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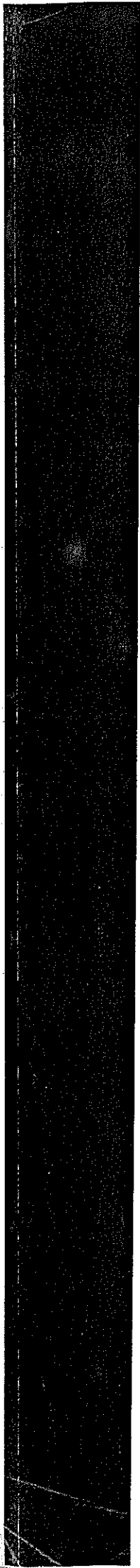
MERCER HUMAN RESOURCE CONSULTING LTD

Hobart House, 80 Hanover Street

Edinburgh EH2 1EL

THE AVX LIMITED PENSION SCHEME

DEED OF AMENDMENT



THIS AMENDING DEED is made on 8th November 2002

BETWEEN:

- (1) AVX LIMITED (registered number 1235639) whose registered office is at Admiral House, Harlington Way, Fleet, Hants, GU13 8BB (the "Principal Employer"); and
- (2) ROBERT JOHN LAWRENCE OF 9 The Chine, Farnham, Surrey, GU10 4NN, MICHAEL JOHN SYMONDS of 1 Hawkmoor Parke, Bovey Tracey, Newton Abbott, Devon, TQ13 9NL, SIMON HOWARD CUNDAY of 10 Elm Park, Paignton, Devon, TQ3 3QH, PAUL CURTIS of 'Greenhill', Broadhempston, Totnes, Devon, TQ9 6AX, KURT P CUMMINGS c/o AVX Corporation, PO Box 867, 801 17th Avenue South, Myrtle Beach, SC29578 - 0867, USA, CAROL ANN MELLELIEU of 'Melbourne', Old Hall Meadow, Rattlesden, Bury. St Edmonds, Suffolk, IP30 0QZ, TERENCE CHARLES FRETWELL of 75 Pierce Lane, Fulbourn, Cambridge, BC1 5DA and ALAN JAMES GORDON of 'Norwood', St Nicholas Hill, Leatherhead, Surrey, KT22 8NE (the "Trustees").

RECITALS:

- A. This deed is supplemental to:
 - (i) an Interim Deed dated 16 November 1987 by which the Principal Employer established a retirement benefits scheme called The AVX Limited Pension Scheme (the "Plan"); and
 - (ii) a Definitive Trust Deed and Rules dated 20 September 1991 (the "Definitive Deed" and the "Rules" respectively) and made by the Principal Employer which set out the detailed provisions (as amended, replaced or added to from time to time) for the administration of the Plan; and
 - (iii) the various other documents completed from time to time relating to the Plan.
- B. The Trustees are the present trustees of the Plan.
- C. The Pensions Act 1995 ("PA 1995") introduced new provisions and requirements applicable to occupational pension schemes generally from 6 April 1997.
- D. The Welfare Reform and Pensions Act 1999 introduced provisions relating to sharing of pension rights ("pension sharing") from 1 December 2000.
- E. The assets and liabilities of the Varelco Limited Pension Fund have been transferred to the Plan and, as a result benefits of former members of that Fund ("the Varelco Members") are to be provided under the Plan from 1 April 2001.
- F. By Clause 4 of the Definitive Deed the Principal Employer has power, with the Trustees' consent, by supplemental deed, to alter, amend, extend, modify or add all or any of the provisions of the Definitive Deed or the Rules, subject to the other provisions of Clause 4.

- G. The Principal Employer and the Trustees, wish to alter, amend, extend, modify or add to the provisions of the Definitive Deed and Rules in order to
- (i) give proper effect to the explanatory literature issued to members of the Plan notifying them of the changes to the Plan arising from the PA 1995 and other matters in order to confirm that the Plan will be administered in accordance with the explanatory literature referred to and in accordance with the provisions and requirements of the PA 1995,
 - (ii) introduce provisions relating to pension sharing,
 - (iii) include provisions relating to the benefits and contributions of the Varelco Members and
 - (iv) make certain further amendments to the Rules.

- H. In accordance with Section 67 of the PA 1995, and in respect of the amendments adopted by this deed to which Section 67 of that Act applies, the Trustees have satisfied themselves that either the certification requirements or the requirements for consent referred to in Section 67(3)(a) of the PA 1995 have been met in respect of each member affected by the amendments adopted by this deed.

In evidence of those certification requirements having been met, a copy of the certificate given by the Plan actuary is shown in the first schedule to this deed.

For this purpose, the term "member" has the meaning given to it by Section 124(1) of the PA 1995 as extended by regulation 2 of the Occupational Pension Schemes (Modification of Schemes) Regulations 1996 (SI 1996/2517) and the term "actuary" has the meaning given to it in regulation 3(2) of the same Regulations.

OPERATIVE PART

Adoption of amendments

- 1 In exercise of the power under Clause 4 of the Definitive Deed and all other relevant powers, the Principal Employer and the Trustees declare that the provisions of the Definitive Declaration of Trust and Rules (as altered, amended, extended, modified or added to from time to time prior to the date of this deed) are altered, amended, extended or added to in accordance with the provisions of this deed.
- 2.1 The Pensions Act amending provisions, as set out in the Second Schedule, apply in relation to the Plan with effect from and including 6 April 1997 or any earlier or later date permitted under the PA 1995 and expressly stated in this deed as the effective date for any particular provision.
- 2.2 The Rules for Pension Sharing on Divorce, as set out in the Third Schedule, apply in relation to the Plan with effect from 1 December 2000.
- 2.3 The Varelco Rules, as set out in the Fourth Schedule, apply in relation to the Plan with effect from 1 April 2001.

- 2.4 The further Plan amendments, as set out in the Fifth Schedule, apply in relation to the Plan with effect from 30 March 2001.
- 3 The Pensions Act amending provisions, as set out in the Second Schedule, override any inconsistent provisions of the Definitive Deed and Rules except any which are in accordance with the provisions of overriding legislation (including the PA 1995) or which are necessary in order that Inland Revenue approval of the Plan for the purposes of Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 (the "Taxes Act") is not prejudiced.

Interpretation

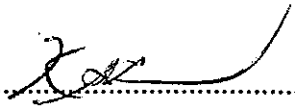
- 4 In this deed and unless inconsistent with the context:
 - 4.1 references to the masculine gender include the feminine gender and vice versa;
 - 4.2 words implying the singular number include the plural number and vice versa;
 - 4.3 any reference to any legislation or legislative provision includes any previous legislation or legislative provision relating to the same subject matter and any subsequent statutory modification or re-enactment for the time being in force;
 - 4.4 any reference to any legislation includes any regulations made under or in connection with that legislation; and
 - 4.5 any reference to a statute or regulation which applies to part of the United Kingdom includes any corresponding statutory provisions applicable to any other part of the United Kingdom.
- 5 In this deed "PSA 1993" means the Pension Schemes Act 1993.
- 6 With effect from and including 6 April 1997, the Occupational Pensions Board ("the OPB") ceased to exist. All references to the OPB in the Definitive Declaration of Trust and Rules then became inappropriate. The new regulatory bodies which currently carry out the duties of the OPB are the Occupational Pensions Regulatory Authority ("OPRA") and the National Insurance Contributions Office of the Inland Revenue. All references in the Definitive Declaration of Trust and Rules to the OPB shall therefore be construed as meaning whichever is the appropriate of "OPRA" and the "National Insurance Contributions Office of the Inland Revenue".

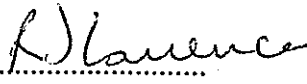
General

- 7 This deed shall be governed by, and interpreted according to, English law, or where appropriate the parallel provisions in force in Northern Ireland.
- 8 Each of the parties to this document intends it to be a deed and agrees to execute and deliver it as a deed.

IN WITNESS of this the Principal Employer and the Trustees have executed this deed on the date first shown above.

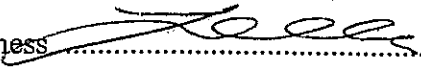
**EXECUTED AS A DEED BY
AVX LIMITED**

Director 

Director/Secretary 

**SIGNED AS A DEED AND DELIVERED BY
ROBERT JOHN LAWRENCE**
in the presence of:

Signature of Trustee 


Signature of Witness 

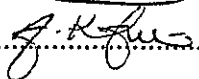
Name J. McNALLY

Address 1 LAUREL COTTAGES
CRICKET HILL LANE
WATELEY, HANTS

Occupation OFFICE SERVICES SUPERVISOR

**SIGNED AS A DEED AND DELIVERED BY
MICHAEL JOHN SYMONDS**
in the presence of:

Signature of Trustee 

Signature of Witness 

Name MISS A. K. MITCHELL

Address 59 WOODLAND AVENUE
KINGSKERSWAL
DEVON

Occupation PERSONAL ASSISTANT

**SIGNED AS A DEED AND DELIVERED BY
SIMON HOWARD CUNDAY**

in the presence of:

Signature of Trustee *SH Cunday*

Signature of Witness *[Signature]*

Name *ROGER MORRIS*

Address *RAINBOW, BYTER MILL LANE*

..... *STONE GABRIEL*

..... *TQ9 6RH*

Occupation *PROCESS ENGINEER*

**SIGNED AS A DEED AND DELIVERED BY
PAUL CURTIS**

in the presence of:

Signature of Trustee *[Signature]*

Signature of Witness *[Signature]*

Name *R. J. PALMER*

Address *A NO PLACE HILL*

..... *BROADHEMPSTON*

..... *TOTNES, DEVON TQ9 6DD*

Occupation *SECTION HEAD - FACILITIES ENGINEERING*

SIGNED AS A DEED AND DELIVERED BY
KURT P CUMMINGS
in the presence of:

Signature of Trustee *[Signature]*
Signature of Witness *Paul McCarron*

Name *PAUL MC CARRON*
Address *C/O . MERCER HR CONSULTING LTD .*
..... *CLARENDON HOUSE*
..... *23 CLARENDON ROAD, BELFAST*
Occupation *ACTUARY.*

SIGNED AS A DEED AND DELIVERED BY
CAROL ANN MELLELIEU
in the presence of:

Signature of Trustee *CA Mellelieu*
Signature of Witness *Paul McCarron*

Name *PAUL MC CARRON*
Address *C/O MERCER HR CONSULTING LTD.*
.....
.....
Occupation *ACTUARY*

**SIGNED AS A DEED AND DELIVERED BY
TERENCE CHARLES FRETWELL**
in the presence of:

Signature of Trustee Terence Fretwell

Signature of Witness Paul McCarron

Name Mr F.C. PAUL MCCARRON

Address c/o IMPACT HR CONSULTING LTD

Occupation ACTUARY

**SIGNED AS A DEED AND DELIVERED BY
ALAN JAMES GORDON**
in the presence of:

Signature of Trustee Alan J. Gordon

Signature of Witness Paul McCarron

Name PAUL MCCARRON

Address c/o IMPACT HR CONSULTING LTD

Occupation ACTUARY



FIRST SCHEDULE

ACTUARY'S SECTION 67 CERTIFICATE

ACTUARIAL CERTIFICATE
Section 67, Pensions Act 1995

To: the Trustees of The AVX Limited Pension Scheme ("the Plan")

I am the Plan Actuary appointed under section 47 of the Pensions Act 1995.

Certain modifications are to be made to the Plan by the implementation of the Amending Deed ("the Amending Deed") dated 8/11/02 to which this certificate is annexed.

I hereby certify that, in my opinion, the exercise of the power in the proposed manner to modify the Plan will not adversely affect any member of the Plan (without his/her consent) in respect of his/her entitlement, or accrued rights, acquired before that power is exercised.

In this certificate words and expressions shall have the same meaning as in Section 67 of the Pensions Act 1995.

Signature: *Paul McCarron*

Name: Paul McCarron

Date of Signing: 8/11/02

Address: Clarendon House
Clarendon Road
BELFAST
BT1 3BG

Qualifications: Fellow of the Institute of Actuaries

SECOND SCHEDULE

PENSIONS ACT AMENDING PROVISIONS



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TRUSTEESHIP

T1 TRUSTEE CONSTITUTION AND SELECTION ARRANGEMENTS

1.1 This Clause T1 is subject to the relevant provisions of the PA 1995 which apply to it.

1.2 For the purpose of this Clause T1 the following expressions shall have the following meanings:

"Current Trustee Selection Arrangements" means the trustee selection arrangements in force from time to time in relation to the Plan and made under either Section 16 or Section 17 of the PA 1995.

"Member-Nominated Trustee" means an individual or corporate body selected to be a member-nominated trustee of the Plan in accordance with the Current Trustee Selection Arrangements where made under Section 16 of the PA 1995.

"Employer-Nominated Trustee" means an individual or corporate body selected or otherwise nominated by the Principal Employer to be an employer-nominated trustee of the Plan. There are only Employer-Nominated Trustees where the Current Trustee Selection Arrangements are made under Section 16 of the PA 1995.

- 1.3 **Constitution of Trustees.** The total number of Trustees shall be not less than two, unless a corporate body (whether or not a trust corporation, as defined in the Law of Property Act 1925) is sole Trustee.
- 1.4 Where the Current Trustee Selection Arrangements are made under Section 16 of the PA 1995, at least one-third of the total number of Trustees shall be Member-Nominated Trustees. The other Trustees shall be Employer-Nominated Trustees.
- 1.5 **Trustee Selection Arrangements.** The Trustees shall comply with Section 16 of the PA 1995 requiring them to make and implement arrangements for the selection of Member-Nominated Trustees. This applies unless, under Section 17 of the PA 1995, alternative arrangements for the selection of all the trustees of the Plan are made by, or on behalf of, the Employers and are for the time being approved under the statutory consultation procedure referred to in Section 21(7) of the PA 1995, in which case the Trustees shall implement them.
- 1.6 **Trustee Selection Arrangements - Reviews.** In circumstances required, or otherwise permitted, under the PA 1995, the Trustees shall, or otherwise may, make and implement new trustee selection arrangements under Section 16 of the PA 1995. This applies unless, under Section 17 of the PA 1995, alternative arrangements for the selection of all the trustees of the Plan are made by, or on behalf of, the Employers and are for the time being approved under the statutory consultation procedure referred to in Section 21(7) of the PA 1995, in which case the Trustees shall implement them.

- 1.7 **Power of Appointment and Removal of Trustees.** The powers of appointment and removal of the Trustees are vested in the Principal Employer. However, the Principal Employer shall be required to appoint any individual or corporate body who, in accordance with the Current Trustee Selection Arrangements, is selected to be a Trustee and to remove any Trustee who, in accordance with the Current Trustee Selection Arrangements, is not re-selected to continue to be a Trustee or who is to retire from office or otherwise is to cease to be a Trustee.
- 1.8 **Trustees' Power to Retire.** Any Trustee may retire from office as a Trustee at any time by giving one month's notice in writing to the Principal Employer. At the end of the notice period, the retiring Trustee shall be deemed to have retired from office as a Trustee. Any Trustee (whether an individual or a corporate body) may, by deed, validly retire from office as a Trustee and be discharged from the trusts of the Plan whether or not there remains at least two persons as Trustees or a trust corporation (as defined in the Law of Property Act 1925) as sole Trustee, so long as there remains at least one Trustee (whether an individual or a corporate body).
- 1.9 **Ceasing to be a Trustee.** A Trustee shall cease to be a Trustee, and shall be removed from office, in any of the following circumstances:
- 1.9.1 if any terms and conditions applicable to his office as a Trustee require him to cease to be a Trustee; or
 - 1.9.2 if, under the Current Trustee Selection Arrangements, he is not re-selected to continue as a Trustee or is otherwise required to cease to be a Trustee; or
 - 1.9.3 if he is to be removed from office as a Trustee by the Principal Employer under sub-clause 1.7 of this Clause T1; or
 - 1.9.4 if he dies; or
 - 1.9.5 if, under the PA 1995 or other relevant legislation, he is prohibited or disqualified from acting as a trustee (whether of the Plan or any occupational pension scheme).
- 1.10 Also, a Trustee shall cease to be a Trustee if, under the Current Trustee Selection Arrangements or under sub-clause 1.8 of this Clause T1, he retires as a Trustee.
- 1.11 **Evidencing Trustee Appointments, Removals and Retirements.** The appointment, removal or retirement of any individual or corporate body as a Trustee of the Plan shall be formally evidenced by a supplemental deed executed by the Principal Employer, any continuing Trustees and by the individual or corporate body who is to be appointed, removed or who is to retire as a Trustee. The supplemental deed shall, in particular, identify any Trustees who are Member-Nominated Trustees and any Trustees who are Employer-Nominated Trustees and specify the effective date (which may be retrospective or prospective) of the appointment, removal or retirement of the individual or corporate body concerned.

- 1.12 The Principal Employer, any continuing Trustees, and any individual or corporate body to be appointed or removed, or who is to retire, as a Trustee shall complete any documents and do anything else which may be necessary to give full and proper effect to the appointment, removal or retirement of the Trustee concerned and to vest the assets of the Plan in the continuing Trustees and any new Trustee.
- 1.13 All costs, charges and expenses incurred in connection with the preparation and execution of any supplemental deed evidencing the appointment, removal or retirement of a Trustee shall be borne by the Plan, unless the Principal Employer and the Trustees agree otherwise.
- 1.14 **Principal Employer Assuming Trusteeship.** If, at any time, the number of Trustees falls below two (unless a corporate body is, or remains, sole Trustee), the Principal Employer shall immediately become the sole or an additional Trustee until the number of Trustees (excluding the Principal Employer) is restored to at least two. This applies except where the Current Trustee Selection Arrangements are made under Section 17 of the PA 1995 and those arrangements do not include a provision having the same effect as this provision.
- 1.15 **Corporate Body as Sole Trustee.** This sub-clause 1.15 applies where a corporate body (other than the Principal Employer) is sole Trustee or all the Trustees are corporate bodies. For so long as either Section 18 or Section 19 of the PA 1995 applies to the Plan, the provisions of Sections 16 and 17 of the PA 1995 do not apply. Accordingly, the requirements and provisions of sub-clauses 1.4 to 1.6 inclusive of this Clause T1 do not then apply.

T2 APPOINTMENT OF PROFESSIONAL ADVISERS

- 2.1 Subject to Section 47 of the PA 1995, the Trustees shall appoint an actuary to the Plan on any terms as the Trustees may agree with the actuary. If an actuary has not been appointed to the Plan and the Trustees are required to consult the actuary or obtain actuarial advice, the Trustees shall be required to consult or obtain advice from a person, firm or company which could be appointed as the actuary to the Plan. The actuary to the Plan shall make a signed actuarial valuation and statement about the financial position of the Plan to the Trustees at least once every three years in a form which satisfies the Disclosure Regulations (as defined in sub-clause 3.7 of Clause RF3 of this Schedule (Administration)).
- 2.2 Subject to Section 47 of the PA 1995, the Trustees shall appoint a person or firm qualified to act as a company auditor under Section 25 of the Companies Act 1989 to audit the Plan accounts. The auditor shall be appointed on any terms as the Trustees may agree with the auditor. The Trustees shall obtain audited accounts of the Plan. The audited accounts shall conform with the requirements of the Disclosure Regulations.

- 2.3 Subject to Section 47 of PA 1995, the Trustees shall appoint an investment manager on any terms as the Trustees may agree with the investment manager. Two or more investment managers may be appointed by the Trustees to be investment managers at the same time in respect of separate parts of the assets of the Plan. The Trustees shall comply with Sections 33 and 34 of the PA 1995.
- 2.4 Subject to Section 47 of the PA 1995, the Trustees may appoint a company to act as a custodian of the Plan's assets (including records, documents, and papers) on any terms as the Trustees think fit.
- 2.5 The Trustees shall have power to pay any fees or remuneration as they shall decide to any individual or corporation appointed by the Trustees under this Clause T2. The fees or remuneration shall be deemed to be an expense of the Plan.
- 2.6 Any delegate or agent appointed by the Trustees may retain any fees, brokerage commission, remuneration or expenses.

T3 TRUSTEES' MEETINGS AND RECORDS

- 3.1 Except where a corporate body is sole Trustee and subject otherwise to the Rules governing the meeting of Trustees, the Trustees shall meet for the despatch of business and regulate their meetings as they think fit in accordance with Sections 32(2)(b) and 32(3) of the PA 1995 (Trustee decisions by majority).
- 3.2 The Trustees shall comply with Section 49 of the PA 1995 (Responsibilities of trustees in respect of records etc) and any associated regulations requiring them to keep records of their meetings, books and accounts.

T4 REMUNERATION, FEES AND EXPENSES OF TRUSTEES

With the consent of the Principal Employer, any Trustee, any firm of which a Trustee is a partner and any subsidiary or associated company of a Trustee (or in which he is interested, whether as an officer or shareholder) may retain any fees, brokerage, commission, remuneration and expenses payable directly or indirectly to him or it.

T5 TRUSTEES' LIABILITY AND INDEMNITY

- 5.1 Subject to sub-clause 5.2 of this Clause T5, no Trustee shall be responsible, chargeable or liable in any manner whatsoever for or in respect of anything except:
 - 5.1.1 fraud or personal bad faith or wilful breach of trust on the part of that Trustee;
 - 5.1.2 a fine imposed by way of penalty for an offence of which that Trustee is convicted;
 - 5.1.3 a penalty which that Trustee is required to pay under Section 10 of the PA 1995 or under Section 168(4) of the PSA 1993 (Civil penalties);

5.1.4 in the case of a professional trustee who is in the business of providing a trustee service for payment ("Professional Trustee"), liability for any acts of negligence as breach the special duty of care owed by the Professional Trustee up to the extent of the loss in the assets of the Plan caused by the breach on the part of that Professional Trustee; and

5.1.5 any other liability which, by law, cannot be excluded or restricted.

5.2 No Professional Trustee shall incur liability:

5.2.1 for the acts, defaults and omissions of other Trustees whose acts, defaults or omissions have been contrary to oral or written advice given by or on behalf of that Professional Trustee; and

5.2.2 in respect of decisions taken by the other Trustees when that Professional Trustee was not a party to the decision, unless proper notice under the terms of the Plan of either the meeting at which those decisions were taken or of the resolutions which effected those decisions had been given to the Professional Trustee.

T6 PERSONAL INTEREST OF TRUSTEES

- 6.1 Subject to sub-clause 6.2 of this Clause T6 a decision of, or the exercise of a power or discretion by, the Trustees shall not be invalidated or questioned on the ground that any of the Trustees (or directors of a corporate Trustee) had a direct or personal interest in the result of the decision or the exercise of the power or discretion.
- 6.2 Where a Trustee (or a director of a corporate Trustee) is interested in any decision of, or exercise of any power or discretion by, the Trustees, he shall declare the nature of his interest at the meeting of the Trustees at which the decision is to be taken or the power or discretion is to be exercised.
- 6.3 A general notice given to the Trustees by a Trustee (or a director of a corporate Trustee) to the effect that he has a direct or personal interest in any decision or in the exercise of any power relating to the Plan is deemed a sufficient declaration of interest. No such notice is of effect unless either it is given at a meeting of the Trustees or the Trustee (or director of a corporate Trustee) takes reasonable steps to ensure that it is brought up and read out to the next meeting of the Trustees after it is given.
- 6.4 A Trustee (or a director of a corporate Trustee) who is a member of the Plan may exercise his powers and execute his duties as a Trustee (or director) regardless of his membership and may receive the appropriate benefits under the Plan.
- 6.5 A Trustee (or a director of a corporate Trustee) who is a beneficiary under the Plan may retain for his own absolute benefit (subject to the conditions of the Plan) all benefits accruing to him as a beneficiary or otherwise.

T7 QUESTIONS AND MATTERS OF DOUBT

Except where otherwise specified the Trustees shall determine all questions and matters of doubt arising in connection with the Plan, after consulting the Principal Employer (if necessary) in any particular case, subject to Clause RF1 of this Schedule (Internal dispute resolution procedures).

FUNDING AND INVESTMENT

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FI 1 STATEMENT OF INVESTMENT PRINCIPLES AND INVESTMENT DUTIES

- 1.1 The Trustees shall, where required by Section 35 of the PA 1995 (Investment principles), consult the employers participating in the Plan (or their nominated representative) on a regular basis about the investment strategy to be followed by the Trustees in investing the assets of the Plan.
- 1.2 The Trustees must ensure that there is prepared, maintained and from time to time reviewed a written statement of the principles governing decisions about investments for the purposes of the Plan in accordance with Section 35 of the PA 1995 (Investment principles).
- 1.3 The Trustees must also comply with the provisions of Section 33 (Investment powers: duty of care), Section 34 (Power of investment and delegation) and Section 36 (Choosing investments) of the PA 1995.

FI 2 MINIMUM FUNDING REQUIREMENT

- 2.1 The Plan is subject to the minimum funding requirement as set out in Sections 56 to 61 of the PA 1995 which provide that the value of the Fund (as defined in sub-clause 4.1 of Clause SD4 of this Schedule (Winding up the Plan)) must not be less than the amount of the liabilities of the Plan and how any under-provision is to be rectified by the Principal Employer under the direction of the Trustees. This sub-clause is without prejudice to any power the Trustees have under the Definitive Declaration of Trust and Rules (as amended from time to time), to give notice to the Principal Employer that the Plan shall be wound up, or to determine that the Plan shall not be wound up and that the Plan shall continue but no new members shall be admitted to the Plan in accordance with Section 38 of the PA 1995 (Power to defer winding up).

FI 3 PLAN ACCOUNTS, RECORDS AND SCHEDULES OF CONTRIBUTIONS

- 3.1 The Trustees shall in accordance with Section 49 of the PA 1995 (Responsibility of trustees in respect of records etc) keep accounts relating to the assets under the Plan and a record of members of the Plan and all other persons receiving benefits or prospectively entitled to benefits and of all other matters which should be properly recorded for the purposes of the Plan. These records shall be sufficient to explain all transactions and identify all assets and liabilities relating to the Plan and to disclose its financial position. Accounts shall conform with the Disclosure Regulations (as defined in sub-clause 3.7 of Clause RF3 of this Schedule (Administration)) and shall be made up to the day before the Plan renewal date each year (or such other date as the Trustees may prescribe in writing from time to time) and the 12 months ending on that date shall be the scheme year for the purposes of the Disclosure Regulations.

- 3.2 The Trustees shall comply with Section 58 of the PA 1995 (Schedules of contributions).

FI 4 MEMBERS' CONTRIBUTIONS - MANNER AND FREQUENCY

- 4.1 A Plan member's contributions, whether voluntary or otherwise, are deducted from his earnings by his employer on each pay date. The employer shall pay these contributions to the Trustees in accordance with Section 49(8) of the PA 1995 (Responsibility of the employer to pay deducted contributions within given period) or otherwise, within any shorter period directed by the Trustees.

FI 5 PLAN SURPLUSES

- 5.1 If at any time the actuary to the Plan certifies that there is a sufficient surplus in the Plan, the Principal Employer may (subject to the agreement of the Board of Inland Revenue and to Clause FI2 of this deed (Minimum Funding Requirement)) reduce or eliminate that surplus in one or more of the following ways by agreeing with the Trustees to:
- 5.1.1 suspend the obligations of employers participating in the Plan or members of the Plan to pay contributions to the Plan;
 - 5.1.2 reduce the amount of contributions to the Plan by such employers or by members of the Plan, other than voluntary contributions payable by such members;
 - 5.1.3 improve existing benefits under the Plan;
 - 5.1.4 provide new benefits under the Plan.
- 5.2 The powers and obligations under sub-clause 5.1 of this Clause FI5 shall be exercised in favour of any of the employers participating in the Plan and members of the Plan as the Principal Employer may direct.
- 5.3 If at any time the actuary to the Plan certifies that there is a sufficient surplus in the Plan, the Trustees may (subject to the agreement of the Board of Inland Revenue and to sub-clause 5.1 of this Clause FI5) pay all or part of the surplus to the employers participating in the Plan. The surplus to be paid to the employers shall be paid to them in proportions as the Trustees (acting on actuarial advice given by the actuary appointed to the Plan) shall decide, having deducted any tax for which the Trustees may be liable or accountable to the Inland Revenue. Any payment made to the employers participating in the Plan shall be in accordance with the requirements of Section 37 of the PA 1995.

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FI 6 ARRANGEMENTS FOR RECEIPTS AND PAYMENTS

- 6.1 The Trustees may make all arrangements they deem necessary for dealing with receipts and payments under the Plan in accordance with Section 49(1) of the PA 1995 (Keeping fund monies in separate bank account). Except where the Trustees have entered into an arrangement or contract with a person to hold all or any part of the assets of the Plan on their behalf in a separate account and any regulations made in accordance with Section 49(1) of the PA 1995 are complied with, the Trustees shall keep any money received by them in a separate account kept by them or an institution authorised under the Banking Act 1987. Where payments of benefits are made by the Trustees to an employer participating in the Plan in respect of a Plan member, and the employer fails to pay them to the member within two working days of receipt, then the employer shall pay the amount of those unpaid benefits to an institution authorised under the Banking Act 1987.
- 6.2 The Trustees may, from time to time by unanimous decision, delegate in writing their powers to draw cheques on any bank account to any one or more of their number or to any staff, agents, custodians, brokers or other nominees as they shall decide.

FI 7 PLAN EXPENSES

Unless sub-clause 5.3 of Clause T5 of this Schedule (Trustees' liability and indemnity) applies, and subject to the other provisions of the documents governing the Plan, all costs, charges and expenses (including Trustee training costs) incurred in connection with or in relation to the Plan (whether disbursed by the Principal Employer, any employer participating in the Plan or the Trustees) and any remuneration of the Trustees shall be borne by the Fund.

SCHEME DESIGN

SD1 INCREASES TO PENSIONS IN PAYMENT (LIMITED PRICE INDEXATION)

- 1.1 This Clause SD1 sets out how pensions in payment under the Plan are to be increased. Each pension (or part of a pension) accrued in respect of pensionable service before 6 April 1997 shall be increased in accordance with sub-clause 1.2 of this Clause SD1. Each pension (or a part of a pension) accrued in respect of pensionable service after 5 April 1997 shall be increased in accordance with sub-clause 1.3 and sub-clause 1.4 of this Clause SD1. Other provisions relating to pension increases are set out in sub-clauses 1.5 to 1.9 of this Clause SD1. Exceptions to this Clause SD1 are set out in sub-clause 1.9 of this Clause SD1. Terms having special meanings are set out in sub-clause 1.10 of this Clause SD1.

Pension in respect of pensionable service before 6 April 1997 in respect of Member of the Plan

- 1.2 Each pension (or part of a pension) in excess of the Guaranteed Minimum Pension accrued in respect of pensionable service before 6 April 1997 shall have compound increases applied each year equal to:

1.2.1 the proportion by which the Index (published as at the preceding 30 September in the previous calendar year) has increased during the previous 12 months ending on that date; and

1.2.2 3%.

Pension in respect of pensionable service after 5 April 1997 in respect of a Member of the Plan

- 1.3 Each pension (or part of a pension) accrued in respect of pensionable service after 5 April 1997 shall have compound increases applied each year equal to:

1.3.1 the proportion by which the Index (published as at the preceding 30 September in the previous calendar year) has increased during the previous 12 months ending on that date; and

1.3.2 5%.

Pension in respect of a Varelco Member

- 1.4 Each pension (or part of a pension) in excess of the Guaranteed Minimum Pension shall have compound increases applied each year equal to:

1.4.1 (a) the proportion by which the Index (published as at the preceding 30 November in the previous calendar year) has increased during the previous 12 months ending on that date; and

1.4.2 (b) 5%

If the proportion by which the Index has increased is greater than 5% the Trustees have discretion to pay a further increase up to a maximum amount of 75% of the increase in the Index.

- 1.5 However, if the Principal Employer and the Trustees so decide, any pension may be increased by a greater amount than that set out in sub-clause 1.3.1 of this Clause SD1. If any greater pension increase applies, the Trustees may offset the extra increase against any increase which must be given to that pension under sub-clause 1.3 of this Clause SD1 in the following year.

Payment of increases

- 1.6 A pension shall be increased in accordance with sub-clause 1.1 of this Clause SD1 on the Renewal Date next following the date when the pension starts to be paid and on each subsequent Renewal Date.
- 1.7 If, at any Renewal Date, a pension has been in payment for less than a year, it will be increased at a rate calculated on a proportionate basis by reference to the number of complete months for which payment of the pension has been made.
- 1.8 Any pension increases payable under this Clause SD1 shall be paid with the normal instalments of pension and will end when the normal instalments cease to be paid.

Exceptions

- 1.9 The pension increases described in this Clause SD1 do not apply to:
- 1.9.1 any part of a pension derived from a Plan Member's additional voluntary contributions;
 - 1.9.2 any part of a pension derived from the exercise of any discretionary augmentation provisions under the Plan where exercised before 6 April 1997;
 - 1.9.3 any part of a pension payable to a dependant as a result of the surrender by a Plan Member in favour of an additional dependant's pension of any part of his pension accrued in respect of pensionable service before 6 April 1997;
 - 1.9.4 any pension derived from the following parts of a transfer payment accepted from a previous scheme:
 - (a) additional voluntary contributions;
 - (b) benefits which did not require statutory increases required by Section 51 of the PA 1995 (Indexation of pensions) under the previous scheme.

Defined terms

1.10 For the purposes of this Clause SD2, the following terms have the respective meanings given to them:

1.10.1 "pensionable service" is as defined in Section 124 of the PA 1995 (Interpretation of Part I of that Act).

1.10.2 "normal pension date" means a Plan member's normal pension date under the Plan.

1.10.3 "Renewal Date" means 6th April in each year (or another date as the Trustees may from time to time decide).

SD2 CASH EQUIVALENTS

2.1 For the purpose of this Clause SD2:

"Deferred Member" means a Plan Member whose pensionable service ends before his normal pension date under the Plan and who has deferred benefits from the Plan payable from that date, payment of which has not started.

"guarantee date" is as defined in Section 93A of the PSA 1993.

"normal pension date" means a Plan Member's normal pension date under the Plan.

"pensionable service" is as defined in Section 124 of the PA 1995 (Interpretation of Part I of that Act).

"Section 9(2B) Rights" is as defined in Regulation 1(2) of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172).

2.2 Subject to the contracting-out requirements of the PSA 1993 and to sub-clause 2.21, this Clause SD2 applies to a Deferred Member whose pensionable service ends at least one year before his normal pension date and it may apply, at the discretion of the Trustees, to a Deferred Member whose pensionable service ends within one year before his normal pension date.

Right to cash equivalent

2.3 On the application of a Deferred Member, the Trustees must provide him with a statement of entitlement, in accordance with Section 93A of the PSA 1993, of his cash equivalent of the benefits accrued to or in respect of him under the Plan at the guarantee date. If a Deferred Member has received a statement of entitlement and he exercises his right to a cash equivalent in accordance with sub-clause 2.4 of this Clause SD2, he acquires a right in accordance with Section 94 of the PSA 1993 to the guaranteed cash equivalent stated in that statement of entitlement.

Exercise of right

2.4 A Deferred Member may exercise his right to a cash equivalent by requiring the Trustees to apply the cash equivalent in accordance with, and subject to the terms of, Section 95 of the PSA 1993 and in one or more of the following ways:

2.4.1 to acquire transfer credits under another scheme or arrangement which is able and willing to accept the cash equivalent;

2.4.2 to purchase one or more annuities from one or more insurance companies (as are authorised under Section 95 of the PSA 1993) who are willing to accept payment on account of the Deferred Member from the Trustees; and

2.4.3 to subscribe to any other type of pension arrangement as may be prescribed by regulations made under the PSA 1993.

2.5 A Deferred Member may only exercise his right to a cash equivalent by making an application in writing to the Trustees in accordance with Section 95 of the PSA 1993. An application must be delivered to the Trustees personally or sent to them by registered post or recorded delivery. An application may be made at any time before the later of one year before the Deferred Member's normal pension date and six months' after the date his pensionable service ends. A Deferred Member who has made an application for a statement of entitlement may not within a period of 12 months beginning on the date of that application make another application, unless the Trustees decide that more than one application may be made within this period.

2.6 A Deferred Member must exercise his right to a cash equivalent in respect of the whole of his cash equivalent except that:

2.6.1 if the other scheme or arrangement is able or willing to accept only a transfer payment in respect of the Deferred Member's rights other than his rights to guaranteed minimum pension or his Section 9(2B) Rights, and

2.6.2 he has not required the Trustees to use the portion of his cash equivalent which represents those accrued rights in any of the ways specified in sub-clause 2.4 of this Clause SD2,

the Deferred Member must exercise his right in respect of the whole of the balance of his cash equivalent after deduction of an amount sufficient for the Trustees to meet their liability in respect of the Deferred Member's and his widow's or widower's guaranteed minimum pension or Section 9(2B) Rights.

Withdrawing an application

2.7 A Deferred Member may only withdraw an application made under sub-clause 2.5 of this Clause SD2 by giving the Trustees written notice that he no longer wishes them to carry out his previous requirements. The notice must be delivered to the Trustees personally or sent to them by registered post or recorded delivery. The notice will not be effective if, when given, the Trustees have already entered into an

agreement with a third party to use the whole or part of the Deferred Member's cash equivalent in accordance with the original application. A Deferred Member who has effectively withdrawn an application may make another application provided none of the events specified in sub-clause 2.8 of this Clause SD2 has occurred.

Loss of right

2.8 A Deferred Member loses his right to a cash equivalent if:

2.8.1 he does not exercise it by the later of one year before his normal pension date and six months after the date his pensionable service ends; or

2.8.2 any part of his benefits under the Plan becomes payable before his normal pension date; or

2.8.3 the winding up of the Plan has been finalised.

Trustees to implement right

2.9 On receiving a Deferred Member's application to exercise his right to a cash equivalent, the Trustees shall do all that is required to carry out his requirements within six months after the guarantee date or, if earlier, by his normal pension date or otherwise as OPRA may approve. If the Trustees do not do all that is needed to meet the Deferred Member's requirements within six months of the guarantee date, his cash equivalent shall be increased in accordance with Regulation 10 of the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847).

2.10 If disciplinary or court proceedings are commenced against the Deferred Member no later than 12 months after the termination of his pensionable service and the Trustees consider that the proceedings may lead to the whole or part of any benefit for or in respect of him being forfeited, then in accordance with Section 99(3) of the PSA 1993, they must carry out his requirements by the date described in sub-clause 2.9 of this Clause SD2 or, if later, before the end of three months after the conclusion of the disciplinary or court proceedings (including any proceedings on appeal), or otherwise as OPRA may approve.

Calculation and adjustment of cash equivalent

2.11 The cash equivalent shall be calculated and verified in accordance with Section 97 of the PSA 1993 and the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847). Once a statement of entitlement to a guaranteed cash equivalent has been issued in accordance with sub-clause 2.3 of this Clause SD2, that cash equivalent shall not be reduced under sub-clauses 2.13 to 2.17 of this Clause SD2, and shall not be affected by any direction of the Trustees as mentioned in sub-clause 2.12 of this Clause SD2 unless it is made before the guarantee date.

2.12 If it is the established practice for additional benefits to be granted at the discretion of the Trustees or the Principal Employer under the powers of augmentation of benefits under the Plan, the Deferred Member's cash equivalent shall take account of any additional benefits as would accrue to the Deferred Member if the practice

continued unaltered, unless the Trustees have given a direction in accordance with Regulation 8 of the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847) that cash equivalents shall not take account of additional benefits.

- 2.13 Each respective part of a Deferred Member's cash equivalent which relates to liabilities referred to in paragraphs (a), (c)(i) or (d) of Section 73(3) of the PA 1995 may be reduced proportionately to any shortfall as disclosed in the latest actuarial valuation obtained in accordance with Section 57 of the PA 1995 before the guarantee date. If an actuarial valuation has not been obtained before that date, the Deferred Member's cash equivalent may be reduced proportionately to any shortfall disclosed in the latest actuarial statement issued under the Plan.
- 2.14 In a case where a contributions equivalent premium has been paid in respect of a Deferred Member in accordance with Section 55 of the PSA 1993, his cash equivalent shall be reduced (to nil if need be) to the extent that it represents his accrued rights which have been extinguished by virtue of Section 60 of the PSA 1993 by payment of that premium.
- 2.15 Where a Deferred Member's cash equivalent is to be used for acquiring transfer credits under another scheme or arrangement which undertakes to provide benefits at least equal in value to the Deferred Member's benefits represented by that cash equivalent on payment of a lesser sum (including nil) the cash equivalent shall be reduced to that lesser sum.
- 2.16 Where all or any of a Deferred Member's benefits have been appropriately secured in accordance with Regulation 8 of the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847), his cash equivalent in respect of those benefits shall be reduced to nil.
- 2.17 Where the Plan has before the guarantee date begun to be wound up, a Deferred Member's cash equivalent may be reduced to the extent necessary for the Plan to comply with Section 73 of the PA 1995 (Preferential liabilities on winding up).
- 2.18 Where two or more of sub-clauses 2.13 to 2.17 of this Clause SD2 apply to the calculation of a cash equivalent, they shall be applied in the order appearing in this Clause SD3.
- 2.19 This sub-clause 2.19 applies if a Deferred Member has received a statement of entitlement to a guaranteed cash equivalent under sub-clause 2.3 of this Clause SD2:
- 2.19.1 if all or any of the benefits to which the guaranteed cash equivalent relates have been surrendered, commuted or forfeited before the date on which the Trustees do what is needed to carry out what the Deferred Member requires, that part of the guaranteed cash equivalent which relates to the benefits so surrendered; commuted or forfeited shall be reduced to nil;
- 2.19.2 where the Plan has on or after the guarantee date begun to be wound up, a Deferred Member's guaranteed cash equivalent may be reduced to the extent necessary for the Plan to comply with Section 73 of the PA 1995; and

2.19.3 if the guaranteed cash equivalent falls short of or exceeds the amount which it would have been had it been calculated in accordance with Chapter IV of Part IV of the PSA 1993 and the Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996/1847), it shall be increased or reduced to that amount.

Trustees' discharge

2.20 Where a Deferred Member has exercised his right to a cash equivalent under this Clause SD2 and the Trustees have done all that is required to carry out his requirements under this Clause SD2, they will be discharged of all liability to provide benefits relating to the cash equivalent except to the extent that a liability to provide the Deferred Member's and his widow's or widower's guaranteed minimum pension or Section 9(2B) Rights continues to exist where such liability is retained in the Plan in accordance with sub-clause 2.6 of this Clause SD2.

Limiting the cash equivalent

2.21 Subject to Section 98 of the PSA 1993, if a Deferred Member exercises his right to end his membership of the Plan and remains in employment to which the Plan relates, his cash equivalent will, unless the Trustees decide otherwise, relate only to the period of his pensionable service completed after 5 April 1988.

On leaving employment to which the Plan relates at a later date which is at least one year before his normal pension date, the Deferred Member will then acquire a right to a cash equivalent in respect of the period of his pensionable service completed before 6 April 1988. The Deferred Member may only exercise this further right to a cash equivalent on or before the later of one year before his normal pension date and six months after the date his employment to which the Plan relates ends.

SD3 TERMINATION OF THE PLAN

On the termination of the Plan, the Trustees shall resolve either to wind up the Plan in accordance with the provisions of Clause SD4 of this Schedule (Winding up the Plan) or to continue the Plan as either a closed scheme (i.e. a scheme not admitting new members) or a frozen scheme (i.e. a scheme under which all contributions have ceased and no further benefits accrue to Plan members), but with the Fund (as defined in sub-clause 4.1 of Clause SD4 of this Schedule (Winding up the Plan)) continuing to be held by the Trustees to be applied in accordance with the provisions of the Definitive Deed and Rules and Clause SD5 of this Schedule (Alternative to winding up), as amended from time to time.

SD4 WINDING UP THE PLAN

Initial actions, payments and reserves

4.1 Within one month of starting to wind up the Plan, the Trustees shall notify in writing each Plan member and other person to whom information is required to be given under the Disclosure Regulations (as defined in sub-clause 3.7 of Clause RF of this Schedule (Administration)) that the Trustees have started to wind up the

Plan. Within three months of applying the Plan's assets, which for the purposes of this Clause SD4 shall mean the investments, cash and other assets for the time being held by or on behalf of the Trustees for the purposes of the Plan ("the Fund"), the Trustees shall notify in writing each Plan member and other person benefiting under the Plan:

- 4.1.1 of the amount of benefits payable to the Plan member or other person concerned under the Plan and, if the amounts payable are paid periodically, the provisions (if any) under which the amounts may be altered;
 - 4.1.2 whether the benefits payable are reduced because of insufficient Plan resources, and if so by how much; and
 - 4.1.3 who will be liable to pay the benefits in future.
- 4.2 As soon as practicable after the date of termination, the Trustees shall realise the Fund. Subject to the payment of, or the setting aside of, monies to meet all costs, charges and expenses (including tax and other incidentals), the Fund shall be applied by the Trustees to satisfy and secure the obligations in the order set out in sub-clauses 4.3, 4.4 and 4.5 of this Clause SD4.

Application of the fund

- 4.3 After initially applying the Fund in the manner described in sub-clause 4.2 of this Clause SD4, the Trustees shall apply the balance of the Fund in accordance with Section 73(2) of the PA 1995 to satisfy the liabilities referred to in Section 73(3) of that Act and as calculated and verified according to regulations made under that Section 73 (preferential liabilities on winding up).
- 4.4 If, and to the extent that, any liabilities on the winding up the Plan and as calculated in accordance with the Definitive Deed and Rules, as amended from time to time, have not been satisfied under sub-clause 4.3 of this Clause SD4, the balance of the Fund remaining after application in accordance with sub-clause 4.3 must then be applied by the Trustees towards satisfying those liabilities (as so calculated) in accordance with and in the order provided for under the said Definitive Deed and Rules.
- 4.5 Any balance of the Fund remaining after the liabilities under sub-clauses 4.3 and 4.4 of this Clause SD4 have been satisfied, must be used by the Trustees in accordance with Section 76 of the PA 1995 (Excess assets on winding up) or Section 77 of the PA 1995 (excess assets remaining after winding up: power to distribute), as appropriate to the terms of the Plan. Any unapplied balance of the Fund on winding up cannot be distributed to the employers participating in the Plan unless and until the requirements of either that Section 76 or Section 77 as appropriate have first been satisfied.

- 4.6 If, in accordance with the provisions of Section 75(1) of the PA 1993 (Deficiencies in the assets), the value of the Plan's liabilities exceeds the value of its assets, an amount equal to the excess shall be treated as a debt to the Trustees due from the employers participating in the Plan in accordance with the provisions of that Section 75(1).

Securing benefits

- 4.7 The pensions and other benefits to be secured under this Clause SD4, shall be subject to the same terms and conditions (including the same options and ancillary benefits) which apply to them under the Plan in accordance with the Definitive Declaration of Trust and Rules (as amended from time to time), unless the Trustees decide it expedient to secure pensions and other benefits on different terms and conditions.
- 4.8 The manner of satisfying benefits under this Clause SD4 shall be subject to the agreement of and to any restrictions imposed by the Inland Revenue, and C. A.

SD5 ALTERNATIVE TO WINDING UP

- 5.1 If, under Clause SD3 of this deed (Termination of the Plan), the Trustees resolve to continue the Plan as a frozen scheme or a closed scheme, they shall make appropriate arrangements as they think fit for the continued administration and management of the Plan. These arrangements shall include the execution by the Principal Employer and the Trustees of any necessary supplemental trust deed to give effect to the arrangements and to any consequential amendments required to be made to the provisions of the Plan. The arrangements shall not be of a kind as may prejudice approval of the Plan under the Taxes Act and shall be subject to the approval of OPRA.

If the Principal Employer is insolvent or if for any other reason has ceased to exist or carry on business, the Trustees may, by themselves alone, execute any necessary supplemental trust deed to give effect to the arrangements made for the continued administration and management of the Plan and to any consequential amendments required to the provisions of the Plan.

- 5.2 The Trustees may decide at any time to cancel the operation of the Plan as a frozen scheme or a closed scheme. As from the effective date of their decision, the Trustees shall either:
- 5.2.1 wind up the Plan in accordance with the provisions of Clause SD4 of this deed (Winding up the Plan); or
 - 5.2.2 if any perpetuity period existing under the Plan has not expired, agree with the Principal Employer (including any new Principal Employer) to re-open the Plan and re-commence:
 - (a) the payment of contributions by the employers participating in the Plan and, if appropriate, by the Plan members; and

(b) the accrual of benefits for and in respect of Plan members;

whether or not any employees who are not Plan members are admitted into membership of the Plan.

5.3 If the Plan is re-opened, the Trustees shall make appropriate arrangements as they think fit for the administration and management of the Plan, including the execution by the Principal Employer and the Trustees of any necessary supplemental trust deed to give effect to the arrangements and to any consequential amendments required to be made to the provisions of the Plan. The arrangements shall not be of a kind as may prejudice approval of the Plan under the Taxes Act and shall be subject to the approval of OPRA and the Inland Revenue.

5.4 Unless arrangements are made to re-open the Plan, the operation of the Plan as a frozen scheme or a closed scheme shall end on whichever of the following events first occurs:

5.4.1 the date on which the Trustees cease to have any further liabilities to or in respect of any person under the Plan; and

5.4.2 on the expiry of any perpetuity period existing under the Plan.

The Trustees shall then wind up the Plan in accordance with the provisions of Clause SD4 of this deed (Winding up the Plan).

SD6 EQUAL TREATMENT

6.1 The Definitive Deed and Rules as amended from time to time shall be deemed at all times to include provisions which comply with the equal treatment rule, the terms of which are set out in Sections 62 to 64 inclusive of the PA 1995 and the Occupational Pension Schemes (Equal Treatment) Regulations 1995 (SI 1995/3183), both as amended from time to time. The Trustees confirm that they will administer the Plan in accordance with these provisions and in accordance with the explanatory literature as referred to in recital G to this deed.

6.2 The provisions of the Definitive Deed and Rules are amended in order to give effect to the changes to the Plan announced in the explanatory literature as referred to in recital E to this deed, issued to members of the Plan notifying them of decisions of the European Court of Justice relating to the terms and conditions on which persons become members of occupational pension schemes and how those members are treated under such schemes.

6.3 In the event of any conflict between the terms of the Definitive Deed and Rules (as amended from time to time), the explanatory literature as referred to in recital G to this deed, and the equal treatment rule referred to in sub-clause 6.1 of this Clause SD6, the terms of the equal treatment rule shall override the terms of the Definitive Deed and Rules (as amended from time to time) and the explanatory literature referred to.

- 6.4 In particular, but without prejudice to the requirement for the Trustees to comply with the equal treatment rule referred to in sub-clause 6.1 of this Clause SD6, the Trustees may administer the Plan in accordance with different terms as between men and women if, but only to the extent that the differences are genuinely due to material factors which are not the difference of sex but are material differences between the woman's case and the man's case.
- 6.5 In particular, but without prejudice to the requirement for the Trustees to comply with the equal treatment rule referred to in sub-clause 6.1 of this Clause SD6, the Trustees shall, to the extent that they have not done so already, take whatever action as is necessary so as to ensure that the terms on which members of the Plan are to be treated under the equal treatment rule referred to, relate to benefits provided for and in respect of their pensionable service on or after 17 May 1990. For this purpose, "pensionable service" is as defined in Section 124 of the PA 1995 (Interpretation of Part I of that Act).

SD7 DIVORCE

In the event of the divorce of a member of the Plan or the annulment or declaration of nullity of his marriage, the Trustees shall have power, subject to the consent of the Inland Revenue, to take whatever action they consider appropriate or necessary to give effect under the Plan to any financial provision order made by a court of law under Section 25 of the Matrimonial Causes Act 1973 or under the Family Law (Scotland) Act 1985. This is without prejudice to the right of the Trustees not to give effect to an order which is not binding upon them.

SD8 AMENDMENTS TO THE PLAN

- 8.1 No amendment may be made to the Plan without compliance with Section 67 of the PA 1995 (Restriction on powers to alter schemes).
- 8.2 The Trustees may, by resolution, modify the Plan to give effect to any of the purposes specified in Section 65 of the PA 1995 (Equal treatment rule: consequential alteration of schemes) and Section 68 of the PA 1995 (Power of trustees to modify schemes by resolution).

SD9 NON-ASSIGNABILITY

- 9.1 Except as otherwise provided under the Definitive Deed and Rules (as amended from time to time), neither a member of the Plan nor any other person entitled to benefit from the Plan shall in any way:
- 9.1.1 assign, mortgage or charge any present or future benefit arising under the Plan; or
- 9.1.2 do any thing which would cause any benefit to be vested in or payable to or charged in favour of any other person,

except to any extent permitted under the Definitive Deed and Rules in respect of exercising any option or making any election or as otherwise permitted in accordance with Section 91 of the PA 1995 (Inalienability of occupational pension) and subject to the consent of the Inland Revenue.

- 9.2 If a member of the Plan or other person attempts to do any of the things prevented by sub-clause 9.1 of this Clause SD9, except to the extent permitted under the Definitive Deed and Rules (as amended from time to time), he shall forfeit all rights to the benefit concerned.
- 9.3 The Trustees shall, from the date on which they receive notice of the act or event causing the forfeiture, hold and apply any benefits forfeited under this Clause SD9 for the general purposes of the Plan.
- 9.4 In the case of hardship, the Trustees may pay or apply all or part of any forfeited benefit to or for the benefit of the member of the Plan or other person concerned, his spouse or any of his dependants and in the proportions and manner decided by the Trustees. In no circumstances shall any payment be made to a purported assignee, mortgagee or chargee.
- 9.5 This Clause SD9 does not apply to a guaranteed minimum pension. Any attempt to assign a guaranteed minimum pension is void.

SD10 - DEBTS OWED TO EMPLOYER OR PLAN

- 10.1 If, as a result of a criminal, negligent or fraudulent act or omission, a member of the Plan is liable for the payment to an employer participating in the Plan of the member concerned of any monetary sum, that member's benefits under the Plan shall in accordance with Section 91 of the PA 1995 (Inalienability of occupational pension) be subject to a charge, lien or set-off, unless it is recovered by the employer by other means.
- 10.2 The Trustees shall, unless the employer concerned decides otherwise, pay out of the Plan to that employer, the amount of the liability under sub-clause 10.1 of this Clause SD10. The payment or provision shall be limited to the lesser of the amount of the liability and the value, determined by the Trustees on actuarial advice given by the actuary to the Plan, of the accrued benefits payable to and in respect of the Plan member concerned on the date on which the liability first arose.
- 10.3 The employer of the Plan member concerned must produce evidence to the satisfaction of the Trustees of the amount of the liability. In respect of payments owed to the Plan, the Trustees must be provided with any evidence as they deem necessary to establish the amount of the liability. The Trustees shall then give the member a certificate showing the amount of the charge, lien or set-off, and its effect on the member's benefits under the Plan.
- 10.4 If the Plan member disputes the liability, the Trustees shall not make a payment or provision or issue a certificate under this Clause SD10 unless the liability has become enforceable under a court order or the award of an arbitrator.

10.5 The production of a certificate signed by or on behalf of the employer that any amount is owed to it shall be sufficient evidence of the fact to the Trustees.

10.6 This Clause SD10 does not apply to:

10.6.1 any benefits derived from a transfer amount paid into the Plan, unless OPRA and the Inland Revenue agrees otherwise, or

10.6.2 any guaranteed minimum pension or any accrued rights to a guaranteed minimum pension.

SD11 TRANSFERS OUT OF THE PLAN

11.1 For the purpose of this Clause SD11:

"Deferred Member" means a Plan member whose pensionable service ends before his normal pension date under the Plan and who has deferred benefits from the Plan payable from that date, payment of which has not started.

"New Scheme" means a scheme or arrangement which is approved by the Inland Revenue as an exempt approved scheme under the Taxes Act, a personal pension scheme as defined in Section 630 of that Act which is capable of accepting a Transfer Payment from the Plan or any other retirement benefits arrangement approved by the Inland Revenue for the purpose of accepting a Transfer Payment from the Plan, and includes (unless inconsistent with the context) the trustees or administrator of the New Scheme.

"Relevant Person" means a Plan member or any person whose benefit is in payment from the Plan.

"Section 9(2B) Rights" is as defined in Regulation 1(2) of the Occupational Pension Schemes (Contracting-out) Regulation 1996 (SI 1996/1172).

"Transfer Payment" means, in relation to a Relevant Person, the cash equivalent of the benefits accrued under the Plan to or in respect of that Relevant Person, or any greater amount as the Trustees, after consulting the Actuary, shall agree with the Principal Employer.

11.2 The Trustees may, with the consent of the Principal Employer and subject to the restrictions in this Clause SD11, pay a Transfer Payment in respect of a Relevant Person to a New Scheme. The Transfer Payment may be a cash sum or other assets as the Trustees decide. If a Court has made an attaching order to a Plan member's benefits as a result of a divorce settlement, a transfer to a New Scheme shall not reduce the impact of the Court order. In this circumstance, the Trustees shall notify the trustees of the receiving scheme of the existence of an attaching order. In making a Transfer Payment, the Trustees must comply with Chapter IV of Part IV of the PSA 1993 (Transfer values) and regulations made under it and, if appropriate, comply with the Contracting-out (Transfer and Transfer Payment) Regulations 1996 (SI 1996/1462).

Statutory transfers

11.3 If a Deferred Member has validly exercised a right to a cash equivalent under the Plan by requiring the Trustees to apply the cash equivalent to acquire transfer credits under a New Scheme, the Trustees shall make a Transfer Payment to the New Scheme if that scheme agrees to accept it. If the Deferred Member is dividing his cash equivalent between different schemes, the Trustees shall transfer the parts of his cash equivalent as he directs. If the New Scheme cannot or is not willing to accept a Transfer Payment in respect of the Deferred Member's accrued rights to guaranteed minimum pension or his accrued Section 9(2B) Rights, the Trustees shall transfer that part of his cash equivalent which relates to benefits in excess of those rights.

Discretionary transfers

11.4 If a Deferred Member or other Relevant Person does not have a right to a cash equivalent (or if he has a right, but has not exercised it) the Trustees may, with the consent of the Principal Employer, make a Transfer Payment in respect of him to a New Scheme if that scheme agrees to accept it.

Bulk transfers

11.5 If the pensionable service under the Plan of a group of Plan members ends and those Plan members become entitled to rights under a New Scheme, the Trustees may make a Transfer Payment (subject to sub-clause 11.6 of this Clause SD11) in respect of the group of Plan members to the New Scheme if that scheme agrees to accept it. The transfer may be made without the consent of the Plan members concerned if the New Scheme is a retirement benefits scheme approved under Chapter I of Part XIV of the Taxes Act and:

11.5.1 the Plan and the New Scheme apply to employment with the same employer;
or

11.5.2 the Plan and the New Scheme apply to employment with different employers and either:

(a) the transfer is a consequence of a financial transaction between the employers; or

(b) each of the employers is one of a group of companies consisting of a holding company and one or more subsidiaries within the meaning of Section 736 of the Companies Act 1985; or

(c) the employers are associated employers within the meaning of Section 590A(3) and (4) of the Taxes Act.

The Trustees shall give the Plan members concerned information about the proposed transfer and details of the value of the rights to be transferred not less than one month before the proposed transfer is due to take place.

The Trustees may also make a Transfer Payment to a retirement benefits scheme approved under Chapter I of Part XIV of the Taxes Act without the consent of the Plan members concerned if the Plan is being wound up and the New Scheme applies to employment with the same employer.

11.6 The Transfer Payment referred to in sub-clause 11.5 of this Clause SD11 is the total of the Plan members' cash equivalents or other amount which the Trustees with the consent of the Principal Employer after obtaining actuarial advice from the actuary appointed to the Plan shall decide is relevant to the group of Plan members concerned, having regard to the provisions of the Plan relating to its partial termination and winding up and to the portion of the assets of the Plan available for transfer.

In calculating the Transfer Payment, the Trustees with the consent of the Principal Employer, after consulting the actuary appointed to the Plan, may make an allowance for the costs and expenses which have been incurred in the administration and management of the Plan in connection with the transfer.

11.7 Before a Transfer Payment is made under sub-clause 11.5 of this Clause SD11 without the consent of the Plan members concerned, the actuary appointed to the Plan shall certify to the Trustees, in accordance with Regulation 12(3) of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167), that:

11.7.1 the transfer credits to be acquired for the Plan members concerned under the New Scheme are broadly no less favourable and, if the New Scheme were wound up immediately after the transfer, would not be likely to be materially less secure than they would be if the Plan was wound up immediately before the transfer, than the rights to be transferred; and

11.7.2 no beneficiary or contingent beneficiary under the Plan will receive materially inferior benefits in the New Scheme; and

11.7.3 where it is the established custom for discretionary benefits or increases in benefits to be awarded under the Plan, there is good cause to believe that the award of discretionary benefits or increases in benefits under the New Scheme will, making allowances for any amount by which transfer credits under the New Scheme are more favourable than the rights to be transferred, be broadly no less favourable.

General

11.8 The Trustees shall comply, in relation to each transfer, with:

11.8.1 Inland Revenue requirements so that approval of the Plan by the Inland Revenue under Chapter I of Part XIV of the Taxes Act and the treatment of it as an exempt approved scheme is not prejudiced and with any undertakings given by the Trustees to the Inland Revenue; and

- 11.8.2 the preservation requirements specified in or under Sections 71 to 82 of the PSA 1993 to the extent applicable.
- 11.8.3 the applicable requirements of the PSA 1993, relating to the transfer of accrued rights to guaranteed minimum pension or of any guaranteed minimum pension in payment or Section 9(2B) Rights, and any other applicable requirements imposed by the Inland Revenue.
- 11.9 The Transfer Payment shall be subject to the following conditions:
- 11.9.1 the Trustees shall find out from the New Scheme the Act and section under which the New Scheme is approved by the Inland Revenue and whether the Inland Revenue is treating it as a small self-administered scheme (as defined in the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991 (SI 1991/1614), in which case the Trustees shall obtain the prior written consent of the Inland Revenue before making a transfer to it;
- 11.9.2 the Trustees shall certify to the New Scheme the amount of the Transfer Payment which represents the Plan member's contributions to the Plan and shall notify the New Scheme of any restriction placed on the refund of those contributions;
- 11.9.3 the Trustees shall certify to the New Scheme the period of qualifying service to which the transfer relates and the maximum permitted cash sum commutation in respect of the Transfer Payment; and
- 11.9.4 unless the Transfer Payment is made under sub-clause 11.3 of this Clause SD11, the Trustees shall ensure the Transfer Payment shall not be less than the value of the benefits (or the relevant part of the benefits) accrued in respect of the Plan member under the Plan.
- 11.10 The Trustees may make a Transfer Payment in respect of a Plan member without his written consent only:
- 11.10.1 in accordance with the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167) and the contracting-out requirements of the PSA 1993; and
- 11.10.2 if they are reasonably satisfied that, at the date on which the Transfer Payment is made, it is at least equal to the value (as certified by the actuary appointed to the Plan) of the benefits which have accrued to or in respect of the Plan member under the Plan, taking into account the preservation, contracting-out and revaluation requirements of the PSA 1993.

11.11 The receipt of the New Scheme in respect of the Transfer Payment shall, except as otherwise provided by statute, discharge the Trustees of all liability under the Plan to and in respect of the Relevant Person in respect of those benefits represented by the Transfer Payment. This discharge is in addition to and without prejudice to any other discharge given to the Trustees. The Trustees shall be under no liability to see to the application of the Transfer Payment by the New Scheme.

11.12 In respect of any liability of the Trustees to increase any benefit under the Plan in order to conform with the requirements of United Kingdom and European law in relation to the equal treatment of men and women, the Trustees may give (or, with the consent of the Principal Employer, may require the Employer to give) an indemnity to pay a further amount in respect of any Transfer Payment already made after 28 September 1994 in order to meet all or part of the Trustees' liability, subject to any requirements of the Inland Revenue.

SD12 BUY-OUT POLICIES

Statutory buy-out

12.1 For the purpose of this Clause SD12:

"Authorised Insurer" has the meaning given by Section 659B of the Taxes Act (Full explanation of approved insurance groups).

"Buy-out Policy" means an insurance policy or annuity contract which satisfies the requirements of Section 95 of the PSA 1993 or is otherwise permitted under regulations relating to the PSA 1993.

12.2 If a Plan member, whose pensionable service ended before his normal pension date under the Plan and who has deferred benefits from the Plan, has validly exercised a right to a cash equivalent by requiring the Trustees to apply the cash equivalent to purchase a Buy-out Policy, the Trustees shall, subject to the contracting-out requirements of the PSA 1993 and the restrictions in this Clause SD12, pay the Plan member's cash equivalent to the Authorised Insurer selected by the Plan member and from whom the Buy-out Policy is to be purchased. If the Plan member is dividing his cash equivalent between different Buy-out Policies, the Trustees shall apply the parts of his cash equivalent as he directs.

Discretionary buy-out

12.3 Subject to the contracting-out requirements of the PSA 1993, the Trustees may, with the consent of the Principal Employer, exercise their discretion and apply this Clause SD12 in respect of a Plan member or other beneficiary of the Plan if that person makes a written request to the Trustees or gives his written consent in the form required or acceptable to the Trustees.