSH ELECTRICAL MACHINES LIMITED
AS PRINCIPAL EMPLOYER

AND

BRUSH SCHEME TRUSTEES LIMITED
AS TRUSTEE

DEED OF AMENDMENT
RELATING TO
THE BRUSH GROUP (2013) PENSION SCHEME

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THIS DEED is made the 27th day of June 2013

PARTIES

- (1) **BRUSH ELECTRICAL MACHINES LIMITED** (Company Number 00111849) whose registered office is at Precision House, Arden Road, Alcester, Warwickshire B49 6HN (the "**Principal Employer**"); and
- (2) **BRUSH SCHEME TRUSTEES LIMITED** (Company Number 08465938) whose registered office is at Precision House, as aforesaid (the "**Trustee**").

INTRODUCTION

- (A) The Brush Group (2013) Pension Scheme (the "**Scheme**") is presently governed by and administered in accordance with a definitive deed between the Principal Employer and FKI Scheme Trustees Limited dated 4 April 2013 (the "**Definitive Deed**") and the rules ("**Rules**") and schedules thereto, as subsequently amended.
- (B) The Trustee is the present sole trustee of the Scheme and the Principal Employer is the present principal employer of the Scheme.
- (C) By Clause 19 of the Definitive Deed, the Trustee may by deed amend (subject as provided in the said Clause 19) the Definitive Deed and Rules with retrospective, immediate or future effect provided that the Principal Employer consents to any such amendment.
- (D) The Trustee wishes to amend the Definitive Deed and Rules in the manner set out in this deed and the Principal Employer consents to such amendments.
- (E) The amendments made to the Definitive Deed and Rules by this deed do not infringe the restrictions on the power of amendment set out in Clause 19 of the Definitive Deed.
- (F) The amendments to the Scheme made by this deed are not regulated modifications for the purposes of, or otherwise subject to restriction under, section 67 of the Pensions Act 1995.
- (G) In relation to the amendments to the Scheme made by this deed, the Scheme actuary has provided to the Trustee confirmation in writing that the requirements of section 37 of the Pension Schemes Act 1993 and, in particular, regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996, have been satisfied. A copy of the Scheme Actuary's written confirmation is attached at Schedule 4 of this deed.
- (H) Any term used in this deed that begins with capital letters and that has not been defined in this deed shall have the meaning given to it in the Definitive Deed.

THIS DEED WITNESSES THAT:

- 1. In exercise of its power under clause 19 of the Definitive Deed, the Trustee amends the Definitive Deed and Rules as follows:

1.1 Schedule 1 (The Rules) to the Definitive Deed is amended by inserting the words "Part A" immediately prior to rule 1 (eligibility).

1.2 Rule 1 (eligibility) of Schedule 1 (The Rules) to the Definitive Deed is deleted in its entirety and replaced with the following new rule 1:

"1. ELIGIBILITY

1.1 The Scheme is closed to further new entrants but the Principal Employer may in its absolute discretion admit further individuals. Individuals so admitted will be entitled to such benefits and on such terms as the Principal Employer may determine and notify in writing to the Trustee. The Principal Employer may terminate the accrual of such benefits at any time.

1.2 Subject to rule 1.1, benefits shall be provided for and in respect of the Pensionable Service of the Initial Member which are equal to the minimum level of benefits required to ensure that the Initial Member receives Reference Scheme Test Rights and that the Scheme satisfies the Reference Scheme Test.

1.3 Subject to rule 1.1, the individuals listed in Appendix 6 to this Deed shall be admitted to membership of the Scheme with effect on and from the Demerger Date as defined in the demerger deed executed on or around the date of this Deed. Individuals so admitted will be admitted to the categories of membership equivalent to those of which they were members under the FKI Scheme.

1.4 For certain categories of Member, this Rule shall be varied as set out in the relevant Appendix."

1.3 The Part B rules set out in Schedule 1 to this deed shall be inserted immediately after existing rule 20 (special powers) of Schedule 1 (the Rules) to the Definitive Deed.

1.4 The following new definitions shall be inserted into Schedule 2 (Definitions) to the Definitive Deed:

"Appropriate Fraction" has the meaning given in rule 25.

"Discretionary Trusts" means that in regard to any sum directed to be held on discretionary trusts in respect of a deceased Member:

- (a) the Trustee shall have power, at its discretion, to pay or apply the whole or any part of that sum to or for the benefit of all or any of the Relatives, Dependants, personal representatives or nominated beneficiaries of such deceased Member or to or for the benefit of any other person (subject to the Scheme's status as a Registered Pension Scheme not being prejudiced) in such shares and proportions as the Trustee shall in its absolute discretion decide but so that, if the Member shall not leave any Relative or Dependant, the Trustee may elect to retain all or any part of the sum as part of the Fund; and without prejudice to the generality of the foregoing power, the Trustee shall have power to declare in respect of any sum or part thereof such separate trusts terms and limitations including such provisions for maintenance, education, advancement and accumulation of income during a minority, and including

such discretionary trusts and powers, as the Trustee shall from time to time by deed revocable or irrevocable appoint, but without infringing the rule against perpetuities, and the Trustee shall have power to appoint as trustees of such fund any two persons or a trust corporation as the Trustee shall in its absolute discretion decide and to remove any of such trustees and appoint any other trustee in place of any one so removed and provide for the remuneration of any such appointee;

- (b) if or to the extent that the Trustee shall not exercise the powers contained in paragraph (a) above within two years of the death of a Member, the Trustee shall hold such sum as a separate fund from the Fund upon trust for the personal representatives of the deceased Member or, if there are none, the statutory next of kin of the deceased Member;
- (c) the Trustee may, but without being in any way bound to do so, have regard to any document signed by the Member concerned expressing his wishes relating to the disposal of any sum to be held upon the discretionary trusts, and may issue forms to Members for the purpose, and so that for the purposes of this definition any person named in such expression of wish who is not a Relative or Dependant of the Member shall be a "nominated beneficiary".

"Final Pensionable Salary" in respect of any Member shall have the meaning set out in whichever of the Appendices applies to that Member.

"Maximum Benefit" means the appropriate maximum prescribed by Schedule 3 or as otherwise specified by HMRC from time to time.

"Non-Participating Employment" means non-participating employment as defined in the (now revoked) National Insurance Act 1965.

"Pensionable Salary" in respect of any Member shall have the meaning set out in whichever of the Appendices applies to that Member **provided that** it shall not in any case include any sums payable as a trade out allowance under the Employer's company car policy arrangements nor any earnings which the Member has agreed with his Employer or the Trustee under the FKI Scheme are not to be pensionable.

"Prescribed Requirements" are that the Member or former Member joined the FKI Scheme or a Former Scheme before 1 June 1989 but elected to be treated as if he joined the FKI Scheme or a Former Scheme after 1 June 1989. The election must have been in such form, and given within such time-scales as are prescribed by HMRC, or if the form and time-scales are not so prescribed determined by the Trustee.

"Trivial" means an amount not exceeding any limit specified in either Schedule 29 of the Finance Act 2004 or regulations made under section 164 of the Finance Act 2004 by which a member's benefits may be commuted for a lump sum without giving rise to an Unauthorised Payment.

"Year" includes a fraction of a year calculated by reference to the number of complete months in any incomplete year which shall be taken into account for all purposes as representing 12th of a year.

- 1.5 The definition of "Current Trustee" in Schedule 2 (Definitions) of the Definitive Deed is amended by replacing the words "FKI Scheme Trustees Limited (Company Number 07556000)" in that definition with the words "Brush Scheme Trustees Limited (Company Number 08465938)".
- 1.6 The definition of "Eligible Child" in Schedule 2 (Definitions) of the Definitive Deed is amended by replacing the words "to 5" in that definition with the words "and 2".
- 1.7 The definition of "Rules" in Schedule 2 (Definitions) of the Definitive Deed is deleted in its entirety and replaced with the following:

"Rules" means the Rules of the Scheme set out in Parts A and B in Schedule 1 as amended from time to time."
- 1.8 The definition of "Spouse" in Schedule 2 (Definitions) of the Definitive Deed is amended by deleting the final sentence of that definition in its entirety and replacing it with the following:

"In respect of Pensionable Service on and from 5 December 2005 the term "Spouse" shall include a civil partner in a registered civil partnership under the Civil Partnership Act 2004."
- 1.9 The definition of "Surviving Spouse" in Schedule 2 (Definitions) of the Definitive Deed is deleted in its entirety and replaced with the following new definition:

"Surviving Spouse" means the person married to or, in respect of Pensionable Service on and from 5 December 2005, in a registered civil partnership with a Member or Pensioner at the date of his death."
- 1.10 The GMP Rules set out in Schedule 2 to this deed are inserted as a new Schedule 5 to the Definitive Deed.
- 1.11 The Appendices set out in Schedule 3 to this Deed are inserted immediately after the end of new Schedule 5 (GMP Rules).
2. The Principal Employer confirms its consent to the amendments set out in clause 1 of this deed.
3. Subject to Clause 4 of this deed, each of the amendments to the Definitive Deed and Rules set out in clause 1 shall have effect on and from the date of delivery of this deed.
4. This deed is delivered on the date written at the start of the deed.
5. This deed may be signed in any number of counterparts, provided that where a party is a corporate entity, all of the signatories on behalf of that corporate entity shall sign the same counterpart. The counterparts, taken together, shall constitute one and the same instrument.
6. This deed is governed by English law.

IN WITNESS of which this document was executed by the parties as a deed.

SIGNED and delivered as a deed by **BRUSH ELECTRICAL MACHINES LIMITED** acting by two directors or by one director and the secretary:

Director

Signature :

Name :

Director/Secretary

Signature :

Name :

SIGNED and delivered as a deed by **BRUSH SCHEME TRUSTEES LIMITED** acting by two directors or by one director and the secretary:

Director

Signature :

Name :

~~Director/Secretary~~

Signature :

Name :

SCHEDULE 1

PART B

21. ADMISSION TO MEMBERSHIP

21.1 The Maximum Benefits which apply to a Member or former Member are set out in Schedule 3. The provisions of Schedule 3 which apply will depend on the date the Member or former Member joined the FKI Scheme unless:

- (a) HMRC agreed pursuant to its discretionary practice that the Member or former Member could be treated as if he joined the FKI Scheme at another date; and/or
- (b) the Member or former Member meets the Prescribed Requirements.

21.2 The membership of the Scheme shall be divided into the following categories:

Category No.	Category Title	Applicable Appendix
1	FKI Standard Staff Members	Appendix 1
2	FKI Standard Executive Members	Appendix 2
3	Ex Babcock Staff Members	Appendix 3
4	Ex Babcock Works Members	Appendix 4
5	Ex BTR Group Pension Scheme Members	Appendix 5

The applicable Appendix referred to alongside the categories shown above modifies the Rules relating to the benefits payable as therein described.

22. MEMBERS AVCs

22.1 Subject as noted below a Member's AVC Account is to be used by the Trustee to increase the benefits payable in respect of his Membership.

22.2 In doing so the Trustee is to obtain advice from the Actuary and (where possible) comply with any directions made known to the Trustee in writing by the Member or former Member.

22.3 For the avoidance of doubt the Trustee will not be obliged to increase:

- (a) all or any specific benefit payable in respect of the Member or former Member;
- (b) all benefits by the same proportion.

22.4 The Trustee may provide benefits from the Member's or former Member's AVC Account in a different format to those prescribed by the FKI Scheme. However, they must be of such kind and amount as are acceptable to HMRC and which will not prejudice the Scheme's status as a Registered Pension Scheme.

- 22.5 Any monies remaining in the Member's or former Member's AVC Account after benefits have been provided are to be paid to him after deduction of tax (if any) at the appropriate rate. In this respect the Trustee will ensure the Scheme is administered in accordance with the Finance Act 2004.
- 22.6 The Trustee will hold the AVC Accounts separate from the other assets of the Fund upon trust to provide benefits for the relevant individuals. Accordingly, on a total or partial wind up the AVC Accounts are not to be used for the general purposes of the Scheme.
- 22.7 The provision of this Rule shall be extended for certain categories of Members as set out in the relevant Appendix.

23. **EARLY RETIREMENT**

- 23.1 A Closure Deferred Member who leaves employment with an Employer before Normal Retirement Date through Incapacity or ill health will receive an immediate pension which shall be with the benefit of and subject to the following provisions:
- (a) the pension will be calculated in the manner set out in the relevant Appendix;
 - (b) until Normal Retirement Date, the Trustee may from time to time require evidence of continued Incapacity;
 - (c) where the Trustee is not satisfied under paragraph (b) above or if there shall have been an improvement in the Member's health or if for any reason he is able to carry on remunerative employment, whether with a Participating Employer or otherwise, the Trustee may withdraw, suspend, or reduce such pension, but so that, on the Member retiring or reaching Normal Retirement Date, the pension payable hereunder shall not be less than the pension previously payable after deducting the pension earned by the Member from any scheme, (including this Scheme) since suspension under this Rule.
- 23.2 For the purposes of determining the benefits payable to a Closure Deferred Member on his early retirement due to Incapacity or ill health, any such benefit which immediately prior to 28 February 2011 under the FKI Scheme would have been determined by reference to the Member's prospective Service or prospective Pensionable Service until Normal Retirement Date in the FKI Scheme shall continue to be determined as if Service after 28 February 2011 whether under the FKI Scheme or the Scheme continued to be treated as Pensionable Service in the FKI Scheme/this Scheme as appropriate. However, no account shall be taken of any increases in salary or earnings that occurred after 28 February 2011 for the purposes of determining the benefits payable on the Incapacity or ill-health of any Closure Deferred Member.

- 23.3 Accordingly the amount of Incapacity or ill-health pension will be calculated in the manner set out in the relevant Appendix subject to paragraph 23.2 above but by reference only to the member's Final Pensionable Salary or Final Pensionable Earnings (as applicable) determined as at 28 February 2011 under the FKI Scheme, but otherwise subject to rules 23.1(b), 23.1(c) and 24.2 and/or the relevant Appendix.
- 23.4 After he has reached age 55 but before his Normal Retirement Date, a Closure Deferred Member who ceases to be employed by an Employer (otherwise than due to Incapacity or ill-health) may, subject to the consent of the Trustee (and/or the Principal Employer and/or the Employer as required under the relevant Appendix):
- (a) choose to receive an immediate pension calculated in the manner set out in the relevant Appendix; or
 - (b) opt to receive a deferred pension under rule 24.
- 23.5 The amount of such early retirement pension under clause 23.4 above shall, in accordance with rule 23.4 and/or the relevant Appendix, but subject to rules 23.6, 23.7 and 24.2 and/or the Appendix, be calculated in the manner set out in the relevant Appendix to the Definitive Deed. The calculation shall have regard to any election as to the rate of contributions payable under the FKI Scheme on 28 February 2011 by the Closure Deferred Member under the relevant Appendix.
- 23.6 In respect of any pension payable under rule 23.4 it may be necessary either to defer payment of the pension or reduce temporarily the amount payable before the Member reaches State Retirement Age, in order to preserve the GMP payable from State Retirement Age under Schedule 5.
- 23.7 For the purpose of the calculation of the reduction of pension for a female Member who having joined the FKI Scheme prior to 19 October 1990 takes her pension prior to Normal Retirement Date:
- (a) there shall be no reduction in respect of pension earned by reference to her Pensionable Service prior to 1 April 1991 where she commences to take her pension on or after having attained age 60; and
 - (b) there shall be a reduction in respect of pension earned by reference to her Pensionable Service prior to 1 April 1991 where she commences to take her pension before having attained age 60 as if her Normal Retirement Date was 60.

24. **EARLY LEAVERS**

- 24.1 Subject to rules 4 and 5, all Members who were deferred Members under the FKI Scheme (including Closure Deferred Members) will be entitled to a deferred Pension and those benefits ("**Short Service Benefits**"), whether pension, annuity, lump sum or otherwise will be calculated in the manner set out in the relevant Appendix and will be payable as set out in these Rules and the Appendices hereto.
- 24.2 If alternatives to Short Service Benefits are provided under any of the provisions of the Scheme without the consent of the Member being required, the Trustee shall be reasonably satisfied (acting on the advice of the Actuary) that the alternatives

(whether in the form of Pension and lump sum or in the form of payment of a transfer value or partly in one form and partly in another) are in the aggregate equal to or in excess of the value mentioned in Regulation 11 of the Preservation Regulations of any benefits which have accrued to or in respect of the Member under the provisions of the Scheme.

24.3 Short Service Benefits shall include any additional benefit which:

- (a) has been granted either at the time membership commenced or subsequently in respect of Service prior to the date of grant; or
- (b) is not related to length of Pensionable Service or the number or amount of contributions paid; or
- (c) represents a transfer of accrued rights from another scheme;

but in the case of:

- (I) an additional benefit to which the Member is to contribute the whole or a part of the cost where such whole or part has not been fully contributed by the time Service is terminated; and
- (II) an additional benefit under (a) or (b) above to which the Member has not contributed.

Short Service Benefits shall include only such proportion of the additional benefit as the period of Service since the date on which the benefit commenced to accrue bears to the period from such date until Normal Retirement Date or the date on which the benefit would have fully accrued, if earlier.

24.4 Short Service Benefits payable out of the Fund will from time to time be increased in accordance with rule 27.

24.5 If a Member who is entitled to Short Service Benefits suffers some Incapacity before reaching Normal Retirement Date the Trustee shall have a discretion to decide to bring the Short Service Benefits into payment immediately if it is established that his Incapacity would have led to retirement due to Incapacity had he remained in Pensionable Service.

24.6 If a Deferred Pensioner retires after attaining age 55 but before Normal Retirement Date he may (with the consent of both the Principal Employer and the Trustee) elect to receive an immediate Pension. This will be calculated on the same basis as his deferred Pension but subject to such reduction as the Trustee (acting on the advice of the Actuary) decide having regard to his age.

24.7 If a Deferred Pensioner retires after Normal Retirement Date he may with the consent of the Trustee defer payment of his Pension. In such circumstances his Pension at his actual date of retirement will be equal to his deferred Pension at Normal Retirement Date but increased by such amount as the Actuary may recommend to reflect the period of deferment.

24.8 The benefits of a Deferred Pensioner may be secured (at the Trustee's discretion) by a transaction to which Sections 19 and 81 of the 1993 Act apply. In securing such benefits the Trustee is to act in accordance with the provisions of the Preservation Regulations. Once secured in accordance with this rule 24.8 the Deferred Pensioner and all others claiming under him will have no further interest in the Scheme in respect of such benefits.

24.9 Where any State Scheme Premium is paid by the Trustee in respect of any Member, Deferred Pensioner or other Beneficiary the benefits payable in respect of that person under the Scheme will be reduced or extinguished as the Trustee decides appropriate.

25. PART TIME WORKING

25.1 This Rule applies to any benefits calculated as a product of Pensionable Service and in respect of a Member or former Member whose normal working hours fluctuated whilst he/she was a member of the FKI Scheme and/or a Former Scheme.

25.2 In this Rule "Appropriate Fraction" in relation to any period means the fraction which the Participating Employer determines as being the proportion of comparable full-time working hours which is represented by the actual working hours completed in that period.

25.3 Benefits to which this Rule applies will be calculated as follows, the calculation being made separately (and the results aggregated) for periods with different Appropriate Fractions:

- (a) Final Pensionable Salary will be calculated at the equivalent full time rate;
- (b) Pensionable Service will be multiplied by the Appropriate Fraction.

26. AUGMENTATION

26.1 The Trustee shall have power, in its absolute discretion, to augment any benefit payable or prospectively payable under the Rules by such amount as does not or will not cause the limits set out in Schedule 3 to be exceeded.

26.2 In augmenting any such benefits, the Trustee may impose such terms as to payment of additional contributions, whether by way of lump sum or periodical payments, and either by the Employer or the Member or both of them, as it, acting on the advice of the Actuary, shall decide.

27. PENSION INCREASES

27.1 Pensions attributable to Pensionable Service on or after 6 April 1997 and up to and including 31 December 2009 and which are in excess of the GMP will be increased compound on 1 April in each year. The rate of this increase will be the lesser of:

- (a) the percentage increase in the Index for the year to the previous 1 April; and
- (b) 5 per cent. a year.

- 27.2 Pensions attributable to Pensionable Service accrued on or after 1 January 2010 will be increased compound on 1 April in each year. The rate of increase will be the lesser of:
- (a) 2.5 per cent. a year; and
 - (b) the percentage increase in the Index for the year to the previous 1 April.
- 27.3 To the extent permitted by Sections 52 and 53 of the 1995 Act the Trustee with the agreement of the Principal Employer may decide to restrict the increases payable under rule 27.1 and/or rule 27.2.
- 27.4 Subject to Section 51 of the 1995 Act the Pension to be increased will not include any part of the Pension:
- (a) credited in respect of the receipt of a transfer payment pursuant to rule 6 unless the Trustee decides otherwise;
 - (b) granted as a result of the exercise of the power of augmentation unless the Principal Employer requested otherwise.
 - (c) arising as a result of the payment of AVCs under the FKI Scheme unless the Trustee decides otherwise.
- 27.5 If on the date of increase the Pension has been in payment for less than one year, a proportionate increase will be paid for the number of complete months in the year the Pension has been in payment for.
- 27.6 Subject to Rules 27.1 to 27.4, the Trustee in consultation with the Principal Employer shall in each year review all pensions whether currently in payment or deferred for the purpose of determining whether the powers conferred by this Rule should be exercised.
- 27.7 The Trustee, acting on the advice of the Actuary and with the consent of the Principal Employer, may increase pensions in course of payment by such amount as it may decide.
- 27.8 The Trustee, acting on the advice of the Actuary and with the consent of the Principal Employer, may from time to time increase the additional pensions payable to Members in respect of AVCs at rates which are the same as or different from the rates of increases granted under rule 27.7.
- 27.9 For certain categories of Member, this Rule shall be varied as set out in the relevant Appendix.
- 27.10 For the avoidance of doubt all and any other provisions in this Deed which set out a rate of increase in relation to pensions in payment (whether that is a minimum, maximum or other rate) and including but not limited to:
- (a) paragraph 11 of Appendix 1,
 - (b) paragraph 11 of Appendix 2,

- (c) paragraph 12.1 and 12.2 of Appendix 3,
- (d) paragraph 12.1 and 12.2 of Appendix 4;
- (e) paragraph 10.1 of Section A of Appendix 5;
- (f) paragraph 11.1 of Section B of Appendix 5;

shall be construed in respect of Pensionable Service accrued on or after 1 January 2010 as imposing a rate of increase which is the lesser of:

- (i) 2.5% a year; and
- (ii) the percentage increase in the Index for the year to the previous 1 April.

28. REVALUATION

- 28.1 Benefits of a Deferred Pensioner relating to Pensionable Service accrued under the FKI Scheme and/or a Former Scheme in excess of the corresponding part of his GMP (if any) will be increased in accordance with this rule 28, such increase to apply to the period of complete years which begins on the date that he became a Deferred Pensioner and ends on the earlier of his date of death or his Normal Retirement Date. In respect of a Deferred Pensioner who left Pensionable Service prior to 1 January 1991, such increase will apply only to benefits accrued on or after 1 January 1985.
- 28.2 In respect of Pensionable Service accrued under the FKI Scheme and/or a Former Scheme up to and including 31 December 2009 (inclusive) the rate of increase will be the lower of:
- (a) five per cent. p.a. compound; and
 - (b) the increase in the Index during that period;
- or such greater amount as may be required under Part IV of the 1993 Act.
- 28.3 In respect of Pensionable Service accrued under the FKI Scheme on or after 1 January 2010 the rate of increase will be the lower of:
- (a) 2.5% per annum compound; and
 - (b) the increase in the Index during that period,
- or such greater amount as may be required under Part IV of the 1993 Act.
- 28.4 For the avoidance of doubt, all and any other provisions in this Deed which set out a rate of increase in relation to the revaluation of deferred benefits (whether that is a minimum, maximum or other rate) and including but not limited to:
- (a) paragraph 12.3 of Appendix 3;
 - (b) paragraph 12.3 of Appendix 4;
 - (c) paragraph 10.3 of Section A of Appendix 5;

(d) paragraph 11.3 of Section B of Appendix 5;

shall be construed in respect of Pensionable Service accrued on or after 1 January 2010 under the FKI Scheme as imposing a rate of increase which is the lower of:

- (i) 2.5% per annum compound; and
- (ii) the increase in the Index during that period;

or such greater amount as may be required under Part IV of the 1993 Act.

29. LUMP SUM BENEFITS

29.1 A Member who under any of the provisions of these Rules becomes entitled to a Pension out of the Fund may elect with the consent of the Trustee to commute part of his Pension for a cash lump sum payable when his Pension is due to commence to be paid. This will be an amount decided by the Trustee, acting on the advice of the Actuary, as equivalent to the Pension surrendered.

29.2 Such election is to be made by giving written notice to the Trustee before payment of the Pension commences.

29.3 The maximum lump sum which a Member may take is specified in the relevant Appendix.

29.4 The Trustee may allow the Member to choose a larger lump sum so long as the limits specified in Schedule 3 and/or clause 19A are not exceeded.

29.5 A Member whose Pension starts after Normal Retirement Date may choose to take a lump sum at any time between that date and the date his Pension starts provided that such lump sum is a pension commencement lump sum as defined in schedule 29 of the Finance Act 2004, but he may not take a lump sum more than once, and only his reduced Pension will be subject to any increase to which he is entitled under rule 27.

29.6 No election may be made to the extent it would reduce the Pension below the GMP at State Retirement Age or (if later) the date of subsequent retirement.

29.7 The Trustee may (subject as provided for in Schedule 5) commute for a lump sum payment the pension rights (and any other benefit rights) under the Scheme of and/or in respect of any Member or former Member:

- (a) where that lump sum payment would be (i) a "trivial commutation lump sum" or a "winding-up lump sum" (each within the meaning of Part 1 of Schedule 29 to the Finance Act 2004), or (ii) a "trivial commutation lump sum death benefit" or a "winding-up lump sum death benefit" (each within the meaning of Part 2 of Schedule 29 to the Finance Act 2004), or (iii) otherwise an authorised member payment pursuant to regulations made under section 164 of the Finance Act 2004. The amount of any such cash sum as may be paid under this rule 29.7 shall be determined by the Trustee on such basis as it considers to be appropriate and the Actuary approves. If such a payment is made such Member shall thereupon cease to be a Member;

- (b) who is in exceptional circumstances of serious ill-health, where that lump sum payment would be a "serious ill-health lump sum" (within the meaning of Part 1 of Schedule 29 to the Finance Act 2004). The amount of any such cash sum as may be paid under this rule 29.7 shall be determined by the Trustee on such basis as it considers to be appropriate having considered the advice of the Actuary.

If the Trustee determines to commute a Member's pension for a "serious ill-health lump sum" under rule 29.7(b) a new arrangement, within the meaning set out in Section 152 of the Finance Act 2004, will be created under the Scheme immediately following the decision to commute the Member's pension and prior to the payment to the Member of the serious ill-health lump sum.

Any benefits which are payable under the Scheme on the Member's death (including any rights to GMPs under Schedule 5) and which are not included for the purposes of calculating the "serious ill-health lump sum" paid to the Member shall be treated as rights subsisting under the new arrangement.

The new arrangement will be treated as separate from the existing arrangement in respect of the Member from which his or her "serious ill-health lump sum" shall be paid. The payment of a "serious ill-health lump sum" under rule 29.7(b) will extinguish the Member's entitlement to benefits under that existing arrangement but will not affect the benefits payable on the Member's death and which subsist under the new arrangement.

29.8 Subject to Schedule 3 at the discretion of the Trustee a lump sum may also be paid to:

- (a) a Member or former Member in lieu of all benefits payable (including those payable on his death) which are or become Trivial;
- (b) a Nominee in lieu of his benefits which are or become Trivial;
- (c) a Member or former Member in lieu of his Pension in exceptional circumstances of serious ill health of which the Trustee will be the sole judge.

29.9 If the Trustee exercises its discretion pursuant to rule 29.8 it will deduct from the lump sum any tax for which it may be liable upon it.

30. **CONVERSION**

30.1 With the consent of the Trustee, a Member may at any time before his Pension comes into payment elect to surrender part of his Pension to provide an annuity for a nominated Dependant or Spouse (for the purposes of this Rule referred to as the "**Nominated Beneficiary**"). This will be of an amount converted by the Trustee in accordance with the advice of the Actuary as equivalent to the benefits surrendered.

30.2 Such an election is to be made by giving written notice to the Trustee before the date the Pension comes into payment.

- 30.3 No election may be made to the extent it would reduce the Pension below:
- (a) the GMP at State Retirement Age or (if later) the date of subsequent retirement; or
 - (b) the Nominated Beneficiary's annuity (including any Pension exchanged for a lump sum under rule 29).
- 30.4 When an election is made under this Rule, an annuity commencing on the Member's death will be paid until the death of the Nominated Beneficiary or some earlier date agreed to by the Trustee.
- 30.5 A Member may make allocations in favour of more than one Nominated Beneficiary, if the Trustee permits.
- 30.6 The Pension payable to the Member will be reduced permanently by any election unless a Nominated Beneficiary dies before the Member retires. If a Nominated Beneficiary dies after the Member retires, the reduction in the Member's Pension will continue to have effect.

31. EVIDENCE OF DEATH

- 31.1 The Trustee may obtain such evidence as it considers reasonable to confirm the death of an individual. When a sum is to be paid to a deceased's personal representatives the Trustee may first require a copy of the grant of representation. However, it will not be obliged to do so.
- 31.2 When a sum is to be paid to the deceased's personal representatives but no grant has been taken out the Trustee may at its discretion pay the relevant sums to the deceased's personal representatives, Spouse, next-of-kin or such other person as it may consider appropriate. Payment to the relevant individual will be a valid discharge to the Trustee.

32. LUMP SUM DEATH BENEFITS

- 32.1 On the death of a Pensioner within five years after actual retirement a lump sum will be held on the Discretionary Trusts equal to the sum specified in whichever of the Appendices applies to him.
- 32.2 Subject always to rule 32.3, on the death of any Member entitled to Short Service Benefits before they come into payment, the benefits set out in whichever of the Appendices is applicable will be payable.
- 32.3 The obligation of the Trustee arising under rule 32.2 may instead be satisfied by the Trustee procuring the payment of a like amount on like terms from a separate arrangement to that constituted by the Scheme. Where the amount payable and actually paid from a separate arrangement in satisfaction of the amount due under rule 32.2 is equal to or greater than the lump sum payable under rule 32.2 then the Trustee's obligations under rule 32.2 will be wholly satisfied and no lump sum death benefit will be paid by the Trustee from the Scheme. Where the lump sum death benefit payable and actually paid from a separate arrangement in satisfaction of the amount due under rule 32.2 is less than the lump sum payable under rule 32.2 then the

obligation to pay benefits under rule 32.2 by the Trustee will only have been partially satisfied by that separate arrangement and the amount remaining payable under rule 32.2 will be the amount due under rule 32.2 less the amount payable and actually paid from that separate arrangement.

33. SPOUSES' AND CHILDREN'S PENSIONS

- 33.1 The Surviving Spouse of a Closure Deferred Member who dies whilst employed by an Employer before Normal Retirement Date shall be entitled to receive a pension for life equal to the sum specified in whichever of the Appendices applies to him.
- 33.2 The Surviving Spouse of any Member entitled to Short Service Benefits who dies before they come into payment, shall be entitled to receive the benefits set out in whichever of the Appendices is applicable to him.
- 33.3 If a Pensioner dies leaving a Surviving Spouse, the Surviving Spouse will be entitled to receive a pension for life equal to one half of the pension which the Pensioner was receiving at the date of death in respect of his Pensionable Service. For the purposes of this Rule:
- (a) a Deferred Pensioner who dies after reaching Normal Retirement Date will be deemed to have retired on the day before the date of death; and
 - (b) if the Member's pension has been reduced under any one or more of the provisions of rules 29 and 30 the pension shall be calculated as if those reductions had not taken place.
- 33.4 Any Pension payable under the provisions of rules 33.1 to 33.3 will be reduced, in cases where the Surviving Spouse is more than ten years younger than the Member, by such amount as the Trustee, acting on the advice of the Actuary, shall decide to be appropriate, not exceeding 2.5 per cent. for each complete year of age disparity in excess of ten. However, this Rule shall not have effect so as to reduce the Pension payable to the Surviving Spouse to less than the GMP.
- 33.5 If the Surviving Spouse married the Member within six months of his death, the Trustee may in its absolute discretion reduce the Surviving Spouse's Pension under rules 33.1 to 33.3. However, this Rule shall not have effect so as to reduce the Pension payable to the Surviving Spouse to less than the GMP.
- 33.6 Where at the time of his death the Member or Pensioner does not have a Surviving Spouse but is survived by one or more Relatives who are in the opinion of the Trustee substantially financially dependent on him, a Pension for life will be payable to each such person equal to the amount specified in paragraph 9 of whichever of Appendices 3 or 4 is applicable. This rule 33.6 applies to ex Babcock Staff Members and ex Babcock Works Members only.
- 33.7 Children's benefits payable in respect of any Members at their death will be payable in accordance with whichever of the Appendices is applicable.

33.8 In respect of any Children's benefits payable under rule 33.7 the Trustee may:

- (a) pay the pension or annuity 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;
- (b) apply the said pension or annuity or any part of it towards the education or other benefit of the Child in any way as they may see fit;
- (c) pay the held pension or annuity or any part of it to the Child if he or she is over the age of 18 and below age 26 and is still in full time education or vocational training.

33.9 For the purposes of determining the pensions payable in respect of a Closure Deferred Member on his death whilst employed by an Employer, any such pension which immediately prior to termination of the FKI Scheme would have been determined by reference to the Member's prospective Service or prospective Pensionable Service until Normal Retirement Date shall continue to be determined as if Service after 28 February 2011 in the FKI Scheme/this Scheme (as appropriate) continued to be treated as Pensionable Service. However, no account shall be taken of any increases in salary or earnings that occur after 28 February 2011 for the purposes of determining the pensions payable under this rule 33 and / or the relevant Appendix on the death of a Closure Deferred Member.

33.10 Accordingly, the amount of such pension will be calculated and payable in accordance with whichever of the Appendices is applicable but by reference only to the member's Pensionable Salary or Pensionable Earnings (as applicable) determined as at 28 February 2011 under the FKI Scheme, and applying rules 23.1 to 23.3 accordingly where relevant to the calculation but otherwise subject to rules 33.3, 33.4, 33.5, 33.6 and 33.8 and/or the relevant Appendix as applicable.

34. EQUIVALENT PENSION BENEFIT

34.1 If the Scheme has any liability to provide an Equivalent Pension Benefit (whether as a result of a transfer or otherwise) the provisions of this rule will apply. These will override any other provisions of the Deed with the exception of rule 14 and Schedule 5.

34.2 If the Scheme accepts a transfer in respect of a period when the Member has been in Non-Participating Employment then the minimum he will receive is the Equivalent Pension Benefit.

34.3 Equivalent Pension Benefit will not be capable of surrender other than as regards the payment of a cash lump sum in lieu of Pension.

34.4 If the relevant Member subsequently becomes entitled to a refund of Member Contributions the Trustee may deduct such amount as it considers appropriate to

contribute towards the cost of preserving his Equivalent Pension Benefit under the Scheme.

35. SPECIAL CATEGORY MEMBERS

- 35.1 In relation to the Members of the Scheme with the National Insurance numbers listed below, the Rules of the Scheme shall be modified so far as necessary to give effect to the following:

National Insurance Number	Category	Section	Pension at Normal Retirement Date (the applicable Appendix)	Spouse's Pension (on death in retirement) (Rule 33)
WE688771B	EXEC	BTR	60.96% x FPS	2/3

- 35.2 For the avoidance of doubt, "FPS", where it appears in the table set out in rule 35.1, shall mean "Final Pensionable Salary" as defined in Schedule 2.

SCHEDULE 2

SCHEDULE 5 GMP RULES

1. DEFINITIONS

In these GMP Rules the following words have the following meanings:

"Actuary" means a Fellow of the Institute and 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 Trustee, as being a proper person to act in this capacity.

"Contracted-out Employment" means a Member's or former Member's contracted-out employment by reference to the Scheme (as in Section 8(1)(a)(i) and 8(1)(b) of the 1993 Act).

"Fixed Rate Revaluation" means the method of revaluing a GMP before State Pensionable Age described in Rule 5.1(b) below.

"Insurers" means an organisation that meets the requirements of regulation 2 of the Occupational Pension Schemes (Discharge of Liability Regulations 1997) (SI 1997/784).

"Normal Retiring Date" means the day on which a Member or former Member attains his normal pension age (within the meaning of the 1993 Act) under the Scheme.

"Qualifying Service" has the same meaning as in Section 71(7) of the 1993 Act.

"Rule" (followed by a number) means the Rule (with that number) in this Schedule 5.

"Scheme" means this occupational pension scheme.

"Section 53 money purchase scheme" means a scheme which was a contracted-out scheme, providing protected rights and satisfying Section 9(3) of the 1993 Act and which HMRC may supervise under Section 53 of the 1993 Act.

"Section 53 salary related scheme" means a scheme which was a contracted-out scheme, providing guaranteed minimum pensions and satisfying Section 9(2) of the 1993 Act, and which HMRC may supervise under Section 53 of the 1993 Act,

"Section 148 Revaluation" means the method of revaluing a GMP before State Pensionable Age described in Rule 5.1(a) below.

"Short Service Benefit" means the benefit to which an early leaver who satisfies the qualifying conditions must be entitled under the preservation requirements.

"State Pensionable Age" means a man's 65th birthday and a woman's 60th birthday (or later birthday, depending on the woman's age).

"Trustee" means the trustee or administrators of the Scheme.

"Widow" and **"Widower"** means respectively the widow and the widower of a Member or former Member and shall, in respect of Pensionable Service on and from 5 December 2005, include a Member or former Member's civil partner in a registered civil partnership under the Civil Partnership Act 2004. If a Member or former Member has married under a law which allows polygamy and, on the day of the Member's or former Member's death, has more than one spouse, the Trustee must decide which, if any, survivor is the Widow or Widower. In reaching that decision, the Trustee must have regard to the practice of the Department of Social Security and any relevant provisions of existing Social Security legislation, in particular Section 17(5) of the 1993 Act and regulation 2 of the Social Security and Family Allowance (Polygamous Marriages) Regulations 1975 (SI 1975/561).

2. OVERRIDING EFFECT OF THESE GMP RULES

These Rules will apply if any Member's or former Member's employment became Contracted-out Employment by reference to the FKI Scheme before 6 April 1997 and the FKI Scheme was not contracted-out on a money purchase basis at that time. These Rules will also apply where a transfer payment is received in respect of a Member or former Member from another scheme (including, for the avoidance of doubt, the FKI Scheme) which includes accrued rights of the Member or former Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP). These Rules will only apply for so long as anyone has a GMP or a prospective right to receive a GMP under the Scheme in respect of which the Scheme may be subject to the continuing supervision of HMRC.

These Rules override any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that the Scheme's status as a Registered Pension Scheme 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. ALTERATIONS TO THESE GMP RULES

3.1 Power to alter GMP Rules

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 GMP Rules 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 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

3.2 Restriction on amendments

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

This Rule applies to a Member or former Member, Widow or Widower where the Member or former Member has a guaranteed minimum in relation to the pension provided for the Member or former Member under the Scheme in accordance with Section 14 of the 1993 Act.

4.2 Member's or former Member's GMP

The Member or former Member will 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 Pensionable Age but commencement of the pension may be postponed for any period during which the Member or former Member remains in employment after State Pensionable Age:

- (a) if the employment is employment to which the Scheme relates and the postponement is not for more than 5 years after State Pensionable Age; or
- (b) if the Member or former Member consents to the postponement.

4.3 Widow's GMP

Where the Member or former Member is a man and dies at any time leaving a Widow, she will be entitled, subject to Rule 4.4 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.

4.4 Payment of Widow's GMP

The pension will be paid for life to any Widow.

4.5 Widower's GMP

Where the Member or former Member is a woman and dies at any time on or after 8 April 1989 leaving a Widower, he will be entitled, subject to Rule 4.6 below, 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 the guaranteed minimum which is attributable to earnings for the tax year 1988/1989 and subsequent tax years.

4.6 Payment of Widower's GMP

The pension will be paid for life to any Widower.

4.7 Offsetting pension against GMP

Any pension payable to the Member or former Member, Widow or Widower under any other provision of the Scheme may not be offset against his or her pension entitlement under this Rule to the extent that:

- (a) any part of the pension is an equivalent pension benefit within the meaning of the (now revoked) National Insurance Act 1965; or
- (b) any part of the 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 Part IV of the 1993 Act or regulations made under it; or
- (c) offsetting would contravene the anti-franking legislation (see Rule 7 below).

5. REVALUATION OF GMP

5.1 Revaluation before State Pensionable Age

Where a Member or former Member ceases to be in Contracted-out Employment before State Pensionable Age, the Member's or former Member's GMP at State Pensionable Age or at the Member's or former Member's earlier death will be calculated by increasing the accrued rights to GMP at cessation of Contracted-out Employment under one of the options 5.1(a) or 5.1(b) 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 or former Member reaches State Pensionable Age (or dies, if earlier).

(b) *Fixed Rate Revaluation*

The increase will be by such rate as regulations made under Section 16(3) of the 1993 Act specify as being relevant at the date Contracted-out Employment ceases, for each complete tax year after the tax year containing that date up to and including the last complete tax year before the Member or former Member reaches State Pensionable Age (or dies, if earlier).

The Trustee and the principal employer participating in the Scheme will decide which of the options 5.1(a) or 5.1(b) above applies to the Scheme. They may at any time decide that the other method will be used, instead of the method currently being used, for all Members or former Members ceasing to be in Contracted-out Employment after a specified date.

5.2 Transfers in

Where, a transfer payment is received in respect of a Member or former Member from another scheme (including, for the avoidance of doubt, the FKI Scheme) (the "**transferring scheme**") which includes accrued rights of the Member or former Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's or former Member's Contracted-out Employment, and Rule 5.1 above will apply if that Contracted-out Employment ceases before State Pensionable Age. The Trustee may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed

Rate Revaluation from the date on which the Member or former Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member or former Member attains State Pensionable Age (or dies, if earlier) but the Trustee may not make that decision in respect of any Member or former Member where the Member's or former Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the 1993 Act.

Where the Scheme accepts the proceeds of, or the assignment of, an Insurance policy which consists of, or includes, accrued rights to GMP, the Trustee may use either Section 148 Revaluation or the method of revaluation that was in use under the policy.

5.3 Transfers out

Where a Member's or former Member's accrued rights to GMP are transferred to another contracted-out salary related scheme, the Trustee may agree with the administrator of that scheme that the Member's or former Member's GMP will, instead of being revalued using the method currently being adopted under Rule 5.1 above, be revalued using another method which would be permitted if that scheme contained a Rule in the same terms as Rule 5.2 above.

6. INCREASE OF GMP

6.1 Increase after State Pensionable Age

If the commencement of any Member's or former Member's GMP is postponed for any period after State Pensionable Age, that GMP will be increased to the extent, if any, specified in Section 15 of the 1993 Act.

6.2 Increase after State Pensionable Age or Member's or former Member's death

Any GMP to which a Member or former Member, Widow or Widower is entitled under Rule 4 above will, insofar as it is attributable to earnings in the tax years from and including 1988/1989, be increased in accordance with the requirements of Section 109 of the 1993 Act.

7. ANTI-FRANKING

Except as provided in Sections 87-92 and 110 of the 1993 Act, no part of a Member's or former Member's, Widow's or Widower's pension under the Scheme may be used to frank an increase in the Member's or former Member's, Widow's or Widower's GMP under Rule 5 or Rule 6 above.

8. TRANSFERS INTO THE SCHEME

8.1 Acceptance of transfers

The Trustee may accept:

- (a) a transfer payment in respect of the Member's or former Member's accrued rights to GMPs under a contracted-out salary related scheme, a Section 53

salary related scheme or a policy of insurance or an annuity contract of the type described in Section 19 of the 1993 Act; or

- (b) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them.

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) above, the Member's or former Member's accrued rights to GMPs under the Scheme will be increased accordingly.

Where a transfer is accepted under Rule 8.1(b) above, the Member's or former Member's, Widow's and Widower'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 or former Member's membership of the transferring scheme if the transfer payment had not been made.

9. TRANSFERS OUT OF THE SCHEME

9.1 Conditions for transfer of GMPs

A transfer payment made out of the Scheme may include a Member's or former 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, policy or contract to which the transfer is being made.

(a) *All schemes and arrangements*

The Member or former 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 Member or former Member, and either the transfer results from a financial transaction between the Member's or former Member's old and new employers, or the receiving scheme is a scheme of an employer connected with the Member's or former Member's old employer for the purposes of Section 35 of the 1993 Act. The transfer must be made in accordance with the appropriate regulations (SI 1991/167) as amended which may involve an actuarial certificate;
- (ii) it is to allow benefits to be bought out where the Member or former Member has less than 5 years' Qualifying Service, or to allow the Trustee to buy out the benefits of the Widow or Widower of such a Member or former Member;
- (iii) it is to allow benefits to be bought out by a transaction to which Section 19 and 96(2) of the 1993 Act apply.

The transfer will be subject to any requirements of HMRC.

The receiving scheme, policy or contract must be an appropriate personal pension scheme, a contracted-out occupational pension scheme, an overseas occupational pension scheme to which the transfer may be made in accordance with the appropriate regulations (SI 1996/1462), or an insurance policy or annuity contract of the type described in Section 19 the 1993 Act.

(b) *Contracted-out salary related schemes and Section 19 insurance policies or annuity contracts*

The receiving scheme, policy or contract must provide the Member or former Member and the Member's or former Member's Widow or Widower with GMPs equal to their accrued GMPs under the Scheme up to the date of transfer, together with revaluation until the Member or former Member reaches State Pensionable 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 (e))*

The Member or former Member must have entered employment with an employer which is a contributor to the receiving scheme or be a former member of the receiving scheme. If the employment is not contracted-out, the transfer must be in accordance with regulations (SI 1996/1462).

(d) *Appropriate personal pension schemes and occupational pension schemes which are contracted-out by the money purchase test*

That part of the transfer payment which relates to the Member's or former 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 or former Member.

(e) *Overseas occupational pension schemes not covered by (b) or (d) above*

No transfer payments may be made to such a scheme unless it is made in accordance with the appropriate regulations (SI 1996/1462).

9.2 Effect of such transfers

Where the Member's or former Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with Rule 9.1 above, the Member or former Member and the Member's or former Member's Widow or Widower 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 or former Member's rights to benefits under the Scheme, the Member's or former Member's remaining benefits under the Scheme may be reduced to allow for the fact that the Member's or former Member's GMP rights have been transferred.

10. COMMUTATION OF GMP

The Member's or former Member's GMP and a Widow or Widower's or, in respect of Pensionable Service on and from 5 December 2005, a Surviving Civil Partner's (where a civil partnership has been entered into in accordance with the Civil Partnership Act 2004) GMP may be commuted in accordance with section 21(1) of the 1993 Act and regulation 19 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 if the conditions in regulation 60 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 are satisfied.

11. 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.

12. SCHEME CEASING TO BE A CONTRACTED-OUT SALARY RELATED SCHEME

If the Scheme ceases to be a contracted-out salary related scheme, the Trustee must seek the approval of HMRC to any proposed arrangement for securing GMPS.

13. 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 Trustee does not know the whereabouts of the recipient.

14. CONTRIBUTIONS EQUIVALENT PREMIUMS

- 14.1 A contributions equivalent premium will be paid, subject to Rule 14.2 below, in respect of a Member or former Member who ceases to be in Contracted-out Employment before whichever is the earlier of the Member's or former Member's Normal Retiring Date and the end of the tax year preceding that in which the Member or former Member will reach State Pensionable Age with less than 2 years' Qualifying Service and less than 2 years' Contracted-out Employment. A contributions equivalent premium will not be paid where the Member's or former Member's accrued rights include rights transferred from a personal pension, or where the Member or former Member is a woman who dies in contracted-out employment in respect of the Widower's GMP.

Payment of the contributions equivalent premium extinguishes the Member's or former Member's accrued rights to GMPS and Reference Scheme Test Rights under the Scheme. Therefore, where the premium is paid, any refund of contributions to the Member or former Member or any transfer payment from the Scheme in respect of a Member or former Member will 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 former Member or the Member's or former Member's Widow or Widower will be reduced so as to allow for the fact that their accrued rights to GMPS and Reference Scheme Test Rights have been extinguished.

- 14.2 The premium will not be payable if its amount is less than £17 (or such greater amount as is specified in regulations made under the 1993 Act).

SCHEDULE 3

APPENDIX 1

Provisions applicable to FKI Standard Staff Members

1. Definitions

- 1.1 **"Final Pensionable Salary"** means the Member's highest average Pensionable Salary during the three consecutive Scheme Years ending not earlier than ten years before the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable.
- 1.2 **"Pensionable Salary"** means for any Scheme Year under the FKI Scheme the basic annual rate of a Member's salary or wages at the Accounting Date preceding the year in question or at the date of entry to the FKI Scheme, if later, less the annual rate of the lower earnings limit applicable at such Accounting Date.

2. Pension on Retirement at Normal Retirement Date

- 2.1 The Scheme has no active Members, therefore this paragraph 2 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.
- 2.2 The Member's pension at Normal Retirement Date will be $1/60^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service save that in respect of Pensionable Service on or after 1 March 2004 during which the Member paid contributions at a rate equal to 5 per cent. of his Pensionable Salary the Member's pension at Normal Retirement Date will be $1/80^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service up to 28 February 2011.

3. Early Retirement of a Closure Deferred Member due to Incapacity – (rule 23.1)

Any Closure Deferred Member's pension will be calculated in the manner described in paragraph 2 above but subject to Rules 23.2 and 23.3 and by reference to his Pensionable Service up to the date of termination of his employment.

4. Early Retirement of a Closure Deferred Member not due to Incapacity – (rule 23.4)

The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 2 by reference to his Pensionable Service up to 28 February 2011 and then shall be reduced to take account of the period by which the date of retirement precedes Normal Retirement Date by such amount as the Trustee, acting on the advice of the Actuary, shall decide, not being more than shall be certified as reasonable by the Actuary **provided that** the early retirement pension as so reduced shall be of at least equivalent value to the appropriate Deferred Benefits (revalued in accordance with rule 28) at the time of actual retirement.

5. **Lump Sum Benefit on Retirement at before or after Normal Retirement Date – (rule 29)**

A lump sum of $\frac{3}{80}^{\text{ths}}$ of Final Pensionable Salary for each year of Pensionable Service.

6. **Lump Sum Benefits on Death after Retirement – (rule 32)**

A lump sum equal to the pension which the Pensioner would have received (before deduction of tax) during the remainder of the five year period if he had not died (but disregarding any future increases).

7. **Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)**

Subject to Rules 33.9 and 33.10, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received if he had remained in Service (at the Pensionable Salary payable to him at the date of death) until and had retired upon reaching Normal Retirement Date.

8. **Children's Benefits – (rule 33)**

8.1 Subject to Rules 33.9 and 33.10, on the death of:

- (a) a Member or Pensioner leaving no Surviving Spouse; or
- (b) a Surviving Spouse;

leaving in either case an Eligible Child or Children then an annuity for the benefit of the Eligible Child or Children will be paid which is equal to the pension which would otherwise have been payable to the Member's Surviving Spouse.

8.2 The children's benefits will commence on the death of the Member or Pensioner or the Surviving Spouse, whichever occurs latest and shall continue so long as any child remains an Eligible Child.

8.3 The children's benefits will be paid to one or more of the Eligible Children or applied for their benefit in such proportions as the Trustee sees fit from time to time and may be paid to any person who undertakes to apply the benefit for the maintenance or benefit of the Eligible Child, or to a fixed or discretionary trust for one or more of the Eligible Children; and the Trustee will not be under any obligation to see to the application of any such benefit in respect of an Eligible Child which has been paid to such a person.

9. **Amount of Short Service Benefits – (rule 24)**

Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at the termination of his Pensionable Service which shall be no later than 28 February 2011.

10. Death before Short Service Benefits come into payment – (rules 32 and 33)

On the death of a Member entitled to Short Service Benefits there will be payable:

- (a) A sum equal to a return of the Member's Contributions without interest will be raised out of the Fund and held by the Trustee upon the Discretionary Trusts;
- (b) If a married male Member dies prior to Normal Retirement Date, his Surviving Spouse shall be entitled to receive a pension of $1/160^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service whilst contracted out plus any increases due under Schedule 5 (subject to a minimum pension as provided under Schedule 5) and if a married female Member dies prior to Normal Retirement Date her Surviving Spouse shall be entitled to receive a pension under Schedule 5.

11. Variations of rule 27 for former members of the Cableform Group Limited Retirement Benefits Plan (the "Cableform Plan") – (rule 27.6)

For those Members who were previously members of the Cableform Plan the Trustee will in any event on 1 January in each year increase that part of the pensions in payment in excess of the GMP by an amount being the lesser of 5 per cent. p.a. or the rate of increase of the Index over the previous twelve months.

APPENDIX 2

Provisions applicable to FKI Standard Executive Members

1. Definitions

- 1.1 **"Final Pensionable Salary"** means the Member's highest average Pensionable Salary during the three consecutive Scheme Years ending not earlier than ten years before the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable.
- 1.2 **"Pensionable Salary"** means for any Scheme Year under the FKI Scheme the basic annual rate of a Member's salary or wages from his Employer (under the FKI Scheme) for the Scheme Year preceding the Scheme Year in question, or at the date of entry to the FKI Scheme.

2. Pension on Retirement at Normal Retirement Date

- 2.1 The Scheme has no active Members, therefore this paragraph 2 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.
- 2.2 The Member's pension at Normal Retirement Date will be $1/60^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service save that in respect of Pensionable Service on or after 1 March 2004 during which the Member paid contributions at a rate equal to 5 per cent. of his Pensionable Salary the Member's pension at Normal Retirement Date will be $1/80^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service up to 28 February 2011.

3. Early Retirement of a Closure Deferred Member due to Incapacity – (rule 23.1)

Any Closure Deferred Member's pension will be calculated in the manner described in paragraph 2 above but subject to Rules 23.2 and 23.3 and by reference to his Pensionable Service up to the date of termination of his employment.

4. Early Retirement of a Closure Deferred Member not due to Incapacity – (rule 23.4)

The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 2 by reference to his Pensionable Service up to 28 February 2011 and shall then be reduced to take account of the period by which the date of retirement precedes Normal Retirement Date by such amount as the Trustee, acting on the advice of the Actuary, shall decide, not being more than shall be certified as reasonable by the Actuary **provided that** the early retirement pension as so reduced shall be of at least equivalent value to the appropriate deferred benefits (revalued in accordance with rule 28) at the time of actual retirement.

5. Lump Sum on Retirement at before or after Normal Retirement Date – (rule 29)

A lump sum of $3/80^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service.

6. Lump Sum Benefits on Death after Retirement – (rule 32)

A lump sum equal to the pension which the Pensioner would have received (before deduction of tax) during the remainder of the five year period if he had not died (but disregarding any future increases).

7. Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)

Subject to Rules 33.9 and 33.10, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received if he had remained in Service (at the Pensionable Salary payable to him at the date of death) until and had retired upon reaching Normal Retirement Date but calculated by reference to his last Pensionable Salary at the date of death and not to Final Pensionable Salary, with the following exceptions:

- (a) Where a Member dies after the penultimate Accounting Date prior to his Normal Retirement Date but before the Accounting Date prior to his Normal Retirement Date, Pensionable Salary for the purposes of rule 33 shall mean the yearly average of 2 x Pensionable Salary (as defined in paragraph 1) for the Scheme Year in which he dies + 1 x Pensionable Salary (as defined in paragraph 1) for the Scheme Year prior to the Scheme Year in which he dies;
- (b) Where a Member dies after the Accounting Date prior to his Normal Retirement Date, the Surviving Spouse's pension will be based upon the Member's Final Pensionable Salary as defined in paragraph 1.

8. Children's Benefits – (rule 33)

8.1 Subject to Rules 33.9 and 33.10, on the death of:

- (a) a Member or Pensioner leaving no Surviving Spouse; or
- (b) a Surviving Spouse;

leaving in either case an Eligible Child or Children, then an annuity for the benefit of the Eligible Child or Children will be paid which is equal to the pension which would otherwise have been payable to the Member's Surviving Spouse.

8.2 The children's benefits will commence on the death of the Member or Pensioner or the Surviving Spouse, whichever occurs latest and shall continue so long as any child remains an Eligible Child.

8.3 The children's benefits will be paid to one or more of the Eligible Children or applied for their benefit in such proportions as the Trustee sees fit from time to time and may be paid to any person who undertakes to apply the benefit for the maintenance or benefit of the Eligible Child, or to a fixed or discretionary trust for one or more of the Eligible Children; and the Trustee will not be under any obligation to see to the application of any such benefit in respect of an Eligible Child which has been paid to such a person.

9. Amount of Short Service Benefits – (rule 24)

Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at the termination of Pensionable Service which shall be no later than 28 February 2011.

10. Death before Short Service Benefits come into payment – (rule 32 and 33)

On the death of a Member entitled to Short Service Benefits there will be payable:

- (a) A sum equal to a return of the Member's Contributions without interest will be raised out of the Fund and held by the Trustee upon the Discretionary Trusts;
- (b) Subject to rules 33.9 and 33.10, if a married male Member dies prior to Normal Retirement Date, his Surviving Spouse shall be entitled to receive a pension of $1/160^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service whilst contracted out plus any increases due under Schedule 5 (subject to a minimum pension as provided under Schedule 5) and if a married female Member dies prior to Normal Retirement Date her Surviving Spouse shall be entitled to receive a pension under Schedule 5.

11. Variations of rule 27.5 for former members of the Cableform Group Limited Retirement Benefits Plan (the "Cableform Plan") – (rule 27.6)

For Members who were previously members of the Cableform Plan the Trustee will in any event on 1 January in each year increase that part of the pensions in payment in excess of the GMP by an amount being the lesser of 5 per cent. p.a. or the rate of increase of the Index over the previous twelve months.

APPENDIX 3

Provisions applicable to Ex Babcock Staff Members

1 Definitions

- 1.1 **"Final Pensionable Salary"** means the Member's highest average Pensionable Salary during any three consecutive years within the ten years before the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable. For the purpose of this definition, any reduction in Pensionable Salary because of ill health or other disability of the Member during the last ten years of Pensionable Service may be disregarded at the discretion of the Trustee.
- 1.2 **"Pensionable Salary"** means the basic annual rate of a Member's salary from his Employer under the FKI Scheme at the appropriate time, but it does not include any bonus or commission or overtime payments which the Member shall have received or to which he shall be entitled unless the Principal Employer shall agree with the Employer in the case of all Members or of a category of Members.

2. Pension on Retirement at Normal Retirement Date

- 2.1 The Scheme has no active Members, therefore this paragraph 2 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.
- 2.2 The Member's pension at Normal Retirement Date will be $1/60^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service and proportionately for additional days of Pensionable Service save that in respect of Pensionable Service on or after 1 March 2004 during which the Member paid contributions at a rate equal to 5 per cent. of his Pensionable Salary, the Member's pension at Normal Retirement Date will be $1/80^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service and proportionately for additional days of Pensionable Service.

3. Early Retirement of a Closure Deferred Member due to incapacity – (rule 23.1)

- 3.1 A Closure Deferred Member with less than five years' Service will not be entitled to a pension under this rule.
- 3.2 In the case of a Closure Deferred Member with more than five years' Service, his pension will be calculated in the manner described in paragraph 2 above although Pensionable Service will be enhanced by a period equal to half the number of years from the date of retirement to Normal Retirement Date. This paragraph 3.2 is subject to Rules 23.2 and 23.3.

4. Early Retirement of a Closure Deferred Member not due to incapacity – (rule 23.4)

The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 3 above by reference to his Pensionable Service up to 28 February 2011, and shall then be reduced by $1/3$ per cent. for each month by which the date of the first payment of pension precedes his Normal Retirement Date.

5. Lump Sum on Retirement before at or after Normal Retirement Date – (rule 29)

The maximum lump sum which a Member may take is a lump sum not exceeding the limits specified in Schedule 3.

6. Lump Sum Benefits on Death after Retirement – (rule 32)

A lump sum equal to the instalments of pension (allowing for pension increases under rule 27) the Member would have received during the balance of the 5 year period had the Member survived until the end of that period.

7. Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)

The Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received had he retired due to incapacity on the date of death.

8. Children's Benefits – (rule 33)

8.1 This paragraph 8 is subject to Rules 33.9 and 33.10.

8.2 Children's benefits will be paid on the death of a Member or Pensioner to each Eligible Child up to a maximum of four at any time.

8.3 Where a Surviving Spouse's or other pension is being paid in respect of the Member the benefit payable to each Eligible Child will be equal to one quarter of the Surviving Spouse's pension.

8.4 Where no Surviving Spouse's or other pension is being paid in respect of the Member the benefit payable to each Eligible Child will be equal to one half of a Surviving Spouse's pension calculated in accordance with rule 33.1 in the case of a Closure Deferred Member who dies whilst employed by an Employer before Normal Retirement Date and rule 33.3 in the case of the death of a Pensioner.

8.5 If a Surviving Spouse's or other pension is being paid the benefit payable to each Eligible Child will not be less than £100.00 p.a., and where no Surviving Spouse's or other person is being paid the benefit payable to each Eligible Child will not be less than £200.00 p.a.

9. Pension for Dependant Relative – (rule 33.6)

The dependent Relative's pension shall be equal in the case of a deceased Member to the pension calculated under rule 33.1 and in the case of a deceased Pensioner to the pension calculated under rule 33.3 divided in each case by the number of dependent Relatives.

10. Amount of Short Service Benefits – (rule 24)

Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at termination of his Pensionable Service which shall be no later than 28 February 2011.

11. Death before Short Service Benefits come into payment – (rules 32 and 33)

Subject to rules 33.9 and 33.10, on the death of any Member entitled to Short Service Benefits before such benefits come into payment there will be payable:

- (a) Where the Member leaves a Surviving Spouse, a pension to that Surviving Spouse equal to one half of the pension to which the Member was entitled under rule 24 (as increased under Schedule 5);
- (b) Where the Member does not leave a Surviving Spouse, a sum equal to five times the pension to which the Member was entitled under rule 24 (as increased under Schedule 5) to be held by the Trustee on the Discretionary Trusts.

12. Variations of rules 27 and 28 (Pension Increases and Revaluation)

- 12.1 The Trustee will in any event on 1 January in each year increase the pension or payment by 3 per cent. of the amount (if any) by which the amount of that pension or payment immediately before that 1 January exceeds the Member's GMP, but no deduction of GMP will be made before the Member reaches Normal Retirement Date or leaves Service (if later).
- 12.2 Where the period from the date of retirement or death to 1 January is less than 12 months the increase shall be calculated at the rate of 1/12th of 3 per cent. for each complete month.
- 12.3 The Trustee will in any event increase Deferred Benefits in excess of the Member's GMP at the date of leaving Service in the period between the date of leaving Service and the Member's Normal Retirement Date (or the date on which the Member's pension comes into payment or the Member dies, if earlier) by a minimum of 3 per cent. per year.

APPENDIX 4

Provisions applicable to Ex Babcock Works Members

1 Definitions

1.1 "Final Pensionable Salary" means the greater of:

- (a) The yearly average of a Member's Pensionable Salary during the three years ending with the date on which he left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable (or during the whole of his Service under the FKI Scheme, if less than three years); and
- (b) The highest yearly average of his Pensionable Salary over any three consecutive tax years out of the last ten complete tax years before the date on which he left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme or left, whichever is the earliest.

1.2 "Pensionable Salary" means all of a Member's PAYE earnings from the Employer under the FKI Scheme excluding statutory maternity pay for any period during which the Member's only payment from the Employer is that maternity pay and (if the Principal Employer so determines) any remuneration which does not form a regular annual addition to the Member's pay.

2. Pension on Retirement at Normal Retirement Date

2.1 The Scheme has no active Members, therefore this paragraph 2 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.

2.2 The Member's pension at Normal Retirement Date will be calculated as follows:

- (a) in respect of Pensionable Service prior to 1 March 2004, a pension equal to $1/80^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service and proportionately for additional months of Pensionable Service; and
- (b) in respect of Pensionable Service on or after 1 March 2004 until 28 February 2011:
 - (i) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 5.25 per cent., a pension equal to $1/80^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service; and
 - (ii) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 3.75 per cent., a pension equal to $1/105^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service,

and proportionately for additional months of Pensionable Service.

3. Early Retirement of a Closure Deferred Member due to Incapacity – (rule 23.1)

3.1 A Closure Deferred Member with less than five years' Service will not be entitled to a pension under this rule.

3.2 In the case of a Closure Deferred Member with more than five years' Service, his pension will be calculated in the manner described in paragraph 2 above although Pensionable Service will be enhanced by a period equal to half the number of years from the date of retirement to Normal Retirement Date. This paragraph 3.2 is subject to Rules 23.2 and 23.3.

4. Early Retirement of a Closure Deferred Member not due to incapacity – (rule 23.4)

The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 2 above by reference to his Pensionable Service up to 28 February 2011 and shall then be reduced in such manner as the Actuary shall determine to be appropriate taking account of the earlier date on which the pension becomes payable. But rule 24 and not rule 23 shall apply to the Member if his immediate pension calculated under rule 23 would, after allowing for pension increases under rule 27, be less at Normal Retirement Date than the Member's GMP at State Retirement Age.

5. Lump Sum Benefits on Retirement – (rule 29)

The maximum lump sum which a Member may take is a lump sum not exceeding the limits specified in Schedule 5.

6. Lump Sum Benefits on Death after Retirement – (rule 32)

A lump sum equal to the total of the pension payments which the Member would have received over the period of 5 years from the date the pension commenced (ignoring for this purpose any increases payable under rule 27 and any election or right to elect to take a lump sum payment under rule 29) and then deducting any instalments of pension and lump sums actually received by the Member.

7. Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)

Subject to Rules 33.9 and 33.10, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received had he retired due to Incapacity on the date of death.

8. Children's Benefits – (rule 33)

8.1 This paragraph 8 is subject to Rules 33.9 and 33.10.

8.2 Children's benefits will be paid on the death of a Member or Pensioner to each Eligible Child up to a maximum of four at any time.

8.3 Where a Surviving Spouse's or other pension is being paid in respect of the Member the benefit payable to each Eligible Child will be equal to one quarter of the Surviving Spouse's pension.

8.4 Where no Surviving Spouse's or other pension is being paid in respect of the Member the benefit payable to each Eligible Child will be equal to one half of a Surviving Spouse's pension calculated in accordance with rule 33.1 in the case of a Closure Deferred Member who dies whilst employed by an Employer before Normal Retirement Date and rule 33.3 in the case of the death of a Pensioner.

8.5 If a Surviving Spouse's or other pension is being paid the benefit payable to each Eligible Child will not be less than £100.00 p.a., and where no Surviving Spouse's or other pension is being paid the benefit payable to each Eligible Child will not be less than £200.00 p.a.

9. Pension for Dependent Relative – (rule 33.6)

The dependent Relative's pension shall be equal in the case of a deceased Member to the pension calculated under rule 33.1 and in the case of a deceased Pensioner to the pension calculated under rule 33.3, divided in each case by the number of dependent Relatives.

10. Amount of Short Service Benefits – (rule 24)

Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at the termination of his Pensionable Service which shall be no later than 28 February 2011.

11. Death before Short Service Benefits come into payment – (rules 32 and 33)

Subject to rules 33.9 and 33.10, on the death of any Member entitled to Short Service Benefits before such benefits come into payment there will be payable:

- (a) Where the Member leaves a Surviving Spouse, a pension to that Surviving Spouse equal to one half of the pension to which the Member was entitled under rule 24 (as increased under rule 28);
- (b) Where the Member does not leave a Surviving Spouse, a sum equal to five times the pension to which the Member was entitled under rule 24 (as increased under rule 28) to be held by the Trustee on the Discretionary Trusts.

12. Variations of rules 27 and 28 (Pension Increases and Revaluation)

12.1 The Trustee will in any event on 1 April in each year increase the pension or payment by 3 per cent. of the amount (if any) by which the amount of that pension or payment immediately before that 1 April exceeds the Member's GMP, but no deduction of GMP will be made before the Member reaches Normal Retirement Date or leaves Service (if later).

12.2 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 $1/12^{\text{th}}$ of 3 per cent. for each complete month.

12.3 Where a Member leaves Service after 1 January 1986 the Trustee will in any event increase deferred benefits in excess of the Member's GMP at the date of leaving Service between the date of leaving Service and the Member's Normal Retirement

Date (or the date on which the Member's pension comes into payment or the Member dies, if earlier) by the annual rate of increase in the Retail Prices Index, provided that in any event such increase shall not be more than 5 per cent. per year nor less than 3 per cent. per year.

APPENDIX 5

Provisions applicable to Ex-BTR Group Pension Scheme Members

1. DEFINITIONS

"BTR Scheme" means the BTR Group Pension Scheme established by a Trust Deed dated 31 March 1988 and made between BTR plc and BTR Group Pension Trustee Limited and BTR Pension Trust Limited.

"Commutation Earnings" means the highest yearly average of his Pensionable Salary (but for this purpose only without the deduction of the lower earnings limit) over any 3 consecutive years out of the last 10 complete years before the date on which he left Pensionable Service under the FKI Scheme or reached Normal Retirement Date under the FKI Scheme whichever is the earliest.

"Dependant" means in relation to a deceased person, anybody who in the opinion of the Trustee is or was at the time of his death dependent upon him for all or any of the ordinary necessities of life, and whose relationship with the deceased was in the opinion of the Trustee of such a nature that he might reasonably expect to receive some part of any lump sum payable in the event of his death.

"Ex BTR Blue Member" means a Member who was previously a member of the Hawker Siddeley Scheme and who elected to join the BTR Scheme on its normal benefit terms.

"Ex BTR Green Member" means a Member who was previously a member of the Hawker Siddeley Scheme and who elected to join the BTR Scheme while retaining their previous benefit terms.

"Ex BTR Green Half Rate Member" means a Member who was previously a member of the Hawker Siddeley Scheme and who elected to join the BTR Scheme while retaining their previous benefit terms but at 50 per cent. benefit and contribution levels.

"Ex BTR Purple Member" means a Member who joined the BTR Scheme on its normal benefit terms and who had not previously been a member of the Hawker Siddeley Scheme.

"Final Pensionable Salary" means:

- (a) for Section A purposes (Ex BTR Blue Members and Ex BTR Purple Members), the Member's highest Pensionable Salary during any one of the last five tax years (or such shorter time as he may have been in Pensionable Service) up to and including the tax year in which the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is the earliest;
- (b) for Section B purposes (Ex BTR Green Members), the greater of:

- (i) the Member's highest Pensionable Salary on 1 April during any one of the three years (or such shorter time as he may have been in Pensionable Service) ending on the date which the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is the earliest; and
- (ii) the highest yearly average of his Pensionable Salary over any three consecutive years out of the last ten complete years immediately before the date on which the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is the earliest.

"Gross Earnings" means the Member's total taxable earnings from the Employers under the FKI Scheme up to 28 February 2011 but excluding:

- (a) any sum received under a share option or other share incentive arrangement;
- (b) benefits in kind;
- (c) severance payments;
- (d) payments in lieu of notice and in lieu of holidays;
- (e) any sums payable under the BTR Industries European Region Managements Incentive Compensation Plan or equivalent arrangement but this exclusion shall not apply to any sum or sums that were paid under the BTR Inc Western Region Management and Incentive Compensation Plan to Members while they were employees of the operative units listed below:
 - (i) DTR Valve Group Distributions
 - (ii) Huyck
 - (iii) Serck Audco Valves
 - (iv) Serck Glocon
 - (v) Stewart Warner Instruments
 - (vi) Stowe Woodward
 - (vii) Thor Tools
 - (viii) Wilson Foundry
 - (ix) Worcester Controls

(x) Hoffman Air and Filtration Systems

any sums payable as a trade out allowance under the Employers company car policy arrangements.

"Hawker Siddeley Scheme" means the Hawker Siddeley Pension Fund established by an Interim Trust Deed dated 10 March 1961.

"Ex Hawker C Member" means an employee who was a non-contributing member of the Hawker Siddeley Scheme as at 5 April 1994 and who has not become a member of another section of the Scheme.

"Notional State Pension" means in respect of a Member who transferred to the BTR Scheme from a Former Scheme membership of which was not contracted out an amount (if any) advised by the Principal Employer as being his earnings related state pension deemed to have accrued during his period of membership of the Former Scheme revalued from time to time up to State Pension Age in accordance with paragraph 2 of Schedule 3 of the 1993 Act.

"Pensionable Salary" means:

- (a) for Section A purposes (Ex BTR Blue Members and Ex BTR Purple Members), the Member's Gross Earnings during the period in question up to 28 February 2011 less the amount of the lower earnings limit applicable during that period up to 28 February 2011; and
- (b) for Section B purposes (Ex BTR Green Members):
 - (i) in respect of a Staff Employee, his basic annual salary at 1 April of each year up to 28 February 2011 plus the annual rate as determined by his Employer under the FKI Scheme of any productivity bonuses paid during the previous 12 months;
 - (ii) in respect of an hourly paid employee, the Member's average basic weekly pay during the 13 weeks immediately preceding the 1 March up to 28 February 2011 (increased as though any pay award during that period had applied throughout the whole of the 13 weeks) multiplied by 52 **provided that** for the purpose of this definition:
 - (A) no account shall be taken of any sick pay or overtime payments received during the said period;
 - (B) any absence during the said period due to holiday entitlement shall be taken into account on the basis of the appropriate standard number of working hours during such holiday period;
 - (C) if the Member has been absent from work without pay for more than 13 weeks, the Member's average basic weekly pay to be used shall be the average of that earned during the last 13 weeks actually worked; and

- (D) if the Member has less than 13 weeks' Pensionable Service as at such 1 March, the Member's average basic weekly pay to be used shall be the average of that earned in the period since his Pensionable Service commenced.

"Staff Employee" means an employee who is not an hourly paid employee.

"Transfer Credit" means any benefits and rights accorded to an individual under the Scheme by reference to a transfer to the Scheme.

"Transfer Percentage" means:

- (i) in relation to an Ex BTR Blue Member and an Ex BTR Purple Members the percentage (if any) made known by BTR plc for the purposes of Rule 1 of Part III of the BTR Scheme (Retirement Benefits Normal Retirement) to that member who was transferred to the BTR Scheme before 7 April 1994 from a previous scheme of which he was a member; and
- (ii) in relation to an Ex BTR Green Member and an Ex BTR Green Half Rate Member, the percentage or percentages (if any) made known by BTR plc for the purposes of Rule I of Part III of the BTR Scheme who was transferred to the BTR Scheme before 7 April 1994 from the Hawker Siddeley Pension Fund.

The definition of **"Incapacity"** in Schedule 2 shall be treated for the purposes of this Appendix as if the words "and the relevant Participating Employer" were deleted.

SECTION A

This Section A shall apply to Ex BTR Blue Members and Ex BTR Purple Members.

1. Pension on Retirement at Normal Retirement Date

1.1 The Scheme has no active Members, therefore this paragraph 1 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.

1.2 The Member's pension at Normal Retirement Date will be calculated as follows:

- (a) In respect of Pensionable Service under the FKI Scheme prior to 1 March 2004 in the sum of:
 - (i) a pension equal to $1/60^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service completed after 5 April 1994 in the FKI Scheme (plus a proportionate amount for each additional completed day);
 - (ii) (if relevant to the Member) the Transfer Percentage of his Final Pensionable Salary; and
 - (iii) the pension resulting from Transfer Credits previously granted under the BTR Scheme.
- (b) In respect of Pensionable Service on or after 1 March 2004 up to 28 February 2011 a pension equal to whichever one of the following is applicable to the Member:
 - (i) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 5 per cent. of Pensionable Salary a pension equal to $1/80^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service (plus a proportionate amount for each additional complete day); or
 - (ii) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 7 per cent. or 9 per cent. of Pensionable Salary a pension equal to $1/60^{\text{th}}$ of Final Pensionable Salary for each Year of Pensionable Service (plus a proportionate amount for each additional complete day).

2. Early Retirement of a Closure Deferred Member due to Incapacity – (rule 23.1)

2.1 Subject to rules 23.2 and 23.3, the Closure Deferred Member's pension will be calculated in the manner described in paragraph 1 above by reference to the Pensionable Service the Closure Deferred Member would have completed had he remained in Pensionable Service until Normal Retirement Date.

2.2 The consent of the Closure Deferred Member's Employer shall not be necessary for the Closure Deferred Member to be able to draw a pension due to incapacity under Rule 23.1.

3. **Early Retirement of a Closure Deferred Member not due to Incapacity – (rule 23.4)**
- 3.1 The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 1 of this section A above by reference to his Pensionable Service up to 28 February 2011 and shall, unless the Member is aged over 60, be reduced as follows:
- (a) in respect of Pensionable Service before 6 April 1994, Table A shall apply;
 - (b) in respect of Pensionable Service on or after 6 April 1994 but before 1 March 2004, Table B shall apply;
 - (c) in respect of Pensionable Service on or after 1 March 2004 up to 28 February 2011 either:
 - (i) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 5 per cent. or 7 per cent. of Pensionable Salary, Table C shall apply; or
 - (ii) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 9 per cent. of Pensionable Salary, Table B shall apply.

TABLE A

Years early	Early Retirement Factor
1	1.000
2	1.000
3	1.000
4	1.000
5	1.000
6	0.960
7	0.920
8	0.880
9	0.840
10	0.800
11	0.760
12	0.720
13	0.680
14	0.640
15	0.600

TABLE B

Years early	Early Retirement Factor
1	1.000
2	1.000
3	1.000
4	1.000
5	1.000

TABLE B

Years early	Early Retirement Factor
6	0.952
7	0.904
8	0.856
9	0.808
10	0.760
11	0.724
12	0.688
13	0.652
14	0.616
15	0.580

TABLE C

Years early	Early Retirement Factor
1	0.940
2	0.880
3	0.830
4	0.780
5	0.740
6	0.700
7	0.670
8	0.630
9	0.600
10	0.580
11	0.550
12	0.520
13	0.500
14	0.480
15	0.460

- 3.2 The consent of the Closure Deferred Member's Employer shall not be necessary for the Closure Deferred Member to be able to draw a pension early under this paragraph 3 once he has attained age 60. Early retirement prior to this age is subject to the consent of the Employer.

4. Lump Sum Benefit on Retirement at before or after Normal Retirement Date – (rule 29)

A lump sum of the maximum permitted by HMRC but based on Commutation Earnings rather than final remuneration.

5. Lump Sum Benefits on Death after Retirement – (rule 32)

- 5.1 In respect of a Pensioner other than one who retired due to Incapacity pursuant to rule 23.1, a lump sum equal to the pension which the Pensioner would have received (before deduction of tax) during the remainder of the five year period if he had not died (but disregarding any future increases).

5.2 In respect of a Pensioner who retired due to incapacity pursuant to rule 23.1 a lump sum equal to the greater of:

- (a) the sum calculated in accordance with paragraph 5.1 above; and
- (b) three times the Pensioner's annual rate of Gross Earnings at the date upon which he retired less any lump sum paid pursuant to rule 29 (Lump Sum Benefits).

6. Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)

6.1 Subject to rules 33.9 and 33.10, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received if he had retired immediately before death and had not elected to commute any part of his pension pursuant to rule 29 but by reference to the Pensionable Service the Member would have completed had he remained in Pensionable Service until Normal Retirement Date.

6.2 The pension payable to a Surviving Spouse pursuant to paragraph 6.1 above shall be subject to the following adjustments:

- (a) any Transfer Credits or AVCs in respect of the Member shall be disregarded to the extent that they do not count for benefits for a Surviving Spouse;
- (b) in the case of an ex BTR Blue Member who:
 - (i) became a member of the BTR Scheme on or after 6 April 1992; or
 - (ii) became a member of the BTR Scheme before 6 April 1992 but married the Surviving Spouse on or after that date,

and the Spouse is more than ten years younger than the Member, the pension shall be reduced by 2 per cent. simple for each year by which the age difference exceeds ten years.

6.3 The pension payable to a Surviving Spouse pursuant to paragraphs 6.1 and 6.2 above shall not be less than the GMP payable to that Surviving Spouse.

7. Children's Benefits – (rule 33)

7.1 Subject to rules 33.9 and 33.10, if a Member or Pensioner dies leaving an Eligible Child, each such Child shall be paid an allowance of the amount stated in rule 7.2 of this Appendix until he ceases to be an Eligible Child.

7.2 The amount of an Eligible Child's allowance under this Rule shall be one half of the pension which a Spouse surviving the deceased could receive (disregarding any Transfer Credits or the Member's AVCs which do not rank for children's allowances) except that:

- (a) if there is no surviving Spouse or such Spouse subsequently dies, there shall be an increase in accordance with rule 7.4 of this Appendix; and
- (b) the total amount being paid to all the deceased's Children and any Spouse shall not exceed twice the annual amount which a surviving Spouse would be entitled to receive.

7.3 The Trustee may pay any allowance under this rule to the Child's parent or guardian, or to any person under whose care and control he appears to be (without being bound to ascertain whether the payee has the right to the care and control of the Child) and will not be under any obligation to see to the application of any such benefit in respect of the Eligible Child which has been paid to such person. The Trustee may apply all or part of any allowance under this Rule towards the education or other benefit of the Child as it thinks fit.

7.4 If the Member or Pensioner dies leaving no Spouse or if a Spouse surviving such a person subsequently dies:

- (a) the amount of any Child's allowance shall be doubled; and
- (b) the Trustee may pay such pensions or allowances to one or more of the deceased's Dependants as it thinks fit having considered the advice of the Actuary (but so that all such pensions and allowances, together with the increase in any Child's allowances under 7.4(a) above shall not in total exceed the amount which a surviving Spouse would have received).

8. **Amount of Short Service Benefits – (rule 24)**

8.1 Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at the termination of his Pensionable Service which shall be no later than 28 February 2011.

9. **Death before Short Service Benefits come into payment – (rules 32 and 33)**

On the death of a Member entitled to Short Service Benefits there will be payable:

- (a) A sum equal to 5 times the Member's deferred annual pension, as revalued up to the date of death, to be raised out of the Fund and held by the Trustee upon the Discretionary Trusts;
- (b) If a married Member dies prior to Normal Retirement Date, his Surviving Spouse shall be entitled to receive a pension of one half of the annual amount of his deferred pension adjusted in accordance with paragraph 6.2 above and revalued up to the date of the Member's death plus any increase due under Schedule 5 (subject to a minimum pension as provided under Schedule 5).

10. **Pension increases and Revaluation (rules 27 and 28)**

10.1 Pensions and allowances (other than Guaranteed Minimum Pensions) in the course of payment on 6 April in each year shall (subject to paragraph 10.2 below) be increased on the first payment after that date to reflect the change in the Index over a period of

twelve months selected by the Trustees subject to a maximum of 5 per cent. in any year and a minimum of 3 per cent. in any year.

- 10.2 A Pensioner whose benefits are based upon his Final Pensionable Salary during the Tax Year in which he retired shall receive no increase under this rule on the first such occasion following his retirement.

- 10.3 Deferred pensions shall be revalued at the rate required by law, subject to a minimum annual increase of 3 per cent.

11. Lower Paid Employees

- 11.1 The benefits in respect of any Member whose Pensionable Service includes a period when his Gross Earnings were less than the then Lower Earnings Limit shall be subject to any adjustment which either the Trustee with the consent of the Principal Employer considers appropriate.

12. Notional State Pension

- 12.1 Subject to paragraph 12.2 below, the pension in relation to any Member in respect of whom there is a Notional State Pension shall from State Pension Age be reduced by the amount of that Notional State Pension.

- 12.2 Paragraph 12.1 shall not operate so as to enable any person to receive benefits which (but for the deduction of a Notional State Pension) would exceed the limits in Schedule 3 (except to the extent of any benefits attributable to AVCs paid by a Member).

13. Contracting out

- 13.1 Pensionable Service will be contracted out.

SECTION B

This Section B shall apply to Ex BTR Green Members and to Ex BTR Green Half Rate Members. Unless otherwise stated, the expression "Member" includes an Ex BTR Green Half Rate Member.

1. Pension on Retirement at Normal Retirement Date

1.1 The Scheme has no active Members, therefore this paragraph 1 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.

1.2 For a Member other than an Ex BTR Green Half Rate Member, the pension at Normal Retirement Date will be calculated as follows:

(a) in respect of Pensionable Service prior to 1 March 2004 a pension equal to the sum of:

(i) $1/90^{\text{th}}$ of Final Pensionable Salary up to the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service completed after 5 April 1994; and

(ii) $1/75^{\text{th}}$ of Final Pensionable Salary in excess of the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service completed after 5 April 1994;

and proportionally for additional days of such Pensionable Service; and

(b) (if relevant to the Member) the Transfer Percentage of his Final Pensionable Salary;

(c) the pension resulting from transfer credits previously granted under the BTR Scheme; and

(d) in respect of Pensionable Service on or after 1 March 2004 up to 28 February 2011 a pension equal to whichever one of the following is applicable to the Member:

(i) If the Member elected under the FKI Scheme to continue to pay employee contributions at the rate of 3 per cent. of Pensionable Salary a pension equal to:

(A) $1/120^{\text{th}}$ of Final Pensionable Salary up to the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service; and

(B) $1/100^{\text{th}}$ of Final Pensionable Salary in excess of the annual rate of the upper earnings limit in force at

Normal Retirement Date for each year of Pensionable Service

and proportionally for additional days of such Pensionable Service.

- (ii) If the Member elected under the FKI Scheme to pay employee contributions at the rate of 4.2 per cent. or 5.4 per cent. of Pensionable Salary a pension equal to:

- (A) $1/90^{\text{th}}$ of Final Pensionable Salary up to the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service; and

- (B) $1/75^{\text{th}}$ of Final Pensionable Salary in excess of the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service

and proportionally for additional days of such Pensionable Service.

- 1.3 For an Ex BTR Green Half Rate Member the pension at Normal Retirement Date will be calculated as follows:

In respect of Pensionable Service prior to 1 March 2004 a pension equal to the sum of:

- (a) one-half of the pension in rule 1.2(a) above;
- (b) (if relevant to the Member) the Transfer Percentage of his Final Pensionable Pay;
- (c) the pension resulting from transfer credits previously granted under the BTR Scheme;
- (d) in respect of Pensionable Service on or after 1 March 2004 a pension equal to whichever one of the following is applicable to the Member:

- (i) If the Member elected under the FKI Scheme to continue to pay employee contributions at the rate of 1.5 per cent. of Pensionable Salary a pension equal to:

- (A) $1/240^{\text{th}}$ of Final Pensionable Salary up to the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service; and

- (B) $1/200^{\text{th}}$ of Final Pensionable Salary in excess of the annual rate of the upper earnings limit in force at

Normal Retirement Date for each year of Pensionable Service

and proportionately for additional days of such Pensionable Service.

- (ii) If the Member elected under the FKI Scheme to pay employee contributions at the rate of 2.1 per cent. or 2.7 per cent. of Pensionable Salary a pension equal to:

- (A) $1/180^{\text{th}}$ of Final Pensionable Salary up to the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service; and

- (B) $1/150^{\text{th}}$ of Final Pensionable Salary in excess of the annual rate of the upper earnings limit in force at Normal Retirement Date for each year of Pensionable Service

and proportionately for additional days of such Pensionable Service.

2. Early Retirement of a Closure Deferred Member due to Incapacity – (rule 23.1)

2.1 Subject to rules 23.2 and 23.3, the Closure Deferred Member's pension will be calculated in the manner described in paragraph 1 above by reference to the Pensionable Service he would have completed had he remained in Pensionable Service until his 65th birthday.

2.2 The consent of the Closure Deferred Member's Employer shall not be necessary for the Closure Deferred Member to be able to draw a pension under Rule 23.1.

3. Early Retirement of a Closure Deferred Member not due to Incapacity – (rule 23.4)

3.1 The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 1 by reference to his Pensionable Service up to 28 February 2011 and then shall be reduced as follows:

- (a) In respect of Pensionable Service before 1 March 2004, Table A shall apply;

- (b) In respect of Pensionable Service on or after 1 March 2004 up to 28 February 2011 either:

- (i) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 3 per cent. or 4.2 per cent. of Pensionable Salary, Table B shall apply; or

- (ii) if the Member elected under the FKI Scheme to pay employee contributions at the rate of 5.4 per cent. of Pensionable Salary, Table A shall apply.

TABLE A

Years early	Early Retirement Factor
1	1.000
2	1.000
3	1.000
4	1.000
5	1.000
6	0.960
7	0.920
8	0.880
9	0.840
10	0.800
11	0.760
12	0.720
13	0.680
14	0.640
15	0.600

TABLE B

Years early	Early Retirement Factor
1	0.940
2	0.880
3	0.830
4	0.780
5	0.740
6	0.700
7	0.670
8	0.630
9	0.600
10	0.580
11	0.550
12	0.520
13	0.500
14	0.480
15	0.460

- 3.2 The consent of the Member's Employer shall not be necessary for the Member to be able to draw a pension early under this paragraph 3 once he has attained age 60. Early retirement prior to this age is subject to the consent of the Employer.
- 3.3 The Trustee's consent shall not be required under rule 23.4.

4. **Lump Sum Benefit on Retirement at before or after Normal Retirement Date – (rule 29)**

A lump sum of the maximum permitted by HMRC but based on Commutation Earnings rather than final remuneration.

5. **Lump Sum Benefits on Death after Retirement – (rule 32)**

5.1 Subject to paragraph 5.2 below, a lump sum equal to the pension which the Pensioner would have received (before deduction of tax) during the remainder of the five year period if he had not died (but disregarding any future increases and any pension in payment (or part thereof) at the date of death arising by virtue of the option set out in paragraph 12 below.

5.2 If the Pensioner retired due to ill health under rule 5 in circumstances where the Trustees acting on medical advice determined that he would never be able to work again and dies before Normal Retirement Date, a lump sum equal to the greater of three times his Final Pensionable Salary less any lump sum paid under rule 29 and the lump sum otherwise payable under paragraph 5.1 above.

6. **Spouse's Pension on Member's Death whilst employed by an Employer – (rule 33)**

6.1 Subject to rules 33.9 and 33.10, the Surviving Spouse's pension shall be a sum equal to one half of the pension the Member would have received (adjusted in accordance with paragraph 6.2 below) had he retired immediately before death but had not elected to commute any part of his pension pursuant to Rule 29.

6.2 Subject to rules 33.9 and 33.10, any pension payable to a Surviving Spouse shall be subject to the following restrictions:

- (a) any Transfer Credit or voluntary contributions in respect of the deceased shall be disregarded for the purposes of calculating a pension for a Surviving Spouse;
- (b) the deceased Member shall be treated as not having exercised any option to receive a lump sum or to allocate part of his pension;
- (c) where the deceased Member married the Spouse on or after 6 April 1994 and the Spouse is more than ten years younger than the deceased Member, the pension shall be reduced by 2 per cent. simple for each year by which the age difference exceeds ten years.

7. **Children's Benefits – (rule 33)**

7.1 Subject to rules 33.9 and 33.10, on the death of a Member or Pensioner leaving in either case an Eligible Child or Children then a pension for the benefit of the Eligible Child or Children will be paid which is in respect of each Eligible Child equal to:

- (a) 50 per cent. of the pension paid to any Surviving Spouse (or which would be paid to a Surviving Spouse if there was one) while there is one surviving Eligible Child; or

- (b) 100 per cent. of the pension paid to any Surviving Spouse (or which would be paid to a Surviving Spouse if there was one, as the case may be) divided by the number of Eligible Children while there was more than one surviving Eligible Child.
- 7.2 The children's benefits will commence on the death of the Member or Pensioner and shall continue so long as any child remains an Eligible Child.
- 7.3 The children's benefits may be paid to any person who undertakes to apply the benefit for the maintenance or benefit of the Eligible Child, or to a fixed or discretionary trust for one or more of the Eligible Children; and the Trustee will not be under any obligation to see to the application of any such benefit in respect of an Eligible Child which has been paid to such a person.
- 8. **Amount of Short Service Benefits – (rule 24)**

Short Service Benefits shall be computed by reference to the Member's Pensionable Service and Final Pensionable Salary at the termination of his Pensionable Service which shall be no later than 28 February 2011.
- 9. **Death before Short Service Benefits come into payment – (rules 32 and 33)**
- 9.1 On the death of a Member entitled to Short Service Benefits there will be payable:
 - (a) a sum equal to 5 times the annual amount of the Member's deferred pension, revalued only up to the date of death;
 - (b) a Surviving Spouse's pension equal to 50 per cent. of the annual amount of the Member's deferred pension, revalued only up to the date of death;
 - (c) an annuity for each Eligible Child calculated in accordance with paragraph 7 above.
- 10. **Contracting out**
- 10.1 Pensionable Service will not be contracted out.
- 11. **Pension Increases (rules 27 and 28)**
- 11.1 Pension Increases payable under this paragraph 11.1 shall (subject to paragraph 11.2 below) reflect the change in the Index over a period of twelve months selected by the Trustees subject to a maximum of 5 per cent. in any year and a minimum of 3 per cent. in any year.
- 11.2 A Pensioner whose benefits are based upon his Final Pensionable Salary during the Tax Year in which he retired shall receive no increase under this rule on the first such occasion following his retirement.
- 11.3 Deferred pensions shall be revalued at the rate required by law, subject to a minimum annual increase of 3 per cent.

12. Swap Option

- 12.1 A Member who retires early in accordance with the provisions of the Scheme, may elect in writing to the Trustee to have his pension payable from the Scheme from State Pension Age reduced in order to increase his pension for the period from the date of his actual retirement until State Pension Age.
- 12.2 Any election made by a Member or Deferred Pensioner pursuant to paragraph 12.1 above shall be subject to the consent of the Trustee, who shall determine the amount of increase in pension before State Pension Age and reduction thereafter having considered the advice of the Actuary.

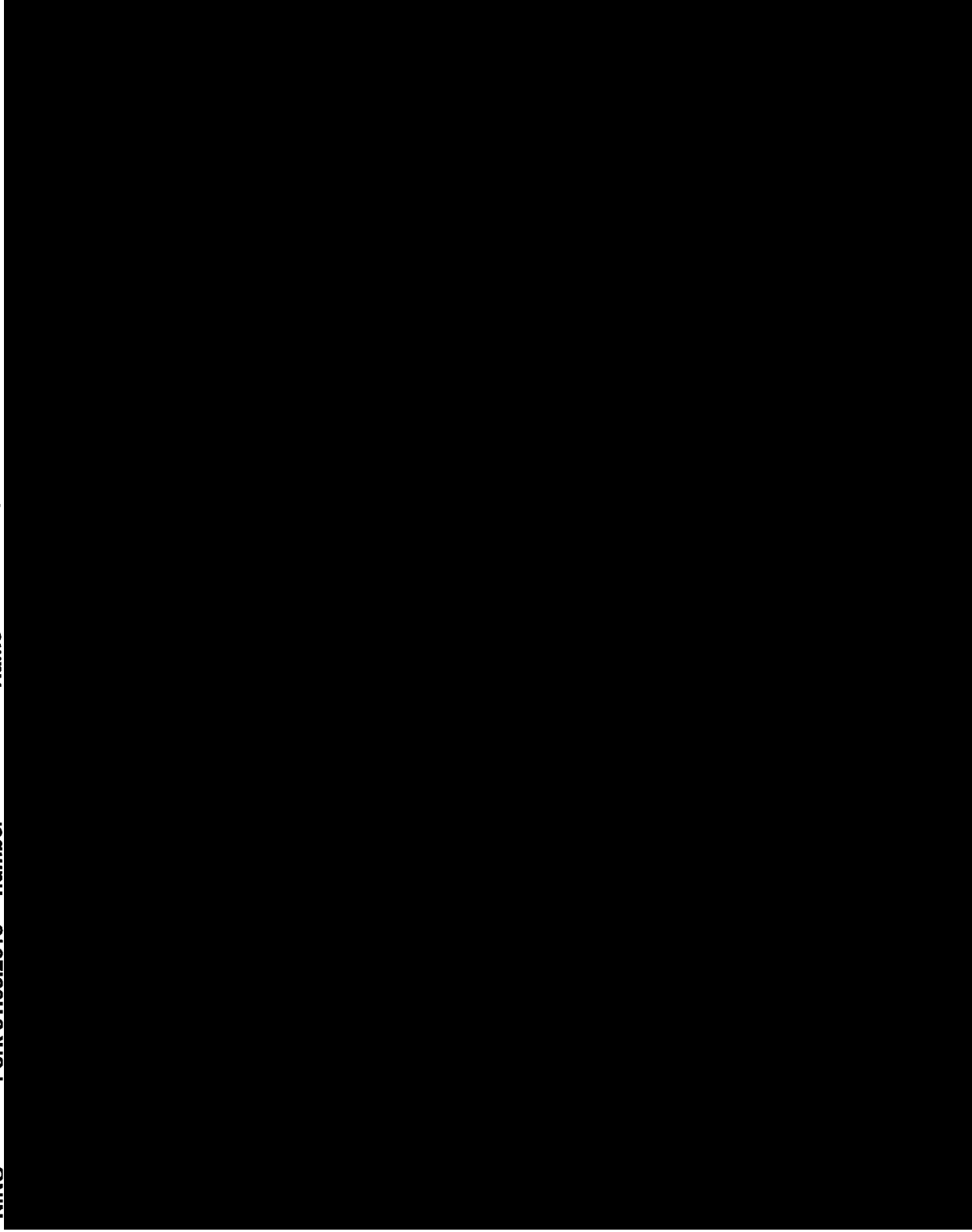
APPENDIX 6
Individuals admitted to the Scheme under Rule 1.1

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	Fork 31 03 2013								

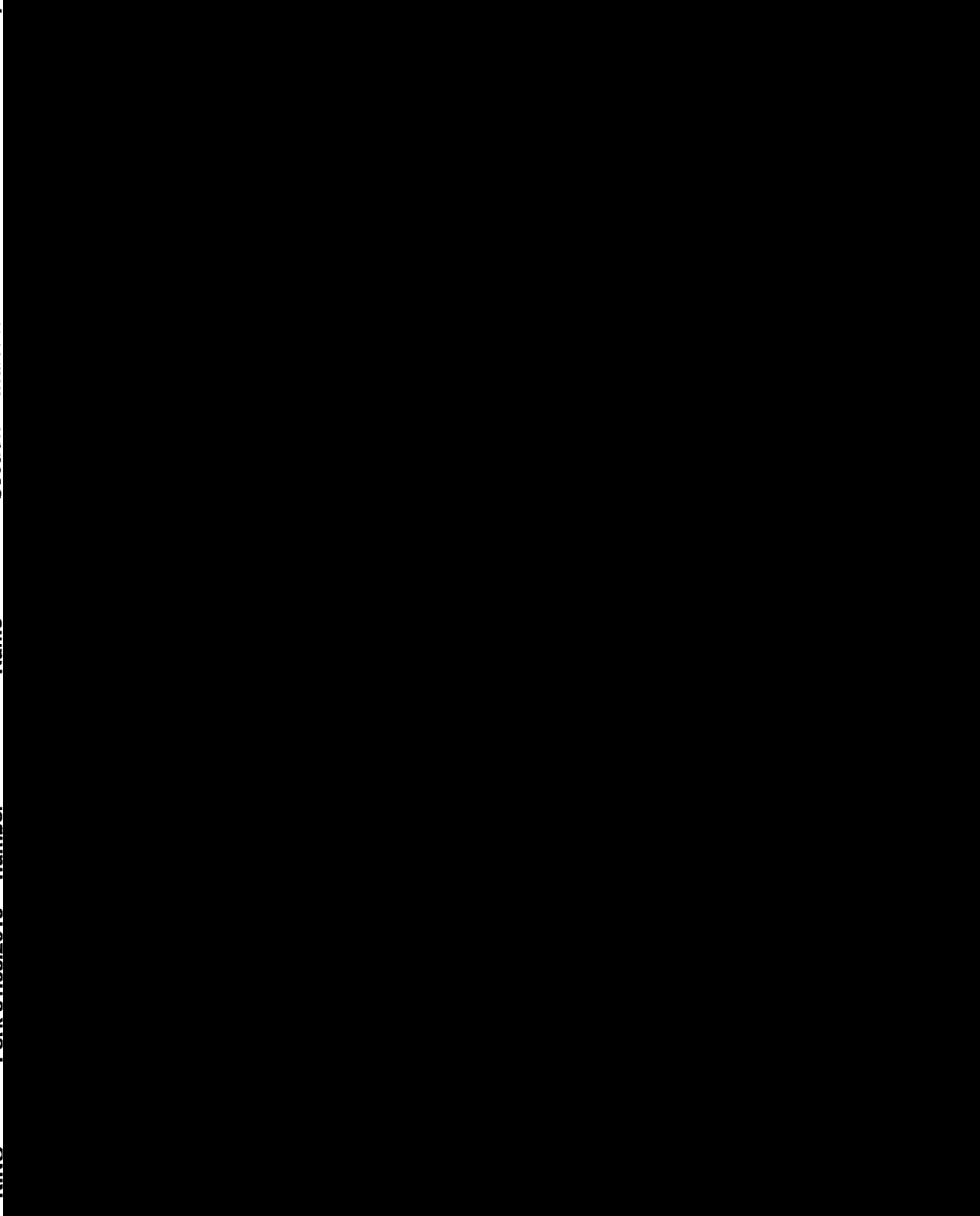
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			indicator	status	scheme	hip status
		number	Section			
			Name			

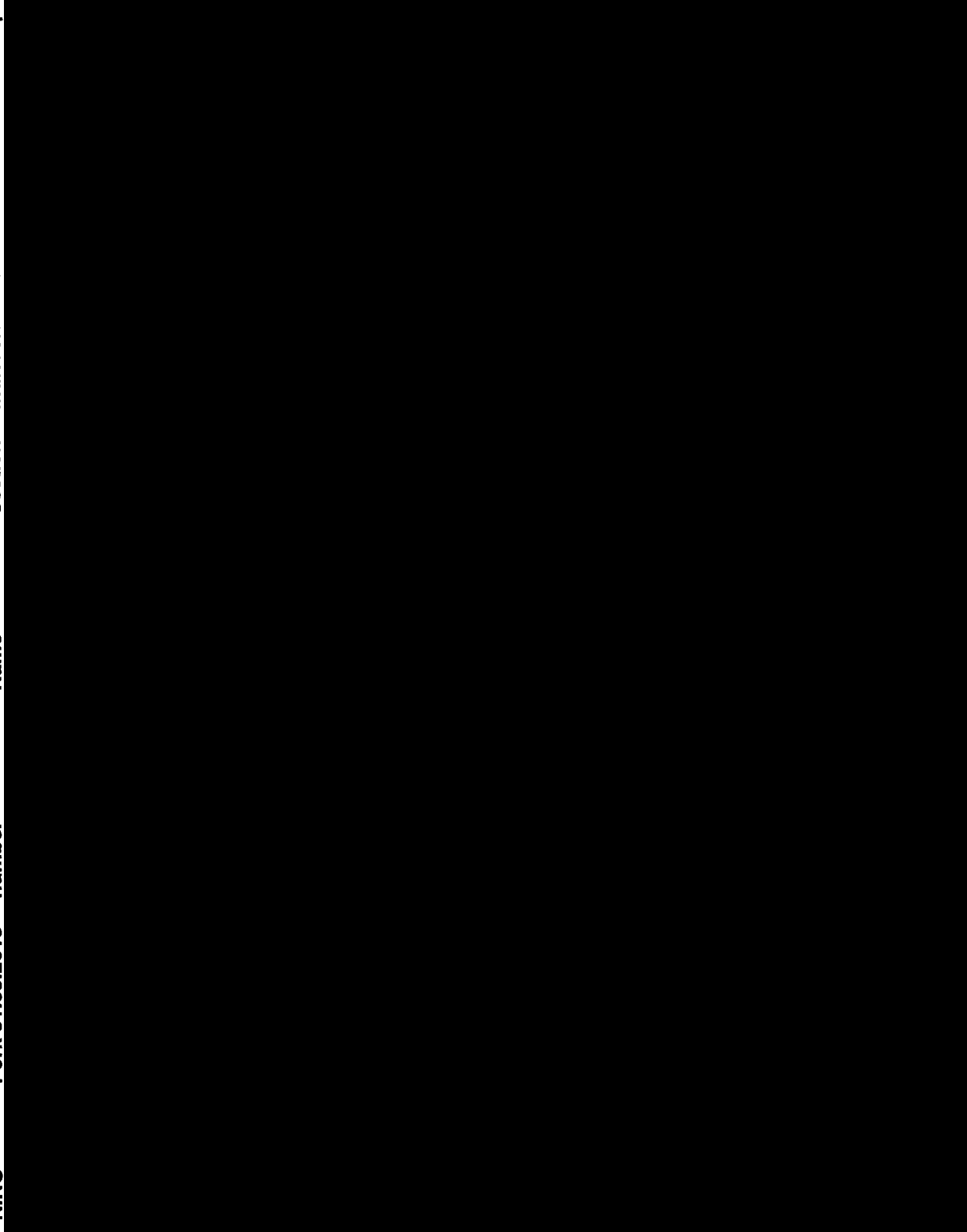
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Liabs Project ID Date of Members
Fork 31.03.2013 number
NINO Company indicator status scheme hip status

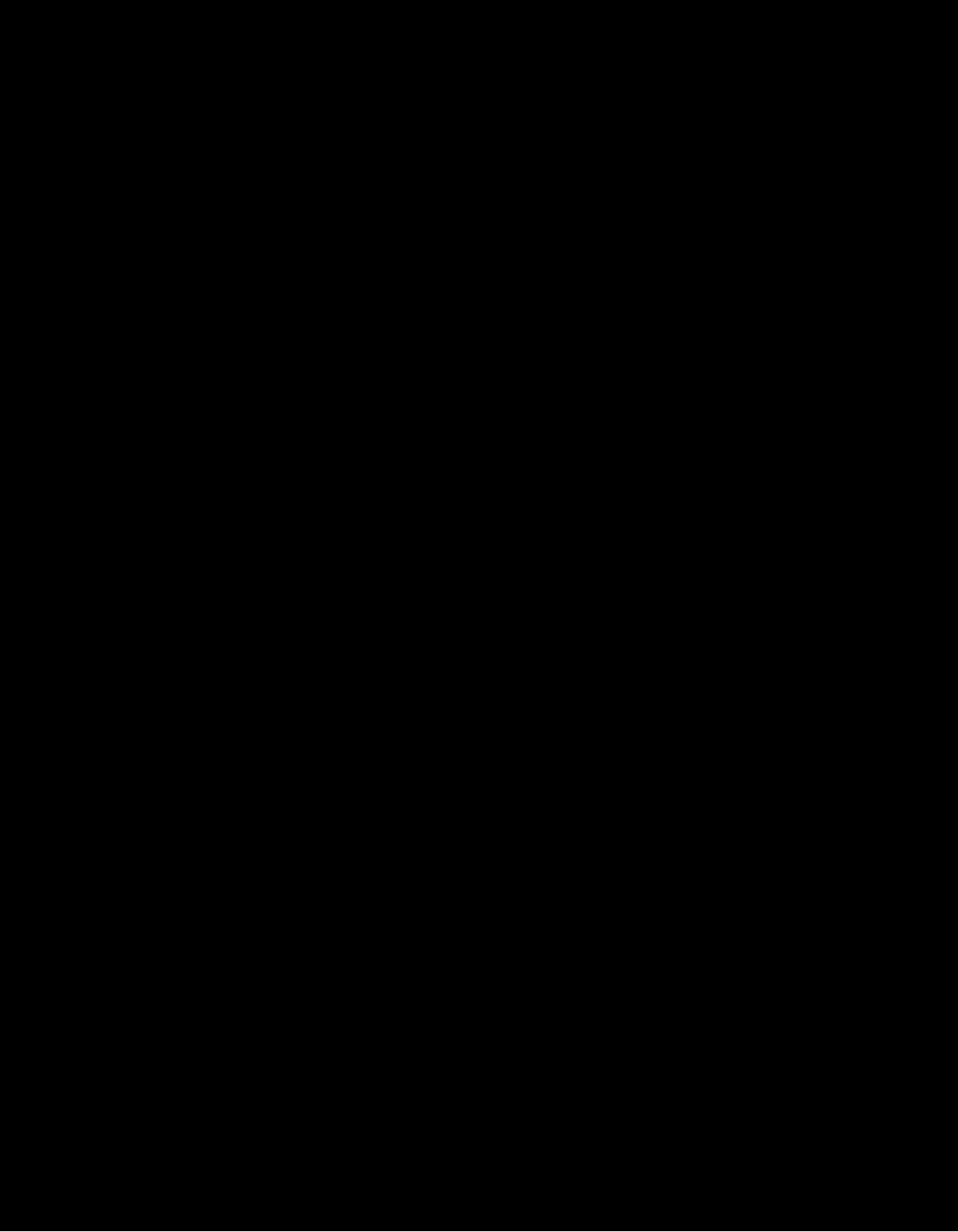


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Liabs Project ID Date of Members
Fork 31.03.2013 number
NINO

Company Employed leaving
indicator status scheme
Section
Name
hip status



Liabs Project	ID	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status

Liabs Project
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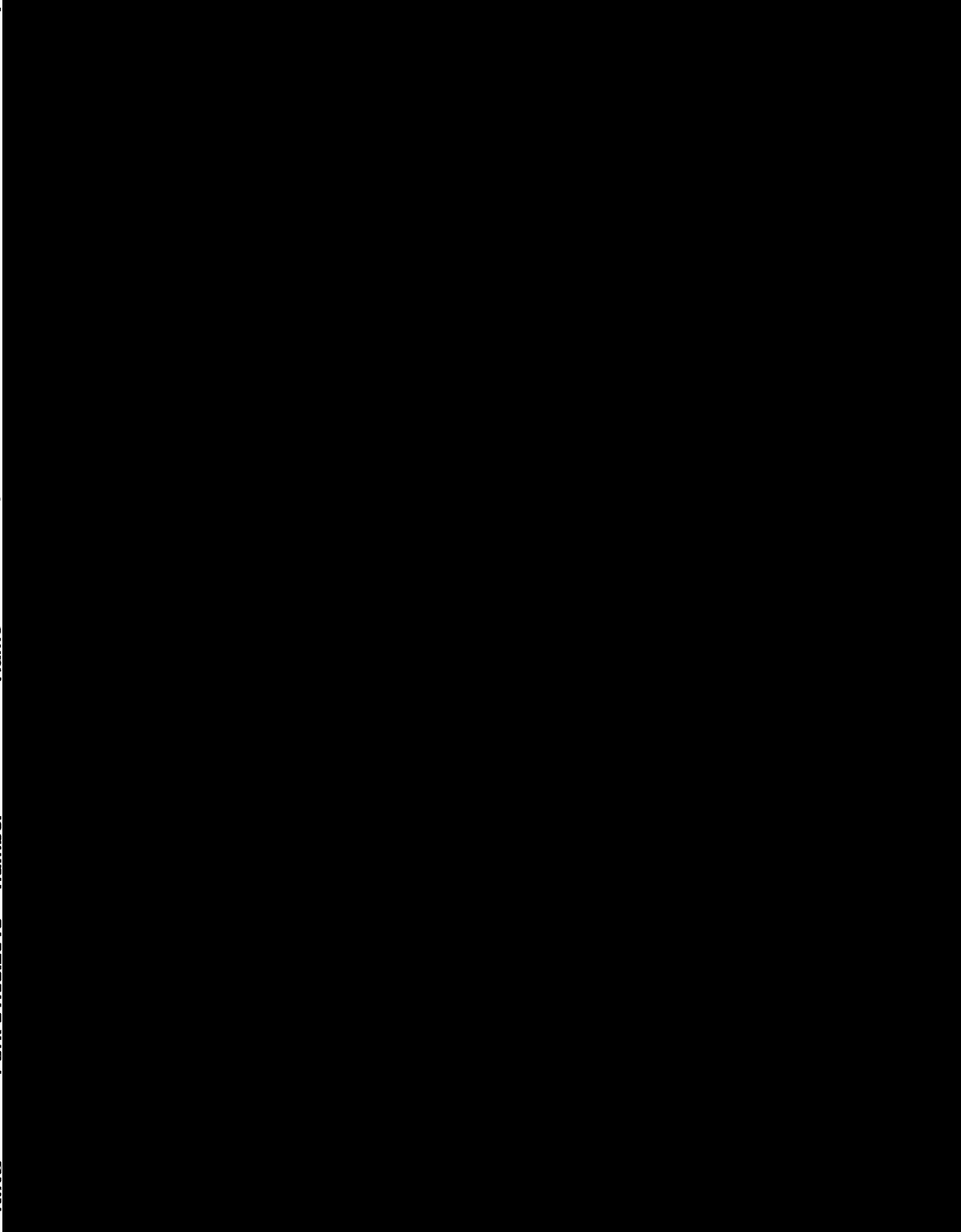
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Liabs Project ID Name Section indicator Company Employed status Date of leaving scheme Members hip status

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Liabs Project
Fork 31.03.2013

NINO	ID	number	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
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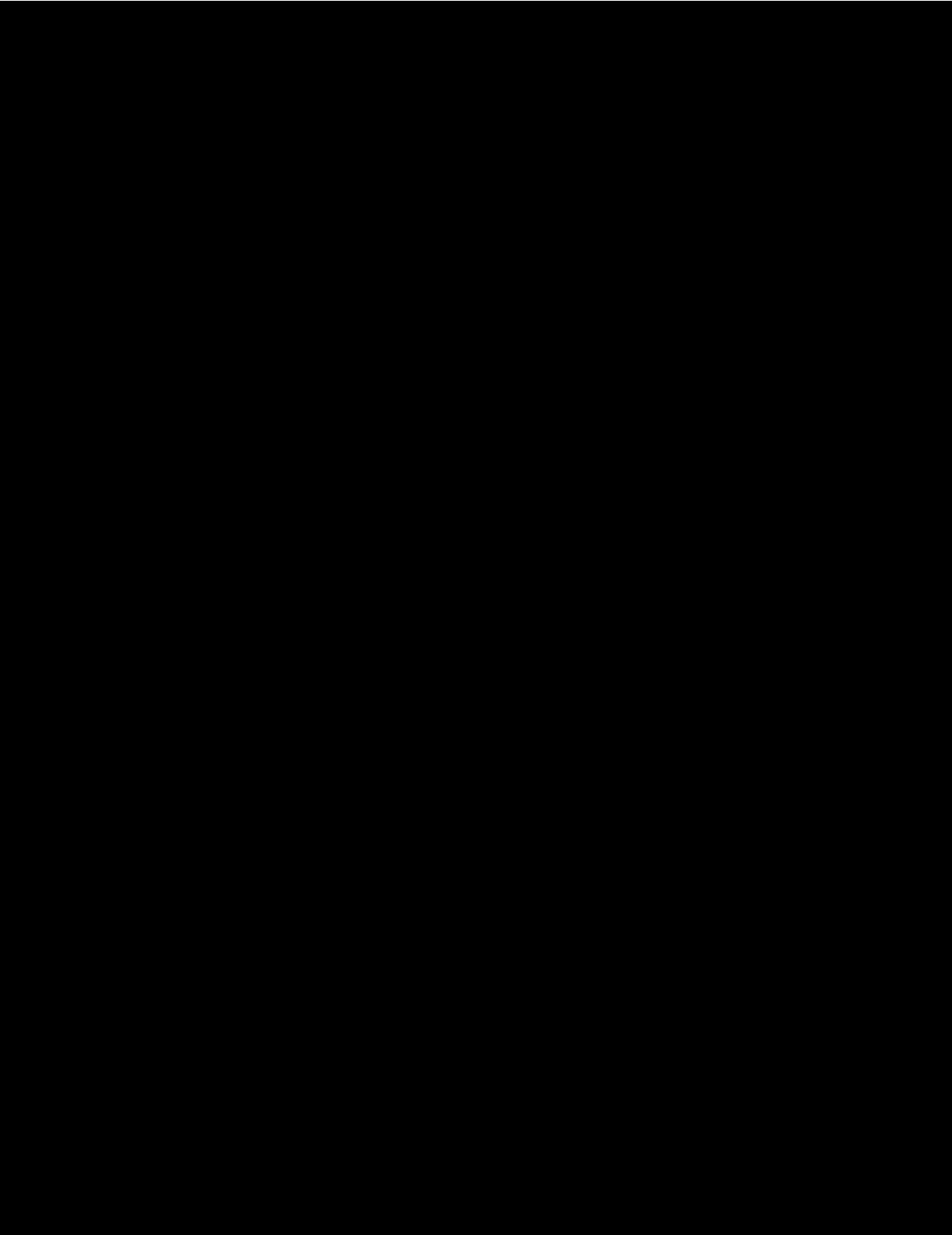


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NINO	Liabs Project	ID	Company	Employed	leaving	Members
	Fork 31.03.2013	number	indicator	status	scheme	hip status

NINO	Liabs Project ID	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
	Fork 31.03.2013						

Liabs Project ID Date of Members
Fork 31.03.2013 leaving hip status
NINO Company Employed
 indicator status
 Section
 Name



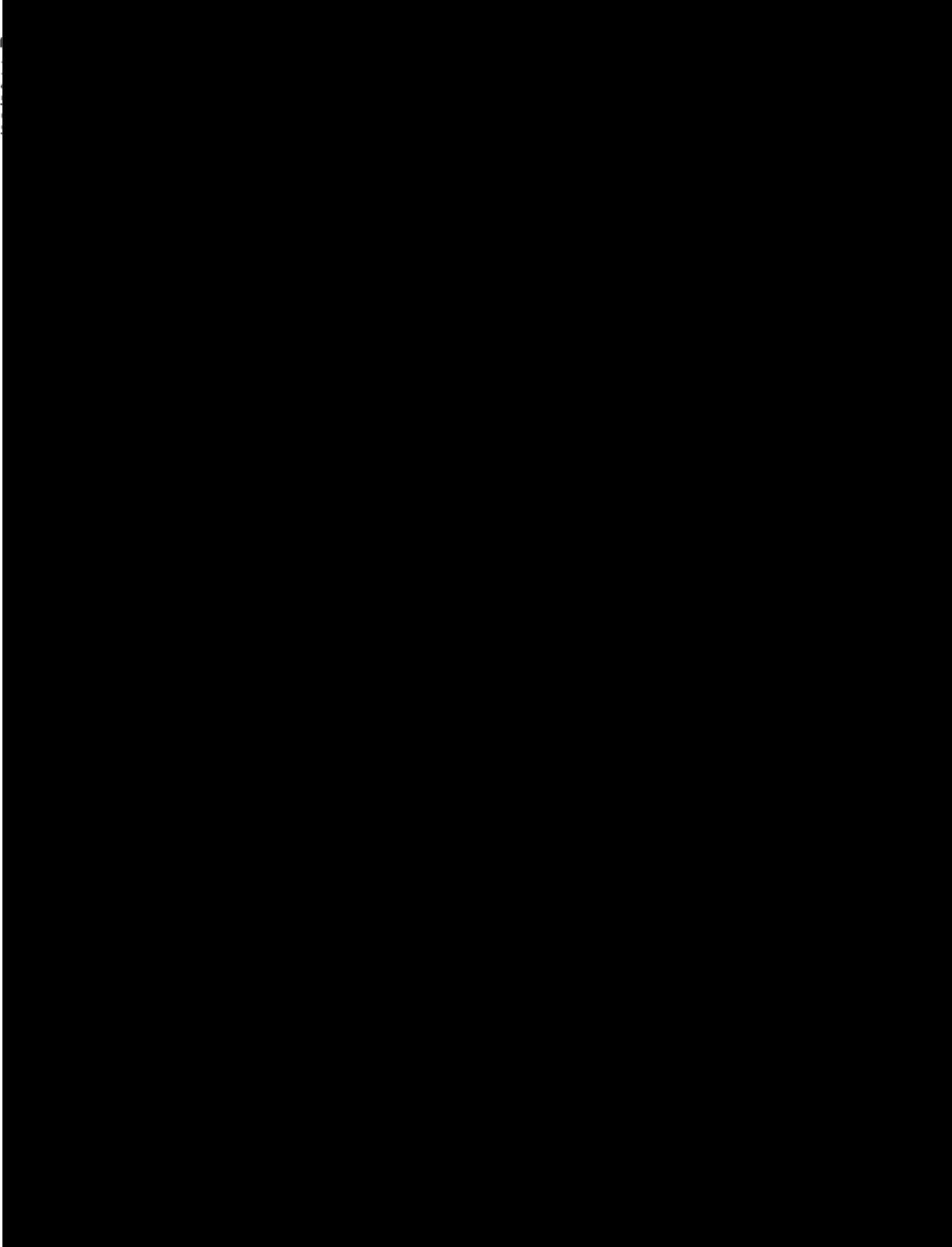
Liabs Project ID Date of Members
Fork 31.03.2013 number
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Company Employed
indicator status

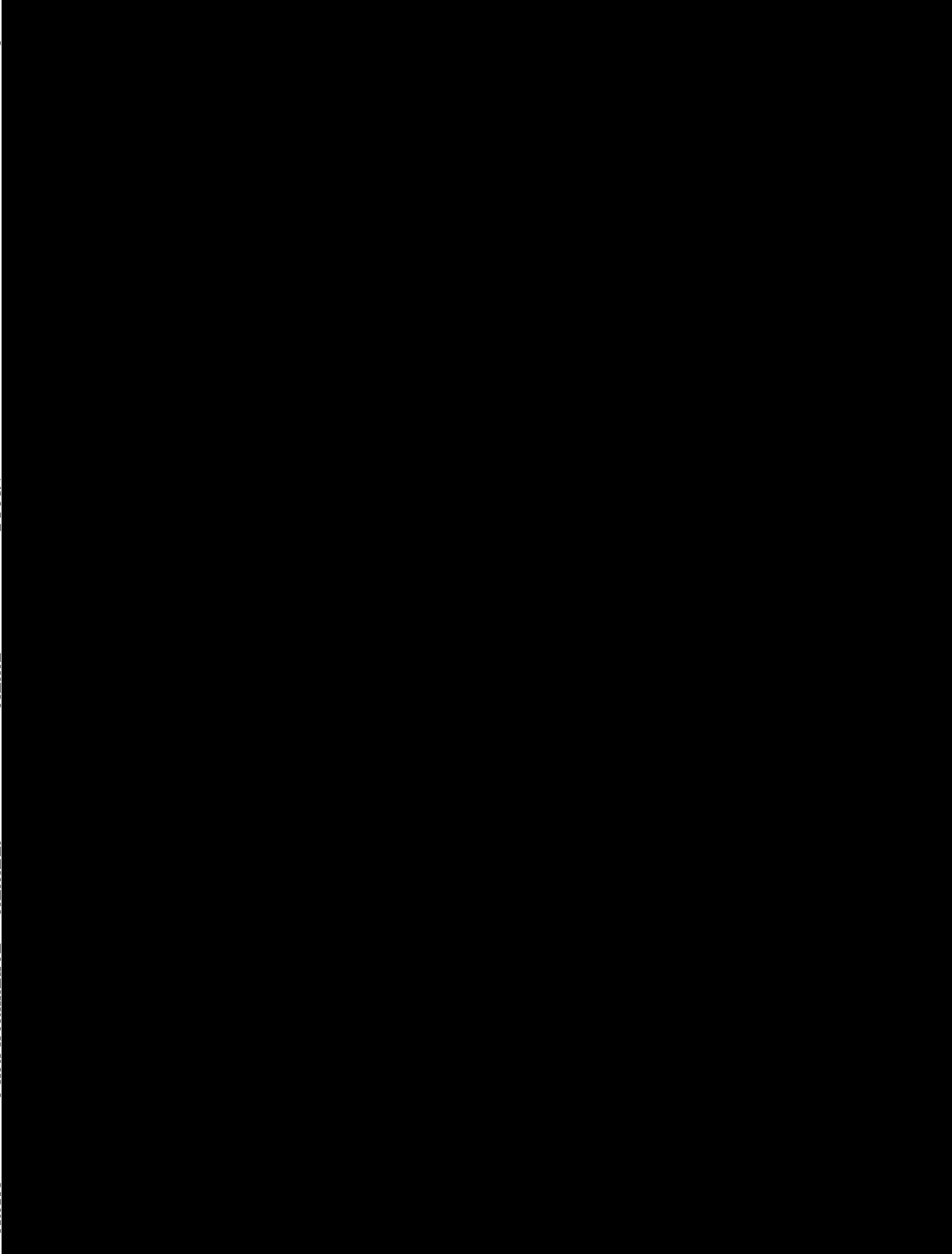
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Name

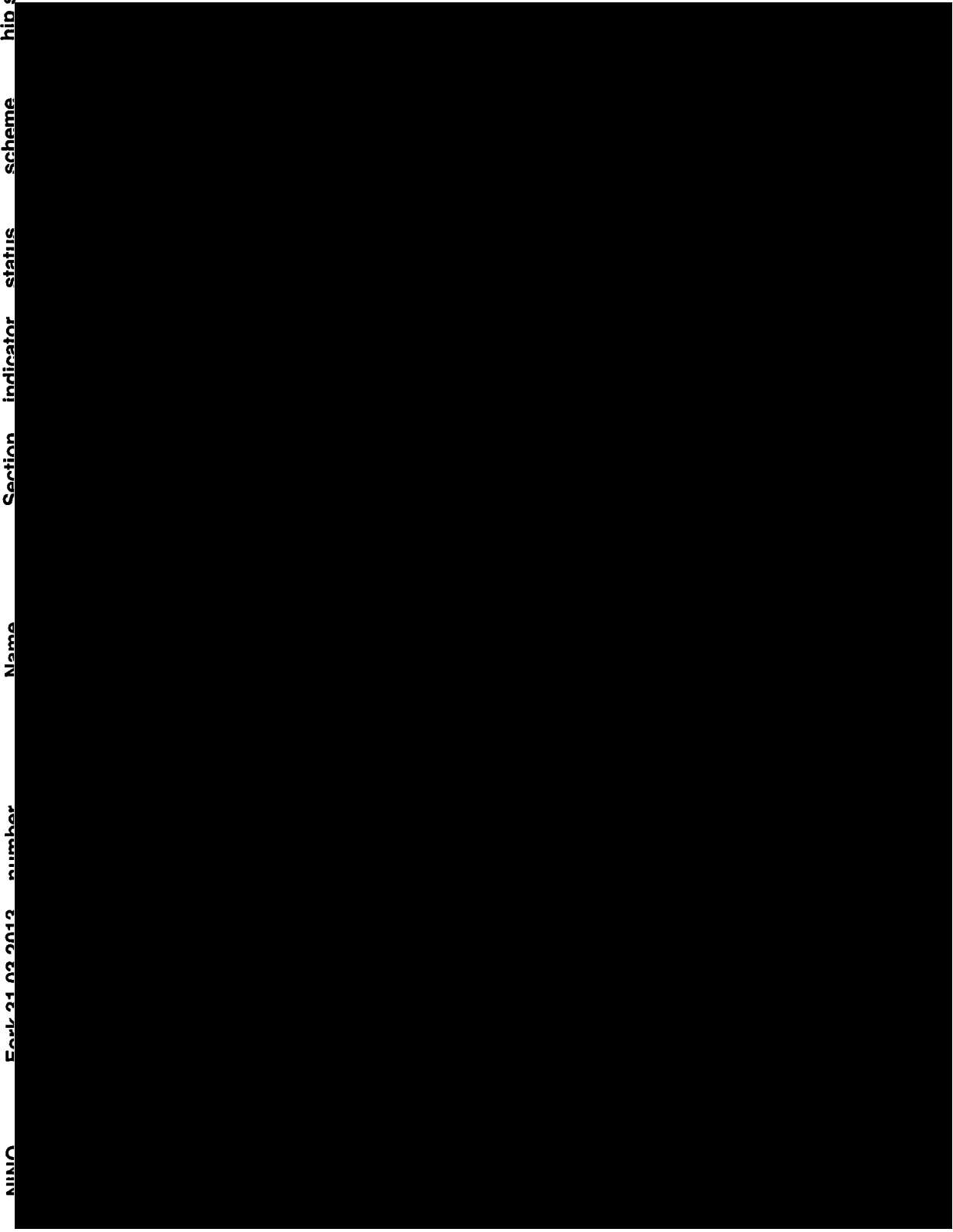
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	Fork 31.03.2013								

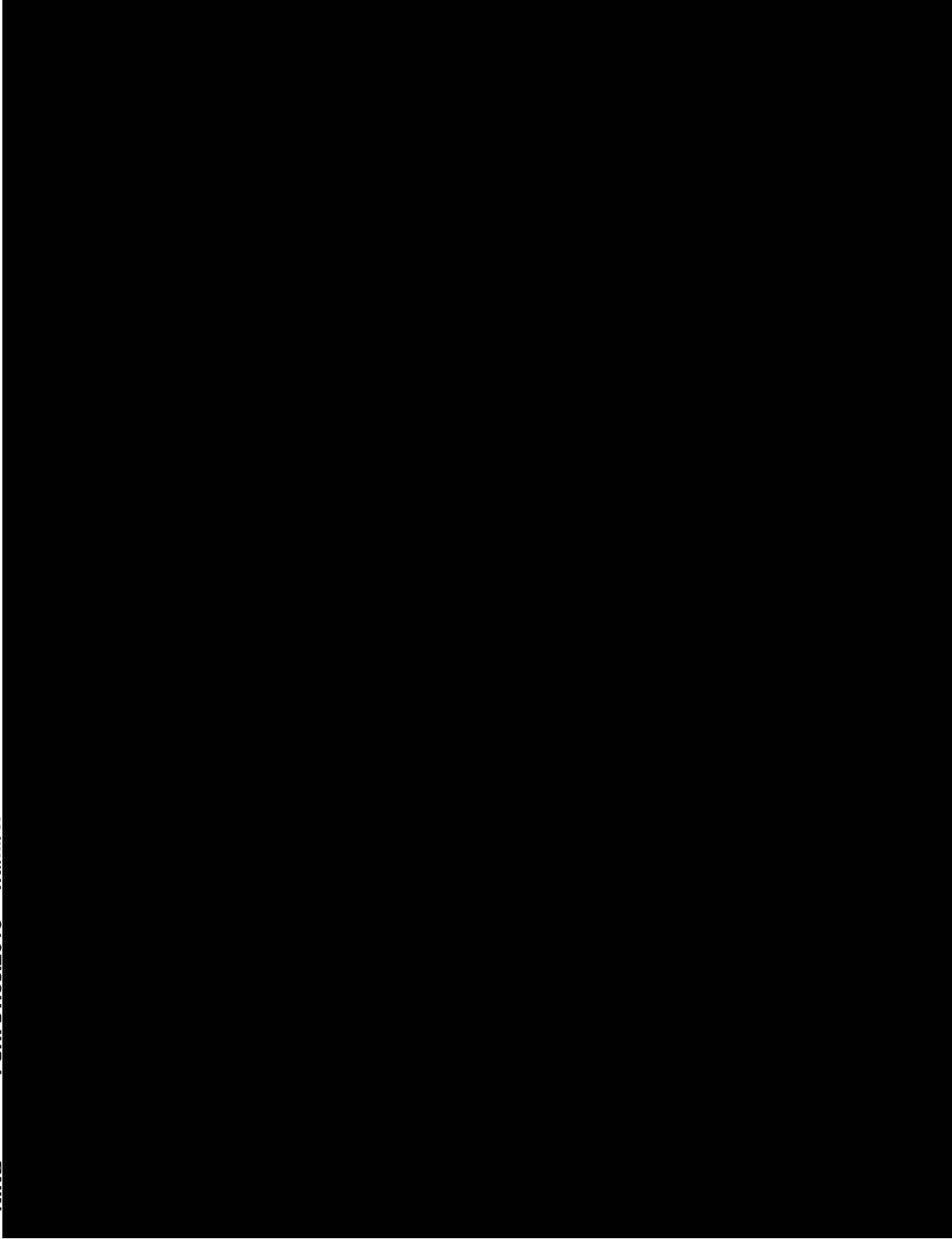


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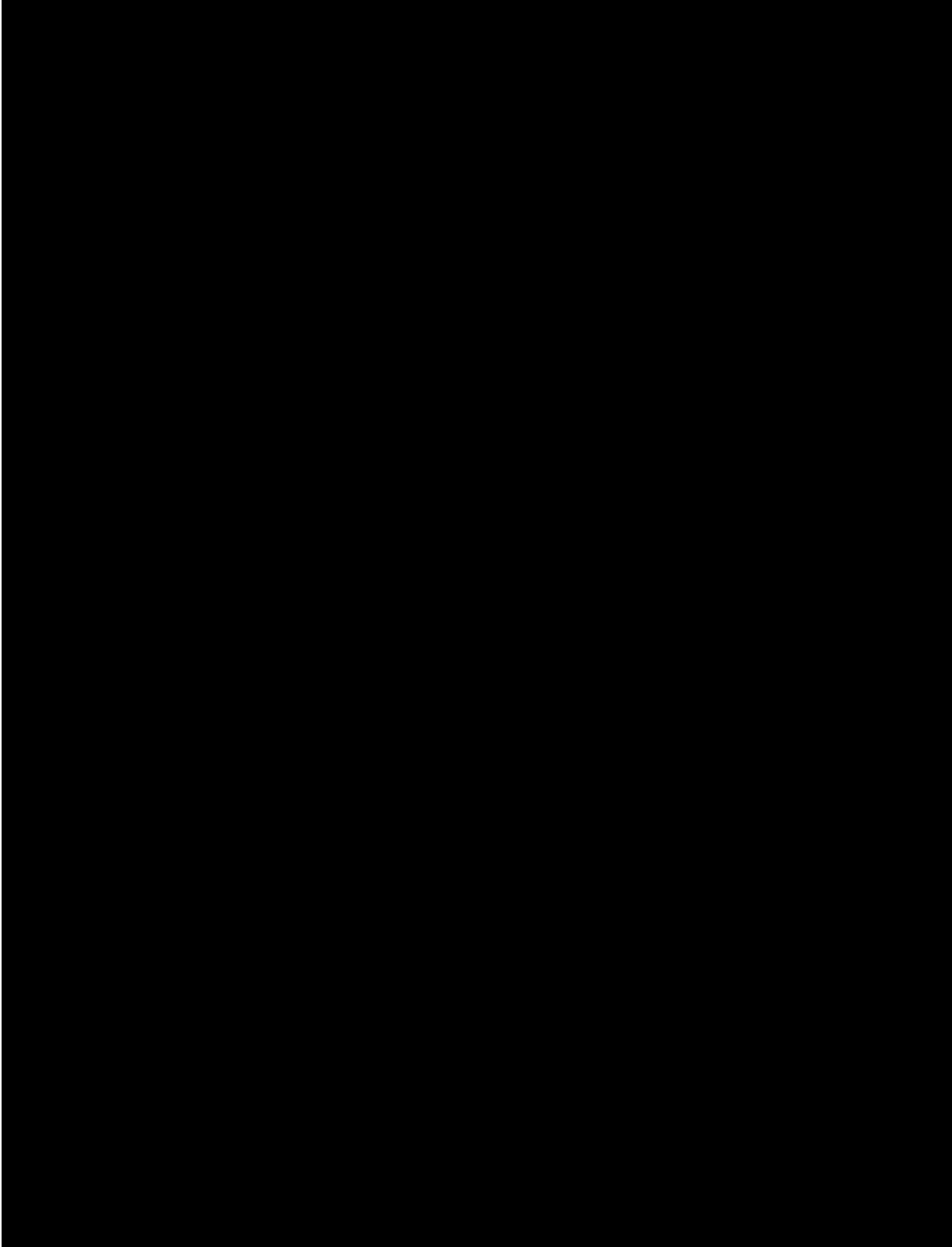


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	Fork 31.03.2013	number							

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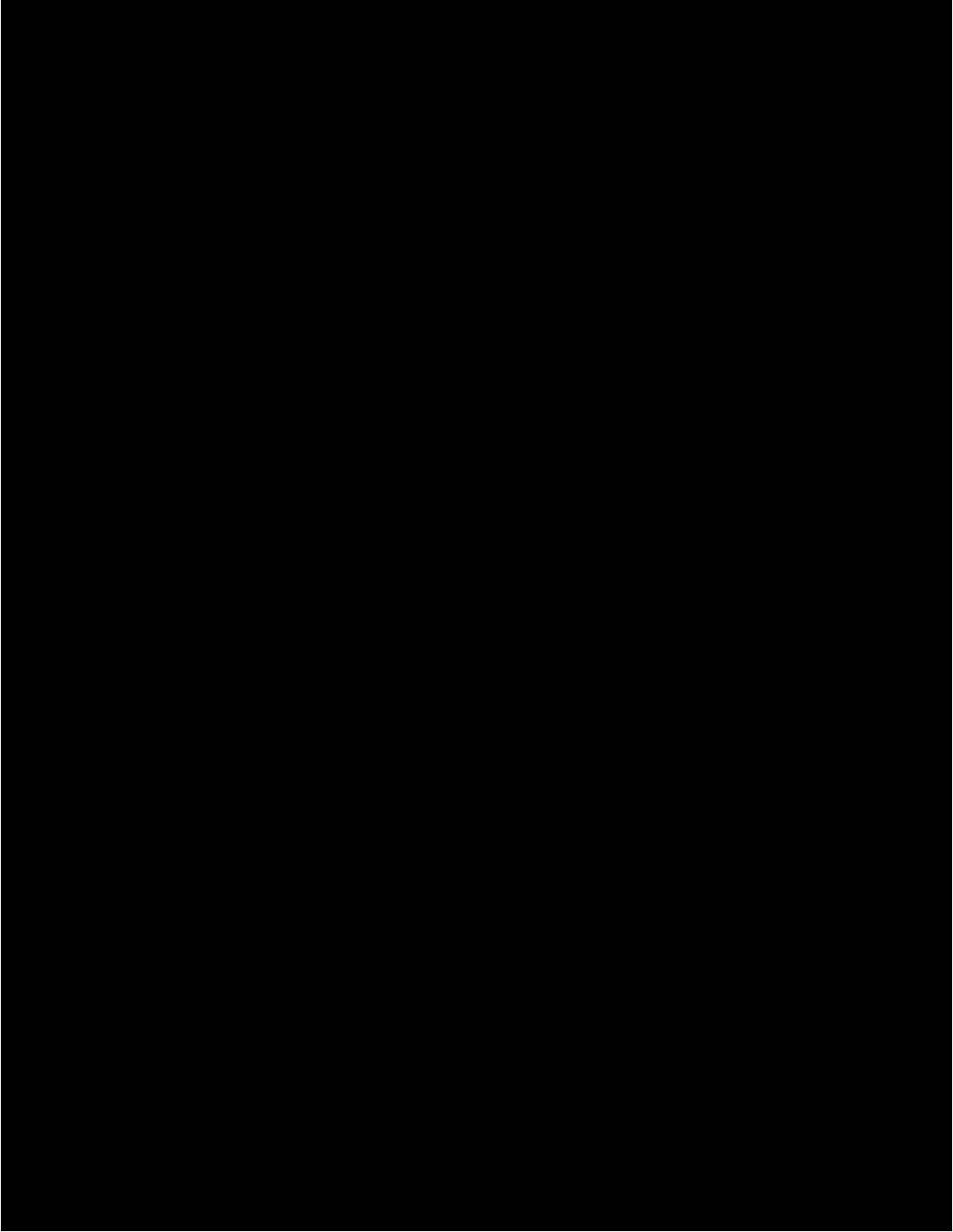


Liabs Project ID Date of Members
Fork 31.03.2013 number leaving scheme hip status
NINO



NINO	Liabs Project	ID	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
	Fork 31.03.2013	number						

Liabs Project ID Date of Members
Fork 31.03.2013 number leaving scheme hip status
NINO



Liabs Project ID Date of Members
Fork 31.03.2013 number
NINO

Company Employed
indicator status

Section

Name

hip status

Fork 31.03.2013 number

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number

Name

Section

Company indicator

Employed status

Date of leaving scheme

Members hip status

ONIN

Members

hip status

Date of leaving scheme

Company indicator	Employed status
1	1
2	1
3	1
4	1
5	1
6	1
7	1
8	1
9	1
10	1
11	1
12	1
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Company	indicator
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Section

Name _____

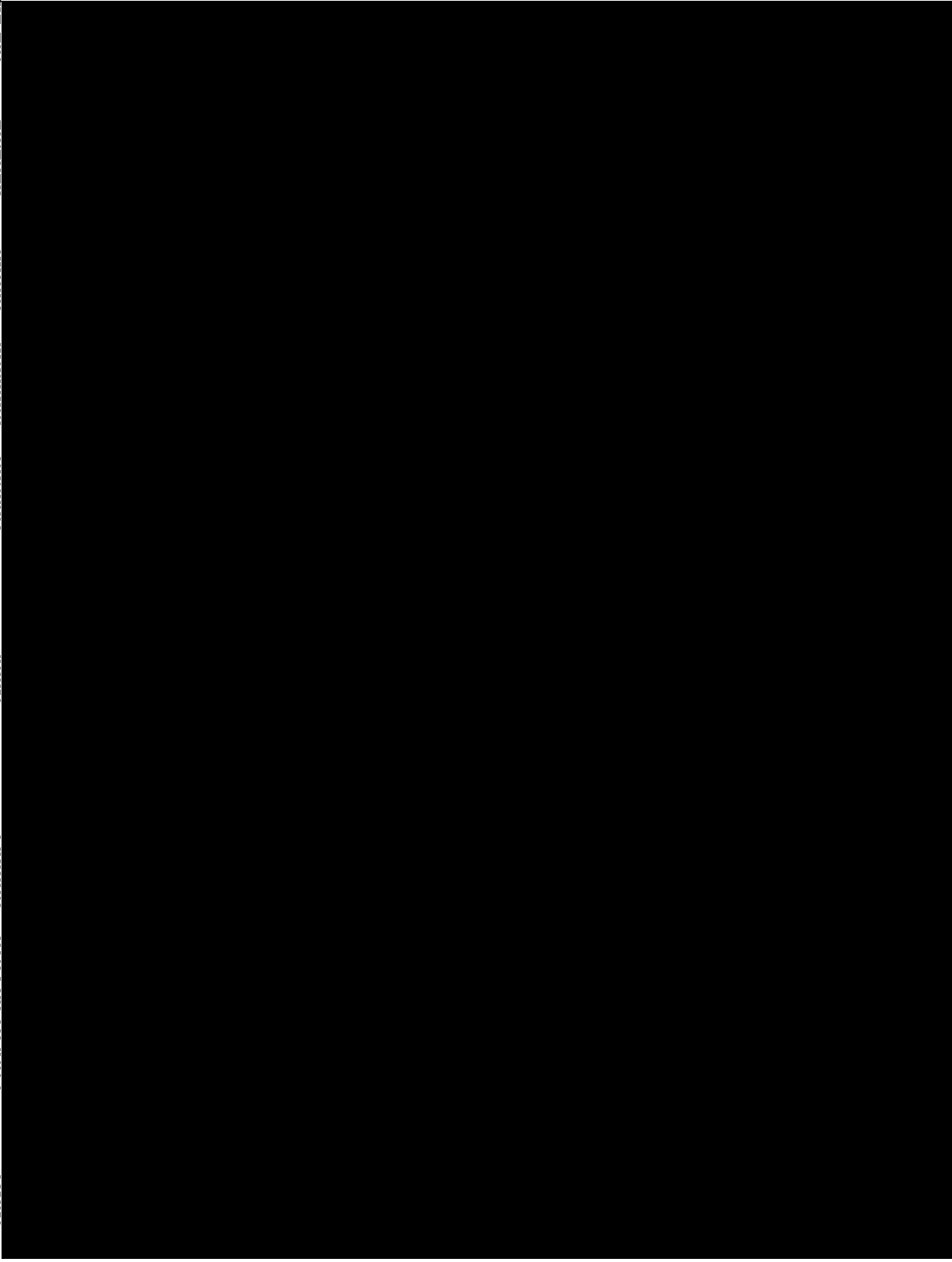
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NINO	Liabs Project		ID	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
	Fork 31 03 2013	number							



Liabs Project

1

Answer

Section

Company indicator	Value
Number of employees	100
Revenue	100
Profit	100
Assets	100
Liabilities	100
Equity	100
Debt-to-equity ratio	100
Current ratio	100
Quick ratio	100
Operating margin	100
Net income margin	100
Return on assets	100
Return on equity	100
Dividend yield	100
Payout ratio	100
Beta	100
Volatility	100
Liquidity	100
Solvency	100
Growth rate	100
Market share	100
Customer satisfaction	100
Employee satisfaction	100
Innovation index	100
Environmental score	100
Social responsibility score	100
Corporate governance score	100
ESG rating	100
Brand value	100
Patent portfolio size	100
R&D investment as % of revenue	100
Product diversity index	100
Geographic diversification index	100
Industry concentration index	100
Market power index	100
Competitive advantage index	100
Strategic focus index	100
Organizational complexity index	100
Cultural fit index	100
Talent acquisition index	100
Retention rate index	100
Training & development index	100
Diversity & inclusion index	100
Work-life balance index	100
Employee engagement index	100
Leadership effectiveness index	100
Communication effectiveness index	100
Decision-making effectiveness index	100
Problem-solving effectiveness index	100
Teamwork effectiveness index	100
Conflict resolution effectiveness index	100
Motivation effectiveness index	100
Performance management effectiveness index	100
Feedback effectiveness index	100
Goal setting effectiveness index	100
Resource allocation effectiveness index	100
Process improvement effectiveness index	100
Quality management effectiveness index	100
Continuous improvement effectiveness index	100
Change management effectiveness index	100
Project management effectiveness index	100
Risk management effectiveness index	100
Compliance management effectiveness index	100
Information security effectiveness index	100
Data privacy effectiveness index	100
IT infrastructure effectiveness index	100
Cloud migration effectiveness index	100
Digital transformation effectiveness index	100
Automation effectiveness index	100
Artificial intelligence effectiveness index	100
Blockchain effectiveness index	100
IoT effectiveness index	100
Big data effectiveness index	100
Machine learning effectiveness index	100
Deep learning effectiveness index	100
Natural language processing effectiveness index	100
Computer vision effectiveness index	100
Robotics effectiveness index	100
Augmented reality effectiveness index	100
Virtual reality effectiveness index	100
Metaverse effectiveness index	100
Web3 effectiveness index	100
Decentralized finance effectiveness index	100
Non-fungible tokens effectiveness index	100
Stablecoins effectiveness index	100
Central bank digital currencies effectiveness index	100
Quantum computing effectiveness index	100
Biotechnology effectiveness index	100
Space exploration effectiveness index	100
Autonomous vehicles effectiveness index	100
Smart cities effectiveness index	100
Smart homes effectiveness index	100
Wearable devices effectiveness index	100
Healthcare effectiveness index	100
Educational technology effectiveness index	100
Agriculture effectiveness index	100
Manufacturing effectiveness index	100
Construction effectiveness index	100
Energy effectiveness index	100
Transportation effectiveness index	100
Telecommunications effectiveness index	100
Media effectiveness index	100
Entertainment effectiveness index	100
Food & beverage effectiveness index	100
Retail effectiveness index	100
Finance effectiveness index	100
Insurance effectiveness index	100
Real estate effectiveness index	100
Legal effectiveness index	100
Government effectiveness index	100
Public administration effectiveness index	100
Infrastructure effectiveness index	100
Utilities effectiveness index	100
Healthcare services effectiveness index	100
Educational institutions effectiveness index	100
Research & development effectiveness index	100
Marketing effectiveness index	100
Sales effectiveness index	100
Customer service effectiveness index	100
Supply chain effectiveness index	100
Logistics effectiveness index	100
Procurement effectiveness index	100
Human resources effectiveness index	100
Operations effectiveness index	100
Production effectiveness index	100
Quality control effectiveness index	100
Inventory management effectiveness index	100
Warehouse management effectiveness index	100
Fleet management effectiveness index	100
Asset management effectiveness index	100
Facilities management effectiveness index	100
Security management effectiveness index	100
Disaster recovery effectiveness index	100
Business continuity effectiveness index	100
Emergency response effectiveness index	100
Incident response effectiveness index	100
Threat intelligence effectiveness index	100
Penetration testing effectiveness index	100
Vulnerability assessment effectiveness index	100
Security audit effectiveness index	100
Compliance audit effectiveness index	100
Internal control effectiveness index	100
Risk assessment effectiveness index	100
Risk mitigation effectiveness index	100
Risk monitoring effectiveness index	100
Risk reporting effectiveness index	100
Risk communication effectiveness index	100
Risk culture effectiveness index	100
Risk awareness effectiveness index	100
Risk training effectiveness index	100
Risk assessment tool effectiveness index	100
Risk mitigation tool effectiveness index	100
Risk monitoring tool effectiveness index	100
Risk reporting tool effectiveness index	100
Risk communication tool effectiveness index	100
Risk culture tool effectiveness index	100
Risk awareness tool effectiveness index	100

Employed status	leaving scheme
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Members	<u>hip status</u>
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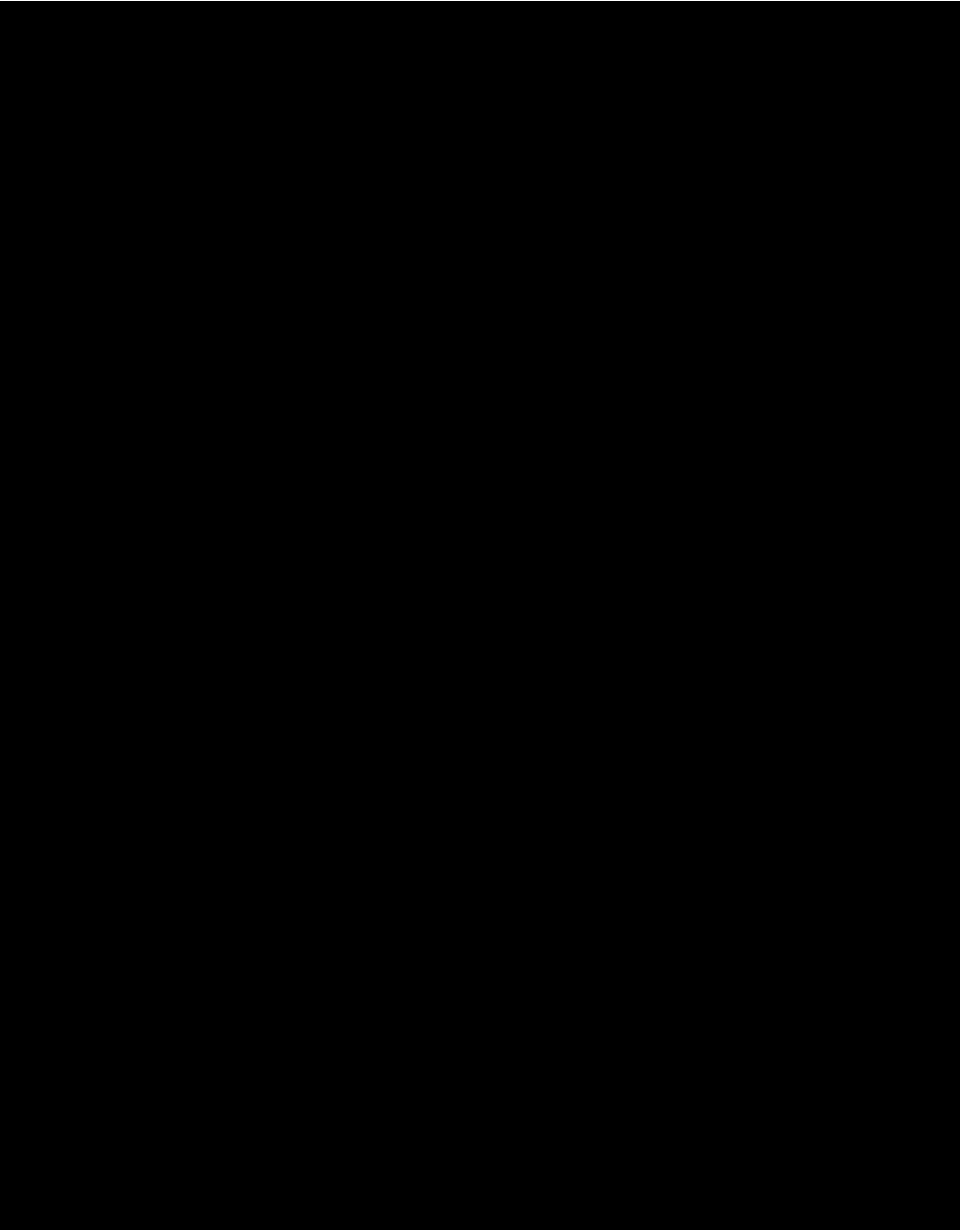
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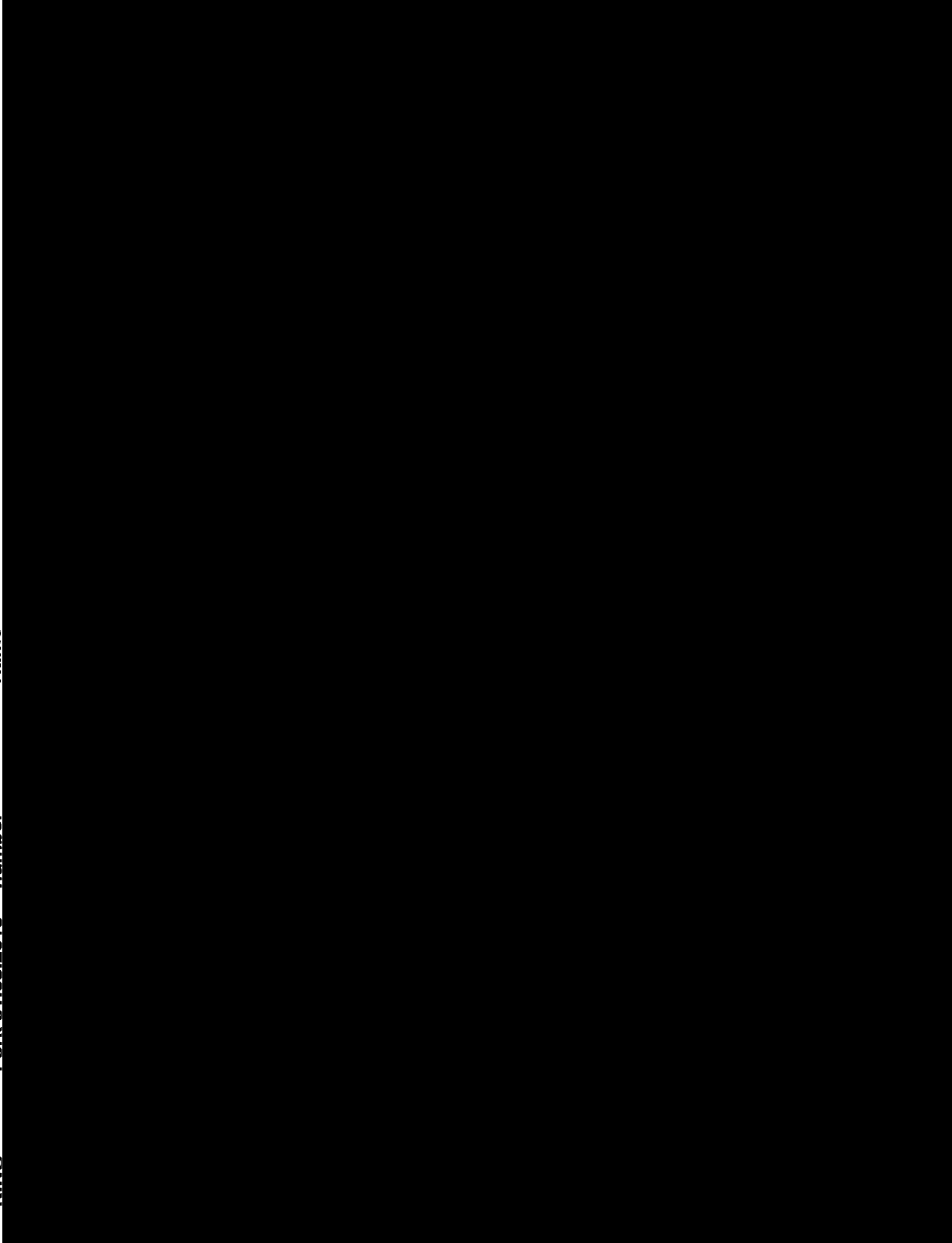
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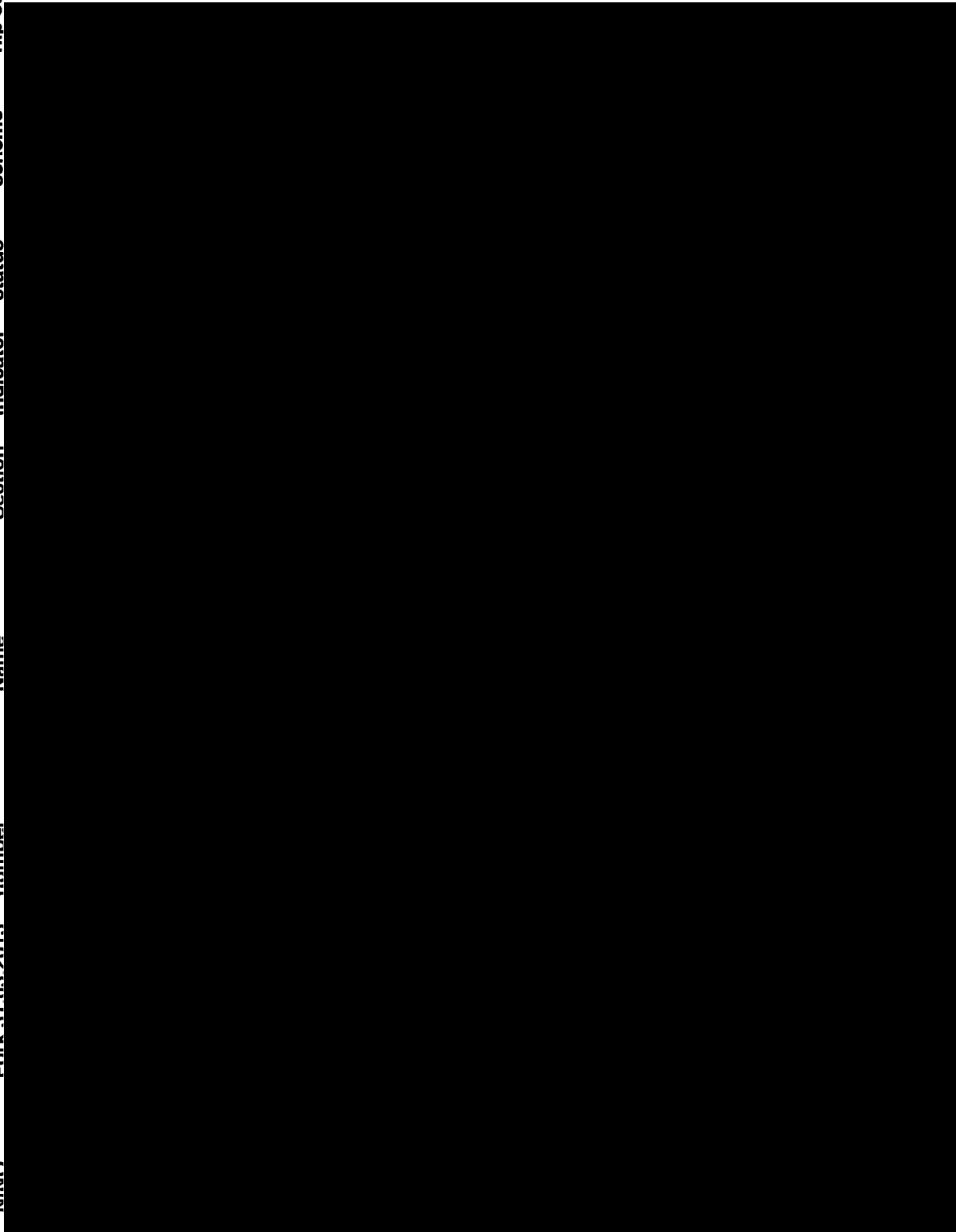


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Fork 31.03.2013 number
NINO hip status



Liabs Project Fork 31.03.2013

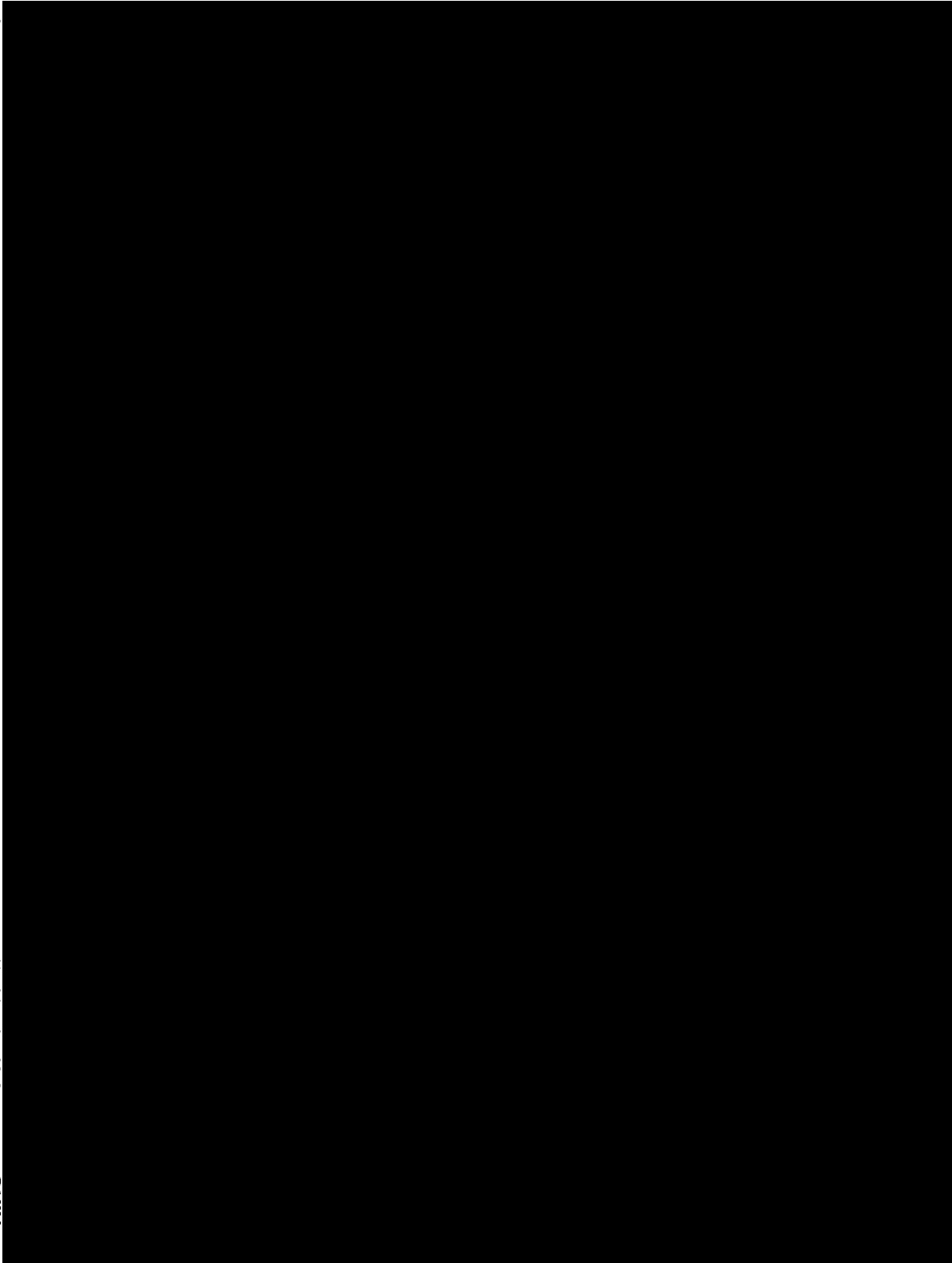
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NINO	Liabs Project	ID	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
	Fork 31.03.2013	number						

Liabs Project Fork 31.03.2013

NINO	ID number	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status
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Liabs Project
Fork 31.03.2013

NINO

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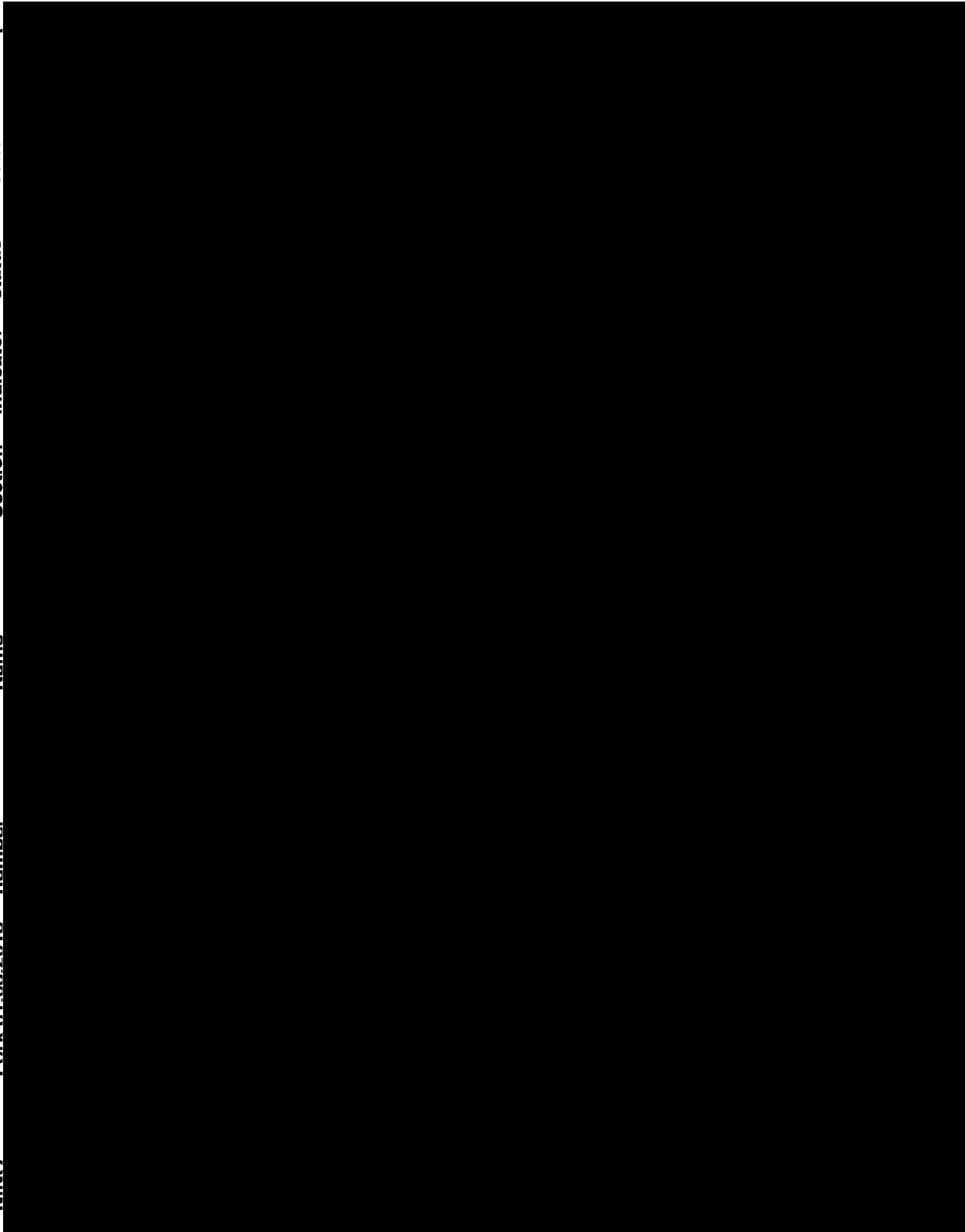
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Company indicator

Employed status

Date of leaving scheme

Members hip status



Liabs Project ID
Fork 31.03.2013 number

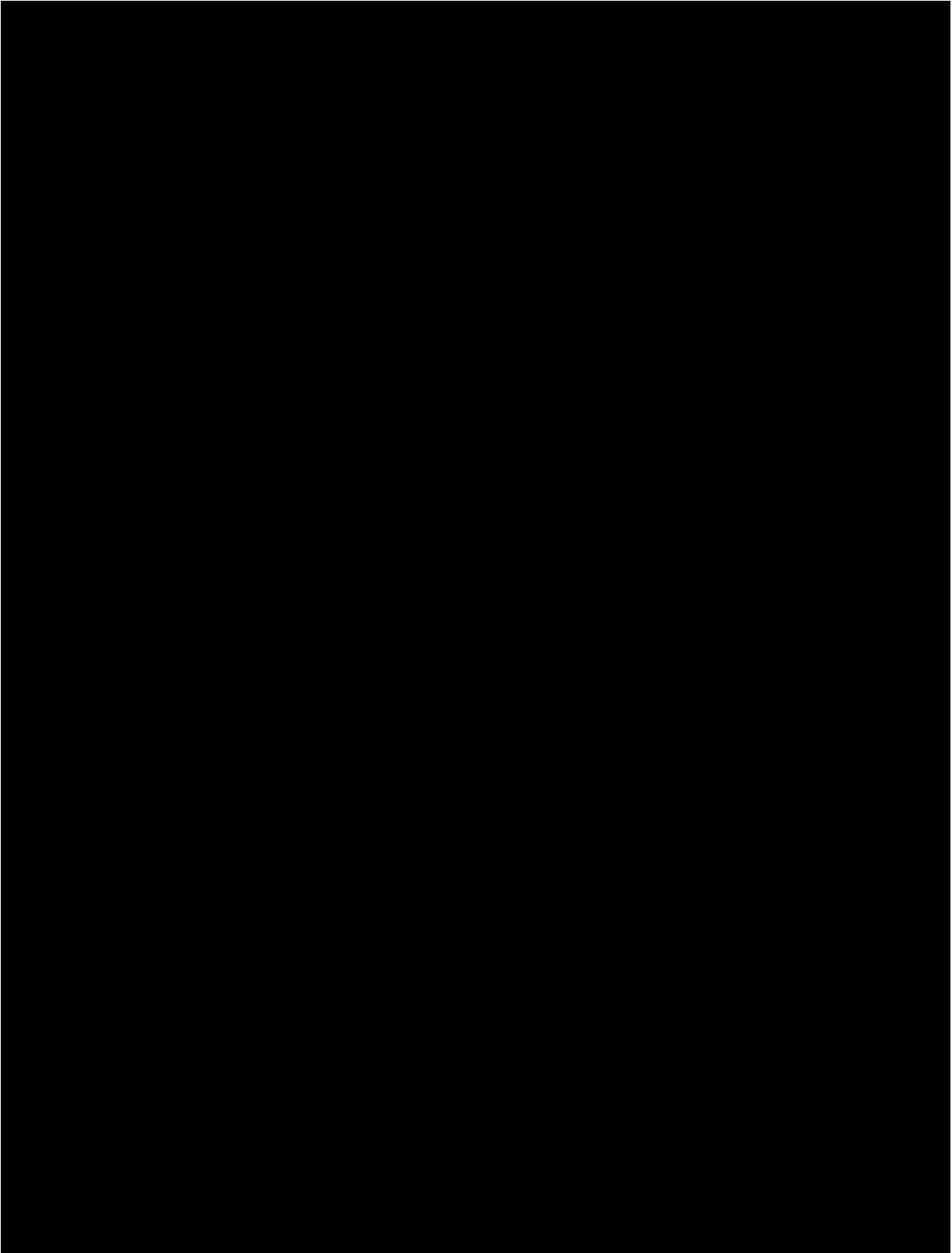
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Company indicator

Employed status

Date of leaving scheme

Members hip status



Liabs Project

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Date of

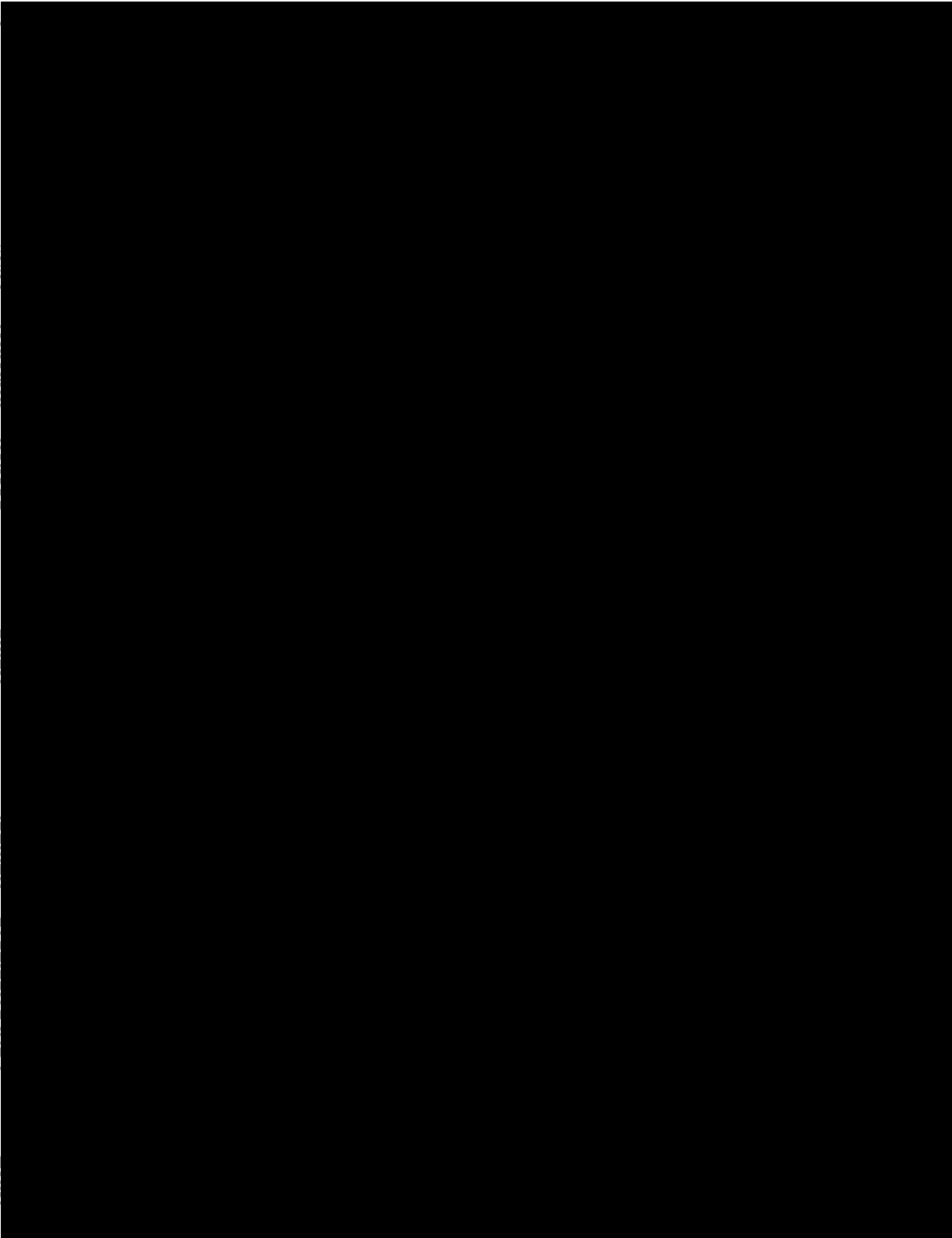
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Liabs Project ID Date of Members
Fork 31.03.2013 number
NINO Name Section indicator status scheme hip status



Liabs Project ID Name Section Company Employed status Date of leaving scheme Members hip status

Liabs Project ID number

Members hip status

Date of leaving scheme

Employed status

Company indicator

Section

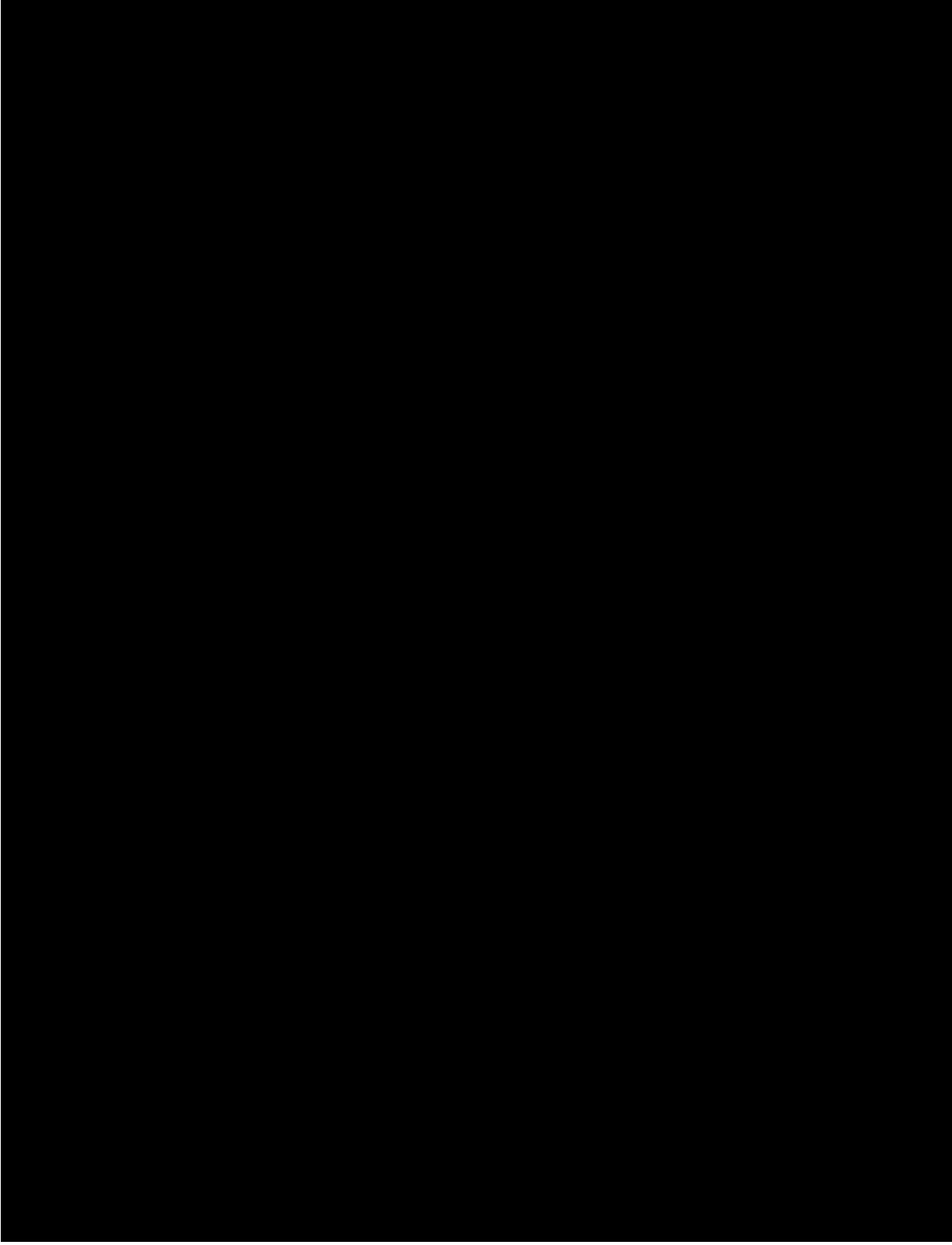
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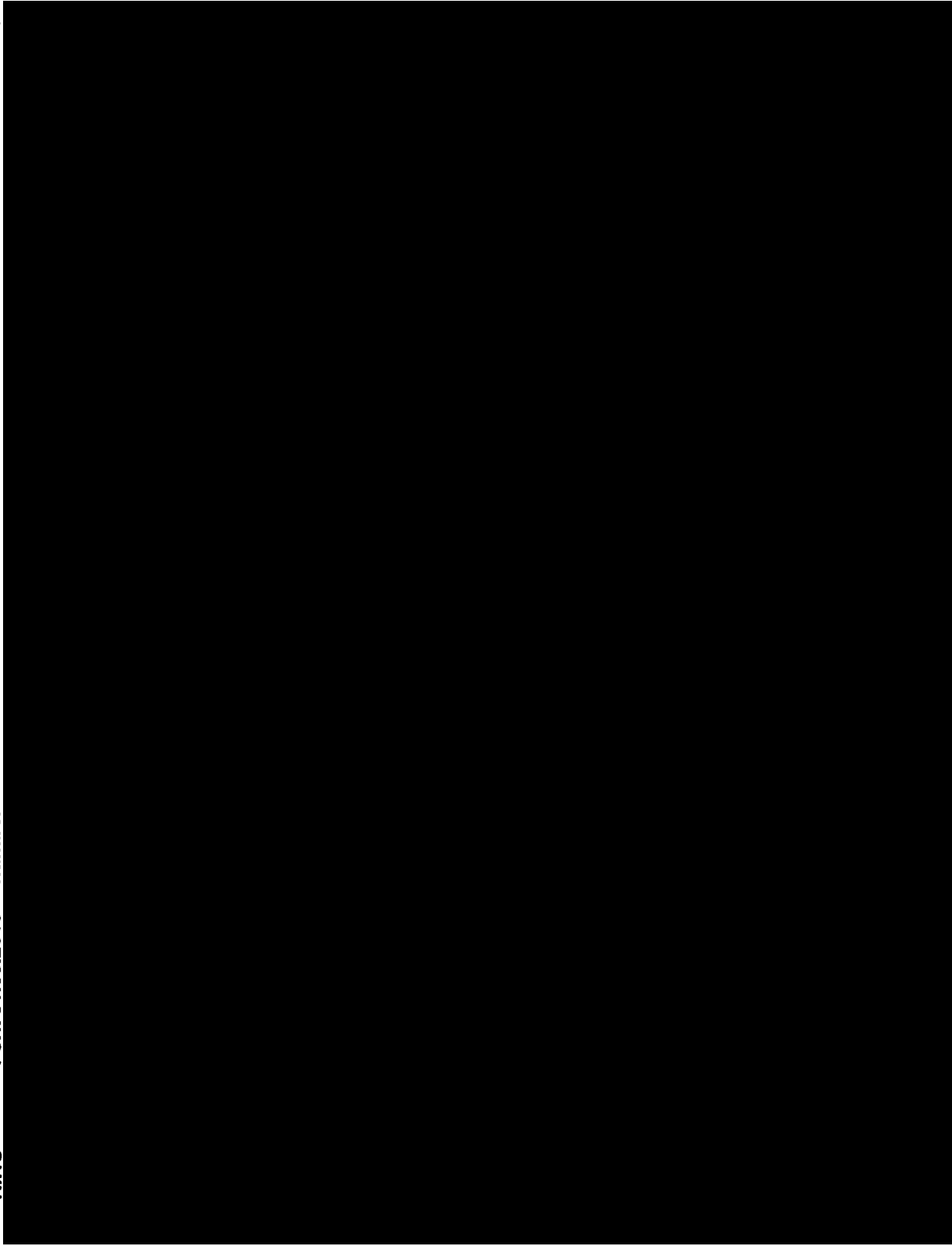
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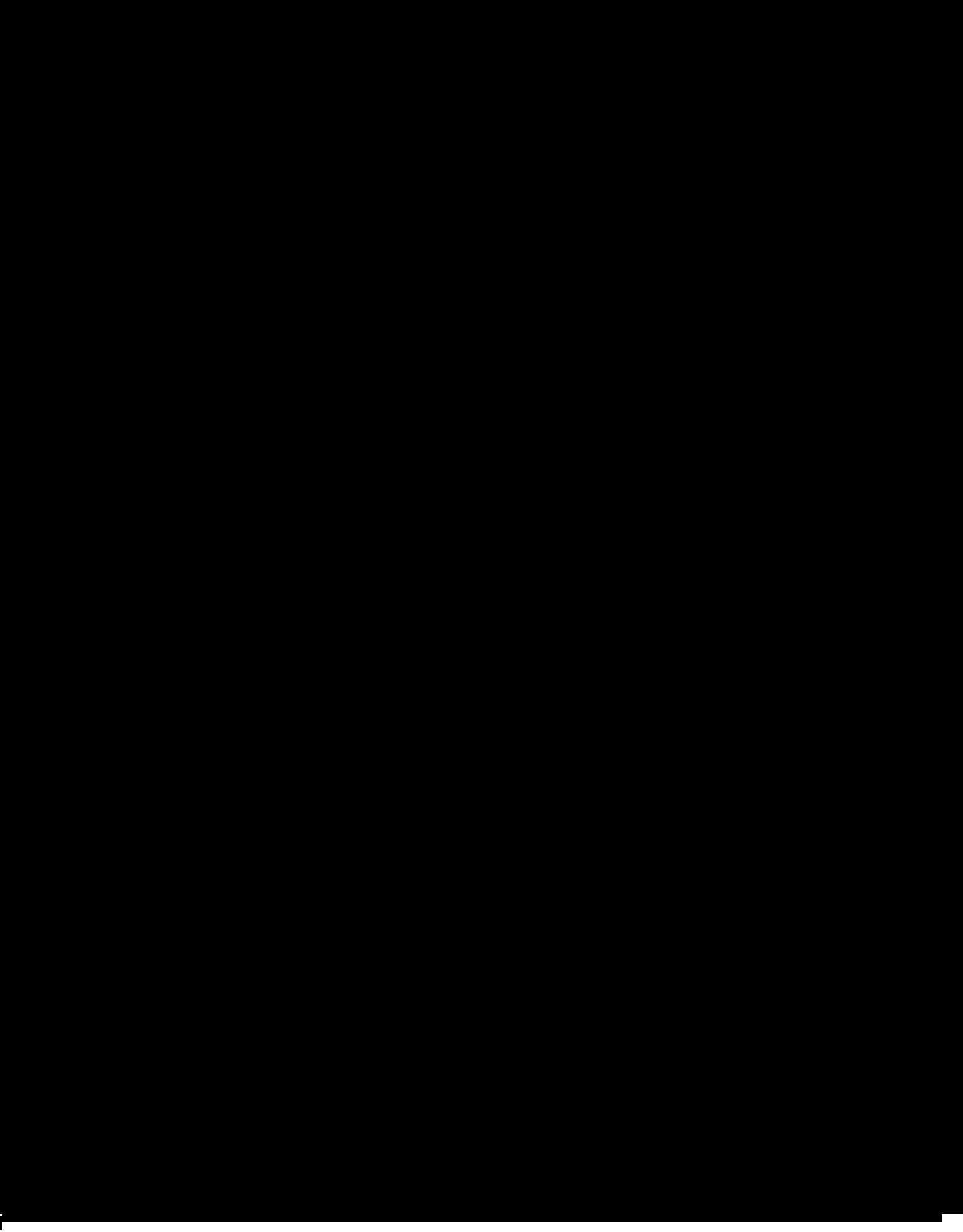


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				status	scheme	hip status
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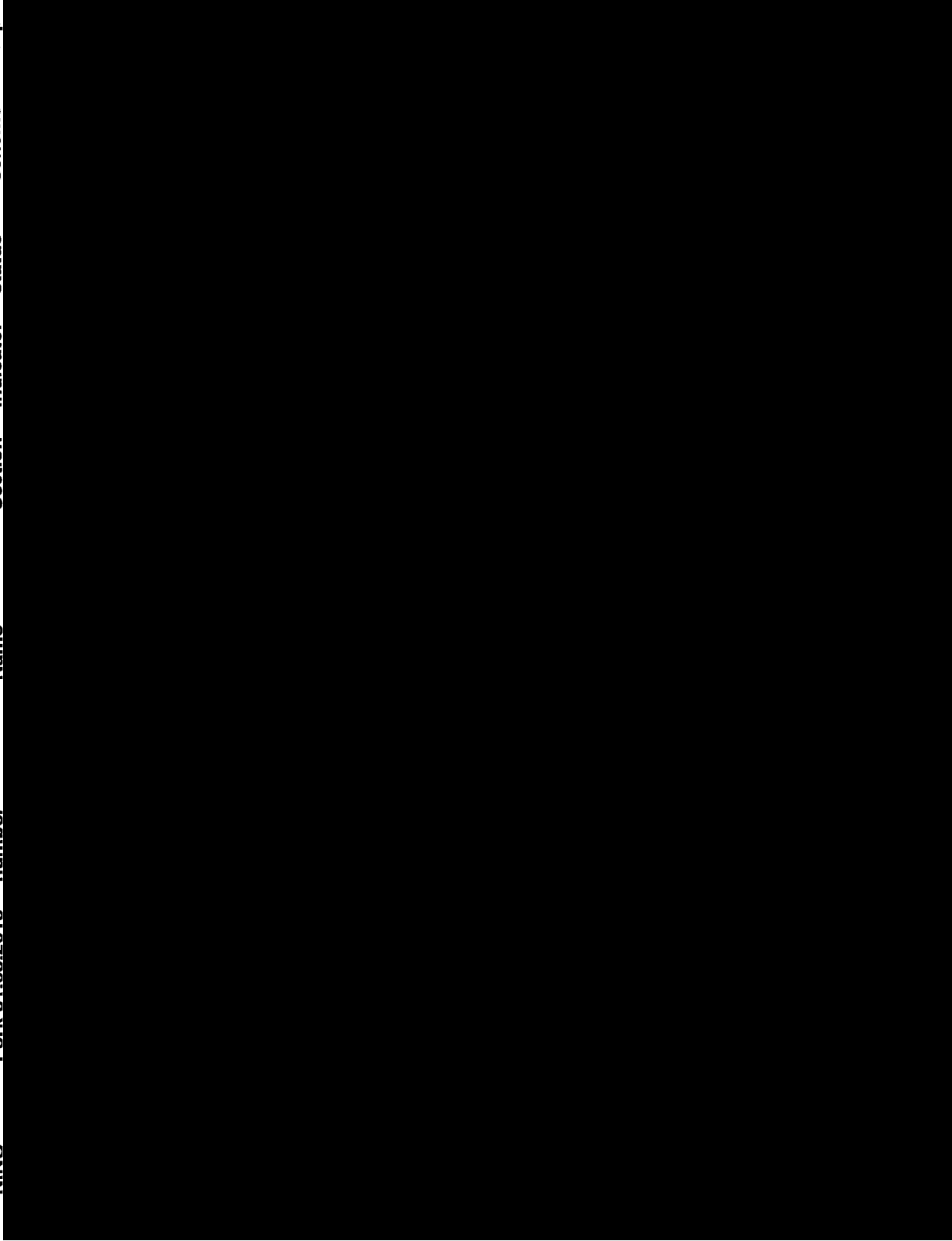
Liabs Project ID Date of Members
Fork 31.03.2013 number leaving scheme hip status
NINO



NINO	Liabs Project Fork 31.03.2013	ID number	Name	Section	Company indicator	Employed status	Date of leaving scheme	Members hip status

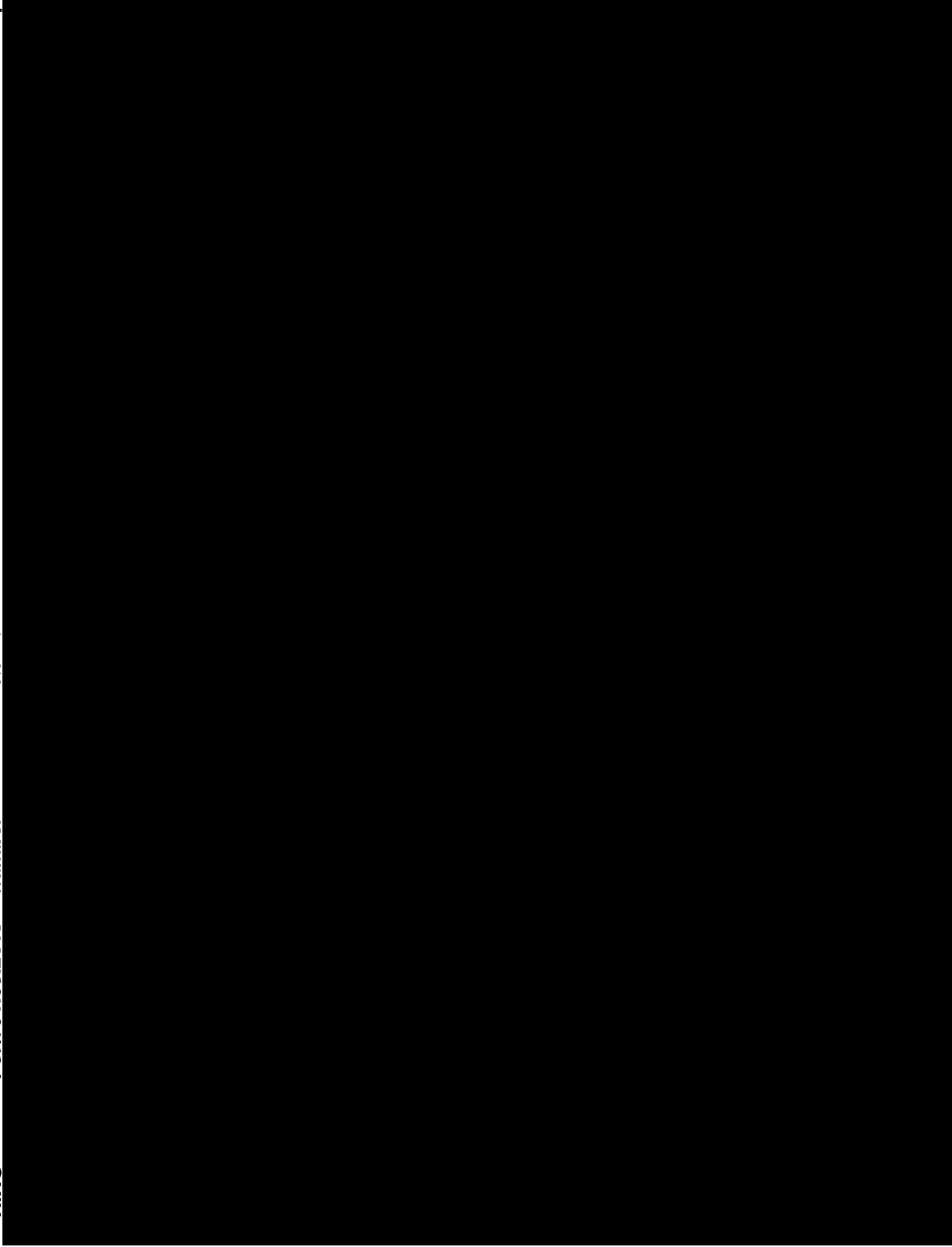


Liabs Project ID Date of Members
Fork 31.03.2013 number leaving scheme hip status
NINO



Liabs Project
Fork 31.03.2013

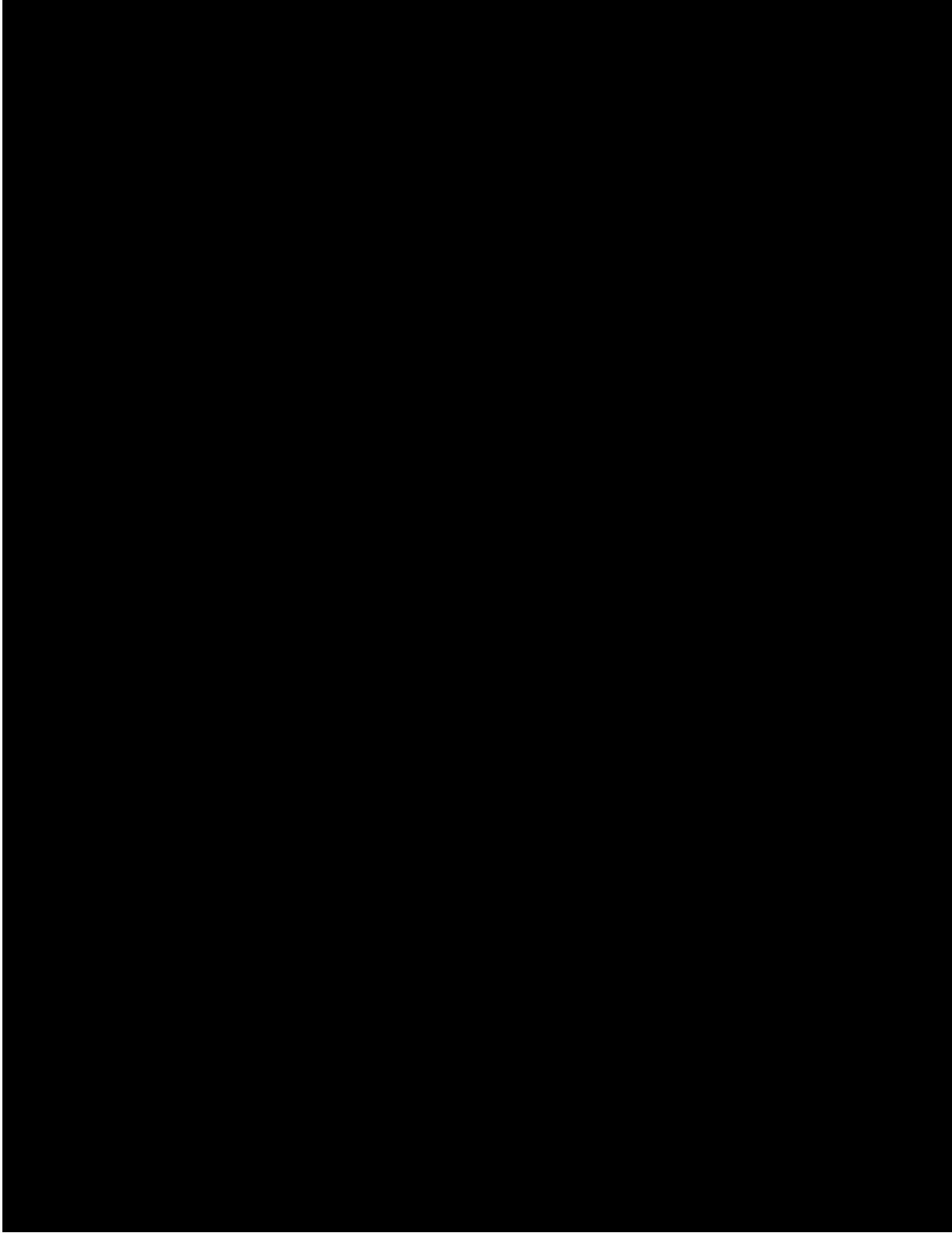
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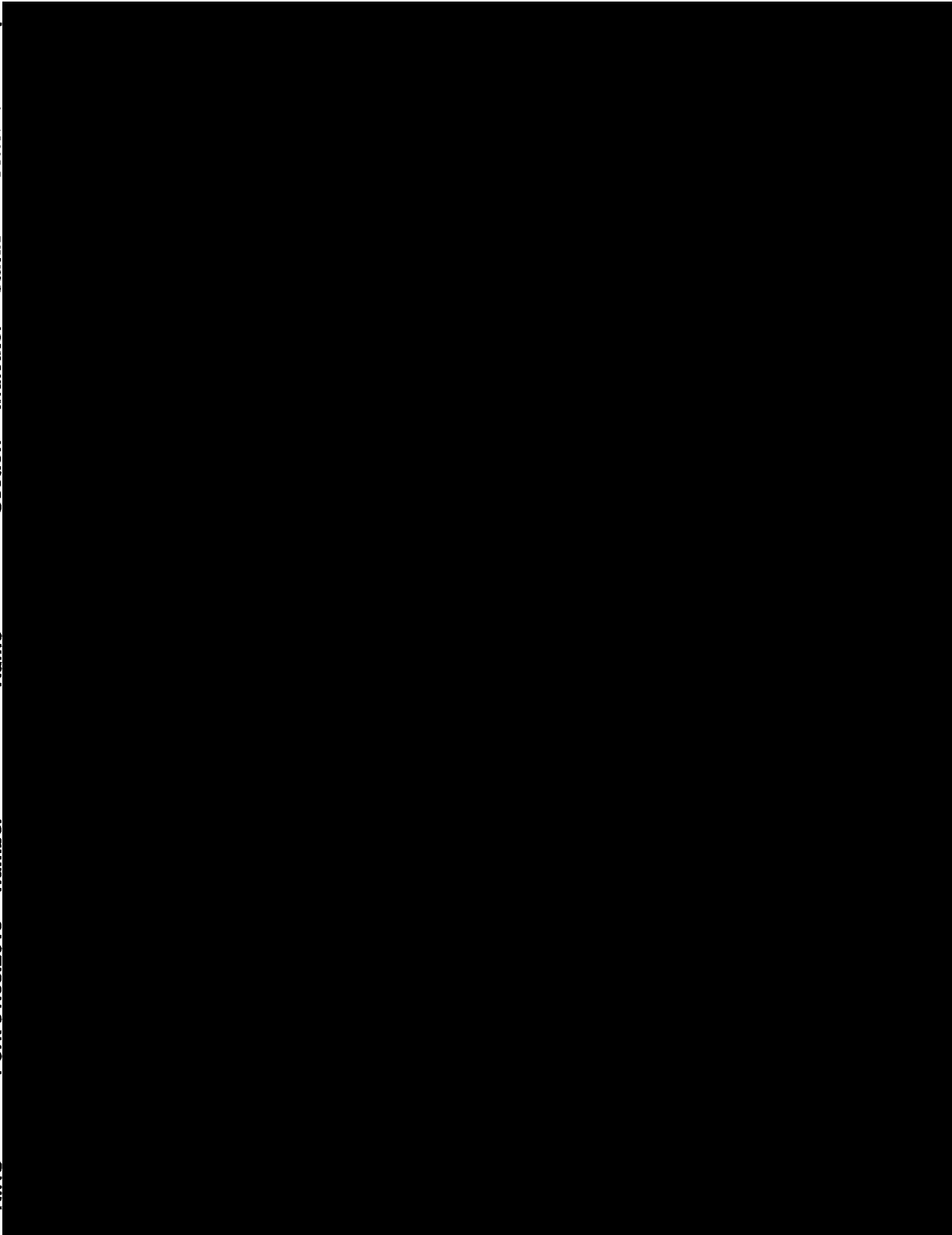
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Fork 31.03.2013 number
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Company Employed
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	Fork 31.03.2013								scheme		



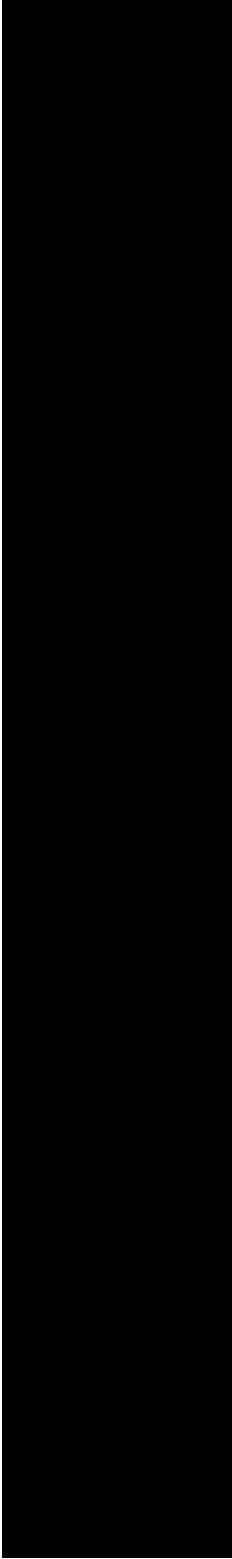
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Fork 31.03.2013 number
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Company Employed
indicator status

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SCHEDULE 4
Actuary's confirmation

Section 37 Pension Schemes Act 1993 Confirmation

Section 37 of the Pension Schemes Act 1993 and Regulation 42 of the Occupational Pension Schemes (Contracting-out) Regulations 1996

I, Alka Shah, the actuary for the Brush Group (2013) Pension Scheme ("the Scheme") appointed in accordance with section 47(1) of the Pensions Act 1995, confirm to the trustees of the Scheme that, for the purpose of section 37 of the Pension Schemes Act 1993 (as amended by the Pensions Act 1995), I have considered the alterations to the Scheme envisaged by this Deed, in relation to any rights which are to accrue under the Scheme in so far as such rights are attributable to an earner's service in contracted-out employment on or after the date on which the alterations to the rules take effect (other than rights attributable to the payment of voluntary contributions), and that I am satisfied that the Scheme would continue to satisfy the statutory standard in accordance with section 12A of the Pension Schemes Act 1993 (as inserted by the Pensions Act 1995) if the alterations in this deed were made.

General

This Confirmation will remain valid only if this Deed is executed within one month of the date below.

Signed

Date 21 June 2013

Name

Alka Shah

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

Aon Hewitt Limited
Colmore Gate
2 Colmore Row
Birmingham
B3 2QD