DATED 5 April **2006**

(1) MAGNET LIMITED

(2) MAGNET GROUP TRUSTEES LIMITED

RULES

The Magnet Group Pension Scheme

We certify this document as a true copy of the original
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Date 6 June 2006
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THESE RULES are made as a deed on 5 April 2006

BY

(1) Magnet Limited (registered number 2762625) whose registered office is at 3 Allington Way, Yarm Road Business Park, Darlington, County Durham DL1 4XT (the "**Principal Employer**"); and

(2) Magnet Group Trustees Limited (registered number 00852373) whose registered office is at 3 Allington Way, Yarm Road Business Park, Darlington, County Durham DL1 4XT (the "**Trustees**").

BACKGROUND

(A) The Principal Employer is the principal employer in relation to The Magnet Group Pension Scheme (the "**Scheme**"). The Trustees are the current trustees of the Scheme. The Scheme is governed by a Definitive Trust Deed dated 20 October 1993 (the "**Current Deed**") and the Rules attached to it (the "**Current Rules**").

(B) Clause 4 of the Current Deed says that the Trustees may at any time, with the Principal Employer's consent, by deed executed by the Principal Employer and the Trustees amend (or add to) all or any of the trusts, powers or provisions of the Current Deed or the Current Rules subject to the provisos set out in clause 4.

OPERATIVE PROVISIONS

1. The Trustees with the Principal Employer's consent amend the Current Deed and the Current Rules with effect on and from 5 April 2006 in accordance with clause 4 of the Current Deed, by replacing the Current Deed and the Current Rules with the following Rules (the "**Rules**").

2. Any modification to the Scheme made by this deed is restricted only so far as is necessary to comply with the Scheme's amendment power, section 67 of the Pensions Act 1995 (restriction on powers to alter schemes) and section 37 of the Pension Schemes Act 1993 (alteration of contracted-out schemes). An actuarial certificate and confirmation have been given in relation to the amended wording in this deed for the purposes of section 67 of the Pensions Act 1995 and section 37 of the Pension Schemes Act 1993 and a copy is attached to this deed.

THE RULES

1. MEMBERSHIP OF THE SCHEME

1.1 Joining the Scheme

1.1.1 Subject to Rule 1.1.2, an Employee may join the Scheme if both the following conditions are satisfied:

1.1.1.1 the Employer determines that the Employee may join the Scheme; and

1.1.1.2 the Trustees agree that the Employee may join the Scheme.

An Employee who satisfies these conditions will join the Scheme on a date to be agreed between the Employer and the Trustees.

1.1.2 The Trustees may require an Employee to make formal application to join the Plan and to provide such information, particulars and evidence and to submit to such medical examinations as the Trustees may in each case specify. Subject to the Disability Discrimination Act 1995, if information, particulars or evidence is such as to give rise to a modification of benefit (or benefits), or is not provided, or is subsequently found to be incorrect, the Trustees will determine and notify to the Member, his Beneficiary, or Dependant, as the case may be, the extent (if any) to which the benefit (or benefits) will be modified.

1.2 Members away from work

1.2.1 **Maternity**

Where a Member is away from work because of maternity in accordance with the Employment Rights Act 1996:

1.2.1.1 she will be treated as still in Pensionable Service during her "ordinary maternity leave period" (as defined for the purposes of section 71 of the Employment Rights Act 1996) and any longer period during which she receives statutory maternity pay or pay from her Employer. A Member who receives pay from her Employer during this period must pay contributions on the amount she receives. A Member who does not receive any pay for her ordinary maternity leave period does not have to pay contributions for that period. The Member's benefits for these statutory maternity periods will be calculated as if the Member had worked normally and received the normal pay for doing so; and

1.2.1.2 subject to Rules 1.2.1.2(a) and 1.2.1.3, any subsequent period will not count as Pensionable Service and she will be treated as if she had left Pensionable Service. However, if the Member returns to work at the end of her additional maternity leave period (as defined for the purposes of section 73 of the

Employment Rights Act 1996), her Pensionable Service before being treated as having left Pensionable Service and after returning to work will be treated as continuous (but excluding the break, subject to Rule 1.2.1.2(a)).

(a) If the Member returns to work at the end of her additional maternity leave period (as defined for the purposes of section 73 of the Employment Rights Act 1996) the Employer, at his sole discretion, may allow the Member to pay the required contributions in respect of some or all of the period referred to in Rule 1.2.1.2 **in which case the period for which such contributions are so paid will count as Pensionable Service. For this purpose "the required contributions" are those which the Employer estimates would have been payable under Rule 3.1 (basic contributions) had the Member been working normally during the period for which such contributions are so paid.**

1.2.1.3 During any period referred to in Rule 1.2.1.2 the Member will be treated as still in Pensionable Service for the purposes of Rule 9 (benefits on death in service). The Member's benefits under Rule 9 will be calculated as if the Member had worked normally and received normal pay for doing so.

1.2.2 **Paternity leave**

Where a Member is away from work because of paternity leave in accordance with the Employment Rights Act 1996 he will be treated as still in Pensionable Service during any part of the absence that is paternity leave for the purposes of Chapter 3 of Part VIII of that Act or during which he is receiving contractual remuneration or statutory paternity pay from his Employer ("the paternity period").

A Member who receives pay from his Employer during the paternity period must pay contributions on the amount he receives.

A Member who does not receive any pay during the paternity period does not have to pay contributions for that period.

The Member's benefits for the paternity period will be calculated as if the Member had worked normally and received the normal pay for doing so.

1.2.3 **Adoption leave**

Where a Member is away from work because of adoption leave in accordance with the Employment Rights Act 1996:

1.2.3.1 he will be treated as still in Pensionable Service during his "ordinary adoption leave period" (as defined for the purposes of section 75A of the Employment Rights Act 1996) and any longer period during which he receives statutory adoption pay or pay from his Employer. A Member who receives pay from his

Employer during this period must pay contributions on the amount he receives. A Member who does not receive any pay for his ordinary adoption leave period does not have to pay contributions for that period. The Member's benefits for these statutory adoption leave periods will be calculated as if the Member had worked normally and received the normal pay for doing so; and

1.2.3.2 subject to Rules 1.2.3.2(a) and 1.2.3.3, any subsequent period will not count as Pensionable Service and he will be treated as if he had left Pensionable Service. However, if the Member returns to work at the end of his additional adoption leave period (as defined for the purposes of section 75B of the Employment Rights Act 1996), his Pensionable Service before being treated as having left Pensionable Service and after returning to work will be treated as continuous (but excluding the break, subject to Rule 1.2.3.2(a)).

(a) If the Member returns to work at the end of his additional adoption leave period (as defined for the purposes of section 75B of the Employment Rights Act 1996) the Employer, at his sole discretion, may allow the Member to pay the required contributions in respect of some or all of the period referred to in Rule 1.2.3.2 **in which case the period for which such contributions are so paid will count as Pensionable Service. For this purpose "the required contributions" are those which the Employer estimates would have been payable under Rule 3.1 (basic contributions) had the Member been working normally during the period for which such contributions are so paid.**

1.2.3.3 During any period referred to in Rule 1.2.3.2 the Member will be treated as still in Pensionable Service for the purposes of Rule 9 (benefits on death in service). The Member's benefits under Rule 9 will be calculated as if the Member had worked normally and received the normal pay for doing so.

1.2.4 **Parental leave**

Subject to the requirements of the Employment Rights Act 1996 and of the Social Security Act 1989, where a Member is away from work because of "parental leave" (as defined for the purposes of section 76 of the Employment Rights Act 1996), the Employer may agree to treat him as still in Pensionable Service during this period, subject to any terms which the Employer decides (consistent with Revenue Approval of the Scheme and the Contracting-out Laws) PROVIDED THAT the Employer may not decide to maintain all (or part) of any benefit payable on the death of a Member during any such period of parental leave or part of it without the Trustee's agreement. If any such death benefit is not maintained or is reduced during any such period of parental leave then, on the absence ceasing and the Member then continuing in Service, the Trustees may

impose such restriction on the death benefit as they consider necessary subject to the Disability Discrimination Act 1995. If a Member is not treated as still in Pensionable Service, he will be treated as if he had left Pensionable Service. However, if the Member returns to work at the end of the period of parental leave, his Pensionable Service before being treated as having left Pensionable Service and after returning to work will be treated as continuous (but excluding the break).

1.2.5 **Absence for any other reason**

In the event of the Temporary Absence of a Member during any period, the Employer may agree to treat him as still in Pensionable Service during this period, subject to any terms which the Employer decides (consistent with Revenue Approval of the Scheme and the Contracting-out Laws) PROVIDED THAT the Employer may not decide to maintain all (or part) of any benefit payable on the death of a Member during any such period of Temporary Absence or part of it without the Trustee's agreement. If any such death benefit is not maintained or is reduced during any such period of Temporary Absence, then on Temporary Absence ceasing and the Member then continuing in Service, the Trustees may impose such restriction on the death benefit as they consider necessary subject to the Disability Discrimination Act 1995.

2. EMPLOYER CONTRIBUTIONS

2.1 Each Employer will from time to time make such contributions to the Scheme as the Principal Employer determines, on the Scheme Actuary's advice, to enable the Trustees to provide the benefits of the Scheme. The Principal Employer will, as soon as practicable, inform the Trustees of any determination made by it under this Rule 2.1. Subject to Rule 2.2, the Employer's contributions shall be payable in such manner and at such times as shall be agreed from time to time between the Principal Employer and the Trustees.

2.2 The Trustees will prepare, and from time to time review and if necessary revise, a schedule of contributions, when required by and in accordance with section 227 of the Pensions Act 2004 (schedule of contributions), and in accordance with sections 229 (matters requiring agreement of the employer) and 230 (matters on which advice of actuary must be obtained) of that Act. The Trustees will ensure that this schedule is consistent with the contribution rates payable by Employers under Rule 2.1. Each Employer will contribute to the Scheme in accordance with the schedule of contributions.

3. MEMBER CONTRIBUTIONS

3.1 **Basic contributions**

Each Member in Pensionable Service will contribute to the Scheme at a rate of 5% of his Pensionable Salary unless he has been designated by the Employer as a non-contributory Member in which case he will not be required to contribute to the Scheme PROVIDED THAT no contributions will be payable under this Rule on or

after a Member's Normal Retirement Date unless the Employer decides otherwise and the Member is notified accordingly.

3.2 **AVCs**

3.2.1 Subject to Rule 3.2.5 and to the further provisions of this Rule 3.2.1, and after the expiry of such period of notice (if any) as may have been notified to him in accordance with Rule 3.2.3, a Member in Pensionable Service may pay AVCs to the Scheme to provide additional benefits for or in respect of him.

3.2.1.1 Subject to Rule 3.2.4, a Member may pay AVCs at any rate up to and including 15% of his Basic Salary and may with the agreement of the Employer pay AVCs at a higher rate, provided that the total contributions paid by the Member cannot exceed the amount set out in paragraph 1 of Appendix 3.

3.2.1.2 The Member may pay AVCs at such frequency as the Employer shall permit.

3.2.1.3 The value of the additional benefits will, in the Trustee's opinion, be reasonable having regard to:

(a) the amount of AVCs paid by the Member; and

(b) except for additional benefits provided which are money purchase benefits, the value of the other benefits under the Scheme.

3.2.1.4 The additional benefits shall be payable to (or in respect of) the Member at such intervals and in such manner as the Employer, with the Trustees' consent, shall in its absolute discretion decide and as shall be notified in writing to the Member.

3.2.1.5 Any additional benefit which is paid in the form of a lump sum will not exceed 25% of the value of the total benefits payable from the Scheme.

3.2.1.6 If the additional benefits would cause the value of all benefits for or in respect of the Member to exceed the amounts set out in Paragraph 5 of Appendix 3, the Trustees will pay the surplus funds (less tax at the applicable rate) to the Member or, if the Member is dead, to the Member's personal representatives.

3.2.2 After the expiry of such period of notice (if any) as shall have been given by a Member in accordance with a notification given to him by the Employer under Rule 3.2.3, a Member may terminate, resume or adjust the rate (subject to Inland Revenue Limits and to Rule 3.2.4) of his AVCs.

3.2.3 The Employer may require a period of notice to be given by the Member (which shall not exceed twelve months) to elapse before accepting AVCs from the Member or before permitting any termination, resumption or

adjustment of the rate of his AVCs. The Employer will notify the Member in writing of any such period of notice for the time being in force. The Employer shall have power to dispense with, reimpose or adjust the length (subject to a maximum of twelve months) of any such period of notice and will notify the Members in writing accordingly if it exercises that power.

3.2.4 The Employer may require that a Member's AVCs are paid at a rate not less than a minimum rate and will notify the Member of any such minimum rate for the time being in force. The Employer shall have the power to dispense with, reimpose or adjust such minimum rate and, if it exercises that power, will notify the Members in writing accordingly.

3.2.5 If any one (or more) of Rules 3.2.5.1, 3.2.5.2 **or** 3.2.5.3 applies, a Member may only pay AVCs if (and only to the extent that) the Employer permits:

3.2.5.1 the Member is entitled only to benefits provided in accordance with Rule 9;

3.2.5.2 the Member has attained, or is within 12 months of attaining, Normal Retirement Date; or

3.2.5.3 the Member is a member (or is eligible to become a member) of another occupational pension scheme (as defined in the Pension Schemes Act 1993) in relation to the Employer.

3.2.6 Any reference in the Rules to a Member's Contributions shall include references to contributions made as detailed in Rule 3.2.1. PROVIDED THAT any reference (whether implied or otherwise) to a return of, or a benefit equal in value to, Member's Contributions will, insofar as they represent contributions made as detailed in Rule 3.2.1, be deemed to include a reference to a return of or a benefit equal in value to the value (as determined by the Trustees) of the investments, monies and other assets representing the contributions as detailed in Rule 3.2.1 at the time such benefit is granted or refund made.

4. NORMAL RETIREMENT PENSION

Unless the Employer and Member agree that Rule 6 is to apply, a Member will receive a pension from Normal Retirement Date at a yearly rate calculated as follows:

4.1 In the case of a Member whose Pensionable Service began before his 25th birthday, the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service completed up to and including 31 December 2003, a pension of:

N/NS x 2/3 x FPS

where:

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service completed up to and including 31 December 2003,

NS is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service which would have been completed had the Member remained in Pensionable Service to Normal Retirement Date, and

FPS is Final Pensionable Salary; and

(b) in respect of Pensionable Service completed on and after 1 January 2004, the Member's CARE Pension.

4.2 In the case of any other Member, the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service completed up to and including 31 December 2003, a pension of:

1/60 x N x FPS

where N and FPS have the meanings ascribed to them by Rule 4.1; and

(b) in respect of Pensionable Service completed on and after 1 January 2004, the Member's CARE Pension.

PROVIDED THAT in the case of a Member who became a Member before 31 December 1991 the amount calculated under Rule 4.1 or Rule 4.2 will be increased, if necessary, so that it is no less in value than the amount accrued to the Member at 31 December 1991 plus any increases which would have been payable if the Member's Pensionable Service had terminated at 31 December 1991.

And PROVIDED FURTHER THAT the amount calculated under Rule 4.1 or Rule 4.2 which is attributable to Pensionable Service completed after 31 December 2003 will be increased, if necessary, so that it is no less in value than the amount required to satisfy the requirements of the Pension Schemes Act 1993 and Regulations made under it relating to salary related contracted-out plans calculated on an individual basis.

5. EARLY RETIREMENT PENSION

5.1 Early retirement

A Member may before Normal Retirement Date but after reaching age 50, if the Employer and the Trustees agree, choose to receive an immediate pension. The pension will be calculated in accordance with Rule 5.3. If the Member remains in Service, the Employer, with the consent of the Trustees, will determine whether the Member may continue in Pensionable Service.

5.2 **Incapacity**

A Member who leaves Service at any time before Normal Retirement Date because of Incapacity may choose to receive an immediate pension. The pension will be calculated in accordance with Rule 5.3.

5.3 The yearly rate of immediate pension payable under Rule 5.1 or Rule 5.2 will be the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service completed up to and including 31 December 2003, a pension of:

1/60 x N x FPS

where:

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service completed up to and including 31 December 2003, and

FPS is Final Pensionable Salary; and

(b) in respect of Pensionable Service completed on and after 1 January 2004, the Member's CARE Pension,

reduced on the Scheme Actuary's advice to take account of payment before Normal Retirement Date.

PROVIDED THAT in the case of a Member who became a Member before 31 December 1991 the amount calculated will be increased, if necessary, so that it is no less in value than the amount accrued to the Member at 31 December 1991 plus any increases which would have been payable if the Member's Pensionable Service had terminated at 31 December 1991.

AND PROVIDED FURTHER THAT the amount calculated above which is attributable to Pensionable Service completed after 31 December 2003 will be increased, if necessary, so that it is no less in value than the amount required to satisfy the requirements of the Pension Schemes Act 1993 and Regulations made under it relating to salary related contracted-out plans calculated on an individual basis.

5.4 If the Employer with the consent of the Trustees so decides the pension payable to a Member under Rule 5.2 may be that which would have been payable if the Member had remained in Service to Normal Retirement Date.

5.5 A pension will only be payable under Rule 5 to a Member if the amount payable at GMP Age will not be less than the Member's GMP PROVIDED THAT the Trustees may pay a smaller pension before GMP Age if they are satisfied on the Scheme Actuary's advice that the benefits payable are equal in value to the benefits which would have been payable if the above condition did not apply.

6. LATE RETIREMENT PENSION

6.1 Subject to Rule 6.2, a Member who, if the Employer agrees, stays in Service after Normal Retirement Date will receive a pension when he leaves Service, or reaches age 75, if earlier. The pension will be calculated in accordance with Rule 4 (normal retirement pension), but for this purpose based on the Member's Pensionable Service to Normal Retirement Date, Final Pensionable Salary at Normal Retirement Date and using the Member's CARE Pension at Normal Retirement Date. The pension will then be increased for late payment on a basis which the Trustees will from time to time determine.

6.2 A Member who stays in Service after Normal Retirement Date may subject to the consent of the Principal Employer and the Trustees choose to start receiving a pension at any time from Normal Retirement Date up to leaving Service, and may subject to the consent of the Principal Employer and Trustees, and before 6 April 2006, choose a retirement lump sum under Rule 8.1 (retirement lump sum) at any time from Normal Retirement Date up to the date on which the pension starts (but he cannot take a lump sum more than once).

7. EARLY LEAVERS

7.1 Leaving the Scheme

7.1.1 A Member will leave Pensionable Service when:

7.1.1.1 he ceases to be an Employee;

7.1.1.2 the Employer terminates his Pensionable Service by giving notice in writing to him;

7.1.1.3 he opts out of Pensionable Service by giving not less than one month's notice in writing to the Trustees or the Employer and the notice expires; or

7.1.1.4 he is otherwise treated as if he had left Pensionable Service.

7.1.2 If a Member leaves Pensionable Service in accordance with Rules 7.1.1.2 or 7.1.1.3 he may subsequently be permitted by the Trustees, with the Principal Employer's consent, to re-enter membership of the Scheme subject to such special terms as shall be determined by the Trustees as to:

7.1.2.1 the date from which such re-admission is to take effect;

7.1.2.2 the rate at which the Member will be required to contribute to the Scheme;

7.1.2.3 the Member's entitlement (or prospective entitlement) to benefit in relation to himself, his Beneficiaries, personal representatives, or Dependants in respect of any previous period of membership of the Scheme; and

7.1.2.4 the provision in any circumstances of a greater or smaller benefit for the Member in relation to himself, his Beneficiaries, personal representatives or Dependants than would otherwise have been provided under the Rules.

7.1.3 If a Member leaves Pensionable Service and later rejoins the Scheme, each period of Pensionable Service will be treated separately, unless the Principal Employer and Trustees agree otherwise.

7.2 **Leaving with less than 2 years' Qualifying Service**

Subject to the Contracting-out Laws, a Member who leaves Pensionable Service before Normal Retirement Date with less than 2 years' Qualifying Service and without becoming entitled to an immediate pension will be advised by the Trustees of any right he may have to a cash transfer sum under section 101AB of the Pension Schemes Act 1993. If he does not have such a right or fails to notify the Trustees of his intention to take a cash transfer sum within three months of receiving the Trustees' notification of his right, he will be entitled to receive the return of his Member's Contributions (less tax at the appropriate rate) and shall not be entitled to any other rights under the Scheme.

7.3 **Preserved pension**

A Member who leaves Pensionable Service before Normal Retirement Date with at least 2 years' Qualifying Service and without becoming entitled to an immediate pension will receive a pension from Normal Retirement Date (subject to the Preservation Laws). Subject to Rules 7.3.3 and 7.3.4, the yearly rate of the said pension will be calculated in accordance with Rule 7.3.1 or Rule 7.3.2 as the case may be.

7.3.1 In the case of a Member whose Pensionable Service began before his 25th birthday, the yearly rate of the said pension will be calculated as follows:

the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service complete up to and including 31 December 2003, a pension of:

N/NS x 2/3 x FPS

where

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service completed up to and including 31 December 2003,

NS is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service which would have been completed had the Member remained in Pensionable Service to Normal Pension Date,

FPS is Final Pensionable Salary at the date of termination of Pensionable Service; and

(b) in respect of Pensionable Service completed on and after 1 January 2004, the Member's CARE Pension.

The pension (in excess of the GMP) will then be increased before payment in accordance with the Revaluation Laws. The GMP will be increased in accordance with the Contracting-out Laws.

7.3.2 In the case of any other Member, the yearly rate of the said pension will be calculated as follows:

the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service completed up to and including 31 December 2003, a pension of:

1/60 x N x FPS

where N and FPS have the meanings ascribed to them by Rule 7.3.1; and

(b) in respect of Pensionable Service completed on and after 1 January 2004, the Member's CARE Pension.

The pension (in excess of the GMP) will then be increased before payment in accordance with the Revaluation Laws. The GMP will be increased in accordance with the Contracting-out Laws.

7.3.3 In the case of a Member who became a Member before 31 December 1991 the amount calculated in accordance with Rule 7.3.1 or Rule 7.3.2 will be increased, if necessary, so that it is no less in value than the amount accrued to the Member at 31 December 1991 plus any increases which would have been payable if the Member's Pensionable Service had terminated at 31 December 1991.

7.3.4 That part of the amount calculated under Rule 7.3.1 or Rule 7.3.2 which is attributable to Pensionable Service completed after 31 December 2003 will be increased, if necessary, so that it is no less in value than the amount required to satisfy the requirements of the Pension Schemes Act 1993 and Regulations made under it relating to salary related contracted-out plans calculated on an individual basis.

7.4 Transfer value

A Member who has a preserved pension under Rule 7.3 may choose, by giving notice to the Trustees at any time up to one year before Normal Retirement Date, to apply the cash equivalent of his benefits to buy one or more annuities, or to acquire rights under another occupational pension scheme or a personal pension scheme, in accordance with the Transfer Value Laws.

7.5 **Early pension**

A Member who has a preserved pension under Rule 7.3 may if the Trustees agree choose to start receiving it before Normal Retirement Date (but not before reaching age 50, unless the Member is suffering from Incapacity). The pension will be reduced on the Scheme Actuary's advice to take account of payment before Normal Retirement Date.

7.6 **Late pension**

7.6.1 A Member who has a preserved pension under Rule 7.3 may choose to start receiving it after Normal Retirement Date, if the Trustees agree. The pension will be increased for late payment on a basis determined by the Scheme Actuary as reasonable having regard to the Member's age when the pension begins to be paid and to the period of deferment.

7.6.2 A Member who has a preserved pension under Rule 7.3 and who is still in Service may with the consent of the Principal Employer and the Trustees choose to receive a pension or retirement lump sum between Normal Retirement Date and leaving Service.

7.6.3 The commencement date of a pension under Rule 7.6.1 or 7.6.2 shall not be delayed beyond the Member's 75th birthday.

7.7 **Qualifying Service**

"Qualifying Service" means Pensionable Service and employment which qualified the Member for retirement benefits under any occupational pension scheme from which a transfer payment in respect of the Member has been made to the Scheme, or to a "buy-out" policy and then to the Scheme.

The following applies if a Member leaves Pensionable Service and later rejoins the Scheme and then leaves again before Normal Retirement Date, and the period between leaving Pensionable Service and rejoining the Scheme did not exceed one month or was due to a trade dispute, or was due to maternity absence, paternity leave, adoption leave or parental leave after which a right to return to work is exercised under the Employment Rights Act 1996. In these circumstances, the Member's Pensionable Service before and after the break will be treated as continuous (but excluding the break) for the purpose of calculating whether the Member has at least 2 years' Qualifying Service after the break.

8. **PENSION CHOICES**

8.1 **Retirement lump sum**

Subject to the Contracting-out Laws, a Member may, if the Trustees agree, exchange part of his pension for a lump sum of an amount no greater than the Maximum Amount specified in Appendix 3 or such greater amount as is provided for under Schedule 36 to the Finance Act 2004. The lump sum will be payable when the pension is due to start. The Trustees will convert pension into a lump sum on a basis which they decide on the Scheme Actuary's advice.

8.2 **Dependant's pension**

A Member may exchange part of his pension before it starts for a pension payable on his death to one or more of his Dependants. Any pension payable under this Rule to a Dependant will be on such terms and conditions as determined by the Trustees and notified to the Member and Dependant. The Dependant's pension (or the aggregate pension if paid to more than one Dependant) will not be greater than the Member's remaining pension, and the Member's remaining pension must be at least equal to his GMP. The Trustees will convert the Member's pension into the Dependant's pension on a basis which they decide on the Scheme Actuary's advice.

The exchange will only be made if the Member and the Dependant survive until the Member's pension is due to start. If the Dependant subsequently dies before the Member, the Member's pension will continue to be reduced.

8.3 **Trivial pension**

Where a pension payable to a Member or other person is less than £260 a year (or less than any other amount which is prescribed as trivial under section 21 of the Pension Schemes Act 1993), the Trustees may pay a lump sum to him instead of a pension, subject to the Contracting-out Laws. If, at the date on which a single lump sum is paid to a Member in lieu of his pension under this Rule 8.3, the total pension payable to a Qualifying Spouse is less than the amount referred to in the previous sentence then the trustees may elect to pay to the Member, with the written consent of the Qualifying Spouse, a lump in lieu of any pension otherwise payable to the Qualifying Spouse under Rule 11, subject to the Contracting-out Laws. The Trustees will convert pension into a lump sum on a basis which they decide on the Scheme Actuary's advice.

8.4 **Serious ill health**

If a Member is suffering from serious ill health when his pension starts, so that his life expectancy is very short (in the opinion of the Trustees), the Trustees may allow him to exchange his pension for a lump sum (subject to the Contracting-out Laws). This choice will not affect any pensions payable on the Member's death. If the Member's serious ill health is such that the Member is not capable of making such an election the Trustees may deem him to have made the election. The Trustees will convert pension into a lump sum on a basis which they decide on the Scheme Actuary's advice.

9. **BENEFITS ON DEATH IN SERVICE**

9.1 If a Member dies in Pensionable Service before Normal Retirement Date:

9.1.1 A lump sum will be payable equal to the sum of three times Basic Salary determined at the date of the Member's death, plus the total of the Member's Contributions which, subject to Rule 3.2.6, will be without interest.

9.1.2 If the Member is survived by a Qualifying Spouse, a pension will be payable to the Qualifying Spouse at a yearly rate calculated as follows:

50% x PP

where PP is the aggregate of (a) and (b) below, that is to say:

(a) in respect of Pensionable Service completed up to the date of the Member's death, a pension calculated as at the date of death in accordance with Rule 4, but for this purpose based on the Member's Pensionable Salary at the date of his death; and

(b) 1/80 x PPS x PS

where

PPS is the number of complete years with a proportionate amount for any additional complete months of further Pensionable Service from the date of death which would have been completed had the Member survived and remained in Pensionable Service until Normal Pension Date, and

PS is the Member's Pensionable Salary at the date of his death.

9.1.3 If the Member is survived by an Eligible Child or by Eligible Children, subject to Rule 9.1.4, a pension will be payable to each Eligible Child at a yearly rate calculated as follows:

9.1.3.1 in respect of the first or only Eligible Child,

10% x PP; and

9.1.3.2 in respect of each additional Eligible Child,

5% x PP,

where, for the purposes of this Rule 9.1.3, PP has the meaning ascribed to it by Rule 9.1.2.

9.2 In respect of a Member, the total of the pensions payable under Rule 9.1.3 will not exceed the following, namely

25% x PP

where PP has the meaning ascribed to it by Rule 9.1.2.

9.3 The lump sum will be payable subject to Rule 13 (payment of lump sum on death).

9.4 The pensions will in each case be payable subject to Rule 14 (payment of pension on death).

10. BENEFITS ON DEATH AFTER NORMAL RETIREMENT DATE BUT BEFORE RETIREMENT

10.1 If a Member who has stayed in Service after Normal Retirement Date under Rule 6 (late retirement pension) dies before his pension starts:

10.1.1 A lump sum will be payable equal to the discounted value as determined by the Scheme Actuary of five years' payments of pension which would have been payable to the Member had he retired the day before the date of his death.

10.1.2 If the Member is survived by a Qualifying Spouse, a pension will be payable to the Qualifying Spouse at a yearly rate of 50% of the pension the Member would have been entitled to if he had retired the day before the date of his death without exchanging any pension for a lump sum or Dependant's pension on retirement.

10.2 The lump sum will be payable subject to Rule 13 (payment of lump sum on death).

10.3 The pension will be payable subject to Rule 14 (payment of pension on death).

11. BENEFITS ON DEATH IN RETIREMENT

11.1 If a Member dies while receiving a pension:

11.1.1 If the Member dies within 5 years after his pension starts, and before his 75th birthday, a lump sum will be payable equal to the discounted value as determined by the Scheme Actuary of the difference between five years' payments of the pension and the instalments of such pension which became payable prior to the date of death. If the Member dies within 5 years after his pension starts, and on or after his 75th birthday, his pension will continue to be paid to his Qualifying Spouse (or, if there is no Qualifying Spouse, to another Dependant) until the date which is 5 years after the date of commencement of his pension.

11.1.2 If the Member satisfies all of the conditions set out in Rule 11.1.2.3 below and:

11.1.2.1 If a lump sum is payable under Rule 11.1.1, and if X (as defined in (a) below) exceeds Y (as defined in (b) below), a lump sum will be payable under Rule 11.1.2 equal to X-Y where:

(a) X is an amount equal to three times the Member's Basic Salary determined at the date of the Member's early retirement under Rule 5; and

(b) Y is the amount payable under Rule 11.1.1.

11.1.2.2 If a lump sum is not payable under Rule 11.1.1 a lump sum will be payable under Rule 11.1.2 of an amount equal to three times the Member's Basic Salary determined at the date of the Member's early retirement under Rule 5.

11.1.2.3 The conditions referred to above are as follows:

(a) the Member last joined the Scheme before 1 October 1991,

(b) the Member dies while receiving a pension payable under Rule 5 (early retirement pension), and

(c) the Member dies before his Normal Retirement Date.

11.1.3 If the Member is survived by a Qualifying Spouse to whom he was married prior to his retirement, a pension will be payable to the Qualifying Spouse at a yearly rate of 50% of the pension payable to the Member at the date of his death or, if the Member exchanged pension for a lump sum or a Dependant's pension on retirement, 50% of the pension which would have been payable if the Member had not done so.

11.1.4 If the Member is survived by a Qualifying Spouse whom he married after his retirement, a pension will be payable to the Qualifying Spouse at a yearly rate calculated according to Rule 11.1.4.1 **or** 11.1.4.2, whichever gives the greater figure, that is to say:

11.1.4.1 50% of the pension payable to the Member at the date of his death or, if the Member exchanged pension for a lump sum or a Dependant's pension as retirement, 50% of the pension which would have been payable if the Member had not done so; or

11.1.4.2 N/160 x FPS

where:

N is the number of complete years of Pensionable Service completed while a Contracted-out Member, and

FPS is Final Pensionable Salary.

11.2 The lump sum will be payable subject to Rule 13 (payment of lump sum on death).

11.3 The pension will be payable subject to Rule 14 (payment of pension on death).

12. BENEFITS ON DEATH AFTER LEAVING

12.1 If a Member who has a preserved pension under Rule 7 (early leavers) which has not started dies:

12.1.1 If the Member dies before Normal Retirement Date, a lump sum will be payable equal to the return of the Member's Contributions which, subject to Rule 3.2.6, will be without interest.

12.1.2 If the Member dies on or after Normal Retirement Date and before his 75th birthday, a lump sum will be payable equal to the discounted value as determined by the Scheme Actuary of five years' payments of pension

which would have been payable to the Member had he retired the day before the date of his death.

12.1.3 If a Member who has left service before 6 April 1997 dies before Normal Retirement Date and if he is survived by a Qualifying Spouse, a pension will be payable to the Qualifying Spouse at a yearly rate calculated according to Rule 12.1.3.2. If a Member who has left service on or after 6 April 1997 dies before Normal Retirement Date and if he is survived by a Qualifying Spouse, a pension will be payable to the Qualifying Spouse at a yearly rate calculated according to Rule 12.1.3.1 or 12.1.3.2 whichever gives the greater figure, that is to say:

12.1.3.1 50% of the Member's early leaver's pension calculated in accordance with Rule 7.3, including increases as if the Revaluation Laws applied to the period between the Member's leaving Pensionable Service and the Member's death; or

12.1.3.2 N/160 x FPS

where:

N is the number of complete years with a proportionate amount for any additional complete months of Pensionable Service completed as a Contracted-out Member, and

FPS is Final Pensionable Salary.

12.1.4 If the Member dies on or after Normal Retirement Date and if he is survived by a Qualifying Spouse, a pension will be payable to the Qualifying Spouse at a yearly rate of 50% of the pension the Member would have been entitled to if he had retired the day before the date of his death without exchanging any pension for a lump sum or Dependant's pension on retirement.

12.1.5 If the Member dies on or after his 75th birthday but less than five years after his retirement, the Trustees may pay an additional temporary pension to a Qualifying Spouse or other Dependant representing the balance of five years' instalments of pension which would have been payable to the Member had he survived for five years after his retirement.

12.2 The lump sum will be payable subject to Rule 13 (payment of lump sum on death).

12.3 The pension will be payable subject to Rule 14 (payment of pension on death).

13. PAYMENT OF LUMP SUM ON DEATH

13.1 Subject to Rules 13.4 and 13.5, the Trustees will pay or apply any lump sum death benefit to (or for the benefit of) one or more of the Member's Beneficiaries and personal representatives in such shares, proportions and manner and for such interests as the Trustees decide (including the transfer of the whole or part of those benefits to trustees to be held by those trustees for such Beneficiaries upon such trusts and powers (including discretionary trusts or powers exercisable by those trustees) as the Trustees shall decide). If the Trustees so decide, all or any expenses,

fees, stamp duty or other outgoings incurred for the purpose of, or in connection with, any such payment or application of lump sum death benefits (irrespective of how that payment or application is made) may be deducted from (or paid out of) the said benefits.

13.2 If any part of the lump sum has not been paid or applied within 2 years of the Member's death, the Trustees will pay it to the Member's personal representatives. No lump sum will be paid if there are no surviving Beneficiaries when the Member dies.

13.3 In exercising their discretion, or in making any such payment or application as mentioned above, the Trustees shall be entitled to consult with the Employer who the Member was last employed by prior to his death or with the Principal Employer, and to rely upon the certificate of any such employer that any person to whom (or for whose benefit) any sum is to be so paid (or applied) is a Beneficiary and in making any such transfer as mentioned above, the Trustees shall be entitled to rely upon the certificate of any solicitor (or firm of solicitors) to the effect that the trusts upon which the transferred benefits will be held are such that those benefits must necessarily be paid to (or applied for the benefit of) one or more of the Beneficiaries.

13.4 The Trustees will pay any lump sum death benefit provided under Rule 11.1.2 to the Member's spouse, unless payment in accordance with Rule 13.1 is allowed by the Inland Revenue in which case it will be paid in accordance with Rule 13.1.

13.5 The Trustees will pay any lump sum death benefit provided under Rule 12.1.1 to the Member's personal representatives in the event of the Member having left Service.

13.6 Nothing in these rules shall permit the payment of any benefit on the death of a Member to the Crown or to the Duchy of Lancaster or Cornwall in bona vacantia.

14. PAYMENT OF PENSION ON DEATH

14.1 Young spouse

If the Qualifying Spouse to whom a pension is payable under Rules 9.1.2, 10.1.2, 11.1.3, 11.1.4, or 12.1.4 was more than ten years younger than the Member, the spouse's pension will be reduced by a rate determined by the Scheme Actuary. However, the pension will not be reduced to less than the spouse's GMP.

15. PAYMENT OF BENEFITS

15.1 Pensions are payable monthly or on any other basis which the Trustees decide.

15.2 If a person entitled to a benefit is a minor, or is suffering (in the opinion of the Trustees) from any incapacity making him unable to manage his affairs or to give a proper receipt, the Trustees may pay the benefit to such person or persons, body corporate or institution as the Trustees shall think fit to receive it on his behalf. The receipt of such person or persons, body corporate or institution will completely discharge the trustees and exonerate them from all further concern or responsibility in relation to the benefit.

15.3 The Trustees may deduct any tax due from a benefit and pay it to the Inland Revenue.

15.4 Despite anything to the contrary expressed or implied elsewhere in the Rules, but subject to any overriding requirements of legislation, if the Trustees are unable to confirm to their reasonable satisfaction the continuing existence of any person who is receiving a pension under the Scheme and whose pension came into payment on or after 12 February 2004 the Trustees may withhold the payment of such pension until such time as evidence to the reasonable satisfaction of the Trustees is received by them of the continued existence of the person in receipt of such pension. If such evidence is received by the Trustees the payment of the pension will be resumed at the rate applicable as if the pension has not been withheld and arrears will be paid inclusive of such interest as the Trustees decide is reasonable.

16. PENSION INCREASES

16.1 The Trustees will review pensions in payment each year on the Review Date. Increases under this Rule do not apply to any pension or part of a pension which is derived from AVCs or provided under Rule 17 (variation of benefits) or Rule 19.1 (transfers to the Scheme). Those pensions will be increased in accordance with the terms on which they were granted.

16.2 Subject to Rules 16.3, 16.4 and 16.5, any pension in course of payment may be increased by such amount as the Employer (with the Trustees' consent) shall decide.

16.3 The Trustees will increase any part of a pension which represents the GMP attributable to earnings for the tax years from 1988-89 to 1996-97 in accordance with the requirements of section 109 of the Pension Schemes Act 1993.

16.4 The Trustees will increase any part of a pension attributable to Pensionable Service on or after 6 April 1997 and before 6 April 2006 by the lower of the percentage increase in the Index in the period of 12 months ending on the 30 September immediately preceding the Review Date and 5%.

16.5 The Trustees will increase any part of a pension attributable to Pensionable Service on or after 6 April 2006 in accordance with section 51 of the Pensions Act 1995.

17. VARIATION OF BENEFITS

The Trustees may, with the Principal Employer's consent, provide:

17.1 increased or additional benefits in respect of any Member;

17.2 benefits in respect of any Member different, or on different terms, from those set out elsewhere in the Rules; or

17.3 benefits in respect of any current or former Employee, or any other person for whom benefits can be provided under the Scheme.

Benefits provided under this Rule will be consistent with the Preservation, Revaluation, Contracting-out and Transfer Value Laws and with the Revenue Approval of the Scheme.

18. ASSIGNMENT AND REDUCTION OF BENEFITS

18.1 This Rule 18 is subject to the Contracting-out Laws. Benefits cannot be assigned, surrendered or paid for the benefit of anyone except the person entitled under these Rules, subject to the remainder of this Rule 18, Rule 8.2 (Dependant's pension) and Appendix 1 Section 2 (pension sharing on divorce).

18.2 Subject to sections 91 to 94 of the Pensions Act 1995 (assignment, forfeiture, bankruptcy etc), the Trustees may withhold payment of a benefit if:

18.2.1 the person entitled to the benefit tries to assign or charge it or becomes bankrupt; or

18.2.2 anything else happens as a result of which the benefit or any part of it would become payable for the benefit of another person.

18.3 The Trustees may pay all or part of any benefit withheld under Rule 18.2 to or for the benefit of the person entitled to the benefit, so long as no payment is made to the purported assignee.

18.4 Subject to the requirements of Sections 91 to 94 of the Pensions Act 1995 (assignment, forfeiture, bankruptcy etc), the benefits provided under the Scheme in respect of a Member (excluding the benefits arising under clause 19.12) will, unless the Trustees with the Employer's consent decide otherwise, stand charged with the payment of any monetary obligation due to the Employer arising out of a criminal, negligent or fraudulent act or omission of that Member.

18.5 Production of a certificate signed by (or on behalf of) the Employer that any amount is so owing to it will be sufficient evidence of that fact.

18.6 Any monies payable out of the Scheme and not claimed within six years from the date on which they were due to be paid may (at the Trustees' discretion) be applied:

18.6.1 for the benefit of the Member or those persons claiming benefits in relation to him, despite any earlier failure to claim;

18.6.2 in augmenting the benefits of those Members still in Service (with the consent of the Principal Employer under the provisions of Rule 17);

18.6.3 in reducing the Employer's contributions to the Scheme; or

18.6.4 in payment of the expenses of the management and administration of the Scheme.

19. TRANSFERS AND BUY-OUTS

19.1 Transfers to the Scheme

The Trustees may accept a transfer of assets in respect of any person from another occupational pension scheme or a personal pension scheme, or the surrender value of a "buy-out" policy or retirement annuity contract. The Trustees will use the assets or surrender value to provide for the person in respect of whom the transfer is made

such benefits as the Trustees decide (on the Scheme Actuary's advice). The benefits must comply with the Preservation, Revaluation, Contracting-Out Laws and Transfer Value Laws, and be consistent with Revenue Approval of the Scheme.

19.2 **Transfers from the Scheme**

The Trustees with the Principal Employer's consent may instead of providing benefits under the Scheme in respect of any person transfer such assets as the Trustees with the Principal Employer's consent determine to another occupational pension scheme or to a personal pension scheme, so that benefits will be provided under the other scheme in respect of that person. The transfer or purchase must comply with the Preservation and Contracting-out Laws and the requirements of the Inland Revenue.

19.3 **Buy-outs**

Instead of providing benefits under the Scheme in respect of any person, the Trustees may pay such amount as they decide is appropriate (after consulting the Scheme Actuary) to buy an insurance policy or annuity contract in the name of the Trustees from an Insurer for that person, or transfer a policy or contract in the name of the Trustees to that person. The policy or contract must comply with the Preservation Laws (including any requirement for the consent of the person in respect of whom the transfer or purchase is being made), the Contracting-Out Laws and the requirements of the Inland Revenue.

20. EQUAL TREATMENT

20.1 The Scheme will comply with the equal treatment requirements of section 62 of the Pensions Act 1995 (equal treatment rule).

20.2 The Pensionable Service of a Member who for any period has been in part-time employment will be treated as reduced during this period in the same proportion which the number of hours he works each week under his contract of employment bears to the number of hours a comparable employee (in the opinion of the Employer) would work under a full-time contract of employment. If a Member has been in part-time employment during any period by reference to which his Final Pensionable Salary is calculated, his Final Pensionable Salary will be increased either in the same proportion which the number of hours a comparable employee would work under a full-time contract of employment bears to the number of hours the Member works under his contract of employment or on another basis which the Trustees decide is fair.

21. INLAND REVENUE LIMITS

The contributions and benefits of the Scheme are subject to the limits in Appendix 1 Section 1 (Inland Revenue Limits) up to and including 6 April 2006 and are thereafter subject to the provisions of Appendix 3.

22. CONTRACTING-OUT

The Scheme was contracted-out before 6 April 1997 on the GMP basis, and is contracted-out from 6 April 1997 on a Reference Scheme basis. The Trustees will

operate the Scheme in accordance with the Contracting-out Laws which apply to it and to any contracted-out benefits provided by it. These Rules will be treated as including Rules to the same effect as any rule which must be included for any Member's Service to be contracted-out under the Scheme.

23. APPOINTMENT, REMOVAL AND REMUNERATION OF TRUSTEES

23.1 Appointment and removal of Trustees

The Principal Employer may at any time by deed appoint and remove Trustees, subject to the provisions of sections 16 to 21 of the Pensions Act 1995 and 241 to 243 of the Pensions Act 2004. The Principal Employer's powers to appoint and remove Trustees will be exercised in such manner that the number of Trustees will not be less than two except that a body corporate may remain (or be appointed) as sole Trustee of the Scheme. If the number of Trustees falls below the minimum stipulated in the previous sentence and the Principal Employer fails to make an appointment in compliance with that sentence then the Principal Employer and its chairman (or managing director) and secretary shall be the Trustees or (where an individual remains a Trustee) additional Trustees as appropriate. A Trustee may resign by giving one month's notice in writing to the Principal Employer.

23.2 Remuneration of Trustees

Any Trustee will be entitled to fees or remuneration for his (or its) services as a Trustee at a rate to be agreed from time to time between such Trustee and the Principal Employer. These fees and remuneration will be treated as a Scheme expense under Rule 25.7 (Scheme expenses). In addition to any such fees or remuneration, any Trustee of the Scheme, any firm of which that Trustee is a partner and any subsidiary or associated company of that Trustee (or in which he is interested, whether as an officer or shareholder) will be entitled to retain beneficially any brokerage, commission, fee, interest or other advantage derived from monies forming part of the Fund held in its name with bankers or remuneration payable directly or indirectly to him (or it).

24. TRUSTEE PROTECTION

24.1 Exoneration of Trustees

24.1.1 Subject to section 33 of the Pensions Act 1995 (investment of powers: duty of care), no Trustee of the Scheme will be responsible, chargeable or liable in any manner whatsoever for (or in respect of) any loss of, nor for any depreciation in (or default upon), any of the investments, securities, stocks or policies in which the Fund (or any part of it) may at any time be invested in accordance with the provisions of the Rules, nor for any delay which may occur (from whatever cause) in the investment of any monies belonging to it, nor for the safety of any securities or documents of title deposited by the Trustees for safe custody, nor for the exercise of any discretionary power conferred on the Trustees by the Rules (including any act or omission by any agent, staff or delegate appointed by the Trustees), nor for anything else except wilful default on the part of the Trustee who is sought to be made liable.

24.1.2 No Trustee of the Scheme shall be responsible for ensuring the adequacy of the Fund to meet and discharge any or all payments and liabilities under the Scheme neither shall it be obligatory upon the Trustees to see that any of the contributions or other moneys payable under the Scheme to them or as they direct are in fact paid.

24.2 **Indemnity for Trustees**

The Trustees shall be indemnified by the Principal Employer against all liabilities incurred by them in the execution of the trusts hereof and the management and administration of the Scheme and shall have a lien on the Fund for such indemnity PROVIDED THAT no amount may be paid out of the Fund in respect of fines or penalties of a kind mentioned in section 256 of the Pensions Act 2004 (no indemnification for fines or civil penalties).

25. **TRUSTEE BUSINESS**

25.1 **Administration**

25.1.1 The Trustees are granted all the powers which they require in order to administer the Scheme. In particular, the Trustees may

25.1.1.1 Employ and pay nominees, agents and staff for any purpose and a secretary to transact any business of the Scheme including the receipt and payment of money; and

25.1.1.2 Pay remuneration (to be approved by the Principal Employer) to any such person or persons. Any remuneration so paid will be treated as a Scheme expense under Rule 25.7 (Scheme expenses).

25.1.2 The Trustees will administer the Scheme on terms which they decide are appropriate, subject to the Rules and any legislation which applies to them (including the Data Protection Act 1998 and the Occupational Pension Schemes (Disclosure of Information) Regulations 1996).

25.1.3 If there is more than one Trustee of the Scheme:

25.1.3.1 The Trustees may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit and may elect one of their number to be chairman of their meeting. In the event of equality of votes on the election of a chairman, he shall be chosen by lot;

25.1.3.2 Where there are three or more Trustees at a meeting of the Trustees, all business brought before that meeting will be decided by a majority of the votes of the Trustees present (and voting on it) and in the case of equality of votes, the chairman of the meeting will have a second or casting vote;

25.1.3.3 A resolution in writing signed by a majority of the Trustees but of which due notice shall have been given to all of the Trustees

individually will be as effectual as if it had been passed at a meeting of the Trustees and may consist of one or more documents in similar form each signed by one (or more) of the Trustees; and

25.1.3.4 In the case of a Trustee being a body corporate, any duly authorised office of that body may represent it at any Trustees' meeting, sign any Trustees' resolution on its behalf and be served with any notice of a Trustees' meeting in respect of it.

25.1.3.5 A Trustee may attend a meeting by the use of a telephone or video link or any other remote communication device which allows him to hear or otherwise follow the proceedings of the meeting and which allows the other Trustees present at that meeting (whether they are physically present or attending by means of a similar remote communication device) to hear or otherwise follow the contributions of that Trustee to the meeting.

25.2 **Delegation**

The Trustees may delegate, or authorise the sub-delegation of, any of their powers, duties and discretions to any person or to any group of persons on terms which they decide are appropriate. Any such delegation and the revocation of it must be by the unanimous resolution of the Trustees (other than the delegate), except to the extent that the delegation or revocation is in connection with the exercise of discretionary powers of a purely administrative nature.

25.3 **Disputes**

The Trustees will make arrangements for the resolution of disagreements in relation to the Scheme, subject to section 50 of the Pensions Act 1995 (dispute resolution).

25.4 **Advisers**

The Trustees may seek advice from professional advisers on terms which the Trustees agree with those advisers, subject to section 47 of the Pensions Act 1995 (professional advisers). The fees of any adviser will be treated as a Scheme expense under Rule 25.7 (Scheme expenses).

25.5 **Scheme Actuary, valuations and surplus, recovery plans and statements of funding principles**

25.5.1 The Trustees will appoint a Scheme Actuary. The Trustees will ensure that the Scheme Actuary carries out an actuarial valuation of the Scheme at least once every 3 years and at such other times as may be required under section 224 of the Pensions Act 2004 (actuarial valuations and reports). Where any such valuation has an effective date before 21 September 2005, it must comply with section 56 of the Pensions Act 1995. Where a valuation has an effective date on or after 21 September 2005, it must comply with sections 224 (actuarial valuations and reports) and 225 (certification of technical provisions) of the Pensions Act 2004.

In connection with any decisions which from time to time the Trustees may have to make as to the methods and assumptions to be used in calculating the Scheme's technical provisions (as defined in section 222 of the Pensions Act 2004 (the statutory funding objective)), the Trustees will comply with sections 229 (matters requiring agreement of the employer) and 230 (matters on which advice of actuary must be obtained) of the Pensions Act 2004, and with any regulations which may be made under sub-section 222 (4) (c) of section 222 (the statutory funding objective) of the Pensions Act 2004.

25.5.2 If the Scheme Actuary is of the opinion that the value of the Fund exceeds the value of the liabilities of the Scheme and for that (or any other) reason, certain alterations are recommended to be made to the benefits or to the contributions payable under the Scheme, the Principal Employer in agreement with the Trustees may make such of those alterations or take such other action as it deems expedient to reduce that excess, except the payment of money out of the Fund to the Employers.

25.5.3 When required to do so by section 226 of the Pensions Act 2004 (recovery plan), the Trustees will prepare a recovery plan, or review and if necessary revise it as the case may be, in accordance with that section, and in accordance with sections 229 (matters requiring agreement of the employer) and 230 (matters on which advice of actuary must be obtained) of the Pensions Act 2004.

25.5.4 The Trustees will prepare, from time to time review and if necessary revise a statement of funding principles when required by section 223 of the Pensions Act 2004 (statement of funding principles) and in accordance with sections 223, 229 (matters requiring agreement of the employer) and 230 (matters on which advice of actuary must be obtained) of that Act.

25.6 **Scheme auditor and annual reports**

The Trustees will appoint an auditor to the Scheme and ensure that Scheme accounts are prepared and audited once a year. The Trustees will also ensure that an annual report is prepared.

25.7 **Scheme expenses**

25.7.1 The Employers will pay the expenses of the Scheme in such shares as the Principal Employer decides.

25.7.2 The Principal Employer and the Trustees may agree that such payment will be included in the Employers' contributions payable in accordance with Rule 2 or that it be in addition to those contributions or that it be partly by one such method and party by the other method

PROVIDED THAT

25.7.2.1 Unless it has been agreed accordingly that the expenses of the Scheme are payable in addition to the contributions payable in accordance with Rule 2 or if the Employers commit any breach

of such agreement, the Trustees shall be entitled to any such payment out of the Fund, and

25.7.2.2 If the Scheme Actuary at any time certifies to the Trustees that, in his opinion, the Employers' obligations under this Rule could be suspended in respect of the whole (or part) of the Scheme's expenses for a specified period, the trustees may, with the Principal Employer's agreement, suspend those obligations accordingly, and

(a) Where there has been agreement for payment of the Scheme's expenses by the Employers in addition to the contributions payable in accordance with Rule 2, the whole (or part) of those expenses shall be payable out of the Fund during any such period of suspension, or

(b) Where there has been an agreement that the Employers' contributions in accordance with Rule 2 will include contributions in respect of the Scheme's expenses, the contributions which would otherwise be payable by the Employer shall be appropriately reduced. In a case in which the Employers' obligations under this Rule are wholly suspended, the Trustees shall be entitled to any such expenses out of the Fund. In a case in which the Employers' obligations under this Rule are not wholly suspended but are suspended in part, the Trustees will be entitled to any such fees, remuneration and expenses out of the Fund except to the extent (if any) to which those obligations are not suspended.

26. SCHEME ASSETS

26.1 Assets held on trust

The Trustees will hold the assets of the Scheme on trust for the purposes of the Scheme.

26.2 Segregated voluntary contribution assets

The investments, monies and other assets which are attributable to any Voluntary Contributions to procure benefits on a money purchase basis shall be kept separate from the rest of the Fund, and shall be known as "Segregated Voluntary Contribution Assets". The Trustees shall divide the Fund into two parts which shall be known as Part A and Part B:

26.2.1 Part A shall consist of that part of the Fund which is not attributable to Segregated Voluntary Contribution Assets and shall be applied to the provision of all benefits under the scheme other than Segregated Voluntary Contribution Benefits;

26.2.2 Part B shall consist of that part of the Fund which is attributable to Segregated Voluntary Contribution Assets and shall be applied in the provision of Segregated Voluntary Contribution Benefits.

26.3 The Trustees will maintain separate accounts in respect of the Segregated Voluntary Contribution Assets (and in respect of the rest of the investments, monies and other assets constituting the Fund) and may at their discretion maintain a separate account for each Member in respect of Voluntary Contributions and record in that account that part of the Segregated Voluntary Contribution Assets which is attributable to such Member.

26.4 **Investment of Scheme assets**

Subject to Rules 26.5, 26.6 and 26.7, the Trustees may retain in an account (or place on deposit) with any local authority, company, bank, building society or insurance company of good repute such monies as they may consider proper and may invest the Fund (and any monies coming into their hands on account of the Scheme) and may transpose and vary any such investments in any form of investment which they could make if they were absolutely and beneficially entitled to them. In particular, the Trustees may:

26.4.1 Invest all (or any part) of the Fund (a) in deferred or immediate annuity policies, retirement endowment contracts or policies and any other contracts or policies and in unit trusts as the Trustees think fit on terms that all sums payable under such contracts, policies or unit trusts shall as and when received by the Trustees be held by them upon trust for the purposes of the Scheme; (b) in any interest in land; (c) by participating in any scheme of deposit administration or managed fund; (d) in any article or commodity which, in the Trustees' opinion, will provide a capital profit; (e) in any pooled or common investment fund, investment in which shall, for so long as the Scheme is designed for Revenue Approval, be subject to the express approval of the Inland Revenue, or (f) in the acquisition, sale, exchange or cancellation of financial futures, options of any kind (including traded options whether call or put) and contracts or rights of any nature relating to assets or property of any kind and whether or not receipt or delivery is to be at some future date PROVIDED THAT any policies referred to in this Rule 26.4.1 will be issued by an Insurer.

26.4.2 Subject to the provisions of any regulations made under section 36A of the Pensions Act 1995 (restriction on borrowing by trustees), borrow any monies for the purposes of the Scheme and may also charge all (or any part) of the Fund with the due repayment and payment of interest on any monies so borrowed.

26.4.3 With the Principal Employer's consent, enter into underwriting or sub-underwriting contracts on such terms as they (in their absolute discretion) think fit.

26.4.4 Insure (up to any amount) any assets of the Fund against loss, damage or depreciation (from whatever cause).

26.5 **Investment manager**

The Trustees will appoint an investment manager, subject to section 36 of the Pensions Act 1995 (choosing investments).

26.6 **Statement of investment principles**

The Trustees will, after consulting the Employers and after obtaining the appropriate written advice ensure:

26.6.1 that a statement of investment principles is prepared and maintained, and

26.6.2 that the statement is reviewed and if necessary revised,

in accordance with section 35 of the Pensions Act 1995 (investment principles).

26.7 **Self-investment**

The Trustees will ensure that the Scheme complies with any statutory restrictions with respect to the proportion of its assets which may at any time be invested in employer-related investments, in accordance with section 40 of the Pensions Act 1995 (restriction on employer-related investments).

26.8 **Donations, bequests and gifts**

The Trustees may accept any donations, transfers, bequests or gifts for any of the purposes of the Scheme.

26.9 **Bank account**

The Trustees will arrange for bank accounts in the name of the Scheme to be opened and operated.

27. **PARTICIPATING EMPLOYERS**

27.1 **Inclusion in the Scheme**

The Principal Employer with the Trustees' consent may allow any employer to participate in the Scheme upon such terms as the Principal Employer may decide. An employer wishing to participate must agree by deed to comply with the Rules.

27.2 **Determination of the Scheme in relation to Employers**

The participation of an Employer (and its Employees) in the Scheme will cease and determine if one or more of the following events occur:

27.2.1 The Employer gives to the Trustees notice in writing of its intention to discontinue its participation in the Scheme and to terminate its liability and (where applicable) that of its Employees to contribute to the Fund;

27.2.2 The Employer fails to comply with the Rules so far as they are applicable to it as an Employer; and

27.2.3 An order is made or an effective resolution is passed (other than for the purposes of reconstruction or amalgamation) for the winding-up of the Employer.

The Principal Employer and Trustees may agree to exclude any Employer from participation in the Scheme if it is no longer associated in business with the Principal Employer.

27.3 **Disposal of assets on determination relating to the Employer; power to retain under trusts**

27.3.1 If an Employer ceases (in accordance with Rule 27.2) to participate in the Scheme, the appropriate portion of the Fund applicable to:

27.3.1.1 Members in the employment of that Employer and

27.3.1.2 If the Trustees in consultation with the Principal Employer so decide, any Members who had at any time been in such employment

will be determined by the Scheme Actuary and in relation to all those Members, the provisions of Rule 30 and Rule 27.3.3 will then, with due alteration of details, be applied to the said portion of the Fund

PROVIDED THAT

In such application, the Accrued Special Benefits applicable to such Members will be calculated as though the Scheme were being determined and the provisions of Rule 30 were being applied to the whole Fund.

27.3.2 If

27.3.2.1 part of the Principal Employer's undertaking or an Employer's undertaking (or any part of it) is acquired by another body corporate (not being an Employer, nor the Principal Employer) or other person or persons, or

27.3.2.2 a purchaser other than the Principal Employer (or an Employer) acquires the majority of the issued share capital of an Employer, in circumstances where continued participation of that Employer would not be satisfactory for the purposes of Revenue Approval of the Scheme

the appropriate portion of the Fund applicable to

(a) in the case of Rule 27.3.2.1, such Members as shall cease to be Employees of the Principal Employer or of the Employer, as the case may be, as a result of such acquisition of the undertaking or part of it, and, if the Trustees in consultation with the Principal Employer so decide, any Members who had at any time been employed in the undertaking (or part of it so acquired), or

(b) in the case of Rule 27.3.2.2, such of the Members as are employed by the Employer, a majority of the issued share capital of which has been so acquired, and, if the Trustees in

consultation with the Principal Employer so decide, any Members who had at any time been so employed

will, but only if the Trustees in consultation with the Principal Employer so decide, be determined by the Scheme Actuary and in relation to those Members, the provisions of Rule 30 and Rule 27.3.3 will then, with due alteration of details, be applied to the appropriate portion of the Fund

PROVIDED THAT

in such application, the Accrued Special Benefits applicable to such Members shall be calculated as though the Plan were being determined and the provisions of Rule 30 were being applied to the whole Fund. In such case, any such Members as are present Employees of, or were at any time employed by (if included as mentioned above), the Employer a majority of the issued share capital of which has been so acquired, and the Employer itself, shall cease to participate in the Scheme.

27.3.3 Where the Scheme Actuary has determined the appropriate portion of the Fund, and if the Trustees so agree, and subject to the consent of the Employer, or, where a part of the Principal Employer's undertaking is being acquired, of the Principal Employer, the assets constituting the appropriate portion may be segregated from the assets constituting the remainder of the Fund (in which case, the provisions of Rule 30 shall not then be applied to the appropriate portion) and continue to be held by the Trustees upon and subject to the trusts, powers and provisions of the Rules until such date as the Trustees shall determine, not being later than the date of the winding up of the Fund as a whole but on the basis that, on such date, the assets constituting the appropriate portion so segregated shall be available as assets to secure only the benefits for (or in respect of) the Members to whom the appropriate portion was applicable when it was determined by the Scheme Actuary, that no further Employees of the Employer shall be admitted to membership of the Scheme, that no further contributions shall be made by the Employer, nor by the Principal Employer, in respect of any such Members, nor by any of such Members themselves, and that the segregated appropriate portion shall at no time be available to secure the benefits of (or in respect of) any other Members.

28. CHANGE OF PRINCIPAL EMPLOYER

28.1 Transfer of obligations to another body corporate

28.1.1 In any of the events listed in Rule 28.1.2 the Principal Employer will thereby be released from all the Principal Employer's obligations under the Rules and such other body corporate as is referred to in Rule 28.1.2 will be deemed to be substituted for the Principal Employer as the person liable to perform those obligations and from that time on the Rules shall have effect as if that other body corporate had been a party to (and had executed the Rules in place of) the Principal Employer and as if references in the Rules to the Principal Employer were references to that body corporate.

28.1.2 The events referred to in Rule 28.1.1 are as follows:

28.1.2.1 if the Principal Employer goes into liquidation and another body corporate (whether in contemplation of or after such liquidation) enters into an agreement with the Trustees and the Principal Employer (or its liquidator) to perform the Principal Employer's obligations under the Rules;

28.1.2.2 if the Principal Employer's undertaking is acquired by (or vested in) any other body corporate and such other body corporate either enters into an agreement with the Trustees and the Principal Employer (or its liquidator), or is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations;

28.1.2.3 if the Principal Employer is dissolved by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) and another body corporate is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations, or

28.1.2.4 in circumstances other than those specified in Rules 28.1.2.1, 28.1.2.2, and 28.1.2.3 and in Rule 28.3, if another body corporate enters into an agreement with the Trustees and the Principal Employer (or its liquidator), or is bound by virtue of (or pursuant to) any statutory provision or any order of the court made under it (or otherwise) to perform the said obligations.

28.2 **Circumstances in which the Scheme may be determined**

28.2.1 Subject to section 23 of the Pensions Act 2004 (freezing orders) and to sections 135 (restrictions on winding up, discharge of liabilities etc), 154 (requirement to wind up schemes with sufficient assets to meet protected liabilities), and 219 (backdating the winding up of eligible schemes) of that Act, in any of the events listed in Rule 28.2.2 the Trustees may either determine the Scheme and wind up the Fund or may by deed exercise the power to amend (or add to) any of the trusts, powers and provisions of the Rules conferred upon them by Rule 31 and may make such arrangements or enter into such agreements as they shall (in their absolute discretion) think fit for the continuation of the Plan, subject however to Rule 30.1 subsequently becoming applicable.

28.2.2 The events referred to in Rule 28.2.1 are as follows:

28.2.2.1 if the Principal Employer goes into liquidation and if at the time of such liquidation or at any time after that, there is no such agreement as is referred to in Rule 28.1.2.1, and the Trustees are of the opinion that there is no reasonable expectation of such agreement;

28.2.2.2 if the Principal Employer's undertaking is acquired by (or vested in) any body corporate and if at the time of such acquisition or at any time after that, there is no such agreement as is referred to in Rule 28.1.2.2 and such other body corporate is not bound as mentioned in Rule 28.1.2.2, and the Trustees are of the opinion that there is no reasonable expectation of such agreement or of any other body corporate becoming so bound;

28.2.2.3 if the Principal Employer is dissolved in the manner referred to in Rule 28.1.2.3 and if at the time of such dissolution or at any time after that, no other body corporate is bound as mentioned in Rule 28.1.2.3, and the Trustees are of the opinion that there is no reasonable expectation of any such body corporate becoming so bound; or

28.2.2.4 if such other circumstances as are referred to in Rule 28.1.2.4 occur and if at the time of such occurrence or at any time after that, there is no such agreement as is referred to in Rule 28.1.2.4 and such other body corporate is not bound as mentioned in Rule 28.1.2.4, and the Trustees are of the opinion that there is no reasonable expectation of such agreement or of any such body corporate or any other body corporate becoming so bound.

28.3 **Acquisition of part of the Principal Employer's undertaking**

If a part of the Principal Employer's undertaking is acquired, Rule 27.3.2 will apply.

29. DETERMINATION OF THE SCHEME

29.1 **Events giving rise to the determination of the Scheme**

Subject to section 23 of the Pensions Act 2004 (freezing orders) and to sections 135 (restrictions on winding up, discharge of liabilities etc), 154 (requirement to wind up schemes with sufficient assets to meet protected liabilities), and 219 (backdating the winding up of eligible schemes) of that Act, the Scheme will be determined in accordance with Rule 30 upon the happening of any one of the following events:

29.1.1 the Principal Employer terminating its liability and (where applicable) that of its Employees to contribute to the Fund (unless the Trustees resolve that the determination of the Scheme will be deferred);

29.1.2 the Principal Employer failing at any time to pay to the Trustees any sum (or sums) due from the Principal Employer under the Rules within 14 days after the date on which the Trustees may have delivered written notice to the Principal Employer requiring the same to be paid, or the Principal Employer failing to observe and perform any other of its obligations under the Rules or under any deed of agreement supplemental to the Rules (unless the Trustees resolve that the determination of the Scheme will be deferred);

29.1.3 the Trustees exercising the power to wind up the Fund conferred on them in certain events by Rule 28;

29.1.4 the Trustees resolving to determine the Scheme at any time after it would have been determined (under any one of Rules 29.1.1, 29.1.2 and 29.1.3) but for a resolution by the Trustees that such determination shall be deferred;

29.1.5 the Trustees resolving to wind up the Fund at any time after they might have exercised the power to wind up the same conferred on them in certain events by Rule 28; and

29.1.6 the Trust Period minus one year expiring.

29.2 **Termination of Employers' contributions**

Upon the Fund being wound up, the liability of each of the Employers and (where applicable) the Members to contribute to it, if not already terminated under Rule 29.1.1 will terminate, but without prejudice to their liability for the payment of any contributions which have become payable or which have accrued, and the Fund will be held upon the trusts declared by Rule 30.

30. DETERMINATION OF THE SCHEME - APPLICATION OF THE FUND

30.1 **Notification to members, administration costs, unpaid fees, remuneration and expenses**

Upon the determination of the Scheme at any time, the Trustees will notify in writing each Member and each other person to whom disclosure is required to be made under the Disclosure Regulations. Before applying the Fund in accordance with Rule 30, the Trustees shall be entitled to reserve out of it such amount as they consider may be necessary to meet any expenses of the administration and of the determination of the Scheme (including any unpaid expenses payable in accordance with Rule 25.7) which in their opinion may not be recoverable from the Employers and to meet any tax for which they may become liable or accountable.

30.2 **Application of the Fund**

Upon any such determination of the Scheme (as referred to in Rule 30.1) the Trustees will apply the Fund in accordance with section 73 of the Pensions Act 1995 (preferential liabilities on winding-up) and, after having done that, will apply Part B of the Fund in the provision of Segregated Voluntary Contribution Benefits and, having done that, will apply Part A of the Fund to satisfy any remaining liabilities of the Scheme as directed below, in the following order of priority:

30.2.1 In securing, insofar as they have not already done so

30.2.1.1 the payment of their pensions to those persons who are already in receipt of them out of the Fund and the payment of any other benefits in respect of which entitlement to payment has already arisen;

30.2.1.2 the payment of their pensions and other benefits to those Contracted-out Members for whom payment of such benefits has been deferred beyond the earlier of Normal Retirement Date and State Pension Age and to those other Members for whom

payment of such benefits has been deferred beyond Normal Retirement Date;

30.2.1.3 to the Dependants of Members for whom pensions are secured under Rules 30.2.1.1 and 30.2.1.2, the payment of the pensions and the other benefits which such Dependants are prospectively (or contingently) entitled to under the Scheme on the said Members' deaths

PROVIDED THAT the liabilities specified in Rules 30.2.1.1, 30.2.1.2 and 30.2.1.3 shall rank equally;

30.2.2 in securing so far as the remaining assets of the Fund will permit

30.2.2.1 Accrued Special Benefits;

30.2.2.2 To the Members entitled to them and to the extent that they have not already been secured under Rules 30.2.1.1 and 30.2.1.2, equivalent pension benefits within the meaning of section 57(1) of the National Insurance act 1965;

30.2.2.3 Guaranteed Minimum Pensions and accrued rights to them, insofar as such benefits have not been secured under Rules 30.2.1.1, 30.2.1.2 and 30.2.1.3 and, insofar as they exceed in respect of each individual Member the Accrued Special Benefits, but ignoring for this purpose any benefit forming part of the Accrued Special Benefits that is an equivalent pension benefit within the meaning of section 57(1) of the National Insurance Act 1965;

30.2.2.4 The payment of any State Scheme Premiums which the Trustees are liable for;

30.2.2.5 The payment of a pension to each Contracted-out Member who has not reached the earlier of Normal Retirement Date and State Pension Age and to each other Member who has not reached Normal Retirement Date and who, in either case, has neither retired with an immediate pension, nor is being provided with a return of his Member's Contributions under Rule 7, such pension to start:

(a) at the earlier of Normal Retirement Date and State Pension Age in the case of a Contracted-out Member or at Normal Retirement Date in the case of each other Member, with an option in each case for the Member to elect a reduced pension starting at any date on which, if he elects to retire then, he could have been granted an immediate pension in accordance with Rule 5 and (unless he has previously left Service) on which he does so elect, or

(b) immediately PROVIDED THAT the Member elects to retire at once and is granted an immediate pension in accordance with Rule 5, and

30.2.2.6 to each Dependant of a Member for whom a pension is secured under Rule 30.2.2.5 the payment of any contingent pension (becoming payable upon the Member's death) which the Dependant is prospectively entitled to under the Rules

PROVIDED THAT the liabilities specified in Rules 30.2.2.3 and 30.2.2.4 will rank equally but (1) after the liabilities specified in Rules 30.2.2.1 and 30.2.2.2 and (2) before the liabilities specified in Rules 30.2.2.5 and 30.2.2.6 (which, together with refunds of Members' Contributions which fall to be paid in accordance with Rule 7, shall rank equally) and PROVIDED FURTHER THAT in respect of each Member, the pensions to be secured under Rules 30.2.2.5 and 30.2.2.6 will be calculated:

(a) having regard to the value, as determined by the Scheme Actuary, of the interests in the Fund of the Member and his Dependants, reduced by the value of any benefits secured in respect of the Member under Rules 30.2.2.1, 30.2.2.2 and 30.2.2.3 or deemed to be secured if an Accrued Rights Premium has been paid in respect of the Member;

(b) except for a Member whose Pensionable Service terminated prior to the event which gave rise to the determination of the Scheme in accordance with Rule 28 or Rule 29 (or the determination of the Scheme relating to an Employer in accordance with Rule 27.2) by deeming a Member in Service at the date of determination of the Scheme to leave Service at that date and to be entitled to benefits in accordance with Rule 7 (other than Segregated Voluntary Contribution Benefits (if any) already secured, but inclusive of any benefits secured in respect of the Member under Rules 30.2.2.1, 30.2.2.2 and 30.2.2.3 or deemed to be secured if an Accrued Rights Premium has been paid in respect of the Member), and

(c) in respect of a Member whose Pensionable Service has terminated prior to the event which gave rise to the determination of the Scheme in accordance with Rule 28 or Rule 29 (or the determination of the Scheme relating to an Employer in accordance with Rule 27.2), on the basis of the benefit (if any) which he remains entitled to in accordance with Rule 7 (other than Segregated Voluntary Contribution Benefits (if any) but inclusive of any benefits secured in respect of the Member under Rules 30.2.2.1, 30.2.2.2 and 30.2.2.3 or deemed to be secured if an Accrued Rights Premium has been paid in respect of the Member); and

30.2.3 in respect of such part of the balance of the Fund then remaining unexpended in their hands as the Trustees in consultation with the Principal

Employer shall decide, in augmenting any of the pensions or other benefits (except any Member's Contributions returned to the Member in accordance with Rule 7) under Rules 30.2.1 and 30.2.2 above, or in providing Relevant Benefits for Beneficiaries or for Dependants, subject always to Revenue Approval not being prejudiced

PROVIDED THAT

(a) where any pension (including the pension equivalent of all benefits in cash form and the equivalent of any pension to be provided for any person in accordance with Rule 8) payable under this Rule 30.2 is less than the amount which is prescribed as trivial under section 21 of the Pension Schemes Act 1993 or where a Member entitled to any pension (under the Scheme) is in exceptional circumstances of serious ill-health, the Trustees may elect to pay a single lump sum in lieu of such pension, subject in each of these circumstances to the Contracting-out Laws;

(b) the provisions of Rule 8 shall apply in like manner to any pension secured for a Member in accordance with this Rule 30.2 and which starts on or after the date of determination of the Scheme, Rule 8.3 shall apply in like manner to any contingent pension secured for a Dependant in accordance with this Rule 30.2 and the provisions of Rule 7.5 shall apply in like manner to any deferred pension secured in accordance with this Rule 30.2 for a Member who leaves Service after the date of determination of the Scheme;

(c) subject to Provisos (a) and (b) above, any pension payable in accordance with this Rule 30.2 shall be non-commutable and non-assignable, and

(d) any benefits payable in accordance with this Rule 30.2 may, subject to Rule 30.3, be secured by purchasing insurance policies or annuity contracts from an Insurer and in the case of any such Members as are referred to in Rule 30.2.2 may be on such terms (consistent with Revenue Approval) as to the payment of any benefit on the death of any Member in respect of whom the policy is issued, as the Trustees shall (in their absolute discretion) think fit to arrange, but not so that the value of the pension and of any benefit so secured shall together be in excess of the value of the Member's interest in the Fund as mentioned above.

The policies and contracts will comply with the Preservation, Contracting-Out and Revaluation Laws.

30.3 **Transfers-out**

Subject to the Preservation and Contracting-out Laws, and to the Trustees having met any tax for which they may be liable or accountable, the Trustees may, instead of applying the assets of the Fund by way of securing all or any of the benefits in the manner described in Proviso (d) to Rule 30.2, transfer to another occupational pension scheme or personal pension scheme such of the assets of the Fund which would otherwise have been so applied, together with all other assets (if any) then remaining in the Fund, to the intent that the Members, Dependants and Beneficiaries whose benefits would otherwise been secured in the manner described in proviso (d) to Rule 30.2 will be provided with benefits under the other Scheme.

A transfer of benefits in respect of Contracted-out Employment must be approved by the Inland Revenue in accordance with section 50 of the Pension Schemes Act 1993 (powers of Inland Revenue to approve arrangements for scheme ceasing to be certified).

30.4 **All decisions, determinations etc to be made within the Trust Period**

All decisions, determinations and appropriations to be made under this Rule 30 shall be made and in particular the nature, duration and amounts of all pensions and benefits shall be determined within the Trust Period to the intent that all interests in the Fund shall become vested interests within the Trust Period.

30.5 **Power of Amendment**

For the avoidance of doubt, if this Rule 30 becomes operative the power of the alteration or modification, conferred by Rule 31 shall continue to be exercisable other than in respect of Rule 30.2. The power of the Principal Employer to consent to any amendment, and to execute deeds effecting amendments, shall be vested in the Trustees.

31. **AMENDMENT**

The Trustees may at any time, with the Principal Employer's consent, by deed executed by the Principal Employer and the Trustees amend (or add to) all or any of the trusts, powers or provisions of the Rules, and any such amendment or addition shall have effect from such time as may be specified in that deed and so that the time so specified may be the date of that deed or resolution or any reasonable time previous or subsequent to it, so as to give the amendment or addition retrospective of future effect (as the case may be)

PROVIDED THAT

A. no such amendment or addition shall be made which would diminish the benefits already accrued (as determined by the Scheme Actuary) under the Scheme to the Member without his previous written consent, and

B. except to the extent permitted by Rule 30 of the Rules in the event of the Scheme being determined in accordance with that Rule, in no case shall the amount or rate of any benefit be varied without the Member's previous written consent if such variation would (as determined by the Scheme

Actuary) diminish the benefits already accrued to the Member under the Scheme. However, this Proviso shall in no way affect (or have any bearing on) the order in which the Fund is to be applied in the event of the Scheme being determined in accordance with Rule 30 of the Rules, and

C. for so long as the Scheme is being treated as a scheme having Revenue Approval, any such amendment or addition shall be notified to the Inland Revenue, and

D. no such amendment or addition shall be made which would enable the payment to any of the Employers of any moneys, investments or property or any interest or income to arise therefrom constituting any part of the Fund

E. the Trustees shall comply with any overriding statutory restrictions on the amendment of pension schemes, whilst such statutory restrictions are in force.

PROVIDED FURTHER THAT the power of alteration or modification conferred by this Rule shall continue to be exercisable after the happening of any of the events specified in Rule 29.1 but not so as to modify Rule 30.2.

32. LAWS AND INTERPRETATION

32.1 The Rules will be governed by and interpreted in accordance with the laws of England and Wales.

32.2 Any rights that a third party may have under the Contracts (Rights of Third Parties) Act 1999 are excluded.

32.3 The terms used in these Rules are defined in Appendix 2 (glossary).

32.4 In the Rules, unless the context requires otherwise, words of the masculine, feminine or neuter gender shall include any other gender; words in the singular shall include the plural and vice versa; and reference to any enactment, statute or regulation will include reference to any amendment or re-enactment for the time being in force, and where appropriate, any subsequent related legislation.

32.5 Subject to the powers conferred by the Rules on the Principal Employer or the Employers, the Trustees will decide any question or matter of doubt arising in connection with the Scheme.

APPENDIX 1

Section 1 - Inland Revenue Limits applicable to 5 April 2006

GLOSSARY

The terms used in this Appendix 1 Section 1 are defined below and (if not inconsistent) in Appendix 2 (glossary).

ADMINISTRATOR shall mean the administrator for the purposes of section 590(2)(c) of the Taxes Act.

AGGREGATE RETIREMENT BENEFIT shall mean the aggregate of:

(a) the Member's pension under this Scheme and any Associated Scheme; and

(b) the pension equivalent of the Member's Lump Sum Retirement Benefit.

ASSOCIATED EMPLOYER. An Employer is associated with another employer if one is controlled by the other, or both are controlled by a third party. Control has the meaning in section 840 of the Taxes Act, or in the case of a close company, section 416 of the Taxes Act.

ASSOCIATED SCHEME shall mean any Relevant Scheme providing benefits in respect of Service.

CONNECTED SCHEME shall mean any Relevant Scheme which is connected with the Scheme in relation to the Member, i.e. if:

(a) there is a period during which the Member has been the employee of 2 Associated Employers;

(b) that period counts under both schemes as a period in respect of which benefits are payable; and

(c) the period counts under one scheme for service with one employer and under the other for service with the other employer.

CONTROLLING DIRECTOR shall mean a Member who, at any time on or after 17 March 1987 and in the last 10 before the Relevant Date has, in relation to the Employer, been both within the definition of a director in section 612(1) of the Taxes Act and within paragraph (b) of section 417(5) of that Act.

FINAL REMUNERATION shall mean the greater of:

(a) the highest remuneration upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date being the aggregate of:

(i) the basic pay for the year in question; and

(ii) the yearly average over 3 or more consecutive years ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments PROVIDED THAT Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the last day of the basic pay year. Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances, it may be included provided the yearly average of 3 or more consecutive years begins no later than the commencement of the basic pay year; or

(b) The yearly average of the total emoluments from the Employer which are assessable to income tax under Case I or II of Schedule E upon which tax liability has been determined for any 3 or more consecutive years preceding the Relevant Date ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, that may be included PROVIDED THAT in these circumstances the yearly average of 3 or more consecutive years begins no later than the commencement of the year ending with the Relevant Date.

PROVIDED THAT:

(i) remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc which give rise to such an amount liable to tax under Schedule E had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of section 148 or section 313;

(ii) in relation to a Controlling Director, final remuneration shall be the amount ascertained in accordance with (b) above, and (a) above shall not apply;

(iii) in relation to any other employee whose remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000 (or such other figure as may be prescribed by the Treasury), final remuneration shall not exceed the amount ascertained in accordance with (b) above, and (a) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);

(iv) where final remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the member's remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Pre-1987 Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this proviso and/or the first sentence of (a)(ii) above and then only to the same proportionate extent;

(v) for a Post-1989 Member's final remuneration shall not exceed the Earnings Cap;

(vi) for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Pre-1989 Member final remuneration shall not in any event exceed £100,000 (or such other figure as may be prescribed by the Treasury);

(vii) an employee who remains, or is treated as remaining, in service but by reason of incapacity is in receipt of a much reduced remuneration, i.e. under a sick pay or permanent health insurance, for more than 10 years up to the Relevant Date, may calculate final remuneration under (a) or (b) above with the final remuneration calculated at the cessation of normal pay and increased in accordance with the Index;

(viii) the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument;

(ix) an early retirement pension in payment from the Employer may not be included in final remuneration;

(x) any amounts of pay used to buy partnership shares in a Share Incentive Plan (formerly known as an All-Employee Share Ownership Plan) that are classed as pensionable remuneration qualify for the purpose of paragraph 83 of Schedule 8 to the Finance Act 2000.

Notes: 1. Except as in proviso (i) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Schedule E, and will normally be regarded as fluctuating emoluments. If benefits are not so assessable, they may not be included as part of final remuneration except with the agreement of IR SPSS.

2. Where at the relevant date final remuneration cannot be precisely established because tax liability on all the constituent elements of remuneration for the year or years in question has not been determined, final remuneration may be calculated on the appropriate basis above using those elements of remuneration which have been finally determined for tax purposes. Immediate "on account" pension and lump sum benefits may be provided based on final remuneration so calculated. When tax liability on remuneration is finally determined, and final remuneration recalculated providing scope for further benefits (both pension and lump sum), these may be paid but they must not cause total benefits to exceed Inland Revenue limits calculated as at the date benefits were first taken.

Where the above applies in the case of a member who does not have continued rights and whose lump sum retirement benefit is calculated on the basis set out in PN8.7, a subsequent additional lump sum will not be possible if final remuneration is not finally determined for tax purposes until after the end of the first year in which the pension has been in payment.

Where immediate benefits are not being provided or where a transfer payment is to be made in respect of accrued pension benefits then final remuneration may only be calculated using remuneration assessable to income tax under Case I or II of Schedule E upon which tax liability has been determined.

3. Where the relevant date occurs during a period of paid maternity leave or within 12 months of the end of a period of paid maternity leave, Final

Remuneration (as defined in this definition) can include an amount based on the greater of:

(a) the remuneration that the employer would have been obliged to pay to the employee under a contract of employment in force in respect of that employee prior to the start of the paid maternity leave; or

(b) the actual amount of remuneration received by the employee from the employer in the period of 12 months immediately before the commencement of the paid maternity leave.

In the case of 3(a) above, the remuneration that the employer would have been obliged to pay to the employee under a contract of employment in force in respect of that employee prior to the start of the paid maternity leave cannot include any amounts that, had they been paid, would not qualify as remuneration.

In the case of 3(b) above only, the remuneration may be increased in proportion to any increase in the National Average Earnings Index from the last day of the 12 month period immediately before the commencement of the paid maternity leave up to the end of that leave.

4. Where fluctuating emoluments have not been paid for the full 3 years, they should be averaged over the period from the commencement of their entitlement to payment (or the beginning of the 3 year period, if later) to the end of the relevant basic pay year. Where, however, it is proposed to include in final remuneration a fluctuating emolument which was payable in a single year only the agreement of IR SPSS must be sought.

FLUCTUATING EMOLUMENTS are any part of an employee's earnings which are not paid on a fixed basis and are additional to the basic wage or salary. They include overtime, commission, bonuses or benefits in kind so long as they are assessable to tax under Case I or II Schedule E and profit related pay (see proviso (viii) to the definition of Final Remuneration). Directors' fees may rank as fluctuating emoluments according to the basis on which they are voted.

LUMP SUM RETIREMENT BENEFIT shall mean the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.

PENSIONABLE SERVICE shall have the meaning ascribed to it by paragraph 3 Schedule 16 Social Security Act 1973.

POST-1989 MEMBER means any Member who is not a Pre-1989 or Pre-1987 Member.

PRE-1987 MEMBER means any Member who joined the Scheme before 17 March 1987, or who joined subsequently and whom the Inland Revenue have agreed in writing to be a Pre-1987 Member as a result of his previous membership of a Relevant Scheme and who, in either case, has not opted to become a Post-1989 Member.

PRE-1989 MEMBER means any Member who, on or after 17 March 1987 and before 1 June 1989, joined the Scheme being a scheme which commenced before 14 March 1989; or whom the Inland Revenue has agreed in writing to be a Pre-1989 Member as a result of his previous membership of a Relevant Scheme and who, in either case, has not opted to become a Post-1989 Member.

RELEVANT DATE shall mean the date of retirement, leaving Pensionable Service or death as the case may be.

RELEVANT SCHEME shall mean any other scheme approved or seeking approval under Chapter I Part XIV of the Taxes Act and in respect of a Post-1989 Member who is a Controlling Director also any retirement annuity contract or trust scheme approved under Chapter III Part XIV or any personal pension scheme as approved under Chapter IV Part XIV of the Taxes Act insofar as it provides benefits secured by contributions in respect of Service.

REMUNERATION in relation to any year shall mean the aggregate of the total emoluments for the year in question from the Employer and which are assessable to income tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of section 148 of the Taxes Act. PROVIDED THAT for a Post-1989 Member there shall be disregarded any emoluments in excess of the Earnings Cap.

RETAINED DEATH BENEFITS shall mean any lump sum benefits payable on the Member's death from:

(a) retirement benefits schemes approved or seeking approval under Chapter I Part XIV of the Taxes Act or relevant statutory schemes as defined in section 611A thereof;

(b) funds to which section 608 of the Taxes Act applies;

(c) retirement benefits schemes which have been accepted by the Inland Revenue as "corresponding" in respect of a claim made on behalf of the Member for the purposes of section 596(2)(b) of the Taxes Act;

(d) retirement annuity contracts approved under Chapter III Part XIV of the Taxes Act: or

(e) term life provisions under personal pension schemes approved under Chapter IV Part XIV of the Taxes Act;

(f) transfer payments from overseas schemes held in a type of arrangement defined in (a), (d) or (e) above,

in respect of previous employments or periods of self-employment (whether alone or in partnership). If the Retained Death Benefits do not exceed £2,500 in total they may be ignored.

If the Member is not a Controlling Director and his or her earnings in the 12 months after entry to the Scheme (in this context including any other Relevant Scheme providing benefits in respect of service with the current Employer) do not exceed one quarter of the Earnings Cap, benefits from these sources, other than those transferred into the Scheme, shall not be classed as Retained Death Benefits.

SERVICE shall mean service with the Employer or an Associated Employer, or, except in relation to a Post-1989 Member who is a Controlling Director of either employer, an employer who is associated with the Employer only by virtue of a permanent community of interest.

PART 1

INLAND REVENUE LIMITS RULE

Post-1989 Members

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to A Post-1989 Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes exceed the limits set out below:

1. The Member's Aggregate Retirement Benefit shall not exceed:

(a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date, on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;

(b) on retirement at any time before Normal Retirement Date on grounds of incapacity, a pension of the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1(a) above, Final Remuneration being computed as at the actual date of retirement;

(c) on leaving Pensionable Service before attaining age 75, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of the Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.

(d) Benefits for a Post-1989 Member are further restricted to ensure that his total retirement benefit from this scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Earnings Cap for each year of service, subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme PROVIDED THAT no period is to be counted more than once.

(e) For the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in (a) to (d) above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

2. The Member's Lump Sum Retirement Benefit shall not exceed:

(a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of incapacity, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;

(b) on retirement at any time before Normal Retirement Date on grounds of Incapacity, the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2(a) above, Final Remuneration being computed as at the actual date of retirement;

(c) on leaving Pensionable Service before attaining age 75, a lump sum of 3/80ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval. The amount computed may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

Pre-1989 or Pre-1987 Members

Notwithstanding anything to the contrary in the Scheme provisions, the benefits payable to a Pre-1989 or Pre-1987 Member or to his Dependants or other beneficiaries in respect of him shall not when aggregated with all

benefits of a like nature provided under all Associated Schemes exceed the limits set out below:

1. The Member's Aggregate Retirement Benefit shall not exceed:

(a) on retirement at or before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;

(b) on retirement at any time before Normal Retirement Date on grounds of incapacity, a pension of the amount calculated in accordance with paragraph 1(a) above as if the Member had remained in Service until the Normal Retirement Date, Final Remuneration being computed as at the actual date of retirement;

(c) on retirement after Normal Retirement Date, a pension of the greatest of:

(i) the amount calculated in accordance with paragraph 1(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date;

(ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1(a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and

(iii) where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years,

Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 4 below;

(d) on leaving Pensionable Service before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.

2. The Member's Lump Sum Retirement Benefit shall not exceed:

(a) on retirement at or before Normal Retirement Date, 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval;

(b) on retirement at any time before Normal Retirement Date on grounds of incapacity, the amount calculated in accordance with paragraph 2(a) above as if the Member had remained in Service until the Normal Retirement Date, Final Remuneration being computed as at the actual date of retirement;

(c) on retirement after Normal Retirement Date, the greatest of:

(i) the amount calculated in accordance with paragraph 2(a) above on the basis that the actual date of retirement was the Member's Normal Retirement Date;

(ii) the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2(a) above together with an amount representing interest thereon; and

(iii) where the Member's total Service has exceeded 40 years, the aggregate of 3/80ths of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 3/80ths of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years,

Final Remuneration being computed in respect of (i) and (iii) above as at the actual date of retirement, but subject always to paragraph 4 below;

(d) on leaving Pensionable Service before Normal Retirement Date, a lump sum of 3/80ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Revenue Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

3. If a Member elects to take any part of his benefits under this Scheme in advance of actual retirement, the limits set out in paragraphs 1 and 2 above shall apply as if he had retired at the date of the election as aforesaid, no account being take of subsequent Service, save that the maximum amount of any uncommuted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.

4. Paragraphs 1 to 3 above shall be modified in their application to a Member who is a Controlling Director as follows:

(a) the amount of the maximum Aggregate Retirement Benefit in paragraph 1 and of the maximum Lump Sum Retirement Benefit in paragraph 2 shall be reduced, where necessary for Revenue Approval, to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III Part XIV of the Taxes Act or under personal pension schemes approved under Chapter IV Part XIV of the Taxes Act;

(b) where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, paragraph 1(c)(ii) and (iii) and paragraph 2(c)(ii) and (iii) shall not apply, and if retirement is later than the attainment of that age, the said paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Date, so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70;

(c) where paragraph 3 applies to him, the rate of the actuarial increase referred to therein in relation to any period of deferment prior to his attaining the age of 70, shall not exceed the percentage increase in the Index during that period.

PART 2

OTHER CONDITIONS RELATING TO POST-1989 MEMBERS

1. Member Contributions

(a) Each Member is required to contribute at such a rate as determined by the Employer and notified in writing to the Member. No rate of contribution determined under this paragraph may be altered before the expiry of a period of 12 months from the date on which the first payment at the current rate became due without the specific agreement of the Board of Inland Revenue.

(b) In addition, the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants. Any retirement benefits so secured must be in the for of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill-health.

(c) The contributions paid to the Scheme by a Member in a year of assessment shall not exceed either:

(i) when aggregated with the Member's contributions to any other exempt approved schemes, 15 per cent of the Member's Remuneration; or

(ii) when aggregated with the Member's contributions to any schemes which are Associated or Connected Schemes, 15 per cent of the Earnings Cap.

2. Continued Life Cover

Any provision in the Rules to provide a lump sum benefit on the death of a Member occurring after retirement on pension (other than a payment under a guarantee of pension provision) shall be restricted in respect of a Member who joined the Scheme on or after 1 October 1991 to exclude any provision other than on death occurring before the Normal Retirement Date and after retirement on grounds of incapacity. The amount of the benefit shall not exceed the amount payable had the Member dies immediately before retirement increased in proportion to any increase in the Index between the date of the Member's retirement and the date of death.

3. Payment of Retirement Benefits

(a) The payment of a Member's retirement benefits shall not commence earlier than the Member attaining age 50, except on retirement on grounds of incapacity, nor later than attaining age 75.

(b) No part of the Member's retirement benefits is to be paid in advance of actual retirement except as necessary to comply with paragraph 3(a) above or to the extent necessary to comply with the requirements of the Pension Schemes Act 1993.

PART 3

OTHER CONDITIONS RELATING TO PRE-1989 OR PRE-1987 MEMBERS

1. Member Contributions to Contributory Scheme

(a) Each Member is required to contribute at such rate as determined by the Employer and notified in writing to the Member. No rate of contribution determined under this paragraph may be altered before the expiry of a period of 12 months from the date on which the first payment at the current rate became due without the specific agreement of the Board of the Inland Revenue.

(b) In addition, the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants. Where such contributions commence on or after 8 April 1987, any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill-health.

(c) The total contributions paid by the Member in a year of assessment to this and any Associated Scheme shall not exceed 15% of his Remuneration for that year.

2. Transfers

(a) Any retirement benefits arising by virtue of the receipt by the Scheme of a transfer value (other than from another scheme providing benefits in respect of Service) shall not be capable of commutation unless and then only to the extent that a certificate has been obtained from the Administrator of the transferring scheme showing the maximum lump sum payable from the transfer value. The amount so certified may be increased in proportion to any increase in the Index since the date the transfer payment was received.

(b) When, on or after a transfer having been made to another occupational pension scheme, the Administrator of that scheme requests such a certificate as is referred to in paragraph 2(a) above, the Administrator of the Scheme shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.

PART 4

OTHER CONDITIONS RELATING TO ALL MEMBERS

1. Lump Sum Benefits

The lump sum benefit (exclusive of any refund of the Member's own contributions not applied specifically to secure the payment of benefits on the Member's death and any interest thereon) payable on the death of a Member while in Service or (having left Pensionable Service with a deferred pension) before the commencement of his pension, shall not, when aggregated with all benefits of a like nature under all Associated Schemes, exceed the greater of:

(a) £5,000; and

(b) 4 times the greatest of:

(i) the annual rate (subject for a Post-1989 Member to the Earnings Cap) of the Member's basic salary or wages at the date of death or leaving Pensionable Service together with the yearly average of Fluctuating Emoluments received in the 3 years (or the whole period of Service if less) up to the date of death or leaving Pensionable Service; and

(ii) the Member's total emoluments (subject for a Post-1989 Member to the Earnings Cap) of any selected period of 12 months ending not earlier than 36 months before the date of death;

(iii) Final Remuneration disregarding provisos (i), (ii) or (iii) of that definition less Retained Death Benefits.

2. Pensions for Dependants

A pension for a Dependant when aggregated with the pensions other than those provided by surrender or allocation of the Member's own pension payable to that Dependant under all Associated Schemes shall not exceed an amount equal to 2/3rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death under paragraph 1 above. Where the death of the Member occurs whilst in Service before Normal Retirement Date the maximum is that appropriate had the Member retired on grounds of incapacity on the date of death entitled to no retained benefits from previous employments.

If pensions are payable to more than one Dependant of a Member the aggregate of all Dependants' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of the maximum Aggregate Retirement Benefit described in the previous paragraph.

3. Increases of Pensions in Payment

The maximum amount of a pension ascertained in accordance with Part 1 or Part 4 of this Section 1 less any pension which has been commuted for a lump sum or the pension equivalent of any benefits in lump sum form and any pension surrendered to provide a Dependant's pension may be increased by 3% for each complete year or if greater in proportion to any increase in the Index since the pension commenced.

4. Surplus AVCs

Where the application of the limits in this Section 1 requires the quantum of the Aggregate Retirement Benefit to be restricted and the Member has paid additional voluntary contributions to supplement scheme benefits, that restriction shall first be effected on these supplementary benefits so as to permit the repayment of the surplus additional voluntary contributions subject to section 599A of the Taxes Act.

The Administrator of the Scheme shall comply with the requirements of Regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [SI 1993 No 3016] and where the Scheme is the "leading scheme" in relation to a Member with the requirements of Regulation 6 of those Regulations so far as they concern "main schemes". If these Regulations are amended or replaced by any other Regulations then this Rule will have effect as if it had been amended or replaced accordingly.

5. Transfers

(a) The benefits arising on retirement from a transfer value shall not be capable of commutation nor shall they be paid in lump sum form if the transfer is accompanied by a certificate from the Administrator of the transferring scheme to the effect that the transfer value is not to be used to provide benefits in lump sum form.

(b) When making a transfer to an approved personal pension scheme, the Administrator of the Scheme shall provide a certificate of the maximum lump sum payable on retirement from a transfer value if the member has in respect of any period to which the transfer payment or any part of it relates been either:

(i) a Controlling Director at any time within the 10 years preceding the transfer date; or

(ii) in receipt of annual remuneration in any year of assessment falling (wholly or partly) during the period of 6 years prior to the transfer date more than the allowable maximum (within the meaning of section 640A(2) of the Taxes Act) for the year of assessment in which the transfer date falls and the individual's age at the transfer date is 45 or more.

Section 2 - Pension sharing on divorce

CLAUSE 1

DEFINITIONS

The terms used in this Appendix 1 Section 2 are defined below and (if not inconsistent) in Appendix 1 Section 1 (Inland Revenue Limits) and Appendix 2 (glossary).

EX-SPOUSE means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision.

EX-SPOUSE PARTICIPANT is an Ex-Spouse who participates in the Scheme. For this purpose the ex-spouse participant must participate in the Scheme, either:

(i) solely for the purpose of a Pension Credit Benefit; or

(ii) for the wholly separate provision of a Pension Credit Benefit, where benefits accrue or have accrued to that individual under the Scheme for any other reason.

NEGATIVE DEFERRED PENSION means the amount by which the Member's pension or deferred pension under the Scheme which arose/arises from Service with the Employer(s), is reduced at the Relevant Date under section 31 of the Welfare Reform and Pension Act 1999 or under corresponding Northern Ireland legislation, following a Pension Sharing Order, agreement or equivalent provision. For this purpose, Service with the Employer(s) includes all periods of service with other employers which have been treated as if they were Service with the Employer(s) where a transfer payment has been made to the Scheme in respect of that other service.

PENSION CREDIT means a credit under section 29(1)(b) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

PENSION CREDIT BENEFIT in relation to a scheme, means the benefits payable under the scheme to or in respect of a person by virtue of rights under the scheme attributable (directly or indirectly) to a Pension Credit.

PENSION CREDIT RIGHTS means rights to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.

PENSION DEBIT means a debit under section 29(1)(a) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

PENSION DEBIT MEMBER means a Member whose benefits have been permanently reduced by a Pension Debit. Such a Member will be:

(i) a Member who is a controlling director of a company which is his/her employer if he/she is a director of the company to whom paragraph (b) of section 417(5) of the Taxes Act applies either at the date on which the marriage was dissolved or annulled, or at any time within the period of 10 years before that date; or

(ii) a Member whose earnings at that date at which his/her marriage was dissolved or annulled exceeded 1/4 of the Earnings Cap for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments:

(a) which were paid to the Member in consequence of pensionable service to which the Scheme relates during the year of assessment before the year of assessment in which the marriage was dissolved or annulled; and

(b) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

PENSION SHARING ORDER means any order or provision as mentioned in section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 25(1) of the Welfare Reform and Pensions (Northern Ireland) Order 1999.

CLAUSE 2

Assignment

Rule 18 of the Rules (assignment and reduction of benefits) is amended to permit the assignment of part or all of the Member's retirement benefits or rights to benefits under the Scheme to his/her Ex-Spouse to the extent necessary to comply with a Pension Sharing Order, agreement or equivalent provision or the assignment or part or all of the Ex-Spouse Participant's benefits or rights to benefits under the Scheme to his/her Ex-Spouse to the extent necessary to comply with a Pension Sharing Order, agreement or equivalent provision. The Trustees may make provision for payment of Pension Credit Benefits under the Scheme.

CLAUSE 3

The Trustees must make provision for the Pension Credit Benefits under the Scheme to be treated as provided separately from any benefits provided under the scheme for the same individual as an employee or as the Dependant of an employee.

CLAUSE 4

If participation in the Scheme is offered to an Ex-Spouse either where the requirement in clause 3 is satisfied, or where the Ex-Spouse only has Pension Credit Benefits under the Scheme, the following options will be available to the Ex-Spouse Participant in relation to the Pension Credit Benefit, subject to compliance with Social Security legislation.

(i) A pension can be paid at the request of the Ex-Spouse Participant at any time between attaining age 50 and 75, or earlier on grounds of incapacity where he/she is simultaneously taking benefits on incapacity grounds arising from Service as an employee under the scheme in which the Pension Credit Benefits are held. Additionally, a pension not yet in payment may be fully commuted, at any age, on the grounds of exceptional circumstances of serious ill-health. The Ex-Spouse Participant cannot defer commencement of the pension beyond his/her 75th birthday. If he/she is aged 75 or over at the date the Pension Sharing Order is implemented, the pension must come into payment immediately. There is no limit on the amount of the pension. Such a pension should not be commuted, surrendered or assigned except in accordance with the Scheme Rules. Such a pension must be payable for life unless it is fully commuted under clause 4(vi) below, and may be guaranteed.

(ii) No lump sum may be paid to the Ex-Spouse Participant where the Member (who was formerly married to the Ex-Spouse Participant) has already received a Lump Sum Retirement Benefit from the Scheme before the date of the implementation by the Scheme of the Pension Sharing Order, agreement or equivalent provision.

- No lump sum may be paid to the Ex-Spouse Participant where all of the Pension Credit Rights under the Scheme have been transferred into the Scheme with a lump sum nil certificate.
- Otherwise the Ex-Spouse Participant may choose to take a lump sum in commutation for part of the pension, at the time the pension first becomes payable. The lump sum is limited to a maximum of 2.25 *x* the initial annual pension. For this purpose, the initial annual pension should be calculated on the following bases:

(a) if the pension payable for the year changes, the initial pension payable should be taken;

(b) it should be assumed that the Ex-Spouse Participant will survive for a year;

(c) the effect of commutation should be ignored.

(iii) Where the Ex-Spouse Participant di es before benefits come into payment, a lump sum death benefit may be paid. This lump sum can be paid to any person at the discretion of the Trustees.

The lump sum is limited to 25% of what would have been the cash equivalent of the Pension Credit Rights at the Ex-Spouse Participant's date of death. The balance of the said cash equivalent may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse Participant. The amount of pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse Participant at the date of death had the whole of the cash equivalent of the Pension Credit Rights been used to purchase an annuity at an available market rate. For the purpose of determining the pension which could have been paid to the Ex-Spouse Participant, it should be assumed that he/she was aged 50 at the date of death, where he/she died at an earlier age. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse Participant.

Such pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full-time education. Such pensions may, however, be fully commuted for a lump sum on the grounds of triviality at the time that such a pension becomes payable.

(iv) Where the Ex-Spouse Participant dies after pension has come into payment, a non-commutable pension may be payable to a Dependant of the Ex-Spouse Participant.

The amount of pension payable to a Dependant is limited to a maximum of 2/3rds of the initial annual pension which was paid to the Ex-Spouse Participant as increased by any rise in the Index since the commencement of the Ex-Spouse Participant's pension. Where more than one pension is to be paid, the total of all the pensions cannot exceed the amount of the initial annual pension which was paid to the Ex-Spouse Participant, as increased by the rise in any Index since the commencement of the Ex-Spouse Participant's pension. For these

purposes, initial annual pension should be calculated on the same basis as for clause 4(ii) above.

Such pensions must be payable for life, except that pensions paid to children must cease on attainment of age 18 or, if later, on the cessation of full-time education. Such pensions may, however, by fully commuted for a lump sum on the grounds of triviality at the time that such a pension becomes payable.

Where the Ex-Spouse Participant selected a guarantee not exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments can be paid as a lump sum. This lump sum can be paid to any person at the discretion of the Trustees. Where the Ex-Spouse Participant selected a guarantee exceeding 5 years and the guarantee period has not expired, the remaining balance of the pension instalments must be paid in pension form to an individual or individuals at the discretion of the Trustees.

(v) On the date the Ex-Spouse Participant's pension becomes payable (but not where the pension is paid in the form of income drawdown), part of this pension may be surrendered for the provision, on the death of the Ex-Spouse Participant, of a pension payable to a Dependant of the Ex-Spouse Participant. The amount of pension surrendered should not exceed the reduced pension that the Ex-Spouse Participant retains.

(vi) Full commutation of the Pension Credit Rights on the grounds of triviality or exceptional circumstances of serious ill-health is permitted when the pension first becomes payable. Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from Service as an employee, for the purpose of determining the aggregate value of the total benefits payable to the Member under triviality Rule 8.3, benefits from Pension Credit Rights must be included. Where the Ex-Spouse Participant is also entitled to benefits under the Scheme arising from service as an employee, full commutation of the Pension Credit Rights on the grounds of triviality will only be permitted where benefits arising from Service as an employee are simultaneously commuted.

(vii) The Ex-Spouse Participant may request that the Trustees arrange a transfer of his/her Pension Credit Rights to another scheme approved under Chapter I Part XIV of the Taxes Act if he/she is already a member of that scheme or an Ex-Spouse Participant in that scheme or to a scheme approved under Chapter IV Part XIV of the Taxes Act. The Ex-Spouse Participant may request that the Trustees arrange a transfer of his/her Pension Credit Rights to any other scheme if the Inland Revenue's requirements are satisfied in relation to a transfer to that scheme. The Trustees must confirm to the receiving scheme or arrangement, that the transfer value consists wholly or partly of Pension Credit Rights for the benefit of an Ex-Spouse Participant.

(viii) At the point the pension becomes payable, the Ex-Spouse Participant may request that the Trustees arrange for the purchase of an annuity from an Insurer of his/her choice.

(ix) The rights to a Pension Credit Benefit under the Scheme shall not be absolute , but shall be forfeited upon the bankruptcy of the Ex-Spouse Participant. Such benefits may then be paid to any individuals or individual as specified by the Trustees, in their absolute discretion.

CLAUSE 5

Notwithstanding any other provisions of the Rules, the benefits for a Pension Debit Members are additionally subject to the following limits, subject to compliance with Social Security legislation.

(i) The pension shall not exceed the Aggregate Retirement Benefit less the Negative Deferred Pension in this scheme and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Post-1989 Member, the Negative Deferred Pension in any Connected Scheme.

(ii) The lump sum from this and any Associated Scheme shall not exceed:

(a) for Pension Debit Members who are Post-1989 Members or Pre-1989 Members, an amount determined by 2.25 *x* the initial annual pension payable;

(b) for Pension Debit Members who are Pre-1987 Members, an amount of the greater of:

2.25 *x* the initial annual pension payable; or

an amount determined in accordance with Appendix I Section I (Inland Revenue Limits) as if there had been no Pension Debit, less 2.25 *x* the Negative Deferred Pension.

For the purposes of this paragraph (ii), the initial annual pension should be calculated on the following bases:

- if the pension payable for the year changes, the initial pension payable should be taken;
- it should be assumed that the Pension Debit Member will survive for a year;
- the effect of commutation should be ignored.

(iii) On the death of the Pension Debit Member, any pension for a Dependant shall not exceed 2/3 *x* an amount determined in accordance with Appendix 1 Section 1 (Inland Revenue Limits) as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Post-1989 Member the Negative Deferred Pension in any Connected Scheme. Where more than one pension is to be paid, the total of all the pensions cannot exceed 100% of an amount determined in accordance with Appendix 1 Section 1 (Inland Revenue Limits) as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore, in the case of a Post-1989 Member, the Negative Deferred Pension in any Connected Scheme.

CLAUSE 6

The Trustees must give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum, to the receiving scheme/arrangement where the fund underlying the benefits for a Pension Debit Member is transferred to another scheme approved under Chapter I Part XIV of the Taxes Act or a scheme approved under Chapter IV Part XIV of the Taxes Act.

CLAUSE 7

Where the Trustees accept a transfer payment for an individual who is already a Member of the Scheme or is already an Ex-Spouse Participant in the Scheme and are informed by the transferor that the transfer value consists wholly or partly of Pension Credit Rights in the former scheme or arrangement, then the Trustees must separately identify the transfer payment relating to the Pension Credit Rights or the part of the transfer payment relating to the Pension Credit Rights from other funds held for the benefit of the Member. Furthermore, the Trustees must comply with the requirements of clause 3 in respect of the transferred-in Pension Credit Rights. Then the individual will acquire the status of an Ex-Spouse Participant in the Scheme in relation to his/her transferred-in Pension Credit Benefits. Such Pension Credit Benefits will not count towards any limit on benefits for that Member.

CLAUSE 8

Where the Trustees accept a transfer payment and are informed by the transferor of the details of a Pension Debit relating to the transfer payment, the Trustees must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member. If a transfer of the fund underlying the benefits for the Member is made to a scheme approved under Chapter I Part XIV of the Taxes Act or a scheme approved under Chapter IV Part XIV of the Taxes Act, the Trustees must give full details of the Pension Debit to the receiving scheme/arrangement.

CLAUSE 9

If the Ex-Spouse dies after a Pension Sharing Order, agreement or equivalent provision is made but before it is acted upon by the Trustees, the following benefits may be paid:

A lump sum death benefit may be paid to any person at the discretion of the Trustees.

The lump sum is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse. The balance of the fund may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse.

The amount of pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse.

Such pensions must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full-time education. Such pensions may be fully commuted, however, for a lump sum on the grounds of triviality at the time such a pension becomes payable.

CLAUSE 10

Unless the Principal Employer and the Trustees decide otherwise, an Ex Spouse Participant is excluded from the ambit of any Rule which provides for the augmentation of benefits, discretionary pension increases, or the grant of new or additional benefits, whether the Scheme is continuing or winding up.

CLAUSE 11

The Trustees may impose such charges as they think fit in relation to pension sharing and earmarking, subject to the terms of and by any of the methods allowed by the Pensions on Divorce etc. (Charging) Regulations 2000.

APPENDIX 2

Glossary

"Accrued Rights Premium" has the meaning ascribed to it by section 55 of the Pension Schemes Act 1993 as it stood on 5 April 1997;

"Accrued Special Benefits" means at any date on which the Scheme is determined (for the purpose of this definition called "the determination date"), the benefits payable at or after the earlier of Normal Retirement Date and State Pension Age in the case of Contracted-out Members and at or after Normal Retirement Date in the case of other Members as determined by the Scheme Actuary which could be secured at that date in respect of the Continuing Special Members by the adjusted special assets, but which do not exceed in value the value of their Special Short Service Benefits.

For the purpose of this definition:

(a) if no portion of the Fund has been applied on or after S-Day in accordance with Rule 27.3 of the Rules, the expression "the adjusted special assets" shall mean the amount, as determined by the Scheme Actuary, which represents the value (at the day before S-Day) of the assets of the Fund which would have been available to provide benefits in respect of the Members had the Scheme been determined on the day before S-Day less the value of the assets required to pay or secure

1. benefits paid or payable on or after S-Day in respect of each Member on the day before S-Day who had then reached Normal Retirement Date or if he had not then reached Normal Retirement Date was in receipt of a pension and each Member who had died before S-Day;

2. that proportion of the transferred assets representing the value of the Special Short Service Benefit in respect of each Special Member for whom assets have been transferred, in accordance with Rule 7.4 or Rule 19.2 of the Rules, from the Scheme to any other occupational pension scheme or personal pension scheme;

3. any benefit representing a return with or without interest of any Member's Contributions paid or deemed to have been paid prior to S-Day which has been paid or has become payable in respect of a Special Member; and

4. that proportion of the total benefits paid or payable which is equivalent to the Special Short Service Benefit in respect of each Special Member (other than Special Members to whom sub-paragraphs 2 and 3 of this paragraph apply) who has started receiving a pension under the Scheme or has received a lump sum in lieu of such a pension or who has reached Normal Retirement Date or, if he is a Contracted-out Member, has reached the earlier of Normal Retirement Date and State Pension Age

PROVIDED THAT the said value or values shall be adjusted up to the determination date having regard to an investment yield commensurate with that obtained on the Fund or on the relevant part of it as determined by the Scheme Actuary, and

(b) if any portions of the Fund have been applied on or after S-Day in accordance with Rule 27.3 of the Rules "the adjusted special assets" shall be calculated in accordance with sub-paragraph (a) of this paragraph, but they shall be further reduced by the adjusted values, as determined by the Scheme Actuary, of the assets applied to secure Accrued Special Benefits under the applications of the said portions of the Fund.

"Anniversary Date" means 1 November each year;

"AVC" means an additional voluntary contribution;

"Basic Salary" means the basic annual salary or wages of a Member (excluding bonuses, commission, overtime and any other fluctuating emoluments) at the relevant date;

"Beneficiaries" means the following:

1. the Member's spouse or any ancestor or descendant (however remote the relationship) of the Member or of his spouse and the spouse of any such ancestor or descendant;

2. any brother or sister of the Member or of his spouse (whether of the whole or the half-blood) and any such descendant of any such brother or sister and the spouse of any such brother or sister or of any such descendant of any such brother or sister;

3. any step-brother or step-sister of the Member or of his spouse and any descendant of any such step-brother or step-sister and the spouse of any such step-brother or step-sister;

4. any uncle or aunt of the Member or of his spouse and any descendant of any such uncle or aunt and the spouse of any such uncle or aunt or of any such descendant of any such uncle or aunt;

whether or not, in any of the cases, 1, 2, 3 and 4 immediately above, the Member was liable for (or to contribute to) their maintenance or support and including any such person related by adoption,

5. any other natural person who, in the Trustees' opinion, has been dependent or partly dependent on the Member for maintenance or support;

6. any person (whether or not a natural person) entitled to any interest in the Member's estate under any testamentary disposition made by him in respect of which a grant of representation has been obtained;

7. any nominee (who may be an individual, a charity, an association or body corporate) of the Member whom he wishes to be treated as a beneficiary for the purposes of the Scheme and whose name and address the Member has notified to the Trustees in writing; and

8. at the discretion of the Trustees, any natural person or charity or association (whether or not incorporated) which has been supported by the Member during his lifetime,

and for the purpose of this definition:

a) "spouse" includes wife, husband, registered civil partner, widow, widower and any former wife, husband or civil partner, and a person with whom the Member (or other relevant person) has gone through any lawful ceremony of marriage or registration of civil partnership;

b) "descendant" includes step-children;

c) the class of Beneficiaries shall be closed at the Member's death EXCEPT THAT it shall include persons then conceived who, if born, would have been Beneficiaries; and

d) at no time shall any of the Employers be treated as a Beneficiary.

"CARE Pension" means in relation to a Member the following:

1. if the Member's Calculation Date is not an Anniversary Date, the aggregate of the following at the Member's Calculation Date:

a) the Renewal Pension on the last Anniversary Date before the Calculation Date;

b) 1/80th of the Member's Pensionable Salary determined at the last Anniversary Date x P/12; and

c) the amount of any benefits granted in respect of a transfer of assets to the Scheme from another occupational pension scheme or a personal pension scheme received during the period commencing on the last Anniversary Date and ending on the day immediately before the Calculation Date or in respect of the surrender value of a "buy out" policy or retirement annuity contract received by the Scheme during the said period

where P is the number of complete months of Pensionable Service in the period from and including the last Anniversary Date up to and including the day immediately before the Calculation Date; and

2. if the Member's Calculation Date is an Anniversary Date, the Renewal Pension at that Anniversary Date.

"Continuing Special Member" means at any date on or after S-Day a Member who was a Special Member, who is not in receipt of a pension under the Scheme and who, if he is a Contracted-out Member, has not reached the earlier of Normal Retirement Date and State Pension Age or who, if he is not a Contracted-out Member, has not reached Normal Retirement Date;

"Contracted-out Employment" means employment that is treated as contracted-out employment by reference to the Scheme for the purposes of the Pension Schemes Act 1993. It includes a period of employment that is so treated for the purposes of section 14(1) of that Act by reason of the transfer to the Scheme of accrued rights from another scheme.

"Contracted-out Member" means a Member who is (or has been) in Contracted-out Employment by reference to the Scheme other than such a Member in respect of whom a State Scheme Premium (other than a Limited Revaluation Premium) has been paid;

"Contracting-out Laws" means the laws on contracting-out set out in Part III of the Pension Schemes Act 1993;

"Contributions Equivalent Premium" has the meaning ascribed to it by section 55 of the Pensions Act 1993;

"Dependant" means the following:

(a) the wife, husband, civil partner, widow, widower, child or children of a Member, and

(b) any other natural person who, in the Trustees' opinion, is financially dependent on that Member (or was so dependent) at the date of his death or retirement as appropriate

PROVIDED THAT a child may be a Dependant only if he satisfies one of the following conditions:

1. he is under the age of 18 years;

2. he is under the age of 23 years and is receiving full-time education or vocational training which has been continuous since that age;

3. he is under the age of 23 years and would satisfy condition 2 of this Proviso but for a temporary interruption in his educational or vocational training; or

4. he has attained age 18 years and does not satisfy condition 2 or 3 of this Proviso but is financially dependent on the Member by reason of mental or physical incapacity.

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

"Earnings Cap" means £105,600 or any other amount specified from time to time for the purposes of section 590C of the Taxes Act (earnings cap);

"Eligible Child" means a child of a Member who is under age 16 or at the Trustees' discretion under age 21 and in full-time education or vocational training, and "Eligible Children" will be construed accordingly;

"Employee" means an employee of an Employer and who is normally resident in Great Britain or Northern Ireland or such other countries as may be agreed by the Trustees;

"Employer" means an employer participating in the Scheme;

"Final Pensionable Salary" means the highest average of Pensionable Salary determined on three consecutive Anniversary Dates falling in the ten year period ending on Normal Retirement Date (or earlier date of death or termination of Pensionable Service);

"Fund" means the investments, monies and other assets for the time being held by the Trustees for the purposes of the Scheme;

"GMP" means a guaranteed minimum pension (or accrued rights to one) under the Contracting-out Laws;

"GMP Age" means the 65th birthday in the case of a man and the 60th birthday in the case of a woman;

"Incapacity" means physical or mental deterioration which, in the Trustees' opinion, prevents the Member from following his normal employment or seriously impairs his earning capacity;

"Index" means the Government's Index of Retail Prices;

"Inland Revenue Limits" means the limits which apply to the benefits provided under the Scheme (see Rule 21 and Appendix 1 Section 1);

"Insurer"	means an "insurance company" as defined in section 659B of the Taxes Act;
"Limited Revaluation Premium"	has the meaning ascribed to it by section 55 of the Pension Schemes Act 1993 as it stood on 5 April 1997;
"LPI"	means indexation at 5% per annum or, if less, the annual rate of increase in the Index for a reference period within the meaning of section 51 of the Pensions Act 1995;
"Member"	means an Employee who has joined the Scheme under Rule 1.1 (joining the Scheme) and in respect of whom the Trustees have a liability to pay or provide benefits;
"Member's Contributions"	means the sum of: (a) any contributions paid by the Member under the provisions of Rule 3, and (b) any amount received by the Trustees under the provisions of Rule 19.1 which is so designated;
"Normal Retirement Date"	means a Member's 65th birthday (subject to Rule 20.2 (equal treatment));
"Pensionable Salary"	will be determined on each Anniversary Date for the ensuing Scheme Year and means Basic Salary on the said Anniversary Date;
"Pensionable Service"	means (subject to Rule 20.3 (part-time employment)) the Member's Service from the date of joining the Scheme to the date of leaving the Scheme under Rule 7.1 (leaving the Scheme);
"Pensioner's Rights Premium"	has the meaning ascribed to it by section 55 of the Pension Schemes Act 1993 as it stood on 5 April 1997;
"Preservation Laws"	means the laws on preservation of benefit set out in Chapter I of Part IV of the Pension Schemes Act 1993;
"Principal Employer"	means the principal employer for the time being in relation to the Scheme;
"Qualifying Service"	has the meaning given to it in Rule 7.7;

"Qualifying Spouse" means the person to whom a Member was legally married at the date of his or her death. Where the Member at the date of his death was in a civil partnership registered under the Civil Partnerships Act 2004, the surviving civil partner of the Member will be deemed to be the Qualifying Spouse only to the extent required under the Civil Partnerships Act 2004 and the Employment Equality (Sexual Orientation) Regulations 2003 (SI 2003/1661);

Reference Scheme means the reference scheme (as defined for the purposes of section 12B of the Pension Schemes Act 1993);

"Relevant Benefits" has the meaning ascribed to it by section 612 (1) of the Taxes Act;

"Renewal Pension" means in relation to a Member the aggregate of the following at any Anniversary Date after 1 April 2004:

1. the Renewal Pension of that Member at the last Anniversary Date, increased by LPI;

2. 1/80th of the Member's Pensionable Salary determined at the last Anniversary Date; and

3. the amount of any benefits granted in respect of a transfer of assets to the Scheme from another occupational pension scheme or a personal pension scheme received during the Plan Year commencing on the last Anniversary Date or in respect of the surrender value of a "buy-out" policy or retirement annuity contract received during the said Plan Year

PROVIDED THAT:

A Member's Renewal Pension at 1 November 2004 is the aggregate of the following :

a) 1/80th of the Member's Pensionable Salary determined at 1 November 2003 x 10/12; and

b) the amount of any benefits granted in respect of a transfer of assets to the Scheme from another occupational pension scheme or a personal pension scheme received during the period from (and including) 1 January 2004 up to (and including) 31 October 2004, or in respect of the surrender value of a "buy-out" policy or retirement annuity contract received during the said period;

"Revaluation Laws"	means the laws on revaluation of accrued benefits set out in Chapter II of Part IV of the Pension Schemes Act 1993;
"Revenue Approval"	means, before 6 April 2006, approval under Chapter I of Part XIV of the Taxes Act, and on or after 6 April 2006, means compliance with Appendix 3;
"Review Date"	means 6 April in each year;
"Rules"	means the rules which govern the Scheme;
"Scheme"	means the Magnet Group Pension Scheme;
"Scheme Actuary"	means the actuary appointed under Rule 25.5 (Scheme actuary);
"Scheme Year"	means the period of twelve consecutive calendar months commencing on any Anniversary Date;
"S-Day"	means 1 November 1977;
"Segregated Voluntary Contribution Assets"	has the meaning ascribed to it in Rule 26.2;
"Segregated Voluntary Contribution Benefits"	means (a) where separate accounts are maintained in accordance with Rule 26.3 in respect of each Member concerned, such additional benefits as can be purchased on a money purchase basis for (or in respect of) the Member by that part of the Segregated Voluntary Contribution Assets as is attributable to that Member and (b) where such separate accounts are not maintained, such additional benefits as can be purchased on a money purchase basis for (or in respect of) the Member by that part of the Segregated Voluntary Contribution Assets as shall be determined by the Scheme Actuary to be attributable to that Member;
"Service"	means service with (or employment by) any one or more of the Employers and for the purposes of the Scheme transfer of service or employment between any of the Employers will not be construed as termination of Service;
"Short Service Benefit"	means a pension provided under Rule 7.3;
"Special Member"	means a person who was a Member on the day before S-Day who had not then reached Normal Retirement Date and was not then in receipt of a pension under the Scheme;

"Special Short Service Benefit" means

(a) the benefits payable at and after Normal Retirement Date in respect of a Special Member who had either left Service before S-Day or was in Service on the day before S-Day but had then ceased to be a Member, and

(b) Short Service Benefit calculated as at the day before S-Day as if the Member had left Service on that day, in respect of a Special Member who on the day before S-Day was in or was deemed to be in Service;

"State Pension Age" means for a man, his 65th birthday; and for a woman, the date on which she reaches pensionable age under the rules set out in Schedule 4 to the Pensions Act 1995;

"State Scheme Premium" means an Accrued Rights Premium, a Contributions Equivalent Premium, a Limited Revaluation Premium, a Pensioner's Rights Premium or a Transfer Premium;

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

"Temporary Absence" means any period of temporary absence from Service (in respect of which the provisions of none of Rules 1.2.1 (maternity), 1.2.2 (paternity leave), 1.2.3 (adoption leave), or 1.2.4 (parental leave) apply):-

(a) due to injury or illness, but not exceeding two years or such longer period as the Trustees shall decide,

(b) during which the Member ceases to be actively and continuously engaged in his ordinary occupation for the purpose of service with the Armed Forces or of other work of national importance for the United Kingdom or any allied country including secondment to a Government Department and in respect of which the Employer decides that the provisions of Rule 1.2.5 (absence for any other reason) will apply to the Member, or

(c) for reasons other than those referred to in paragraphs (a) and (b) of this definition, not exceeding one year or such longer period as the Trustees shall decide

"Transfer Premium" has the meaning ascribed to it by section 55 of the Pension Schemes Act 1993 as it stood on 5 April 1997;

"Transfer Value Laws"	means the laws on transfer values set out in Chapter IV of Part IV of the Pension Schemes Act 1993;
"Trustees"	means the trustee or trustees for the time being of the Scheme.
"Trust Period"	means twenty-one years from the death of the last survivor of those descendants of His late Majesty King George the Fifth born before and actually living on the First day of February One thousand nine hundred and fifty one and such period as may be lawful pursuant to Section 69 of the Social Security Act 1973 or any statutory modification or re-enactment thereof.
"Voluntary Contributions"	means and includes AVCs paid by a Member to the Scheme in accordance with Rule 3.2 and that part of any transfer into the Scheme in accordance with Rule 19.1 which is attributable to AVCs.

Revenue Requirements Appendix applicable as from and including 6 April 2006

Definitions

Annual Allowance	the annual allowance set out in section 228 of the Finance Act.
Annual Excess Contribution Refund Lump Sum	a refund to a Member of pension contributions paid in excess of the Annual Allowance in any tax year.
Authorised Dependant's Pension	a pension payable to a Dependant of the Member after the Member's death, from the Scheme, or by an Insurer (other than a friendly society) selected by the Administrator.
Authorised Employer Payment	a payment of surplus Scheme assets to an Employer which is permitted by the Board of Inland Revenue, or a payment made in respect of a Member's liability to an Employer arising from the Member's criminal, fraudulent or negligent act or omission, or (subject to the restrictions of section 40 of the Pensions Act 1995) a loan to an Employer on the terms specified in section 179 of the Finance Act.
Authorised Lump Sum	a Pension Commencement Lump Sum, a Serious Ill Health Lump Sum, a Triviality Lump Sum, a Winding Up Lump Sum, a Short Service Lump Sum, an Annual Excess Contribution Refund Lump Sum, a Lifetime Excess Contribution Refund Lump Sum, or a Lump Sum Death Benefit.
Authorised Member Payment	an Authorised Member Pension, or an Authorised Dependant's Pension, or an Authorised Lump Sum.
Authorised Member Pension	a pension payable to the Member from the Scheme, or by an Insurer (other than a friendly society) selected by the Administrator. The pension need not be linked to the Member's retirement from Service.
Finance Act	Finance Act 2004
Ill-Health Early Retirement Date	a date on or after which the Member has ceased his normal occupation, and a registered medical practitioner has given evidence that the Member is and will continue to be incapable of carrying on such occupation because of physical or mental impairment.
Lifetime Allowance	the value of the maximum amount an individual may accumulate as benefits in tax advantaged pension arrangements and is defined in section 218 of the Finance Act.

Lifetime Excess Contribution Refund Lump Sum	a refund to a Member of the balance remaining of his entitlement to benefit in all Registered Schemes, after benefits equivalent in value to his Lifetime Allowance have been secured.
Lump Sum Death Benefit	a lump sum payable on the death of a Member
Maximum Amount	the permitted maximum Pension Commencement Lump Sum defined in paragraph 2 of Schedule 29 to the Finance Act,
Minimum Pension Date	the earliest of the Member's 55th birthday, or the Scheme Early Retirement Age or the Ill-Health Early Retirement Date.
Nominated Date	1 November
Pension Commencement Lump Sum	a lump sum which is payable on the commencement of an Authorised Member Pension.
Pension Input Period	the period of 12 months commencing on the Nominated Date
Registered Scheme	a pension arrangement registered with the Board of Inland Revenue under section 153 of the Finance Act or deemed to be so registered under Schedule 36 to that Act, and where the context requires will include all such arrangements under which the Member has an entitlement to benefit other than a benefit arising on the death of some other person.
Related Dependant's Annuity	is defined in paragraph 3 of Schedule 29 to the Finance Act.
Scheme Early Retirement Age	any age earlier than 55 on which the Member has an actual or prospective right to pension, under any provision of the rules of the Scheme applying on 10 December 2003, and which continued to apply on 5 April 2005.
Serious Ill Health Lump Sum	a lump sum payable to a Member where his expectation of life is less than one year.
Short Service Lump Sum	a lump sum, payable to a Member on his leaving Pensionable Service without becoming entitled to a deferred pension.
Total Gross Earnings	the amount specified in Section 190 of the Finance Act.
Total Pension Input Amount	the amount by which an Active Member's entitlement to benefit under all Registered Schemes of which he is a member (including any Registered Schemes of which he is a deferred or pensioner member) have increased in any Pension Input Period, calculated in accordance with Section

	229 of the Finance Act
Triviality Lump Sum	a lump sum payable to a Member whose total entitlement from all Registered Schemes is less than 1% of the Lifetime Allowance.
Unauthorised Payment	a payment made from the Scheme which is neither an Authorised Member Payment nor an Authorised Employer Payment
Winding Up Lump Sum	a lump sum payable to a Member if the Scheme is winding up and the Member's entitlement from the Scheme is less than 1% of the Lifetime Allowance.

1. **Member's contributions**

1.1 Each Active Member is required to contribute under Rule 8 and may make such other contributions to the Scheme to secure AVC Benefits as will not result in the total contributions paid by him to exceed the maximum set out in sub-paragraph 1.2, subject to sub-paragraph 1.3.

1.2 A Member's contributions to the Scheme in any Pension Input Period shall not exceed the Total Gross Earnings from an Employer in that Pension Input Period and when aggregated with his Total Pension Input Amount, shall not exceed the amount of the Annual Allowance in the same period.

1.3 Where a Member's contributions exceed the amount set out in sub-paragraph 1.2, the Trustees may require the Member to reduce or cease contributions to any other Registered Scheme, or to meet any tax charge on any contributions to any other Registered Scheme which are in excess of the maximum, to enable the Member to continue to contribute in accordance with Rule 3.1.

1.4 Where a Member's contributions are in excess of the amount set out in sub-paragraph 1.2, and he is unable as a result to pay contributions in accordance with Rule 3.1, the Trustees may make such adjustments as they see fit to the Member's benefits for any period during which the Member does not contribute in accordance with Rule 3.1.

2. **Authorised Payments**

2.1 Subject to sub-paragraph 2.2, no benefit may be granted or payment made from the Scheme to a Member or his Dependant, or to an Employer, which is not an Authorised Member Payment or an Authorised Employer Payment, unless the payment is of a description prescribed by regulations made by the Board of Inland Revenue.

2.2 A payment may be made to a Member (or his Dependant) or to an Employer in relation to the administration and management of the Scheme to the extent permitted by sections 171 and 180 of the Finance Act.

2.3 A Member may surrender a part of his pension to provide a contingent reversionary annuity for the benefit of one or more of his Dependants but may not otherwise assign or surrender any part of his benefit under the Scheme to any person, other than by virtue of a pension sharing order under the Matrimonial Causes Act 1973 or under Schedule 5 to the Civil Partnership Act 2004.

3. **Pension Rules**

Pensions payable to Members

3.1 An Authorised Member Pension may not commence before the Minimum Pension Age or after the Member's 75th birthday, and, subject to paragraph 3.2, must be payable for the Member's life and cease upon his death.

3.2 An Authorised Member Pension may continue to be paid after the Member's death to another person, but must cease on the date ten years after the date on which the Member became entitled to the pension.

3.3 An Authorised Member Pension must be paid at least annually.

3.4 An Authorised Member Pension may not reduce in payment, other than in the circumstances set out in paragraph 2(4) of Schedule 28 to the Finance Act.

Pensions payable to Dependants

3.5 An Authorised Dependant's Pension will normally be paid until the Dependant's death though it may cease on the Dependant's marriage, or if the Dependant is a child, when the child ceases to be a Dependant.

3.6 An Authorised Dependant's Pension must be paid at least annually.

3.7 An Authorised Dependant's Pension may not reduce in payment, other than in the circumstances set out in paragraph 16(4) of Schedule 28 to the Finance Act.

4. **Lump Sum Rules**

Lump sums payable to Members

4.1 A Pension Commencement Lump Sum must be paid during the period of three months starting on the date on which the Member becomes entitled to the pension with which payment of the lump sum is associated.

4.2 A Serious Ill Health Lump Sum is payable only if the Member is not in receipt of any pension or other benefit in relation to his membership of the Scheme and a registered medical practitioner has provided evidence that the Member's expectation of life is less than one year.

4.3 A Triviality Lump Sum is payable only if the Member has attained the age of 60 and if he certifies that his total entitlement from all Registered Schemes is less than 1% of the Lifetime Allowance. A Triviality Lump Sum must be paid no more than twelve months after the making of the first similar payment in relation to the Member from any other Registered Scheme.

4.4 If the Scheme has commenced winding up, a Winding Up Lump Sum may be paid to any Member at or after his Minimum Pension Date, including a Member who is already in receipt of an Authorised Member Pension.

4.5 A Short Service Lump Sum may be paid only if the Member has not previously received any payment from the Scheme in relation to that period of Membership.

4.6 A Short Service Lump Sum shall not exceed the amount of the Member's contributions to the Scheme.

4.7 Payment of a Serious Ill Health Lump Sum, a Triviality Lump Sum, a Winding Up Lump Sum or a Short Service Lump Sum must be made before the Member attains the age of 75.

4.8 Payment of a Serious Ill Health Lump Sum, a Triviality Lump Sum, a Winding Up Lump Sum or a Short Service Lump Sum will extinguish the Member's entitlement to benefit from the Scheme.

4.9 Payment of an Annual Excess Contribution Refund Lump Sum must be made in the period ending six years after the last day of the tax year in which the excess contributions were made.

4.10 Payment of a Lifetime Excess Contribution Refund Lump Sum must be made no earlier than the Member's Minimum Pension Date and no later than his 75th birthday.

4.11 The Trustees shall be entitled to deduct tax at the appropriate rate from any payment of a Short Service Lump Sum or a Lifetime Excess Contribution Refund Lump Sum.

Lump sums payable on the death of a Member

4.12 Subject to paragraph 4.14, no Lump Sum Death Benefit shall be paid after the date on which the Member would have attained the age of 75 or more than two years after the date of the Member's death.

4.13 Where a Dependant of the Member is entitled to an Authorised Dependant's Pension following the death of that Member, and the value of that pension and any lump sum payable on the same event is less than or equal to 1% of the Lifetime Allowance, the total benefits may be paid to that Dependant in the form of a Lump Sum Death Benefit.

4.14 A payment under paragraph 4.13 may be made more than two years after the date of the Member's death but not, unless the Scheme is winding up, after the date on which the Member would have attained the age of 75.

4.15 A payment to a Dependant of a Lump Sum Death Benefit under paragraph 4.13 shall extinguish that Dependant's entitlement to benefit in relation to that Member.

4.16 Where a Member has designated a Lump Sum Death Benefit payable after his death as a pension protection lump sum death benefit as defined in paragraph 14 of Schedule 29 to the Finance Act, the Trustees shall be entitled to deduct tax at the appropriate rate from any payment of the Lump Sum Death Benefit.

Lump sums payable to Employers

4.17 The Trustees shall be entitled to deduct tax at the appropriate rate from any Authorised Employer Payment.

5. **Maximum Amounts**

5.1 The value of all payments, other than the payment of an Authorised Dependant's Pension which is not a Related Dependant's Annuity, made to or in respect of a Member from all Registered Schemes shall not exceed the Lifetime Allowance.

5.2 The value of all Authorised Dependant's Pensions payable in relation to a Member shall not exceed the initial member pension limit or the current member pension limit as appropriate, as defined in paragraphs 16B and 16C of Schedule 28 to the Finance Act.

5.3 The value of all Pension Commencement Lump Sums payable from all Registered Schemes in relation to a Member shall not exceed the Maximum Amount.

5.4 The Trustees may require the Member (or, in relation to a payment made on the death of a Member, the person receiving that payment) to advise them of the amount of the Member's Lifetime Allowance which remains uncrystallised before any payment is made to or in respect of him.

5.5 The Trustees may require the Member to advise them of the Maximum Amount which remains available before any payment of a Pension Commencement Lump Sum is made to him.

5.6 If the Member or other person fails to advise the Trustees of the amount specified in paragraph 3.4, the Trustees shall be entitled to assume that the Member's Lifetime Allowance has been exhausted and may retain in the Scheme an amount equivalent to any tax charge arising under section 214 of the Finance Act.

5.7 If the Member fails to advise the Trustees of the amount specified in paragraph 3.5, the Trustees shall be entitled to assume that the Member's Maximum Amount has been exhausted and may decline to pay a Pension Commencement Lump Sum.

6. **Further duties of Administrator**

6.1 The Administrator shall at all times ensure that the Scheme is capable of continuing as a Registered Scheme and will in particular ensure that no de-registration events, as described in section 158 of the Finance Act, occur in relation to the Scheme.

6.2 The Administrator shall not allow a transfer of assets under Clause 12 to be made from the Scheme unless the transfer is a recognised transfer as defined in section 169 of the Finance Act.

6.3 The Administrator shall not allow the Trustees to exercise their power to borrow under Clause 6 if such borrowing would be unauthorised borrowing under section 184 of the Finance Act.

6.4 The Administrator shall provide information and documentation to the Board of Inland Revenue as required under sections 250 to 252 of the Finance Act.

6.5 The Administrator shall account for, and make payment of, any tax liability arising under the Scheme and for which the Administrator is liable as required under sections 254 to 255B of the Finance Act.

6.6 The Administrator will not allow the Scheme to be wound up where the sole or main purpose of such winding-up is to facilitate the payment of lump sums which are payable only on the winding up of the Scheme and where such winding-up would offend against section 265 of the Finance Act.

EXECUTED as a deed and delivered on the date stated at the beginning of this deed.

EXECUTED as a deed by)
MAGNET LIMITED)
acting by two directors or)
a director and its secretary)

Director

Director/Secretary

EXECUTED as a deed by)
MAGNET GROUP TRUSTEES LIMITED)
acting by two directors or)
a director and its secretary)

Director

Director/Secretary