

DATED *27th June* 2013

BRIDON INTERNATIONAL LTD.
AS PRINCIPAL EMPLOYER

AND

BRIDON SCHEME TRUSTEES LIMITED
AS TRUSTEE

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

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THIS DEED is made the 27th day of June 2013

PARTIES:

- (1) **BRIDON INTERNATIONAL LTD.** (Company Number 00416671) whose registered office is at Precision House, Arden Road, Alcester, Warwickshire B49 6HN (the "**Principal Employer**"); and
- (2) **BRIDON SCHEME TRUSTEES LIMITED** (Company Number 08465940) whose registered office is at Precision House, as aforesaid (the "**Trustee**").

INTRODUCTION:

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

THIS DEED WITNESSES THAT:

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

Participating Employers

- 1.1 Clause 12.1 is deleted in its entirety and replaced with the following new Clause 12.1:
"12.1 Any company, firm or person that is approved for participation in the Scheme by the Principal Employer and the Trustee will be entitled to become a Participating Employer in the Scheme upon entering into a deed with the Principal Employer and the Trustee agreeing to comply with the Rules."
- 1.2 Clause 12.4 is amended by the deletion of the word "still" in the second line of that Clause;
- 1.3 A new Clause 12.6 is inserted immediately after existing Clause 12.5 as follows:
"12.6 For the avoidance of doubt, the ability to admit a Participating Employer to participation in the Scheme under this Clause 12 shall continue to be available notwithstanding an election under Rule 20.1 having been made and continuing in force."

Substitution of Principal Employer

- 1.4 Clause 13.1 is deleted in its entirety and replaced with the following new Clause 13.1:
"13.1 Any company, firm or person, may agree with the Trustee to become the Principal Employer."
- 1.5 Clause 13.2 is amended by deleting the words "been dissolved" and replacing them with the words "suffered an Insolvency Event".
- 1.6 A new Clause 13.4 is inserted immediately after existing Clause 13.3 as follows:
"13.4 For the avoidance of doubt, the ability to substitute the Principal Employer in accordance with this Clause 13 shall continue to be available notwithstanding an election under Rule 20.1 having been made and continuing in force."

Partial Wind-Up

- 1.7 Rule 16.1 is amended by the insertion of the following words immediately at the end of that Rule:
"For the avoidance of doubt, Rules 16.2(b) and (c) shall not apply in relation to an Employer if, following an Insolvency Event having occurred in relation to that Employer, a Scheme Rescue takes place or any debt which may arise under Section 75 of the Pensions Act 1995 is apportioned in accordance with Clause 12A."

Special Powers

- 1.8 Rule 20.2 is amended by inserting the following words after the words "relevant event" in the first sentence of that rule:

"unless the Trustee agrees otherwise only for the purpose of effecting a Scheme Rescue or for apportioning under Clause 12A any debt which may arise under Section 75 of the Pensions Act 1995."

- 1.9 Rule 20.4 is deleted in its entirety and replaced with the following new Rule 20.4:

"20.4 Upon the happening of an Insolvency Event in relation to the Principal Employer where there is no substitution of Principal Employer under Clause 13, the power vested in the Principal Employer under rule 20.3 to determine that the Scheme will no longer continue as a closed arrangement and will instead be wound up in accordance with rules 18 and 19, will instead vest in the Trustee with immediate effect unless:

- (a) a Scheme Rescue takes effect in relation to the Scheme; and/or
- (b) any debt due under Section 75 of the Pensions Act 1995 is apportioned to another Participating Employer under Clause 12A."

Rule amendments

- 1.10 Schedule 1 (*The Rules*) to the Definitive Deed is amended by inserting the words "Part A" immediately prior to rule 1 (*eligibility*).
- 1.11 Rule 1 (*eligibility*) of Schedule 1 (*The Rules*) to the Definitive Deed is deleted in its entirety and replaced with the following new rule 1:

"1. ELIGIBILITY

- 1.1 The Scheme is closed to further new entrants but the Principal Employer may in its absolute discretion admit further individuals. Individuals so admitted will be entitled to such benefits and on such terms as the Principal Employer may determine and notify in writing to the Trustee. The Principal Employer may terminate the accrual of such benefits at any time.
- 1.2 Subject to rule 1.1, benefits shall be provided for and in respect of the Pensionable Service of the Initial Member which are equal to the minimum level of benefits required to ensure that the Initial Member receives Reference Scheme Test Rights and that the Scheme satisfies the Reference Scheme Test.
- 1.3 Subject to rule 1.1, the individuals listed in Appendix 4 to this Deed shall be admitted to membership of the Scheme with effect on and from the Demerger Date as defined in the demerger deed executed on or around the date of this Deed. Individuals so admitted will be admitted to the categories of membership equivalent to those of which they were members under the FKI Scheme.

- 1.4 For certain categories of Member, this Rule shall be varied as set out in the relevant Appendix."
- 1.12 The Part B rules set out in Schedule 1 to this deed shall be inserted immediately after existing rule 20 (*special powers*) of Schedule 1 (*the Rules*) to the Definitive Deed.

Definitions

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

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

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

- (a) the Trustee shall have power, at its discretion, to pay or apply the whole or any part of that sum to or for the benefit of all or any of the Relatives, Dependants, personal representatives or nominated beneficiaries of such deceased Member or to or for the benefit of any other person (subject to the Scheme's status as a Registered Pension Scheme not being prejudiced) in such shares and proportions as the Trustee shall in its absolute discretion decide but so that, if the Member shall not leave any Relative or Dependant, the Trustee may elect to retain all or any part of the sum as part of the Fund; and without prejudice to the generality of the foregoing power, the Trustee shall have power to declare in respect of any sum or part thereof such separate trusts terms and limitations including such provisions for maintenance, education, advancement and accumulation of income during a minority, and including such discretionary trusts and powers, as the Trustee shall from time to time by deed revocable or irrevocable appoint, but without infringing the rule against perpetuities, and the Trustee shall have power to appoint as trustees of such fund any two persons or a trust corporation as the Trustee shall in its absolute discretion decide and to remove any of such trustees and appoint any other trustee in place of any one so removed and provide for the remuneration of any such appointee;
- (b) if or to the extent that the Trustee shall not exercise the powers contained in paragraph (a) above within two years of the death of a Member, the Trustee shall hold such sum as a separate fund from the Fund upon trust for the personal representatives of the deceased Member or, if there are none, the statutory next of kin of the deceased Member;
- (c) the Trustee may, but without being in any way bound to do so, have regard to any document signed by the Member concerned expressing his wishes relating to the disposal of any sum to be held upon the discretionary trusts, and may issue forms to Members for the purpose, and so that for the purposes of this definition any person named in such expression of wish who is not a Relative or Dependant of the Member shall be a "nominated beneficiary".

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

"Insolvency Event" has the same meaning as it is given in section 121 of the Pensions Act 2004.

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

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

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

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

"Scheme Rescue" means a rescue of the Scheme (or of such part of the Scheme as relates to any Employer) which is confirmed by an insolvency practitioner issuing a "withdrawal notice" (as defined in section 122(2)(b) of the Pensions Act 2004) that is subsequently approved by the Board of the Pension Protection Fund and which becomes binding under sections 123 and 125 of the Pensions Act 2004.

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

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

- 1.14 The definition of "Current Trustee" in Schedule 2 (*Definitions*) of the Definitive Deed is amended by replacing the words "FKI Scheme Trustees Limited (Company Number 07556000)" in that definition with the words "Bridon Scheme Trustees Limited (Company Number 08465940)".
- 1.15 The definition of "Dependant" in Schedule 2 (*Definitions*) of the Definitive Deed is amended by deleting the words "(other than an Ex BTR Group Pension Scheme Member)".
- 1.16 The definition of "Eligible Child" in Schedule 2 (*Definitions*) of the Definitive Deed is amended by replacing the words "to 5" in that definition with the words "and 2".

1.17 The definition of "Former Scheme" in Schedule 2 (*Definitions*) of the Definitive Deed is amended by deleting the words "The BTR Group Pension Scheme".

1.18 The definition of "Rules" in Schedule 2 (*Definitions*) of the Definitive Deed is deleted in its entirety and replaced with the following:

"Rules" means the Rules of the Scheme set out in Parts A and B in Schedule 1 as amended from time to time."

1.19 The definition of "Spouse" in Schedule 2 (*Definitions*) of the Definitive Deed is amended by deleting the final sentence of that definition in its entirety and replacing it with the following:

"In respect of Pensionable Service on and from 5 December 2005 the term "Spouse" shall include a civil partner in a registered civil partnership under the Civil Partnership Act 2004."

1.20 The definition of "Surviving Spouse" in Schedule 2 (*Definitions*) of the Definitive Deed is deleted in its entirety and replaced with the following new definition:

"Surviving Spouse" means the person married to or, in respect of Pensionable Service on and from 5 December 2005, in a registered civil partnership with a Member or Pensioner at the date of his death."

Schedules and Appendices

1.21 The GMP Rules set out in Schedule 2 to this deed are inserted as a new Schedule 5 to the Definitive Deed.

1.22 The Appendices set out in Schedule 3 to this Deed are inserted immediately after the end of new Schedule 5 (*GMP Rules*).

2. The Principal Employer confirms its consent to the amendments set out in clause 1 of this deed.

3. Subject to Clause 4 of this deed, each of the amendments to the Definitive Deed and Rules set out in clause 1 shall have effect on and from the date of delivery of this deed.

4. This deed is delivered on the date written at the start of the deed.

5. This deed may be signed in any number of counterparts, **provided that** where a party is a corporate entity, all of the signatories on behalf of that corporate entity shall sign the same counterpart. The counterparts, taken together, shall constitute one and the same instrument.

6. This deed is governed by English law.

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

SIGNED and DELIVERED as a DEED by BRIDON INTERNATIONAL LTD. acting by two directors or by one director and the secretary:

Director

Signature

Name

Director/Secretary

Signature

Name

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

Director

Signature

Name

Director/~~Secretary~~

Signature

Name

SCHEDULE 1

PART B

21. ADMISSION TO MEMBERSHIP

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

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

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

Category No.	Category Title	Applicable Appendix
1	FKI Standard Staff Members	Appendix 1
2	FKI Standard Executive Members	Appendix 2
3	Ex Bridon Members	Appendix 3

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

22. MEMBERS AVCs

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

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

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

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

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

22.5 Any monies remaining in the Member's or former Member's AVC Account after benefits have been provided are to be paid to him after deduction of tax (if any) at the

appropriate rate. In this respect the Trustee will ensure the Scheme is administered in accordance with the Finance Act 2004.

22.6 The Trustee will hold the AVC Accounts separate from the other assets of the Fund upon trust to provide benefits for the relevant individuals. Accordingly, on a total or partial wind up the AVC Accounts are not to be used for the general purposes of the Scheme.

22.7 The provision of this Rule shall be extended for certain categories of Members as set out in the relevant Appendix.

23. **EARLY RETIREMENT**

23.1 A Closure Deferred Member who leaves employment with an Employer before Normal Retirement Date through Incapacity or ill health will receive an immediate pension which shall be with the benefit of and subject to the following provisions:

- (a) the pension will be calculated in the manner set out in the relevant Appendix;
- (b) until Normal Retirement Date, the Trustee may from time to time require evidence of continued Incapacity;
- (c) where the Trustee is not satisfied under paragraph (b) above or if there shall have been an improvement in the Member's health or if for any reason he is able to carry on remunerative employment, whether with a Participating Employer or otherwise, the Trustee may withdraw, suspend, or reduce such pension, but so that, on the Member retiring or reaching Normal Retirement Date, the pension payable hereunder shall not be less than the pension previously payable after deducting the pension earned by the Member from any scheme, (including this Scheme) since suspension under this Rule.

23.2 For the purposes of determining the benefits payable to a Closure Deferred Member on his early retirement due to Incapacity or ill health, any such benefit which immediately prior to 28 February 2011 under the FKI Scheme would have been determined by reference to the Member's prospective Service or prospective Pensionable Service until Normal Retirement Date in the FKI Scheme shall continue to be determined as if Service after 28 February 2011 whether under the FKI Scheme or the Scheme continued to be treated as Pensionable Service in the FKI Scheme/this Scheme as appropriate. However, no account shall be taken of any increases in salary or earnings that occurred after 28 February 2011 for the purposes of determining the benefits payable on the Incapacity or ill-health of any Closure Deferred Member.

23.3 Accordingly the amount of Incapacity or ill-health pension will be calculated in the manner set out in the relevant Appendix subject to paragraph 23.2 above but by reference only to the member's Final Pensionable Salary or Final Pensionable Earnings (as applicable) determined as at 28 February 2011 under the FKI Scheme, but otherwise subject to rules 23.1(b), 23.1(c) and 24.2 and/or the relevant Appendix.

23.4 After he has reached age 55 but before his Normal Retirement Date, a Closure Deferred Member who ceases to be employed by an Employer (otherwise than due to

Incapacity or ill-health) may, subject to the consent of the Trustee (and/or the Principal Employer and/or the Employer as required under the relevant Appendix):

- (a) choose to receive an immediate pension calculated in the manner set out in the relevant Appendix; or
- (b) opt to receive a deferred pension under rule 24.

23.5 The amount of such early retirement pension under clause 23.4 above shall, in accordance with rule 23.4 and/or the relevant Appendix, but subject to rules 23.6, 23.7 and 24.2 and/or the Appendix, be calculated in the manner set out in the relevant Appendix to the Definitive Deed. The calculation shall have regard to any election as to the rate of contributions payable under the FKI Scheme on 28 February 2011 by the Closure Deferred Member under the relevant Appendix.

23.6 In respect of any pension payable under rule 23.4 it may be necessary either to defer payment of the pension or reduce temporarily the amount payable before the Member reaches State Retirement Age, in order to preserve the GMP payable from State Retirement Age under Schedule 5.

23.7 For the purpose of the calculation of the reduction of pension for a female Member who having joined the FKI Scheme prior to 19 October 1990 takes her pension prior to Normal Retirement Date:

- (a) there shall be no reduction in respect of pension earned by reference to her Pensionable Service prior to 1 April 1991 where she commences to take her pension on or after having attained age 60; and
- (b) there shall be a reduction in respect of pension earned by reference to her Pensionable Service prior to 1 April 1991 where she commences to take her pension before having attained age 60 as if her Normal Retirement Date was 60.

24. EARLY LEAVERS

24.1 Subject to rules 4 and 5, all Members who were deferred Members under the FKI Scheme (including Closure Deferred Members) will be entitled to a deferred Pension and those benefits ("**Short Service Benefits**"), whether pension, annuity, lump sum or otherwise will be calculated in the manner set out in the relevant Appendix and will be payable as set out in these Rules and the Appendices hereto.

24.2 If alternatives to Short Service Benefits are provided under any of the provisions of the Scheme without the consent of the Member being required, the Trustee shall be reasonably satisfied (acting on the advice of the Actuary) that the alternatives (whether in the form of Pension and lump sum or in the form of payment of a transfer value or partly in one form and partly in another) are in the aggregate equal to or in excess of the value mentioned in Regulation 11 of the Preservation Regulations of any benefits which have accrued to or in respect of the Member under the provisions of the Scheme.

24.3 Short Service Benefits shall include any additional benefit which:

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

but in the case of:

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

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

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

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

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

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

24.8 The benefits of a Deferred Pensioner may be secured (at the Trustee's discretion) by a transaction to which Sections 19 and 81 of the 1993 Act apply. In securing such benefits the Trustee is to act in accordance with the provisions of the Preservation Regulations. Once secured in accordance with this rule 24.8 the Deferred Pensioner

and all others claiming under him will have no further interest in the Scheme in respect of such benefits.

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

25. PART TIME WORKING

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

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

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

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

26. AUGMENTATION

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

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

27. PENSION INCREASES

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

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

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

- (b) paragraph 11 of Appendix 2,
- (c) paragraph 11 and the definition of "Scheme Increase Factor" in Section A of Appendix 3,
- (d) the application of the above definition of "Scheme Increase Factor" to Section E of Appendix 3;
- (e) the application of the above definition of "Scheme Increase Factor" to Section F of Appendix 3;

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

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

28. REVALUATION

- 28.1 Benefits of a Deferred Pensioner relating to Pensionable Service accrued under the FKI Scheme and/or a Former Scheme in excess of the corresponding part of his GMP (if any) will be increased in accordance with this rule 28, such increase to apply to the period of complete years which begins on the date that he became a Deferred Pensioner and ends on the earlier of his date of death or his Normal Retirement Date. In respect of a Deferred Pensioner who left Pensionable Service prior to 1 January 1991, such increase will apply only to benefits accrued on or after 1 January 1985.
- 28.2 In respect of Pensionable Service accrued under the FKI Scheme and/or a Former Scheme up to and including 31 December 2009 (inclusive) the rate of increase will be the lower of:
- (a) five per cent. p.a. compound; and
 - (b) the increase in the Index during that period;
- or such greater amount as may be required under Part IV of the 1993 Act.
- 28.3 In respect of Pensionable Service accrued under the FKI Scheme on or after 1 January 2010 the rate of increase will be the lower of:
- (a) 2.5 per cent. per annum compound; and
 - (b) the increase in the Index during that period,
- or such greater amount as may be required under Part IV of the 1993 Act.

29. LUMP SUM BENEFITS

- 29.1 A Member who under any of the provisions of these Rules becomes entitled to a Pension out of the Fund may elect with the consent of the Trustee to commute part of

his Pension for a cash lump sum payable when his Pension is due to commence to be paid. This will be an amount decided by the Trustee, acting on the advice of the Actuary, as equivalent to the Pension surrendered.

- 29.2 Such election is to be made by giving written notice to the Trustee before payment of the Pension commences.
- 29.3 The maximum lump sum which a Member may take is specified in the relevant Appendix.
- 29.4 The Trustee may allow the Member to choose a larger lump sum so long as the limits specified in Schedule 3 and/or clause 19A are not exceeded.
- 29.5 A Member whose Pension starts after Normal Retirement Date may choose to take a lump sum at any time between that date and the date his Pension starts **provided that** such lump sum is a pension commencement lump sum as defined in schedule 29 of the Finance Act 2004, but he may not take a lump sum more than once, and only his reduced Pension will be subject to any increase to which he is entitled under rule 27.
- 29.6 No election may be made to the extent it would reduce the Pension below the GMP at State Retirement Age or (if later) the date of subsequent retirement.
- 29.7 The Trustee may (subject as provided for in Schedule 5) commute for a lump sum payment the pension rights (and any other benefit rights) under the Scheme of and/or in respect of any Member or former Member:
- (a) where that lump sum payment would be (i) a "trivial commutation lump sum" or a "winding-up lump sum" (each within the meaning of Part 1 of Schedule 29 to the Finance Act 2004), or (ii) a "trivial commutation lump sum death benefit" or a "winding-up lump sum death benefit" (each within the meaning of Part 2 of Schedule 29 to the Finance Act 2004), or (iii) otherwise an authorised member payment pursuant to regulations made under section 164 of the Finance Act 2004. The amount of any such cash sum as may be paid under this rule 29.7 shall be determined by the Trustee on such basis as it considers to be appropriate and the Actuary approves. If such a payment is made such Member shall thereupon cease to be a Member;
 - (b) who is in exceptional circumstances of serious ill-health, where that lump sum payment would be a "serious ill-health lump sum" (within the meaning of Part 1 of Schedule 29 to the Finance Act 2004). The amount of any such cash sum as may be paid under this rule 29.7 shall be determined by the Trustee on such basis as it considers to be appropriate having considered the advice of the Actuary.

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

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

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

- 29.8 Subject to Schedule 3 at the discretion of the Trustee a lump sum may also be paid to:
- (a) a Member or former Member in lieu of all benefits payable (including those payable on his death) which are or become Trivial;
 - (b) a Nominee in lieu of his benefits which are or become Trivial;
 - (c) a Member or former Member in lieu of his Pension in exceptional circumstances of serious ill health of which the Trustee will be the sole judge.
- 29.9 If the Trustee exercises its discretion pursuant to rule 29.8 it will deduct from the lump sum any tax for which it may be liable upon it.

30. **CONVERSION**

- 30.1 With the consent of the Trustee, a Member may at any time before his Pension comes into payment elect to surrender part of his Pension to provide an annuity for a nominated Dependant or Spouse (for the purposes of this Rule referred to as the "**Nominated Beneficiary**"). This will be of an amount converted by the Trustee in accordance with the advice of the Actuary as equivalent to the benefits surrendered.
- 30.2 Such an election is to be made by giving written notice to the Trustee before the date the Pension comes into payment.
- 30.3 No election may be made to the extent it would reduce the Pension below:
- (a) the GMP at State Retirement Age or (if later) the date of subsequent retirement; or
 - (b) the Nominated Beneficiary's annuity (including any Pension exchanged for a lump sum under rule 29).
- 30.4 When an election is made under this Rule, an annuity commencing on the Member's death will be paid until the death of the Nominated Beneficiary or some earlier date agreed to by the Trustee.
- 30.5 A Member may make allocations in favour of more than one Nominated Beneficiary, if the Trustee permits.

- 30.6 The Pension payable to the Member will be reduced permanently by any election unless a Nominated Beneficiary dies before the Member retires. If a Nominated Beneficiary dies after the Member retires, the reduction in the Member's Pension will continue to have effect.

31. EVIDENCE OF DEATH

- 31.1 The Trustee may obtain such evidence as it considers reasonable to confirm the death of an individual. When a sum is to be paid to a deceased's personal representatives the Trustee may first require a copy of the grant of representation. However, it will not be obliged to do so.

- 31.2 When a sum is to be paid to the deceased's personal representatives but no grant has been taken out the Trustee may at its discretion pay the relevant sums to the deceased's personal representatives, Spouse, next-of-kin or such other person as it may consider appropriate. Payment to the relevant individual will be a valid discharge to the Trustee.

32. LUMP SUM DEATH BENEFITS

- 32.1 On the death of a Pensioner within five years after actual retirement a lump sum will be held on the Discretionary Trusts equal to the sum specified in whichever of the Appendices applies to him.

- 32.2 Subject always to rule 32.3, on the death of any Member entitled to Short Service Benefits before they come into payment, the benefits set out in whichever of the Appendices is applicable will be payable.

- 32.3 The obligation of the Trustee arising under rule 32.2 may instead be satisfied by the Trustee procuring the payment of a like amount on like terms from a separate arrangement to that constituted by the Scheme. Where the amount payable and actually paid from a separate arrangement in satisfaction of the amount due under rule 32.2 is equal to or greater than the lump sum payable under rule 32.2 then the Trustee's obligations under rule 32.2 will be wholly satisfied and no lump sum death benefit will be paid by the Trustee from the Scheme. Where the lump sum death benefit payable and actually paid from a separate arrangement in satisfaction of the amount due under rule 32.2 is less than the lump sum payable under rule 32.2 then the obligation to pay benefits under rule 32.2 by the Trustee will only have been partially satisfied by that separate arrangement and the amount remaining payable under rule 32.2 will be the amount due under rule 32.2 less the amount payable and actually paid from that separate arrangement.

33. SPOUSES' AND CHILDREN'S PENSIONS

- 33.1 The Surviving Spouse of a Closure Deferred Member who dies whilst employed by an Employer before Normal Retirement Date shall be entitled to receive a pension for life equal to the sum specified in whichever of the Appendices applies to him.

- 33.2 The Surviving Spouse of any Member entitled to Short Service Benefits who dies before they come into payment, shall be entitled to receive the benefits set out in whichever of the Appendices is applicable to him.
- 33.3 If a Pensioner dies leaving a Surviving Spouse, the Surviving Spouse will be entitled to receive a pension for life equal to one half of the pension which the Pensioner was receiving at the date of death in respect of his Pensionable Service. For the purposes of this Rule:
- (a) a Deferred Pensioner who dies after reaching Normal Retirement Date will be deemed to have retired on the day before the date of death; and
 - (b) if the Member's pension has been reduced under any one or more of the provisions of rules 29 and 30 the pension shall be calculated as if those reductions had not taken place.

Rule 33.3 is varied for Appendix 3 Members (Ex Bridon Member) as set out in Appendix 3.

- 33.4 Any Pension payable under the provisions of rules 33.1 to 33.3 will be reduced, in cases where the Surviving Spouse is more than ten years younger than the Member, by such amount as the Trustee, acting on the advice of the Actuary, shall decide to be appropriate, not exceeding 2.5 per cent. for each complete year of age disparity in excess of ten. However, this Rule shall not have effect so as to reduce the Pension payable to the Surviving Spouse to less than the GMP.
- 33.5 If the Surviving Spouse married the Member within six months of his death, the Trustee may in its absolute discretion reduce the Surviving Spouse's Pension under rules 33.1 to 33.3. However, this Rule shall not have effect so as to reduce the Pension payable to the Surviving Spouse to less than the GMP.
- 33.6 Children's benefits payable in respect of any Members at their death will be payable in accordance with whichever of the Appendices is applicable.
- 33.7 In respect of any Children's benefits payable under rule 33.6 the Trustee may:
- (a) pay the pension or annuity or any part of it to the Child's guardian or any person with whom the Child resides or under whose care and control the Child is or appears to be without being obliged either to ascertain whether that guardian or other person has any right to the care and control of the Child or to supervise the application of the pension by that guardian or other person and without being responsible for any misapplication;
 - (b) apply the said pension or annuity or any part of it towards the education or other benefit of the Child in any way as they may see fit;
 - (c) pay the held pension or annuity or any part of it to the Child if he or she is over the age of 18 and below age 26 and is still in full time education or vocational training.

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

33.9 Accordingly, the amount of such pension will be calculated and payable in accordance with whichever of the Appendices is applicable but by reference only to the member's Pensionable Salary or Pensionable Earnings (as applicable) determined as at 28 February 2011 under the FKI Scheme, and applying rules 23.1 to 23.3 accordingly where relevant to the calculation but otherwise subject to rules 33.3, 33.4, 33.5 and 33.7 and/or the relevant Appendix as applicable.

34. **EQUIVALENT PENSION BENEFIT**

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

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

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

34.4 If the relevant Member subsequently becomes entitled to a refund of Member Contributions the Trustee may deduct such amount as it considers appropriate to contribute towards the cost of preserving his Equivalent Pension Benefit under the Scheme.

SCHEDULE 2

SCHEDULE 5 GMP RULES

1. DEFINITIONS

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

"Actuary" means a Fellow of the Institute and Faculty of Actuaries, or a person with other actuarial qualifications who is approved by the Secretary of State for Social Security, at the request of the Trustee, as being a proper person to act in this capacity.

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

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

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

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

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

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

"Scheme" means this occupational pension scheme.

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

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

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

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

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

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

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

2. OVERRIDING EFFECT OF THESE GMP RULES

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

These Rules override any inconsistent provisions elsewhere in the Scheme except provisions which are necessary in order that the Scheme's status as a Registered Pension Scheme is not prejudiced. To the extent these GMP Rules do not reflect the statutory requirements for the provision of GMPs they will stand amended accordingly.

3. ALTERATIONS TO THESE GMP RULES

3.1 Power to alter GMP Rules

The persons or bodies having the power of alteration in relation to the rest of the Scheme may at any time in writing make any alteration to these GMP Rules necessary to comply with the contracting-out requirements of the 1993 Act applicable to salary related contracted-out schemes and Section 53 salary-related schemes. This power of alteration may be exercised by them without any condition except the one in Rule 3.2 below. It is additional to, and independent of, any other power of alteration in relation to the Scheme.

3.2 Restriction on amendments

No alteration of these GMP Rules may be made which contravenes the requirements of the 1993 Act.

4. ENTITLEMENT TO GMP

4.1 Guaranteed Minimum

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

4.2 Member's or former Member's GMP

The Member or former Member will be entitled to a pension for life paid at a rate equivalent to a weekly rate of not less than that guaranteed minimum. The pension will be paid from State Pensionable Age but commencement of the pension may be postponed for any period during which the Member or former Member remains in employment after State Pensionable Age:

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

4.3 Widow's GMP

Where the Member or former Member is a man and dies at any time leaving a Widow, she will be entitled, subject to Rule 4.4 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half that guaranteed minimum.

4.4 Payment of Widow's GMP

The pension will be paid for life to any Widow.

4.5 Widower's GMP

Where the Member or former Member is a woman and dies at any time on or after 8 April 1989 leaving a Widower, he will be entitled, subject to Rule 4.6 below, to receive a pension from the Scheme paid at a rate equivalent to a weekly rate of not less than half of that part of the guaranteed minimum which is attributable to earnings for the tax year 1988/1989 and subsequent tax years.

4.6 Payment of Widower's GMP

The pension will be paid for life to any Widower.

4.7 **Offsetting pension against GMP**

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

- (a) any part of the pension is an equivalent pension benefit within the meaning of the (now revoked) National Insurance Act 1965; or
- (b) any part of the pension is an increase, calculated in accordance with Schedule 3 of the 1993 Act and added to the amount that would be payable but for Chapter II of Part IV of the 1993 Act or regulations made under it; or
- (c) offsetting would contravene the anti-franking legislation (see Rule 7 below).

5. **REVALUATION OF GMP**

5.1 **Revaluation before State Pensionable Age**

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

(a) ***Section 148 Revaluation***

The increase will be by the percentage by which earnings factors for the tax year in which Contracted-out Employment ceases are increased by the last order under Section 148 of the Social Security Administration Act 1992 to come into force before the tax year in which the Member or former Member reaches State Pensionable Age (or dies, if earlier).

(b) ***Fixed Rate Revaluation***

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

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

5.2 **Transfers in**

Where, a transfer payment is received in respect of a Member or former Member from another scheme (including, for the avoidance of doubt, the FKI Scheme) (the

"**transferring scheme**") which includes accrued rights of the Member or former Member to a GMP (or includes protected rights in respect of which the receiving scheme will provide a GMP) the earnings factors used in calculating that GMP will normally be revalued using Section 148 Revaluation during the Member's or former Member's Contracted-out Employment, and Rule 5.1 above will apply if that Contracted-out Employment ceases before State Pensionable Age. The Trustee may, however, decide, if the provisions of the transferring scheme so allow, to use Fixed Rate Revaluation from the date on which the Member or former Member ceased to be in contracted-out employment by reference to the transferring scheme until the Member or former Member attains State Pensionable Age (or dies, if earlier) but the Trustee may not make that decision in respect of any Member or former Member where the Member's or former Member's contracted-out employment in relation to a previous scheme is treated as continuing for the purposes of the 1993 Act.

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

5.3 **Transfers out**

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

6. **INCREASE OF GMP**

6.1 **Increase after State Pensionable Age**

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

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

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

7. **ANTI-FRANKING**

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

8. TRANSFERS INTO THE SCHEME

8.1 Acceptance of transfers

The Trustee may accept:

- (a) a transfer payment in respect of the Member's or former Member's accrued rights to GMPs under a contracted-out salary related scheme, a Section 53 salary related scheme or a policy of insurance or an annuity contract of the type described in Section 19 of the 1993 Act; or
- (b) a transfer of the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them.

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

8.2 Effect of transfers

Where a transfer is accepted under Rule 8.1(a) above, the Member's or former Member's accrued rights to GMPs under the Scheme will be increased accordingly.

Where a transfer is accepted under Rule 8.1(b) above, the Member's or former Member's, Widow's and Widower's GMPs under the Scheme will be increased by amounts equal to the GMPs to which they would have been treated as entitled by reason of the Member's or former Member's membership of the transferring scheme if the transfer payment had not been made.

9. TRANSFERS OUT OF THE SCHEME

9.1 Conditions for transfer of GMPs

A transfer payment made out of the Scheme may include a Member's or former Member's accrued rights to GMPs or the liability for the payment of GMPs to, or in respect of, any person who has become entitled to them only if the following conditions are fulfilled. These conditions depend on the type of scheme, policy or contract to which the transfer is being made.

(a) *All schemes and arrangements*

The Member or former Member must consent to the transfer unless:

- (i) it is made to another contracted-out salary related scheme or Section 53 salary related scheme where either the scheme is a scheme of the same employer or the transfer involves all of, or a group of, the Member or former Member, and either the transfer results from a financial transaction between the Member's or former Member's old and new employers, or the receiving scheme is a scheme of an employer connected with the Member's or former Member's old employer for the purposes of Section 35 of the 1993 Act. The transfer must be made in accordance with the appropriate regulations (SI 1991/167) as amended which may involve an actuarial certificate;

- (ii) it is to allow benefits to be bought out where the Member or former Member has less than 5 years' Qualifying Service, or to allow the Trustee to buy out the benefits of the Widow or Widower of such a Member or former Member;
- (iii) it is to allow benefits to be bought out by a transaction to which Section 19 and 96(2) of the 1993 Act apply.

The transfer will be subject to any requirements of HMRC.

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

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

The receiving scheme, policy or contract must provide the Member or former Member and the Member's or former Member's Widow or Widower with GMPs equal to their accrued GMPs under the Scheme up to the date of transfer, together with revaluation until the Member or former Member reaches State Pensionable Age (or dies, if earlier). In the case of GMPs already in payment, the receiving scheme must provide for the pensions to commence from the date from which liability for payment has been assumed by it, and for the conditions of payment relating to its own GMPs to apply equally to such pensions.

(c) ***All occupational pension schemes (except overseas schemes covered by (e))***

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

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

That part of the transfer payment which relates to the Member's or former Member's accrued rights to GMPs must be of an amount at least equal to the cash value of those accrued rights and applied by the receiving scheme in providing money purchase benefits for, or in respect of, the Member or former Member.

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

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

9.2 **Effect of such transfers**

Where the Member's or former Member's accrued rights to GMPs or liability for GMPs already in payment are transferred in accordance with Rule 9.1 above, the Member or former Member and the Member's or former Member's Widow or Widower will cease to have any entitlement to a GMP under the Scheme. If the transfer does not relate to the whole of the Member's or former Member's rights to benefits under the Scheme, the Member's or former Member's remaining benefits under the Scheme may be reduced to allow for the fact that the Member's or former Member's GMP rights have been transferred.

10. **COMMUTATION OF GMP**

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

11. **SECURING GMPS**

GMPs may be secured through the Scheme provided it has been established under an irrevocable trust subject to the laws of any part of the United Kingdom. Otherwise, a GMP must be secured by means of an insurance policy or annuity contract with an insurer.

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

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

13. **FORFEITURE OF GMP**

Any instalment of a GMP may be forfeited if it is not paid within 6 years of the date on which the instalment became due and the Trustee does not know the whereabouts of the recipient.

14. **CONTRIBUTIONS EQUIVALENT PREMIUMS**

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

former Member is a woman who dies in contracted-out employment in respect of the Widower's GMP.

Payment of the contributions equivalent premium extinguishes the Member's or former Member's accrued rights to GMPs and Reference Scheme Test Rights under the Scheme. Therefore, where the premium is paid, any refund of contributions to the Member or former Member or any transfer payment from the Scheme in respect of a Member or former Member will be reduced by the certified amount (as defined in the 1993 Act) in relation to that premium and any pension benefit under the Scheme for the Member or former Member or the Member's or former Member's Widow or Widower will be reduced so as to allow for the fact that their accrued rights to GMPs and Reference Scheme Test Rights have been extinguished.

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

SCHEDULE 3

APPENDIX 1

PROVISIONS APPLICABLE TO FKI STANDARD STAFF MEMBERS

1. **Definitions**

1.1 **"Final Pensionable Salary"** means the Member's highest average Pensionable Salary during the three consecutive Scheme Years ending not earlier than ten years before the Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable.

1.2 **"Pensionable Salary"** means for any Scheme Year under the FKI Scheme the basic annual rate of a Member's salary or wages at the Accounting Date preceding the year in question or at the date of entry to the FKI Scheme, if later, less the annual rate of the lower earnings limit applicable at such Accounting Date.

2. **Pension on Retirement at Normal Retirement Date**

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

2.2 The Member's pension at Normal Retirement Date will be 1/60th of Final Pensionable Salary for each Year of Pensionable Service save that in respect of Pensionable Service on or after 1 March 2004 during which the Member paid contributions at a rate equal to 5 per cent. of his Pensionable Salary the Member's pension at Normal Retirement Date will be 1/80th of Final Pensionable Salary for each Year of Pensionable Service up to 28 February 2011.

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

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

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

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

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

A lump sum of 3/80^{ths} of Final Pensionable Salary for each year of Pensionable Service.

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

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

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

Subject to rules 33.8 and 33.9, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received if he had remained in Service (at the Pensionable Salary payable to him at the date of death) until and had retired upon reaching Normal Retirement Date.

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

8.1 Subject to Rules 33.8 and 33.9, on the death of:

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

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

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

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

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

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

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

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

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

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

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

APPENDIX 2
PROVISIONS APPLICABLE TO FKI STANDARD EXECUTIVE MEMBERS

1. Definitions

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

2. Pension on Retirement at Normal Retirement Date

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

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

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

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

The Closure Deferred Member's pension shall be calculated in the manner described in paragraph 2 by reference to his Pensionable Service up to 28 February 2011 and shall then be reduced to take account of the period by which the date of retirement precedes Normal Retirement Date by such amount as the Trustee, acting on the advice of the Actuary, shall decide, not being more than shall be certified as reasonable by the Actuary **provided that** the early retirement pension as so reduced shall be of at least equivalent value to the appropriate deferred benefits (revalued in accordance with rule 29) at the time of actual retirement.

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

A lump sum of 3/80^{ths} of Final Pensionable Salary for each year of Pensionable Service.

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

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

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

Subject to Rules 33.8 and 33.9, the Surviving Spouse's pension shall be a sum equal to one half of the pension which the Member would have received if he had remained in Service (at the Pensionable Salary payable to him at the date of death) until and had retired upon reaching Normal Retirement Date but calculated by reference to his last Pensionable Salary at the date of death and not to Final Pensionable Salary, with the following exceptions:

- (a) Where a Member dies after the penultimate Accounting Date prior to his Normal Retirement Date but before the Accounting Date prior to his Normal Retirement Date, Pensionable Salary for the purposes of rule 33.1 shall mean the yearly average of 2 x Pensionable Salary (as defined in paragraph 1) for the Scheme Year in which he dies + 1 x Pensionable Salary (as defined in paragraph 1) for the Scheme Year prior to the Scheme Year in which he dies;
- (b) Where a Member dies after the Accounting Date prior to his Normal Retirement Date, the Surviving Spouse's pension will be based upon the Member's Final Pensionable Salary as defined in paragraph 1.

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

8.1 Subject to Rules 33.8 and 33.9, on the death of:

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

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

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

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

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

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

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

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

- (a) A sum equal to a return of the Member's Contributions without interest will be raised out of the Fund and held by the Trustee upon the Discretionary Trusts;
- (b) Subject to rules 33.8 and 33.9, if a married male Member dies prior to Normal Retirement Date, his Surviving Spouse shall be entitled to receive a pension of $1/160^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service whilst contracted out plus any increases due under Schedule 5 (subject to a minimum pension as provided under Schedule 5) and if a married female Member dies prior to Normal Retirement Date her Surviving Spouse shall be entitled to receive a pension under Schedule 5.

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

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

**APPENDIX 3
PROVISIONS APPLICABLE TO EX-BRIDON GROUP PENSION SCHEME
MEMBERS**

SECTION A RULES

- (A) The amendments specified in (C) below took effect under the Original Bridon Scheme from 17 May 1990; and
- (B) In respect of any Member whose Relevant Event occurred before 6 April 1997 (and those entitled in respect of him/her) or, but only in respect of the amendments referred to in (C) below, 17 May 1990 their benefits shall be determined in accordance with the rules of the FKI Scheme in force in respect of him or her immediately prior to 6 April 1997 or, but only in respect of the amendments referred to in (C) below, 17 May 1990; and
- (C) The amendments to the Rules in force prior to the adoption of these Section A Rules referred to in (A) above are the provisions of Rule 13 of these Section A Rules.

1. CATEGORY OF MEMBERSHIP

- 1.1 The benefits and liabilities of each category of membership shall be determined as follows:

<u>Category of Membership</u>	<u>Benefits and liabilities</u>
An Employee who is not a 1958 Staff Fund Transferring Member, a 1975 Works Fund Transferring Member, a 1958 Staff Fund Member or a 1975 Works Fund Member.	Determined in accordance with this Section A and in the case of an Original Staff Scheme Member in accordance with this Section A and Section B.
An Employee who is a 1958 Staff Fund Transferring Member.	Determined in accordance with this Section A as varied by Section C.
An Employee who is a 1975 Works Fund Transferring Member.	Determined in accordance with this Section A as varied by Section D.
A 1958 Staff Fund Member.	Determined in accordance with Section E.
A 1975 Works Fund Member.	Determined in accordance with Section F.

1.2 Change of Category

- (a) A 1958 Staff Fund Member or a 1975 Works Fund Member may apply at any time in writing to the Trustee to become respectively a 1958 Staff Fund Transferring Member or a 1975 Works Fund Transferring Member but the Trustee shall not be obliged to agree such change of category and the consent

of the Principal Employer must be obtained in the case of a 1975 Works Fund Member.

- (b) A Member (except a 1958 Staff Fund Member or a 1975 Works Fund Member) who is a Lower Tier Member may elect to become an Upper Tier Member (and vice versa) but only after completing 12 months' Lower Tier Pensionable Service or Upper Tier Pensionable Service (as appropriate). A Member who wishes to do this shall exercise the option by written notice to the Trustee in a form acceptable to the Trustee.

Where a Member switches from one membership category to the other under this Rule 1.2(b) the Rules applying to Upper Tier Pensionable Service will apply to him in respect of his period(s) of Membership as an Upper Tier Member and those applying to Lower Tier Pensionable Service will apply to him in respect of his period(s) of Membership as a Lower Tier Member. If, however, Rule 4 of this Appendix becomes applicable to the Member within 12 months of any date with effect from which he has changed between Upper and Lower Tier Membership, his benefits under those Rules will be determined as if he had remained in Upper or Lower Tier Pensionable Service (as appropriate).

2. ENTITLEMENT TO PENSION AT NORMAL RETIREMENT DATE

- 2.1 The Scheme has no active Members, therefore this paragraph 2 is included only so far as is necessary to calculate any benefits under other provisions in this Appendix.
- 2.2 Upon a Member attaining Normal Retirement Date he shall, subject to the provisions of Schedule 3 be entitled to an annual pension equal to the sum of:
 - (a) the Accrued Pension;
 - (b) any pension entitlement (not already taken into account under Rule 2.2(a) above) representing the Member's AVCs.

3. COMMUTATION OF PENSION

- 3.1 The maximum lump sum which a Member may take is a lump sum not exceeding the limits specified in Schedule 3.
- 3.2 Notwithstanding Rule 29.1 of Schedule 1, a Member will not require the consent of the Trustee to commute part of his pension.

4. EARLY RETIREMENT DUE TO ILL HEALTH

- 4.1 Rule 23.1 of Schedule 1 shall not apply to Bridon Members.
- 4.2 Subject to Rules 23.2 and 23.3 of Schedule 1, the consent of the Trustee and subject to his having completed five years' Pensionable Service, a Closure Deferred Member who has become in the opinion of the Trustee incapable of discharging his duties in his present employment or in such other similar employment as the Trustee may determine by reason of permanent physical or mental incapacity and who leaves

employment with his/her Employer prior to Normal Retirement Date in consequence thereof shall receive an immediate annual pension equal to the lesser of:

- (a) the pension which he would have received under Rule 2.2(a) of this Appendix had he remained in Service until Normal Retirement Date calculated on his Final Pensionable Earnings at the date of his actual retirement (for this purpose it will be assumed that the Member's status as an Upper Tier or Lower Tier Member as at retirement remains unaltered and that the Appropriate Fraction for his service immediately before retirement would have remained unaltered); and
- (b) if he is in Upper Tier Pensionable Service at the date of his retirement 50 per cent. of the Members' Gross Earnings in the Scheme Year ending before the Relevant Event, or, if he is in Lower Tier Pensionable Service at the date of his retirement, 35 per cent. of the Members' Gross Earnings in the Scheme Year ending before the Relevant Event

PLUS in the case of his Member's AVCs, a pension based on the value of those assets at the date of his retirement due to ill health.

- 4.3 The value of the benefits calculated under Rule 4.2 above shall not be less than the value of the benefits which would have applied if the Member had instead exercised Option 1 under sub-Rule 6.2 of this Appendix including allowing for the revaluation under Chapter II of Part IV and Schedule 3 of the 1993 Act.
- 4.4 Should a person in receipt of a pension under Rule 4.2 above engage in whole or part-time employment whether with an Employer or elsewhere (and the decision of the Trustee as to whether he has so engaged and from what date shall be final) he may thereupon cease to be entitled to his pension or to such part thereof as the Trustee shall in its absolute discretion think fit.
- 4.5 Where a Member is granted a pension under Rule 4.2 of this Appendix after the deed to which these provisions are appended comes into effect:
 - (a) until Normal Retirement Date, the Trustee may from time to time require evidence that the Member remains incapable of discharging his duties in the employment he was in at the time he became entitled to a pension under Rule 4.2 above or in such other similar employment as the Trustee may determine by reason of permanent physical or mental Incapacity;
 - (b) where the Trustee is not satisfied under paragraph (a) above or if there shall have been an improvement in the Member's health or if for any reason he is able to carry on remunerative employment whether with a Participating Employer or otherwise, the Trustee may withdraw, suspend, or reduce such pension.
- 4.6 Where a Member's pension is reduced, withdrawn or suspended in accordance with Rules 4.4 or 4.5 above he shall be entitled at least to a deferred pension of an amount calculated in accordance with Rule 6 of this Appendix at Normal Retirement Date (or earlier and payable in any other manner permitted under the provisions of Rule 6)

subject in the case of a Member who retired under this Rule 4 to such deduction as the Trustee in its absolute discretion but upon the advice of the Actuary shall think fit to allow for the period of payment of the ill-health pension.

- 4.7 A Member who becomes entitled to a pension under the provisions of Rule 4.2 above may receive in lieu of his pension a reduced pension and a lump sum benefit calculated in accordance with the terms of Rule 3 of this Appendix.

5. **EARLY RETIREMENT AFTER 55 (RULE 23.4)**

- 5.1 Rule 23.4 of Schedule 1 shall not apply to Bridon Members.

- 5.2 A Bridon Member who is a Closure Deferred Member and who ceases, after attaining the age of 55 and after 28 February 2011 but prior to Normal Retirement Date, to be employed by an Employer and is not then entitled to an ill-health pension under Rule 4 of this Appendix shall receive, if he so elects but subject to the consent of the Principal Employer, as an alternative to a deferred pension in accordance with Rule 6 of this Appendix an immediate pension equal to:

- (a) If the Member has attained age 63 at the date of ceasing to be in employment with an Employer the pension payable at Normal Retirement Date under Rule 2.2 of this Appendix based on Pensionable Service that would have been completed by that date (and assuming that the Appropriate Fraction for his Service immediately before retirement would have remained unaltered) but based on the Member's Final Pensionable Earnings at the date of actual retirement.

Provided that in the case of a female Member with Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 in regard to that element of the early retirement pension accrued in respect of Pensionable Service under the Original Bridon Scheme up to 17 May 1990 the consent of the Principal Employer aforesaid shall not be required and that element of pension may commence to be paid if the female Member so wishes.

- (b) If the Member had at the date of ceasing to be in employment with an Employer attained age 60 but not age 63 the Accrued Pension.

Provided that in the case of a female Member with Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 in regard to that element of the early retirement pension accrued in respect of Pensionable Service under the Original Bridon Scheme up to 17 May 1990 the consent of the Principal Employer aforesaid shall not be required and that element of pension may commence to be paid if the female Member so wishes.

- (c) If the Member had at the date of ceasing to be in employment with an Employer attained age 55 but not age 60 the Accrued Pension discounted by such factor as shall be certified as reasonable by the Actuary having regard to the period until his Normal Retirement Date.

Provided that in the case of a female Member with Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 that part of the Accrued Pension which has accrued in respect of Pensionable Service under the Original Bridon Scheme up to 17 May 1990 shall be computed on the basis of the Rules of the Original Bridon Scheme in force prior to 17 May 1990 (in particular on the basis of a Normal Retirement Date of 60 for female Members),

(the "**Accrued Early Retirement Pension**").

PLUS in any such case above

(d) such amount of pension as the Trustee shall determine on the advice of the Actuary based on the Member's AVCs.

5.3 In this case of a Member leaving employment with an Employer the value of the benefits calculated under Rule 5.2 above shall not be less than the value of the benefits which would have applied if the Member had instead exercised OPTION 1 under sub-Rule 6.2 of this Appendix including allowing for the revaluation under Chapter II in Part IV and Schedule 3 of the 1993 Act.

6. LEAVING SERVICE (RULE 24)

6.1 Rules 24.3 to 24.7 of Schedule 1 shall not apply to Bridon Members.

6.2 OPTIONS on leaving Service

Subject to the overriding restrictions set out in this Rule and to any further rights or additional restrictions imposed by law upon a Deferred Member he shall be entitled to exercise one of the following options:

OPTION 1 – Deferred Pension: to take a deferred pension payable from Normal Retirement Date calculated in accordance with 6.3 below;

OPTION 2 – Transfer payment: to elect to have his accrued rights to a pension and other benefits calculated under OPTION 1 transferred:

(a) to another scheme in accordance with Rule 4 of Schedule 1 (including a Personal Pension Scheme as referred to therein); or

(b) in purchasing an Eligible Policy under Rule 12 of this Appendix;

OPTION 3 – Early Retirement Pension: if eligible to take an early retirement pension in accordance with Rule 5 of this Appendix;

OPTION 4 – Return of Member's Contributions: to take a refund of the Bridon Member's Contributions to the FKI Scheme plus the Bridon Member's AVCs less:

(a) the Certified Amount;

- (b) a sum not exceeding the Trustee's tax liability to HMRC in respect of such contributions and the Member's AVCs;

Provided always that a Member may not exercise this OPTION 4 where he has completed 2 years' Qualifying Service nor shall he be entitled to exercise this OPTION 4 if the Trustee has received a transfer payment under Rule 6 of Schedule 1 in respect of him from a Personal Pension Scheme.

6.3 **OPTION 1 Deferred Pension:**

The Deferred Pension referred to in OPTION 1 shall be calculated at the Member's date of leaving and shall then be equal to:

- (a) in the case of each Member in respect of actual Pensionable Service completed by the Member whilst a Member of the FKI Scheme – the aggregate of $1/60^{\text{th}}$ (one sixtieth) of his Final Pensionable Earnings at the date of leaving multiplied by the years and months of his Adjusted Upper Tier Pensionable Service to such date plus $1/80^{\text{th}}$ of his Final Pensionable Earnings at the date of leaving multiplied by the years and months of his Adjusted Lower Tier Pensionable Service to such date;
- (b) in respect of the receipt of the Trustee of any payments under Rule 6 of Schedule 1 or the equivalent provisions of the Original Bridon Scheme either such an amount of paid up pension as had been certified by the Trustee (or the trustees of the Original Bridon Scheme) to the Member as representing such transfer payment or such an amount of pension calculated in accordance with Rule 6.3(a) above based on the additional years and months of Pensionable Service secured in respect of the transfer payment (so long as such period has not already been taken into account under Rule 6.3(a) above);

PLUS

- (c) an amount in respect of all additional benefits (not already taken into account under Rule 6.3(a) and/or 6.3(b) above) granted to the Member under the Scheme including any additional benefits granted as a result of the award of an additional period of Pensionable Service or an award not related to Pensionable Service or to contributions paid.

Provided that in the case of:

- (i) any additional benefit to which the Bridon Member is to contribute the whole or part of the cost where such whole or part has not been fully provided on the date of withdrawal the amount payable shall include only such proportion of such additional benefit as the number of complete months of Service since the date on which the contributions first became payable bears to the number of complete months over which the contributions were to be made;
- (ii) any additional benefit to which the Member has not contributed the amount payable shall include only such proportion of such additional

benefit as the number of complete months of Service since the date on which the benefit was first granted bears to the number of complete months from such date up to and including the Normal Retirement Date.

(The aggregate pension computed under 6.3(a) to 6.3(c) is in these Rules called "**the Accrued Pension**"):

(d) **Provided always**

(i) That if the Member's GMP at the date of his leaving (the "**Member's Accrued GMP**") is greater than the Accrued Pension the Member's Accrued GMP shall be substituted therefor;

(ii) At Normal Retirement Date if the Member has not exercised any of the rights under sub-Rule 6.4 below and he is then still entitled to the Accrued Pension as calculated under this sub-Rule 6.3 he shall receive:

(A) the Accrued Pension less the Member's Accrued GMP;

PLUS

(B) the Member's Accrued GMP revalued and increased in accordance with Schedule 5 unless the Member being female has already brought her Accrued GMP as revalued into payment prior to her Normal Retirement Date

PLUS

(C) such amount of pension as the Actuary shall certify representing the Member's AVCs

PLUS

(D) in the case of a Revaluation Deferred Member the Appropriate Amount.

(iii) In the case of a female Member whose Pensionable Service includes Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 in place of the benefits under 6.3(d)(ii) above she may cause to be brought into payment between age 60 and age 65 that part of her Accrued Pension accrued in respect of her Pensionable Service up to 17 May 1990 and the balance of her Accrued Pension shall be payable with effect from her Normal Retirement Date and the provisions of 6.3(d)(ii)(A) to 6.3(d)(ii)(D) shall be applied *mutatis mutandis*.

6.4 **Rights attaching to OPTION 1**

(a) **Retirement at Normal Retirement Date** – a Deferred Member entitled to a deferred pension under OPTION 1 may at Normal Retirement Date take in

lieu of the deferred pension a reduced pension and a lump sum of such amount certified by the Actuary (having regard to Rule 29 of Schedule 1);

- (b) ***Ill-health Retirement*** – Subject to Rules 23.2 and 23.3 of Schedule 1 (where applicable) a Deferred Member entitled to a deferred pension under OPTION 1 who prior to Normal Retirement Date becomes in the opinion of the Trustee incapable of employment by reason of permanent physical or mental Incapacity may if he wishes take an immediate pension equal to the deferred pension and the Deferred Member may commute part of such pension for a lump sum at the time that such pension would come into payment and the amount of such lump sum and the reduced pension shall be calculated by the Actuary **provided that** the Trustee may stop or reduce such pension if such Deferred Member returns to whole or part-time employment and the Actuary shall subsequently make any necessary adjustment to the amount of such deferred pension payable thereafter;
- (c) ***Early Retirement*** –A Deferred Member entitled to a deferred pension under OPTION 1 may subject to Rules 23.2 and 23.3 of Schedule 1 (where applicable) and the consent of the Principal Employer elect to receive an immediate reduced pension at any time after reaching age 55 of an amount determined by the Actuary having regard to the provisions of Rule 5 of this Appendix and at the time of taking such early pension the Deferred Member shall be entitled to commute such part thereof for such lump sum as may be calculated by the Actuary who shall likewise calculate the amount of the reduced early pension;
- (d) ***Late Retirement*** – a Deferred Member entitled to a deferred pension under OPTION 1 may with the consent of the Trustee take an increased pension of an amount calculated by the Actuary with reference to the actual date of retirement to commence on such date after Normal Retirement Date as the Deferred Member may elect and notify to the Trustee being not later than when he ceases in employment or the date on which he attains age 70 if earlier;
- (e) ***Annuities by surrender of part of a deferred pension under OPTION 1 for Spouse and Dependants*** – a Deferred Member entitled to a deferred pension under OPTION 1 may request the Trustee to allow him to give up part of such pension to provide a pension or additional pension for his or her Spouse or Dependant in accordance with Rule 10 of this Appendix;
- (f) ***Option to take a transfer payment to another scheme based on the deferred pension*** – a Deferred Member entitled to a deferred pension under OPTION 1 may at any time prior to that pension coming into payment exercise OPTION 2.

6.5 Securing deferred pension

Instead of providing a deferred pension under OPTION 1 the Trustee may purchase an Eligible Policy in accordance with the conditions, terms and provisions of Rule 12 of this Appendix.

6.6 Refund of contributions

In the event of a Bridon Member being entitled under OPTION 4 to take a refund of any of his Member Contributions the Trustee may deduct the amount of any tax for which they are liable and (if appropriate) the Certified Amount. Anyone who receives such a refund (and anyone who may derive any entitlement through his Membership) will have no further interest in the Scheme.

6.7 Revaluation

That part of any deferred pension representing a Deferred Member's GMP and retained in the Scheme shall be revalued in accordance with Schedule 5.

6.8 Break in contracted-out Employment

A Bridon Member's period of Contracted-out Employment up to and including the date of leaving Service shall, for the purpose of calculating his benefits under the Rules, be aggregated with the new period of Contracted-out Employment where the following three conditions are satisfied:

- (a) the date of his leaving Service coincides with the date of termination of a period of his Contracted-out Employment (within the meaning of the 1993 Act) by reference to the Scheme, and
- (b) the date on which he re-enters Service falls no more than six months after the date of his leaving Service and coincides with the date of his re-entry to Contracted-out Employment, and
- (c) a State Scheme Premium either has not been paid in respect of him under the 1993 Act or has been paid but has been refunded.

7. LIFE ASSURANCE (LUMP SUM) BENEFIT PAYABLE UPON DEATH OF A BRIDON MEMBER OR PENSIONER (RULE 32)

7.1 Rule 32 of Schedule 1 shall not apply in respect of Bridon Members and Pensioners and the benefits in this Rule shall be provided instead.

7.2 Death of a Deferred Member

Upon the death of a Deferred Member before his deferred pension has come into payment there shall be paid subject to limitations imposed by HMRC a cash sum equal to 10 x the Accrued Pension plus the Member's AVCs if any upon the terms of Rule 8 of this Appendix.

7.3 Death of a Pensioner

Upon the death of a Pensioner in receipt of a pension under the Scheme prior to the expiration of five years from the date of commencement of his pension there shall be payable on the terms of Rule 8 of this Appendix a lump sum equal to the total of the remaining pension payments which would have been payable, if the Pensioner had survived for such period of five years in receipt of his pension at the rate in force at

the date of death (but excluding pension payments derived from the Member's AVCs unless the Pensioner and the Trustee had otherwise agreed).

Provided that in the case of a female Bridon Member dying whilst in receipt of her GMP prior to the balance of her pension coming into payment she shall not be treated as a Pensioner but the Trustee may at its discretion adjust the amount payable under this Rule 7.3 to take account of any GMP already paid.

8. **DISCRETION OF TRUSTEES AS TO PAYMENTS (RULE 32)**

8.1 In the case of any sum or sums which but for this rule would be payable under the Rules of the Scheme to the legal personal representatives of a deceased Bridon Member or Pensioner (and including any sums stated in these Rules to be payable on the terms of this Rule) the following provisions shall apply:

- (a) The Trustee shall have power to pay or apply the whole or any part of the amount to (or by way of settlement or otherwise to trustees and including provision thereout for the remuneration of such trustees) or for the benefit of such one or more of the Bridon Member's or Pensioner's Beneficiaries in such shares upon such trusts and in such manner (including investment in annuities whether deferred or otherwise) but without in any way offending the rule against perpetuities as the Trustee shall decide at any time within two years after the death of the Bridon Member or Pensioner;
- (b) in default of the exercise of the foregoing power in respect of the whole or any part of the said amount within such period of two years aforesaid the amount or balance thereof shall be transferred promptly to a separate account which shall be held by the Trustee on trust to pay or apply the same to (or by way of settlement or otherwise to trustees and including provision thereout for the remuneration of such trustees) or for the benefit of such one or more of the Bridon Member's or Pensioner's Dependants in such shares upon such trusts and in such manner (including investment in annuities whether deferred or otherwise) but without in any way offending the rule against perpetuities as the Trustee shall in its absolute discretion determine but so that in the event of there being no Dependants of the Bridon Member or Pensioner the amount or balance thereof as aforesaid shall become part of the assets of the Scheme and accordingly the bona vacantia rule (or any similar rule for the automatic passing of assets to the Crown or any similar authority) shall not apply

Provided that the Trustee;

- (c) may deduct any inheritance tax estate duty capital transfer tax or similar tax duty or levy (and any interest thereon) and all fees expenses stamp duty and the like costs for the purpose of or in connection with the transfer of the said amount the establishing of any such trusts or the purchase of any such annuity for which the Trustee may be accountable as a result of the death of the Bridon Member or Pensioner before so paying or applying the whole or any part of the amount;

- (d) in exercising its discretion or in making any such payment or application as aforesaid the Trustee shall be entitled to consult with the Employer by which the Bridon Member or Pensioner was last employed prior to his death or with the Principal Employer and to rely upon the certificate of any such Employer or the Principal Employer that any person to or for whose benefit any amount is to be so paid or so applied is a Beneficiary and/or a Dependant and in making any such transfer as aforesaid the Trustee shall be entitled to rely upon the certificate of any solicitor or firm of solicitors to the effect that the trusts upon which any amount so transferred will be held are such that the said amount must necessarily be paid to or applied for the benefit of one or more of the Beneficiaries and/or Dependents.

8.2 "**Beneficiaries**" herein shall mean the following:

- (a) the spouse of the Bridon Member or Pensioner or any ancestor or descendant (however remote the relationship) of the Bridon Member or Pensioner or of his spouse and the spouse of any such ancestor or descendant;
- (b) any brother or sister of the Bridon Member or Pensioner or of his spouse (whether of the whole or the half-blood) and any 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;
- (c) any step-brother or step-sister of the Bridon Member or Pensioner 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 or of any such descendant of any such stepbrother or step-sister;
- (d) any uncle or aunt of the Bridon Member or Pensioner or of his spouse and any descendant of any such uncle or aunt and the spouse of tiny such uncle or aunt or of any such descendant of any such uncle or aunt

whether in any of the aforesaid cases 8.2(a) to 8.2(d) the Bridon Member or Pensioner was or was not liable for or to contribute to their maintenance or support;

- (e) any other person who in the opinion of the Trustee has been dependent or partly dependent on the Bridon Member or Pensioner for maintenance or support;
- (f) any other person who is entitled to any interest in the Bridon Member's or Pensioner's estate whether under any testamentary disposition made by him or under the rules in respect of intestacy and in respect of which a grant of representation has been obtained including the personal representatives thereunder;

and

- (g) any person (other than the persons aforesaid) whom the Bridon Member or Pensioner wishes to be treated as a Beneficiary for the purposes of the Scheme

and whose name the Bridon Member or Pensioner has notified to the Trustee in writing;

- (h) any charity (howsoever constituted and whether or not registered) or charitable institution or charitable trust or any other corporate or non-corporate body or institution whose name and particulars have been notified to the Trustee in writing by the Bridon Member or Pensioner as being a charity charitable institution or charitable trust or other corporate or non-corporate body or institution whom the Bridon Member or Pensioner may wish the Trustee to consider as a Beneficiary;

and for the purpose of this definition:

- (i) "spouse" includes wife husband widow widower and a former wife or husband and any person with whom the Bridon Member or Pensioner or other relevant person has gone through a lawful ceremony of marriage;
- (j) "descendant" includes persons claiming by reason of adoption and step-children;
- (k) the class of Beneficiaries shall be closed at the death of the Bridon Member or Pensioner except that it shall include persons then *en ventre sa mere* who if born would have been Beneficiaries.

8.3 "**Dependants**" in relation to a Bridon Member or Pensioner shall mean such of the following persons as are living at the date of the death of the Bridon Member or Pensioner namely his Spouse his children (including any *en ventre sa mere* at the date of the death of the Bridon Member or Pensioner and including any step-child or adopted child) and any person dependent on such Bridon Member or Pensioner at the date of his death for the provision of all or any part of the ordinary necessities of life (and unless so dependant as aforesaid a child shall not be treated as a Dependant beyond the later of age 18 and his ceasing to receive full time education or vocational training).

9. **PENSIONS PAYABLE BY RIGHT FOR A SPOUSE AND DEPENDANTS (RULE 33)**

9.1 **Death Prior to Pension being put into Payment**

(a) *Death of a Closure Deferred Member before Normal Retirement Date*

Subject to sub-Rule 9.3 below and Rules 33.8 and 33.9 in Schedule 1, the Spouse of a Closure Deferred Member who dies whilst employed by an Employer before attaining Normal Retirement Date shall receive out of the Fund (but not out of the AVCs) a pension commencing from such Closure Deferred Member's death at the rate of:

- (i) 1/120th of the Closure Deferred Member's Final Pensionable Earnings at the date of his death multiplied by his years and months of Adjusted

Upper Tier Pensionable Service completed to the date of his death;
PLUS

- (ii) 1/160th of the Closure Deferred Member's Final Pensionable Earnings at the date of his death multiplied by his years and months of Adjusted Lower Tier Pensionable Service completed up to the date of his death;
PLUS
- (iii) any pension based on the Member's AVCs or any part thereof, that has not been paid for any reason.

(b) ***Death of a Deferred Member Before Normal Retirement Date***

Subject to sub-Rule 9.3 below and Rules 33.8 and 33.9 in Schedule 1, the Spouse of a Deferred Member who dies before attaining Normal Retirement Date shall receive out of the Fund (but not out of the AVCs) a pension commencing from such Deferred Member's death equal to the aggregate of:

- (i) 1/120th of the Deferred Member's Final Pensionable Earnings at the date of his ceasing to be in Pensionable Service multiplied by his years and months of Adjusted Upper Tier Pensionable Service completed up to his ceasing to be in Pensionable Service; and
- (ii) 1/160th of his Final Pensionable Earnings at the date of ceasing to be in Pensionable Service multiplied by his years and months of Adjusted Lower Tier Pensionable Service completed up to his ceasing to be in Pensionable Service;

Provided always if the Deferred Member has exercised any OPTION under Rule 6 of this Appendix other than OPTION 1 then the Spouse's pension payable under this sub-Rule shall be reduced or extinguished accordingly.

(c) ***Death of a Bridon Member after Normal Retirement Date but before retirement***

Subject to sub-Rule 9.3 below the Spouse of a Bridon Deferred Member and who dies after Normal Retirement Date but before his or her pension becomes payable shall receive out of the Fund (but not out of the AVCs) a pension commencing on such Bridon Member's death equal to one half of the Accrued Pension the deceased Bridon Member would have received had he retired on the day of his death (together with any revaluation in the Bridon Member's GMP and together with the Appropriate Amount) disregarding in the calculation any reduction in the Bridon Member's pension under Rules 3 or 10 of this Appendix.

Provided always that if a Deferred Member has exercised any OPTION of Rule 6 of this Appendix other than OPTION 1 then the Spouse's pension payable under this sub-Rule shall be reduced or extinguished accordingly as the Trustee may decide.

9.2 **Death After retirement**

Subject to Rule 9.3 below the Spouse of a Pensioner who dies after retirement on pension shall receive out of the Fund (but not out of the AVCs) a pension commencing on such Pensioner's death equal to one half of the pension that the Pensioner was receiving (or would have been receiving at the date of his death if he had not exercised any option under Rules 3 or 9 of this Appendix) including any increase in such pension under Rule 11 of this Appendix and any revaluation in the Bridon Member's GMP and the Appropriate Amount plus (if not included) the appropriate proportion of any pension out of the Bridon Member's AVCs (if that pension had a spouse's reversionary pension attaching);

Provided always that the benefit payable under this sub-Rule 9.2 shall not be less than any Widow's or Widower's GMP and Spouse Reference Scheme Test pension except to such extent as the GMP has been extinguished by the payment of the aggregate of a State Scheme Premium in which case the Spouse's pension shall be reduced by the amount of such Widows or Widower's GMP.

9.3 **General Provisions**

Notwithstanding Rule 33.4 of Schedule 1, if a Bridon Member's or Pensioner's Spouse is more than ten years younger than himself the maximum reduction which the Trustee may make in accordance with Rule 33.4 of Schedule 1 shall not be greater than 75 per cent.

If a Bridon Member or Pensioner does not leave a Spouse the benefits that would otherwise have been payable under sub-Rules 9.1 or 9.2 above may at the Trustee's discretion be paid to any Dependant of a deceased Bridon Member or Pensioner.

The whole or any part of any pension payable under the provisions of this Rule in excess of the aggregate of Widow's or Widower's GMP and any Spouse Reference Test Pension may be paid if the Trustee so desires to any Dependents of the Bridon Member or Pensioner other than the legal widow or widower.

10. **PENSIONS PAYABLE BY SURRENDER FOR A SPOUSE AND DEPENDANTS (RULE 30)**

10.1 Rule 30 of Schedule 1 shall not apply to Bridon Members.

10.2 A Bridon Member may by written application to the Trustee request that a pension be provided for his or her Spouse or other Dependant named in such application. With such application the Bridon Member concerned shall forward to the Trustee a medical certificate that he or she is in normal health but the Trustee shall not be bound by such certificate and may if it so desires require such a Bridon Member to be examined at the expense of the Bridon Member by any doctor or doctors appointed by them. If the Trustee is satisfied that such Bridon Member is in normal health (on which point the Trustee's decision shall be final and shall not be questioned) then such application subject to proof of the age of such Bridon Member's Spouse or other Dependant may be granted but the Trustee shall not in any circumstances be bound to grant any such application and may at its option either decline such application without giving any

reason or grant the same upon such special terms and conditions as it may think fit in the event that the Trustee shall grant the same the consideration for the Spouse's or other Dependant's pension shall be the surrender of part of the Bridon Member's pension payable on retirement which shall be permanently reduced by the amount surrendered.

- 10.3 The amount of the Spouse's or other Dependant's pension (which will commence on the Bridon Member's death after his retirement from Service on pension and will be payable during his or her lifetime shall be determined by the Actuary **provided that** the aggregate annual amount of the Spouse's or other Dependant's pension under the Rules shall in no case be permitted to exceed the amount of the reduced annual pension payable to the Bridon Member (but, adding back any pension commuted by the Bridon Member for a lump sum) and provided further that the reduced annual pension payable to the Bridon Member shall not be less than the Bridon Member's GMP if any.
- 10.4 The Spouse's pension can only be secured for the Spouse to whom a Bridon Member is married when he or she makes application pursuant to 10.2 above and will not apply to a Spouse whom he or she may marry afterwards. If his or her Spouse or other Dependant should die before him or her only the reduced amount of his or her pension will be payable but subject as provided in 10.6 below.
- 10.5 No application for a Spouse's or other Dependant's pension shall be capable of withdrawal after being granted by the Trustee except with the Trustee's consent in writing.
- 10.6 Any such application as aforesaid (whether or not granted) will be cancelled should the Bridon Member or his or her Spouse or other Dependant die before the pension commences.

11. **GUARANTEED AND DISCRETIONARY INCREASES (RULE 27)**

- 11.1 Rule 27 of Schedule 1 shall not apply in respect of Bridon Members, Pensioners or Dependent Pensioners.
- 11.2 Subject to the limits imposed by Schedule 3 any pension payable under the Rules to any Pensioner or Dependent Pensioner (other than the Member's or Widow's or Widower's GMP) and any pension derived from a Member's AVCs will be increased annually by the Scheme Increase Factor:
 - (a) since the retirement of a Pensioner in the case of a pension payable to a Pensioner (or in the case of a pension payable to a Dependent Pensioner on a Pensioner's death after the commencement of his pension); or
 - (b) since the death of a Bridon Member in the case of a pension payable to a Dependent Pensioner arising on the death of a Bridon Member prior to the commencement of his pension.

- 11.3 Such increase shall be made with effect from such day in the year as the Trustee may decide and where less than 12 months have elapsed since the Relevant Event or since the previous annual increase shall be on a proportional basis.
- 11.4 No increase under 11.2 should be applied unless the Trustee otherwise decides to any part or parts of a pension attributable to a Bridon Member's AVCs.
- 11.5 Subject to the limits imposed by Schedule 3 the Trustee may if it in its absolute discretion thinks fit but subject always to the consent of the Principal Employer and the Actuary further increase the pension or other benefits payable to any Bridon Member, Pensioner, or Dependent Pensioner.
- 11.6 In respect of GMP attributable to earnings in the tax years from and including 1988/89 under the FKI Scheme that element of the Member's Pension shall be increased by the greater of the Scheme Increase Factor or the increase (if any) which is required as a condition of contracting-out under Schedule 5).

12. PURCHASE OF INSURANCE POLICY OR ANNUITY CONTRACT

12.1 The Trustee acting on the advice of the Actuary (and subject in certain cases noted below to the consent of the Bridon Member or Pensioner or Dependent Pensioner concerned) may (and shall do so if required by any of the provisions of these Rules) purchase an insurance policy or policies or annuity contract or contracts (an "**Eligible Policy or Policies**") from either:

(a) an Insurance Company;

or

(b) a Friendly Society,

for the purpose of answering or satisfying any pension which has then actually become payable or which is prospectively payable to any Bridon Member or Pensioner his Spouse or children or other Dependants,

Provided that

12.2 where the Eligible Policy or Policies is/are to be vested in the Trustee's name the consent of the Bridon Member or Pensioner shall not be required;

12.3 where the Eligible Policy or Policies is/are to be vested in the name of the Bridon Member or Pensioner it or they:

(a) shall be subject to his or her written consent where the benefit is different in form or amount to the benefit otherwise payable under the Rules but otherwise the Bridon Member's or Pensioner's consent shall not be required. **Provided ALWAYS THAT** benefits provided which are different in form or amount to the benefit otherwise payable shall in any event be relevant benefits as defined in Section 393B of the Income Tax (Earnings and Pensions) Act 2003 and within limitations imposed by the HMRC applicable to the Bridon Member or

Pensioner notwithstanding that some kinds of relevant benefits may not otherwise be provided under the Rules;

- (b) shall be with an Insurance Company or Insurance Companies or Friendly Society or Friendly Societies aforesaid of the Bridon Member's or Pensioner's choice;
- (c) shall be in full satisfaction of the rights of the Bridon Member Pensioner or Dependant Pensioner (and his or her Spouse, or children and other Dependants) under the Scheme and the Trustee may call upon the Bridon Member Pensioner or Dependant Pensioner to execute a sufficient release by the Bridon Member Pensioner or Dependant Pensioner and to give a sufficient indemnity in respect of all ascertainable claims that can arise. The consent of any contingent beneficiary shall not be required to the purchase of such Eligible Policy or Policies or to the extinguishment of their rights under the Scheme notwithstanding any express or implied provision to the contrary contained in the Rules but notwithstanding that such consent shall not be required the Trustee may call upon any contingent beneficiary to give a sufficient release and indemnity in respect of at ascertainable claims that can arise. The Trustee may prescribe the form of any undertaking indemnity or consent to the purchase which it from time to time in its discretion considers appropriate;
- (d) may to the extent that it relates to any excess over the Bridon Member's or Pensioner's and Widow's or Widower's GMP provide for:
 - (i) an annuity to be purchased on the open market with the policy proceeds at maturity **provided that** the new annuity contract contains the same restrictions on commutation and assignment as are set out in this sub-Rule;
 - (ii) the Bridon Member Pensioner or Dependant Pensioner to surrender it at a later date for the purpose of transfer direct to another approved Scheme of a subsequent employer of which the Bridon Member Pensioner or Dependant Pensioner becomes a Member;
 - (iii) it to comply with the requirements of Section 19 and 81 of the 1993 Act and/or The Occupational Pension Schemes (Discharge of Liability) Regulations 1997 as amended;

12.4 where the Eligible Policy is to be issued in satisfaction of a deferred benefit arising under either OPTION 1 of Rule 6.2 of this Appendix the said policy shall (unless the Trustee otherwise determines with the consent of the Bridon Member or Pensioner) be for a single premium equal to the transfer value otherwise payable under OPTION 2 and equivalent to the value of the deferred benefit under OPTION 1 but reduced by any State Scheme Premium payable;

12.5 the payment to the Insurance Company or Friendly Society to purchase such Eligible Policy shall in the case of a Bridon Member reflect the revaluation which the Bridon

Member's deferred pension would have attracted at Normal Retirement Date under Chapter II in Part IV of the 1993 Act;

- 12.6 such Eligible Policy shall comprise the Bridon Member's or Pensioner's and Widow's or Widower's GMP together with the Scheme's obligation to revalue in accordance with Schedule 5 and shall comply with the requirements of the 1993 Act and any other applicable legislation;
- 12.7 the Eligible Policy shall be endorsed by the Insurance Company or Friendly Society aforesaid with the following provisions:
- (a) that it is non-assignable and non-surrenderable except for the purpose of transfer to a pension scheme of a subsequent employer under Rule 4 of Schedule 1;
 - (b) the Bridon Member's or Pensioner's Normal Retirement Date and the earliest age in accordance with these Rules at which the Bridon Member is entitled to take immediate benefit therefrom;
 - (c) the extent to which the benefit may be payable in lump sum form either by way of commutation or on death;
 - (d) the amount of any Bridon Member's or Pensioner's or Widow's or Widower's GMP comprised in such benefit and the basis of revaluation applicable to such GMP in accordance with these Rules;
 - (e) that any such GMP together with any revaluation aforesaid is non-commutable (except on grounds of triviality);
 - (f) that the Insurance Company or Friendly Society aforesaid assumes an obligation to pay any Bridon Member's or Pensioner's or Widow's or Widower's GMP which may be comprised in the Eligible Policy to the Bridon Member or Pensioner or his Widow or Widower or to the Trustee of a trust of which they are the beneficiaries.
- 12.8 All Eligible Policies issued under this Rule shall be such that they do not contravene the provisions of the 1993 Act and of any statutory instruments or regulations made thereunder or as a result thereof and that does not prejudice the Scheme's status as a Registered Pension Scheme or would cause any Contracted-out Employments in accordance with the 1993 Act to cease to be so Contracted-out.

13. **EQUAL TREATMENT**

- 13.1 Unless the context otherwise requires this Rule 13 overrides any provision to the contrary elsewhere in the Rules other than Schedule 3 except that this Rule does not apply to any Member's or his spouse's guaranteed minimum pension or accrued rights thereto.

13.2 In respect of the pension which would, but for the provision of this Rule 13, be payable under any of the Rules 2, 5 or 6.3 of this Appendix:

(a) Insofar as the pension is attributable to Pensionable Service completed or credited prior to 17 May 1990 under the Original Bridon Scheme and/or the FKI Scheme as applicable, it shall be calculated as if in the case of a female Member, Normal Retirement Date were age 60 and, in the case of a male Member, Normal Retirement Date were age 65 except that:

(i) If a female member retires between the ages of 55 and 60 the pension payable to her in respect of her Pensionable Service completed or credited prior to 17 May 1990 under the Original Bridon Scheme and/or the FKI Scheme as applicable will not be reduced for early payment; and

(ii) If a female Member retires between the ages of 58 and 60 an additional pension will be payable equal to the pension which would have been paid to her in respect of the period between her date of retirement and age 60 had she remained in Pensionable Service (with no change to her Appropriate Fraction or Final Pensionable Earnings) to age 60 multiplied by N/NS where:

"N" means the Members' Pensionable Service up to 17 May 1990 under the Original Bridon Scheme and/or the FKI Scheme as applicable; and

"NS" means the Members Pensionable Service; and

(b) Insofar as the pension is attributable to Pensionable Service completed or credited under the Original Bridon Scheme and/or the FKI Scheme as applicable between 17 May 1990 and 21 January 1992 for both male and female Members it shall be calculated as if the Member's Normal Retirement Date was either age 60 or age 65 whichever produces the higher benefits. For this purpose:

(i) for the purpose of calculating the pension with a Normal Retirement Date of age 60, if the Member retires between the ages of 55 and 60, the pension payable in respect of Pensionable Service completed or credited between 17 May 1990 and 21 January 1992 under the Original Bridon Scheme and/or the FKI Scheme as applicable will not be reduced for early payment and if the Member retires between the ages of 58 and 60, the provisions of Rule 13.2(a)(i) above shall apply (to both men and women) but as if "N" in the formula in that Rule were the period of the Member's Pensionable Service completed or credited between 17 May 1990 and 21 January 1992 under the Original Bridon Scheme and/or the FKI Scheme as applicable; and

(ii) for the purpose of calculating the pension with a Normal Retirement Date of 65, if the Member retires between the ages of 60 and 65, the pension payable in respect of Pensionable Service completed or

credited between 17 May 1990 and 21 January 1992 under the Original Bridon Scheme and/or the FKI Scheme as applicable will not be reduced for early payment and if the Member retires between the ages of 63 and 65, the provisions of Rule 13.2(a)(ii) above shall apply (to both men and women) but as if the reference to age 60 in that rule were a reference to age 65 and as if "N" in the formula in that Rule were the period of Member's Pensionable Service completed or credited between 17 May 1990 and 21 January 1992 under the Original Bridon Scheme and/or the FKI Scheme as applicable.

Definitions

"Accrued Early Retirement Pension" means the early retirement pension computed in accordance with Rule 5.2 of this Appendix and as defined therein.

"Accrued Pension" means the annual pension calculated in accordance with Rule 6.3 of this Appendix.

"Adjusted Lower Tier Pensionable Service" means Lower Tier Pensionable Service multiplied by the Appropriate Fraction, the calculation being made separately (and the results aggregated) for periods with different Appropriate Fractions.

"Adjusted Upper Tier Pensionable Service" means Upper Tier Pensionable Service multiplied by the Appropriate Fraction, the calculation being made separately (and the results aggregated) for periods with different Appropriate Fractions.

"Appropriate Amount" means an amount calculated in accordance with the following formula:

$$\frac{A}{100} \times (B - C)$$

WHERE:

A = the revaluation percentage specified under paragraph 2 of Schedule 3 of the 1993 Act in the last period of one year ending on the 31st December immediately preceding the date in which the Revaluation Deferred Member attains Normal Retirement Date for the period which is the same length as the number of complete years in the period commencing on the day after leaving Pensionable Service and ending on the day he reached Normal Retirement Date

B = the amount of Pension or other benefit:

- (i) which on the date the Revaluation Deferred Member's Pensionable Service terminates has accrued to him or any other person in respect of him; or
- (ii) which would have so accrued on that date if his relevant employment had also terminated on that date.

C = any part of the amount referred to at "B" above which consists of the Revaluation Deferred Member's or his Widow's or Widower's GMP

Provided always that for the purposes of this definition:

1. Pensionable Service includes any period of notional Pensionable Service credited to the Revaluation Deferred Member whether under the definition of Pensionable Service or under Rule 6 or 7 of Schedule 1 or otherwise;
2. Any such period of notional Pensionable Service shall be deemed to have ended immediately before the Revaluation Deferred Member's actual Pensionable Service began;

3. The amount of the pension or other benefit referred to under "B" above shall be the amount of the said pension or other benefit before the exercise of any of the options granted to the Revaluation Deferred Member by these Rules.

"**Appropriate Fraction**" for any Service means one if that Service is designated by the Principal Employer as full-time and otherwise the fraction which the Principal Employer determines as being the proportion of comparable full-time service which is represented by that Service.

"**Beneficiary**" or "**Beneficiaries**" is defined in Rule 8 of this Appendix as the context shall require.

"**Bridon Member**" means and includes a Member, a Closure Deferred Member and a Deferred Member.

"**Closure Deferred Member**" is defined in Schedule 2.

"**Commencement Date**" means the date on which the Original Bridon Scheme started namely 1st January 1975.

"**Contracted-out Employment**" is defined in Schedule 5.

"**Contracted-out**" or "**Contracting-out**" means contracted out under the 1993 Act and similar expressions have a corresponding meaning.

"**Cooke Scheme**" means the William Cooke Retirement Benefits Scheme established by a Declaration of Trust dated 2nd June 1954 and made by William Cooke & Company Limited.

"**A Deferred Member**" means any person who was a Member of the FKI Scheme but has left Service and is no longer contributing to the FKI Scheme (or this Scheme) and who is prospectively entitled to benefits from the Scheme resulting from his own membership which have not yet come into payment and shall in any event include any person who was not a Member of the Scheme immediately prior to his prospective benefits being transferred from another fund, scheme or arrangement and which benefits are being administered as deferred benefits by the Trustee in accordance with the Rules and any modifications thereof communicated to the Deferred member and he does not at such time become a Member of the Scheme.

"**Dependant**" is defined in Rule 8 of this Appendix.

"**Dependant Pensioner**" means any person who is currently in receipt of any pension from the Scheme not being a Pensioner.

"**Eligible Policy**" means such a Policy as is referred to in Rule 12 of this Appendix.

"**Employee**" means any employee of an Employer and includes a director whose membership would not prejudice the Scheme's status as a Registered Pension Scheme.

"**Final Pensionable Earnings**" in relation to a Member means the highest average of his Pensionable Earnings for any three consecutive Scheme Years (or for such shorter period as

he shall have been in receipt of Pensionable Earnings) during the thirteen years ending on the last day of the Scheme Year which is on or next precedes the Relevant Event.

"Friendly Society" means a Friendly Society registered under the provisions of the Friendly Societies Act 1974 or an incorporated Friendly Society registered under the provisions of the Friendly Societies Act 1992.

"Full-time Equivalent" of any amount for any period of Service means that amount divided by the Appropriate Fraction, the calculation being made separately (and the results aggregated) for periods with different Appropriate Fractions.

"Gross Earnings" in relation to a Member means his total earnings (including any shift premiums or overtime pay) received from the Employers in the relevant Scheme Year irrespective of whether such earnings could be attributed to a Scheme Year other than that in which such earnings are received excluding any payment as may be determined by the Principal Employer and the Trustee not to be included in Gross Earnings for pension purposes. **Provided that** if a Member has not received his normal earnings due to authorised absence on account of sickness or short time working in computing Gross Earnings the Trustee may disregard such earnings during authorised absence and take into account earnings which in their opinion would have applied if the Bridon Member had not been so absent. **Provided further that** where a Bridon Member has not completed a full Scheme Year in those circumstances agreed by the Trustees his Gross Earnings shall be those actually received grossed up for the full twelve months.

"Hardy Scheme" means the Stanley S. Hardy Pension Scheme constituted by policies issued to Stanley D. Hardy Limited by Gresham Life Assurance Society Limited.

"Incapacity" means physical or mental deterioration which the Trustees considers is sufficiently serious to prevent the Member from following his normal employment or which seriously impairs his earning capacity (it does not mean simply a decline in energy or ability).

"Insurance Company" means any insurance society, company or institution to which the Financial Services and Markets Act 2000 applies and which is authorised by or under that Act to carry on long term insurance business as defined in that Act.

"Lower Earnings Limit" is defined in the 1993 Act.

"Lower Tier Member" means a Member who at any date on which his membership category falls to be determined was designated as a Lower Tier Member under the FKI Scheme or the Original Bridon Scheme or has elected to become a Lower Tier Member under Rule 1.2(b) of this Appendix and (in either case) has not, for the time being, become an Upper Tier Member by so electing under Rule 1.2(b) of this Appendix.

"Lower Tier Pensionable Service" means in respect of a Member that period of his Pensionable Service (if any) during which he is a Lower Tier Member.

"Member's Accrued GMP" is defined in Rule 6.3 of this Appendix.

"Minimum Final Pensionable Earnings" in relation to a Member who became a Member of the Original Bridon Scheme before the 6th day of April 1978 and in respect of whom the Relevant Event falls after that date is determined on the 1st day of January which:

- (a) is or next precedes the 63rd anniversary of birth in the case of a male Member or the 58th anniversary in the case of a female Member, or
- (b) is or next precedes the Relevant Event

whichever first occurs and means the Full-time Equivalent of the annual rate of his fixed salary or wages from the Employers inclusive of the Principal Employer and the Trustee so determine of any director's fees but exclusive of any commission bonus or other fluctuating remuneration and reduced by an amount equal to one times the annual rate of the basic state pension applicable on such day (one and one half times the annual rate of the basic state pension where Minimum Pensionable Earnings falls to be determined before 1 January 1990).

"Original Bridon Scheme" means the Bridon Group Pension Scheme governed by a trust deed and rules dated 18 December 1989 as amended from time to time (which was merged into the FKI Scheme with effect from 14 May 1999).

"Original Staff Scheme Member" means a Member who was designated as an "Original Staff Scheme Member" under the Original Bridon Scheme.

"Original 1958 Staff Fund Transferring Member" means a member who was designated as an "Original 1958 Staff Fund Transferring Member" under the Original Bridon Scheme.

"Pensionable Earnings" in relation to a Member means the Full-time Equivalent of his Gross Earnings reduced by one times the annual rate of the Lower Earnings Limit applicable on the first day of the relevant Scheme Year:

"Pensionable Service" is defined in Schedule 2.

"Pensioner" means any Member, former Member or Deferred Member who is currently in receipt of any pension from the Scheme apart from (in the case of a female) any GMP paid prior to her Normal Retirement Date (unless the context otherwise requires).

"Relevant Event" means the date on which a Member left Pensionable Service under the FKI Scheme, reached Normal Retirement Date under the FKI Scheme, commenced receipt of pension or died under the FKI Scheme, whichever is applicable.

"Revaluation Deferred Member" means a Deferred Member who leaves Pensionable Service on or after 1st January 1986 with at least 365 days in the period commencing the day after leaving Pensionable Service and ending on the day he reached Normal Retirement Date.

✓ **"Scheme Increase Factor"** means:

- (a) in relation to pension attributable to service prior to 6 April 1997 a factor of 3 per cent. per annum; and

- (b) in relation to pension attributable to service on and from that date, a factor being not greater than a rate of 5 per cent. per annum nor less than a rate of 3 per cent. per annum but otherwise equivalent to the proportionate rise (if any) in the retail price Index in the 12 month period over which a pension is being increased in accordance with Rule 11 of this Appendix.

"Scheme Member" means and includes a Member, a Deferred Member and a Closure Deferred Member.

"Scheme Year" means a period of 12 months commencing on 6th April in each year.

"Special 1958 Staff Fund Transferring Member" means an Original 1958 Staff Fund Transferring Member who on 1st January 1959 was a member of the 1948 Supplementary Pension Scheme the Cooke Scheme or the Hardy Scheme.

"The 1958 Staff Fund" means The Bridon Group Staff Pension Fund constituted and established by a Trust Deed dated 31st December 1958.

"A 1958 Staff Fund Member" means a Member who was designated as a "1958 Staff Fund Member" under the Original Bridon Scheme and has not exercised the option to become a 1958 Staff Fund Transferring Member in accordance with Section A.

"A 1958 Staff Fund Transferring Member" means a Member who was designated as a "1958 Staff Fund Transferring Member" under the Original Bridon Scheme or means a Member who was a 1958 Staff Fund Member but has elected to become a 1958 Staff Fund Transferring Member in accordance with Section A.

"The 1948 Supplementary Scheme" means the Bridon Supplementary Pension Scheme (known before 1st January 1974 as The British Ropes Supplementary Pension Scheme) established by a Declaration of Trust dated 8th November 1948.

"The Transitional Date" means the 5th April 1988 (on which date the merger of the 1958 Staff Fund and the 1975 Works Fund with the FKI Scheme became effective).

"Upper Tier Member" means a Member who on any date on which his Membership category falls to be determined, was designated as an Upper Tier Member under the FKI Scheme or the Original Bridon Scheme and has not, for the time being, become a Lower Tier Member by so electing under Rule 1.2 of this Appendix.

"Upper Tier Pensionable Service" means in respect of a Member that period of his Pensionable Service (if any) on and after 6 April 1997 during which he is an Upper Tier Member and his Pensionable Service (if any) before 6 April 1997.

"Widow" or **"Widower"** has the meaning attached to the definition of Spouse.

"Widow's or Widower's Guaranteed Minimum Pension" or its short form **"Widow's or Widower's GMP,"** means that guaranteed minimum to which a widow or widower may be entitled calculated in accordance with the 1993 Act.

"The 1975 Works Fund" means The Bridon Group Works Pension Fund constituted and established by a Trust Deed dated 1st September 1975.

"A 1975 Works Fund Member" means a person who was designated a "1975 Works Fund Member" under the Original Bridon Scheme and has not exercised the option to become a 1975 Works Fund Transferring Member in accordance with Section A.

"A 1975 Works Fund Transferring Member" means a person who was designated a "1975 Works Fund Transferring Member" under the Original Bridon Scheme or means a person who was a 1975 Works Fund Member but has elected to become a 1975 Works Fund Transferring Member in accordance with Section A.

SECTION B RULES

Original Staff Scheme Members

Special Rights

1. The rights and obligations of an Original Staff Scheme Member shall be determined in accordance with Section A as varied by the provisions of this Section B.

2. **Definition Changes**

Section A will apply with the following variations.

"Final Pensionable Earnings" – add at the end of the definition in Section A the following proviso:

"Provided further that in the case of a Member who became a member of the Original Bridon Scheme before 6th April 1978 and in respect of whom the Relevant Event is after 6th April 1978 Final Pensionable Earnings shall be not less than his Minimum Final Pensionable Earnings"

"Pensionable Service" – add at the end of the definition the following:

"which, for the avoidance of doubt, includes such further years and complete months of Service a female Member on the established staff may have completed after the age of 20 and before becoming a Member and who became a Member immediately after she is eligible"

3. **Rule 4 – Early Retirement due to ill health**

Add the following words at the end of Rule 4.2(b) of Section A:

"(or for an Employee who was a Member of the Original Bridon Scheme before 6th April 1978 one half of his annual basic salary on the 1st day of January prior to his retirement, if greater)"

SECTION C RULES

1958 Staff Fund Transferring Members

1. The rights and obligations of a 1958 Staff Fund Transferring Member shall be determined in accordance with Section A as varied by the provisions of this Section C.

2. **Definition Changes**

Section A shall apply with the following variations:

"**A Member**" there shall be added at the end of the definition:

"and shall for the purposes of Section C include a 1958 Staff Fund Transferring Member."

"**Pensionable Service**" – add at the end of the definition the following:

"which, for the avoidance of doubt, includes such further years and months of Pensionable Service as a 1958 Staff Fund Member under Section E of the FKI Scheme (including membership of the 1958 Staff Fund itself) and any Former Scheme Service **provided always that** if the 1958 Staff Fund Transferring Member was an Original 1958 Staff Fund Transferring Member Pensionable Service shall not be less than the last continuous period of Service on the established staff of the Employers between age 25 (20 for females) and the Relevant Event and **provided that** no period of Pensionable Service is counted twice.

PLUS such further years and complete months of Service as

- (a) these Rules may require; or
- (b) the Trustees may decide

and on such terms as the Actuary shall advise **provided that** the Scheme's status as a Registered Pension Scheme is not affected."

3. **Rule 2 – Entitlement to Pension at Normal Retirement Date**

Add at the end of Rule 2.2 of Section A the words:

"**Provided that** in the case of a Special 1958 Staff Fund Transferring Member in the Service at his Normal Retirement Date his Accrued Pension shall not be less than two thirds of his Final Pensionable Earnings"

4. **Rule 4 – Early retirement due to ill health**

Add the following words at the end of Rule 4.2(b) of Section A:

"(or for an Employee who was a member of the Original Bridon Scheme before 6th April 1978 one half of his annual basic salary on the 1st day of January prior to his retirement, if greater)".

5. **Rule 6 – Leaving Service**

Rule 6.3(a) of Section A shall be deleted and the following substituted:

"6.3(a) in the case of each Member other than an Original 1958 Staff Fund Transferring Member:

- (i) in respect of Pensionable Service completed prior to 1 March 2004 by the Member as a 1958 Staff Fund Member – 1/60 (one sixtieth) of his Final Pensionable Earnings (as re-defined in Section E hereto) at the date of leaving multiplied by his Pensionable Service as a 1958 Staff Fund Member prior to that date; PLUS
- (ii) in respect of Pensionable Service completed prior to 1 March 2004 by the Member as a 1958 Staff Fund Transferring Member – 1/60 (one sixtieth) of his Final Pensionable Earnings (as re-defined in Section B) at the date of leaving multiplied by the years and months of his Pensionable Service as a 1958 Staff Fund Transferring Member prior to that date; PLUS
- (iii) in respect of Pensionable Service completed on or after 1 March 2004 by the Member as a 1958 Staff Fund Member – whilst in Upper Tier Pensionable Service 1/60 (one sixtieth) and whilst in Lower Tier Pensionable Service 1/80th (one eightieth) of his Final Pensionable Earnings (as re-defined in Section E hereto) at the date of leaving multiplied by his Pensionable Service as a 1958 Staff Fund Member on or after that date; PLUS
- (iv) in respect of Pensionable Service completed on or after 1 March 2004 by the Member as a 1958 Staff Fund Transferring Member – whilst in Upper Tier Pensionable Service 1/60 (one sixtieth) and whilst in Lower Tier Pensionable Service 1/80th (one eightieth) of his Final Pensionable Earnings (as re-defined in Section B) at the date of leaving multiplied by the years and months of his Pensionable Service as a 1958 Staff Fund Transferring Member, on or after that date.

6.3(aa) in the case of an Original 1958 Staff Fund Transferring Member:

- (i) in the case of an Original 1956 Staff Fund Transferring Member 1/60 (one sixtieth) of his Final Pensionable Earnings (as re-defined in Section B) at the date of leaving multiplied by his Pensionable Service prior to 1 March 2004.
- (ii) in the case of an Original 1958 Staff Fund Transferring Member whilst in Upper Tier Pensionable Service 1/60 (one sixtieth) and whilst in Lower Tier

Pensionable Service $1/80^{\text{th}}$ (one eightieth) of his Final Pensionable Earnings (as re-defined in Section B) at the date of leaving multiplied by his Pensionable Service on or after 1 March 2004."

6. **Rule 9 – Pensions Payable by Right for a Spouse and Dependants**

Throughout sub-Rules 9.1(c) and 9.2 of Section A Pensionable Service shall only count if it is Pensionable Service as a 1958 Staff Fund Transferring Member. All Pensionable Service prior thereto shall be disregarded.

Upon a Scheme Member's or Spouse's pension aforesaid vesting whether at before or after State Pension Age there shall be deducted from such pension so much as the Trustee determines upon the advice of the Actuary, to be equivalent in value to that part of any Guaranteed Minimum Pension earned prior to the Member becoming a 1953 Staff Fund Transferring Member.

7. **Rule 11 – Guaranteed Increases**

Add a further sub-Rule 11.7 in Section A as follows:

"11.7 No increase under Rule 11.2 shall be applied to that part of a pension payable to a 1958 Staff Fund Transferring Member (who is not an Original 1956 Staff Fund Transferring Member) or to that part of the pension payable to a Dependant Pensioner based on such part of the 1958 Staff Fund Transferring Member's pension which in either case is attributable to Pensionable Service before the date of becoming a 1958 Staff Fund Transferring Member."

SECTION D RULES

1975 Works Fund Transferring Members

1. The rights and obligations of a 1975 Works Fund Transferring Member shall be determined in accordance with Section A as varied by the provisions of this Section D.

2. **Definition changes**

Section A shall apply with the following variations:

"Final Pensionable Earnings" – add a further proviso at the end of the definition:

"Provided further that where in the case of a 1975 Works Fund Transferring Member Pensionable Earnings for any of the three consecutive years (or shorter period) aforesaid would fall to be computed whilst the Member was a 1975 Works Fund Member such Pensionable Earnings shall be computed on the basis of a one times deduction of the Lower Earnings Limit and not a one and one half times deduction of the Lower Earnings Limit".

"Member" – there shall be added at the end of the definition:

"and shall for the purposes of Section D include a 1975 Works Fund Transferring Member."

"Pensionable Service" – add at the end of the definition the following:

"which, for the avoidance of doubt, includes such further years and months of continuous Service during which a Member immediately prior to becoming a 1975 Works Fund Transferring Member has been either a 1975 Works Fund Member under Section F hereto and/or contributed to the 1975 Works Fund (or in either case was deemed to have contributed during a period of temporary absence) PLUS any Former Scheme Service **provided that** no period of Pensionable Service is counted twice.

PLUS such further years and complete months of Service as

(a) these Rules may require; or

(b) the Trustees may decide;

and on such terms as the Actuary shall advise **provided that** this does not prejudice the Scheme's status as a Registered Pension Scheme."

3. **Rule 6 – leaving service**

Delete Rule 6.3(a) of Section A and substitute the following:

"6.3(a) in respect of a Member's Pensionable Service before becoming a 1975 Works Fund Transferring Member 1/80th (one eightieth) of his Final Pensionable Earnings (as defined in Section A and amended by this Section D and by

Section F) at the date of leaving multiplied by his Pensionable Service before becoming a 1975 Works Fund Transferring Member; *plus*

$1/60^{\text{th}}$ (one sixtieth) of his Final Pensionable Earnings (as defined in Section A) at the date of leaving multiplied by his Pensionable Service which is on or after becoming a 1975 Works Fund Transferring Member and which is prior to 1 March 2004; *plus*

Whilst in Upper Tier Pensionable Service $1/60^{\text{th}}$ (one sixtieth) and whilst in Lower Tier Pensionable Service $1/80^{\text{th}}$ (one eightieth) of his Final Pensionable Earnings (as defined in Schedule A) at the date of leaving multiplied by his Pensionable Service which is on or after becoming a 1975 Works Fund Transferring Member and which is on or after 1 March 2004"

SECTION E

1958 Staff Fund Members

1. In the case of 1958 Staff Fund Members where a Relevant Event had occurred in respect of them on or before the Transitional Date their rights to pension and other benefits and the rights of those dependent upon them shall be determined in accordance with the rules and provisions of the 1958 Staff Fund in force immediately prior to the Transitional Date save that the administrative provisions of these Rules may be applied to such persons if the Trustee so determines in respect of any such person. In the case of all other 1958 Staff Fund Members where a Relevant Event had not so occurred on or before the Transitional Date their rights and liabilities shall be determined in accordance with Section A as varied by this Section E and they shall by virtue of this Section E otherwise be deemed to be Members of the Scheme.

2. **Definition Changes**

Section A shall apply with the following variations:

"Commencement Date" – delete and substitute:

"The Commencement Date" means the date on which the 1958 Staff Fund commenced namely 1st January 1959"

"Final Pensionable Earnings" – delete and substitute:

"Final Pensionable Earnings" in relation to a Member means the highest average of his Pensionable Earnings for any three consecutive Scheme Years (or such shorter period as he shall be in receipt of Pensionable Earnings) during the thirteen years ending on the last day of the Scheme Year which is or next precedes the Relevant Event **Provided that** in the case of a 1958 Staff Fund Member who became a member of the 1958 Staff Fund before 6th April 1978 and in respect of whom the Relevant Event is after 6th April 1978 Final Pensionable Earnings shall not be less than his Minimum Final Pensionable Earnings."

"A Member" – there shall be added at the end of the definition:

"and shall for the purposes of Section E include a 1958 Staff Fund Member".

"Pensionable Earnings" – delete and substitute:

"Pensionable Earnings" in relation to a 1958 Staff Fund Member means his Gross Earnings under the FKI Scheme reduced by one and one half times the annual rate of the Lower Earnings Limit applicable on the first day of the relevant Scheme Year".

"Pensionable Service" – add at the end of the definition the following:

"which, for the avoidance of doubt, includes any Former Scheme Service **provided that** no period of Pensionable Service is counted twice.

PLUS such further years and complete months of Service as

- (a) these Rules may require; or
- (b) the Trustees may decide

and on such terms as the Actuary shall advise **provided that** this does not prejudice the Scheme's status as a Registered Pension Scheme.

Provided that in respect of service with a Participating Employer which was included among the Employers under the Original Bridon Scheme after the Commencement Date Pensionable Service shall not include

- (i) in the case of a 1958 Staff Scheme Member who became a member of that scheme after the 1st day of January 1964 service with such Participating Employer before the date on which such Participating Employer was included as one of the Employers under the Original Bridon Scheme, and
- (ii) in the case of any 1958 Staff Scheme Member service with such Participating Employer before the 1st day of January following the date on which such Participating Employer became directly or indirectly controlled by Bridon plc".

"Scheme Increase Factor" – the definition shall read:

"Scheme Increase Factor" means Nil per cent. per annum in respect of pension attributable to service prior to 6 April 1997 but in respect of pension attributable to service on and from that date shall have the meaning given to it in Section A but with the omission of the words "nor less than a rate of 3 per cent. per annum."

3. Calculation of benefits

All benefits in these rules shall, unless the context does not so permit, be calculated on the basis that a 1958 Staff Fund Member is and has always been an Upper Tier Pensionable Service.

4. Rule 2 – Entitlement pension at Normal Retirement Date

Rule 2 of Section A shall be deleted and the following substituted:

"2. *Entitlement to pension at Normal Retirement Date*

Upon a Member attaining the Normal Retirement Date, he shall subject to the provisions of Schedule 3 be entitled to an annual pension:

- 2.1 in the case of a Member who on the 1st January 1959 was a member of the Supplementary Scheme the Cooke Scheme or the Hardy Scheme an amount equal to two thirds of the Active Member's Final Pensionable Earnings, or
- 2.2 in the case of any other Member an amount equal to the Accrued Pension

PLUS

2.3 Any pension entitlement representing the Member's AVCs."

5. **Rule 4 – Early Retirement due to ill health**

Add the following words at the end of Rule 4.2(b) of Section A:

"(or for an Employee who was a Member of the 1958 Staff Scheme before 6th April 1978 one half of his annual basic salary on the 1st day of January prior to his retirement, if greater)"

6. **Rule 5 – Early Retirement**

The whole of Rule 5.2 of Section A shall be deleted and the following substituted:

"5.2 A Member who with the consent of the Principal Employer ceases after attaining 55 and prior to Normal Retirement Date to be in Service and is not then entitled to an ill health pension under Rule 4 of this Appendix shall receive, if he so elects and with the consent of the Principal Employer, as an alternative to a deferred pension in accordance with Rule 6 of this Appendix an immediate pension equal to the Accrued Pension discounted by such factor as shall be certified as reasonable by the Actuary having regard to the period until his Normal Retirement Date (the "**Accrued Early Retirement Pension**")

Provided that in the case of a female Member with Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 that part of the Accrued Pension which has accrued in respect of Pensionable Service under the Original Bridon Scheme up to 17 May 1990 shall be computed on the basis of the Rules of the Original Bridon Scheme in force prior to 17 May 1990 (in particular on the basis of a Normal Pension Age of 60 for female Members).

PLUS such amount of pension as the Trustee shall determine on the advice of the Actuary based on the Member's AVCs."

7. **Rule 6 – Leaving Service**

Add the following at the end of Sub-Rule 6.3 of Section A:

"or in the case of a Member who on the 1st January 1959 was a member of the 1948 Supplementary Scheme the Cooke Scheme or the Hardy Scheme (if greater) that proportion of two thirds of his Final Pensionable Earnings to which the Member would have been entitled had he remained in Pensionable Service up to and including Normal Retirement Date without change in his Final Pensionable Earnings which the period of Pensionable Service actually completed bears to the period of Pensionable Service that would have been completed if the Member had remained in Pensionable Service up to and Including Normal Retirement Date."

8. **Rule 7.2 – Life Assurance**

In Rule 7.2, delete the words:

"10 x the Accrued Pension" and insert

"5 x the Accrued Pension".

9. **Rule 9.1 – Death Prior to Pension being put into payment**

Rule 9.1(a) and 9.1(b) of Section A shall be deleted and the following substituted:

"9.1(a) *Death of a Closure Deferred Member before Normal Retirement Date*

Subject to sub-Rule 9.3 below and Rules 33.8 and 33.9 of Schedule 1, the Spouse of a Closure Deferred Member who dies whilst employed by an Employer before attaining Normal Retirement Date shall receive out of the Fund (but not out of the AVCs) a pension commencing from such Member's death at the rate of:

1/160th of the Member's Final Pensionable Earnings at the date of his death multiplied by his years and months of Pensionable Service completed between 6 April 1978 and the date of his death,

PLUS any pension based on the Member's AVCs or any part thereof that has not been paid by way of lump sum.

"9.1(b) *Death of a Deferred Member before Normal Retirement Date*

Subject to sub-Rule 9.3 below the Spouse of a Deferred Member who dies before attaining Normal Retirement Date shall receive out of the Fund (but not out of his AVCs) a pension commencing on the Deferred Member's death equal to 1/160th of the Deferred Member's Final Pensionable Earnings at the date of his ceasing to be in Pensionable Service multiplied by his years and months of Pensionable Service completed between 6 April 1978 and ceasing to be in Pensionable Service;

PROVIDED ALWAYS if the Deferred Member has exercised any OPTION under Rule 6 of this Appendix other than OPTION I then the Spouse's pension payable under this sub-Rule shall be reduced or extinguished accordingly."

10. **Rule 9 – Pensions Payable by right for Spouse and Dependants**

The whole of sub-Rule 9.1(c) and 9.2 of Section A shall be deleted and the following substituted:

"9.2 The Spouse and Dependants shall have no right to any pension upon the death of the Member in any circumstances save

(a) for the Spouse's GMP if any;

- (b) any pension which the Trustee in its discretion shall agree to purchase representing any excess funds which due to the Revenue Limitations cannot be paid under Rules 7 and 8 in lump sum form;
- (c) any pension purchased with the whole or any part of the Member's AVCs

Provided that upon a Scheme Member's vesting whether at before or after State Pension Age there shall be deducted from such pension so much as the Trustee determines upon the advice of the Actuary to be equivalent in value to any Guaranteed Minimum Pension payable or prospectively payable to the spouse of a Scheme Member".

SECTION F

The 1975 Works Fund Members

1. In the case of 1975 Works Fund Members where a Relevant Event had occurred in respect of them on or before the Transitional Date their rights to pension and other benefits and the rights of those dependent upon them shall be determined in accordance with the rules and provisions of the 1975 Works Fund in force immediately prior to the Transitional Date save that the administrative provisions of these Rules may be applied to such persons if the Trustee so determines in respect of any such person. In the case of all other members where a Relevant Event had not so occurred on or before the Transitional Date their rights and liabilities shall be determined in accordance with Section A as varied in this Section F and they shall by virtue of this Section F be deemed to be Members of the Scheme.

2. **Definition Changes**

Section A shall apply with the following variations:

"Commencement Date" – delete and substitute:

"Commencement Date" means the date on which the 1975 Works Fund commenced namely 1st September 1975".

"Final Pensionable Earnings" – delete the Proviso at the end of the definition.

"Member" – there shall be added at the end of the definition:

"and shall for the purposes of Section F include a 1976 Works Fund Member".

"Pensionable Earnings" – the definition shall be restated as follows:

"Pensionable Earnings" in relation to a 1975 Works Fund Member means the full-time equivalent of his Gross Earnings under the FKI Scheme reduced by the annual rate of the Lower Earnings Limit applicable on the first day of the relevant Scheme Year."

"Pensionable Service" – add at the end of the definition the following:

"which, for the avoidance of doubt, includes such further years and complete months of Service during which a 1975 Works Fund Member contributed (or was deemed to have contributed during a period of temporary absence) to the 1975 Works Fund prior to the Transitional Date".

"Scheme Increase Factor" – the definition shall read:

"Scheme Increase Factor" means Nil per cent. per annum in respect of pension attributable to service prior to 6 April 1997 but in respect of pension attributable to service on and from that date shall have the meaning given to it in Section A to the Rules but with the omission of the words "nor less than a rate of 3 per cent. per annum".

3. **Rule 4 – Early Retirement due to ill health**

Rule 4.2 of Section A shall be deleted and replaced with the following:

"4.2 Subject to Rules 23.2 and 23.3 of Schedule 1, the consent of the Trustee and subject to his having completed five years' Pensionable Service a Closure Deferred Member who has become in its opinion incapable of discharging his duties in his present employment or in such other similar employment as the Trustee may determine by reason of permanent physical or mental incapacity and who leaves employment with an Employer prior to Normal Retirement Date in consequence thereof shall receive an immediate annual pension equal to:

- (a) If he has attained age 50 the lesser of
 - (i) the pension he would have received under Rule 2.1 of this Appendix had he remained in Service until Normal Retirement Date calculated on his Final Pensionable Earnings at the date of his actual retirement (for this purpose it will be assumed that the Appropriate Fraction for his service immediately before his retirement would have remained unaltered); and
 - (ii) one half of the Member's Gross Earnings in the Scheme Year ending before 28 February 2011;
- (b) If he has not attained age 50 the Member's Accrued Pension

PLUS whether he retires before on or after age 50 in respect of his Member's AVCs a pension based on the value of those AVCs at the date of his retirement due to ill health"

4. **Rule 5 – Early Retirement**

The whole of Rule 5.2 of Section A shall be deleted and the following substituted:

"A Closure Deferred Member who ceases after attaining the age of 55 and prior to Normal Retirement Date to be employed by an Employer and is not then entitled to an ill health pension under Rule 4 of this Appendix shall receive, if he so elects but subject to the consent of the Principal Employer, as an alternative to a deferred pension in accordance with Rule 6 of this Appendix an immediate pension equal to the Accrued Pension discounted by such factor as shall be certified as reasonable by the Actuary having regard to the period until his Normal Retirement Date (the "**Accrued Early Retirement Pension**").

Provided that in the case of a female Member with Pensionable Service under the Original Bridon Scheme prior to 17 May 1990 that part of the Accrued Pension which has accrued in respect of Pensionable Service under the Original Bridon Scheme up to 17 May 1990 shall be computed on the basis of the rules of the Original Bridon Scheme in force prior to 17 May 1990 (in particular on the basis of a Normal Pension Age of 60)

PLUS such amount of pension as the Trustee shall determine on the advice of the Actuary based on the Member's AVCs"

5. **Rule 6 – Leaving Service**

In Rule 6.3(a) of Section A delete:

"1/60th (one sixtieth)" and substitute:

"1/80th (one eightieth)"

6. **Rule 7.2 – Life Assurance**

In Rule 7.2, delete the words:

"10 x the Accrued Pension" and insert

"5 x the Accrued Pension".

7. **Rule 9.1 – Death Prior to Pension being put into payment**

Rule 9.1(a) and 9.1(b) of Section A shall be deleted and the following substituted:

"9.1(a) *Death of a Closure Deferred Member before Normal Retirement Date*

Subject to sub-Rule 9.3 below and Rules 33.8 and 33.9 of Schedule 1, the Spouse of a Closure Deferred Member who dies whilst employed by an Employer before attaining Normal Retirement Date shall receive out of the Fund (but not out of the AVCs) a pension commencing from such Member's death at the rate of:

1/160th of the Member's Final Pensionable Earnings at the date of his death multiplied by his years and months of Pensionable Service to the date of his death,

PLUS any pension based on the Member's AVCs or any part thereof that has not been paid by way of lump sum.

"9.1(b) *Death of a Deferred Member before Normal Retirement Date*

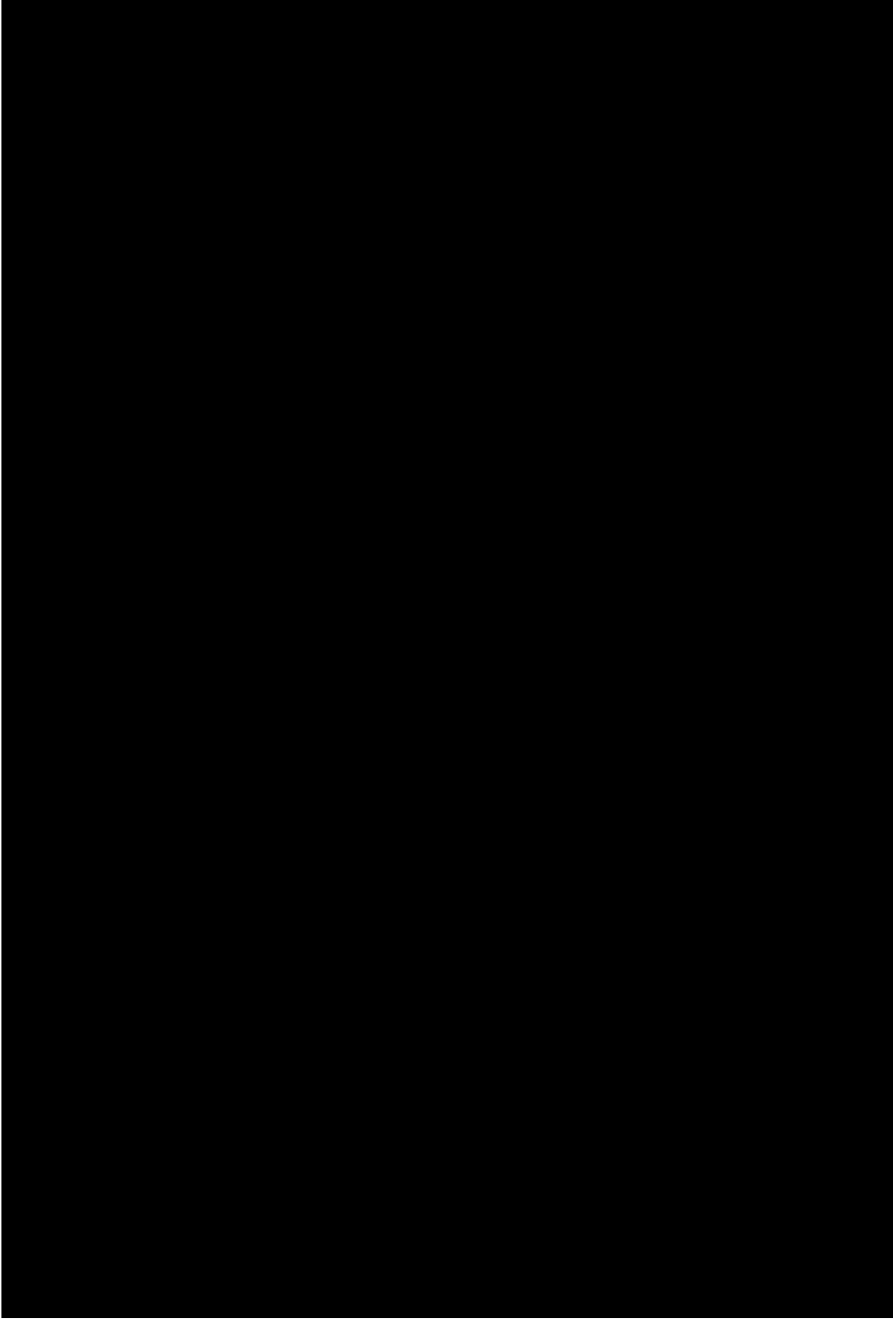
Subject to sub-Rule 9.3 below the Spouse of a Deferred Member who dies before attaining Normal Retirement Date shall receive out of the Fund (but not out of his AVCs) a pension commencing on the Deferred Member's death equal to 1/160th of the Deferred Member's Final Pensionable Earnings at the date of his ceasing to be in Pensionable Service multiplied by his years and months of Pensionable Service completed up to his ceasing to be in Pensionable Service;

PROVIDED ALWAYS if the Deferred Member has exercised any OPTION under Rule 6 of this Appendix other than OPTION 1 then the Spouse's pension payable under this sub-Rule shall be reduced or extinguished accordingly."

APPENDIX 4
INDIVIDUALS ADMITTED TO THE SCHEME UNDER RULE 1.1

Liabs Project Fork 31.03.2013

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

Liabs Project Fork 31.03.2013

ID number

Name

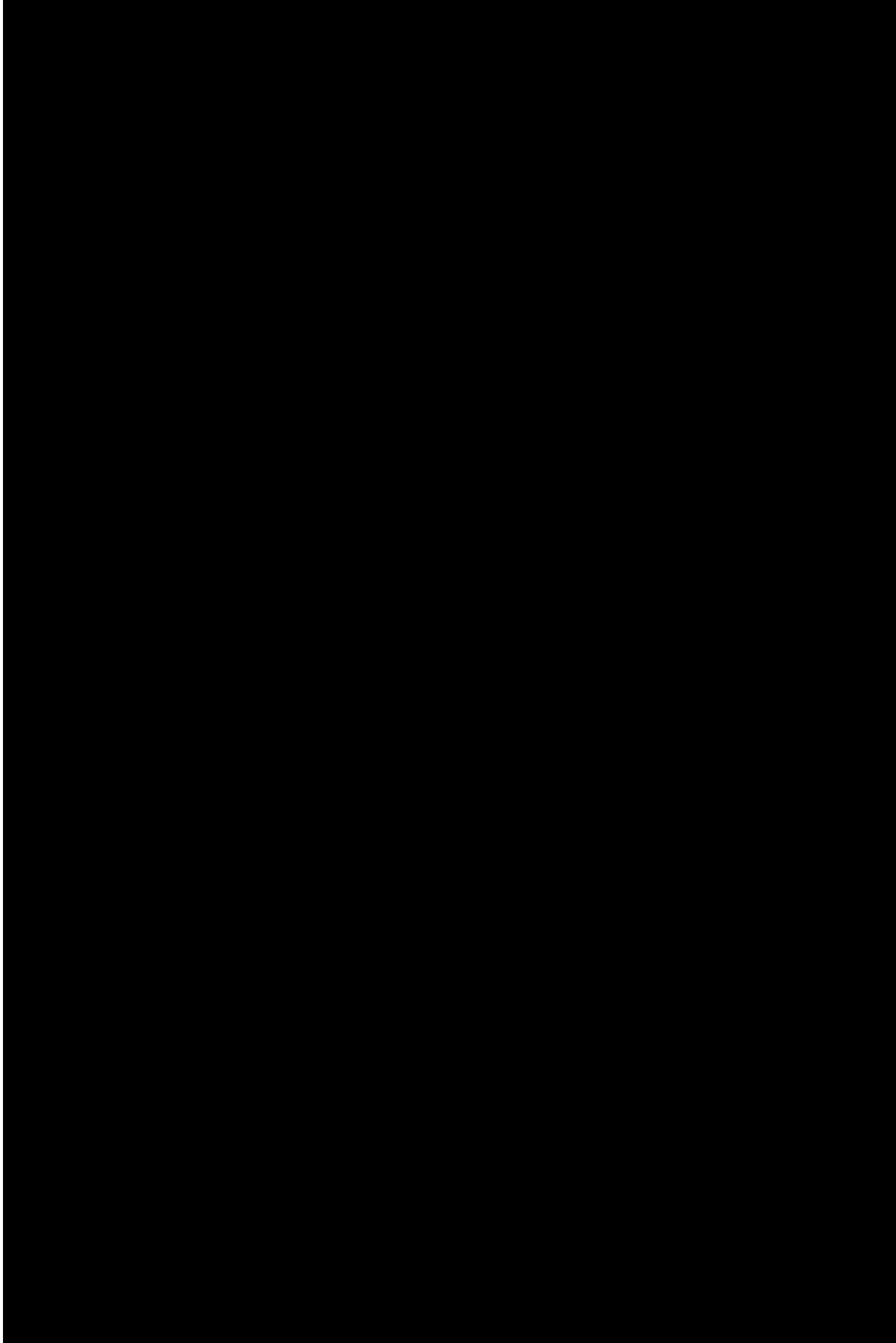
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Company
indicator

Employed
status

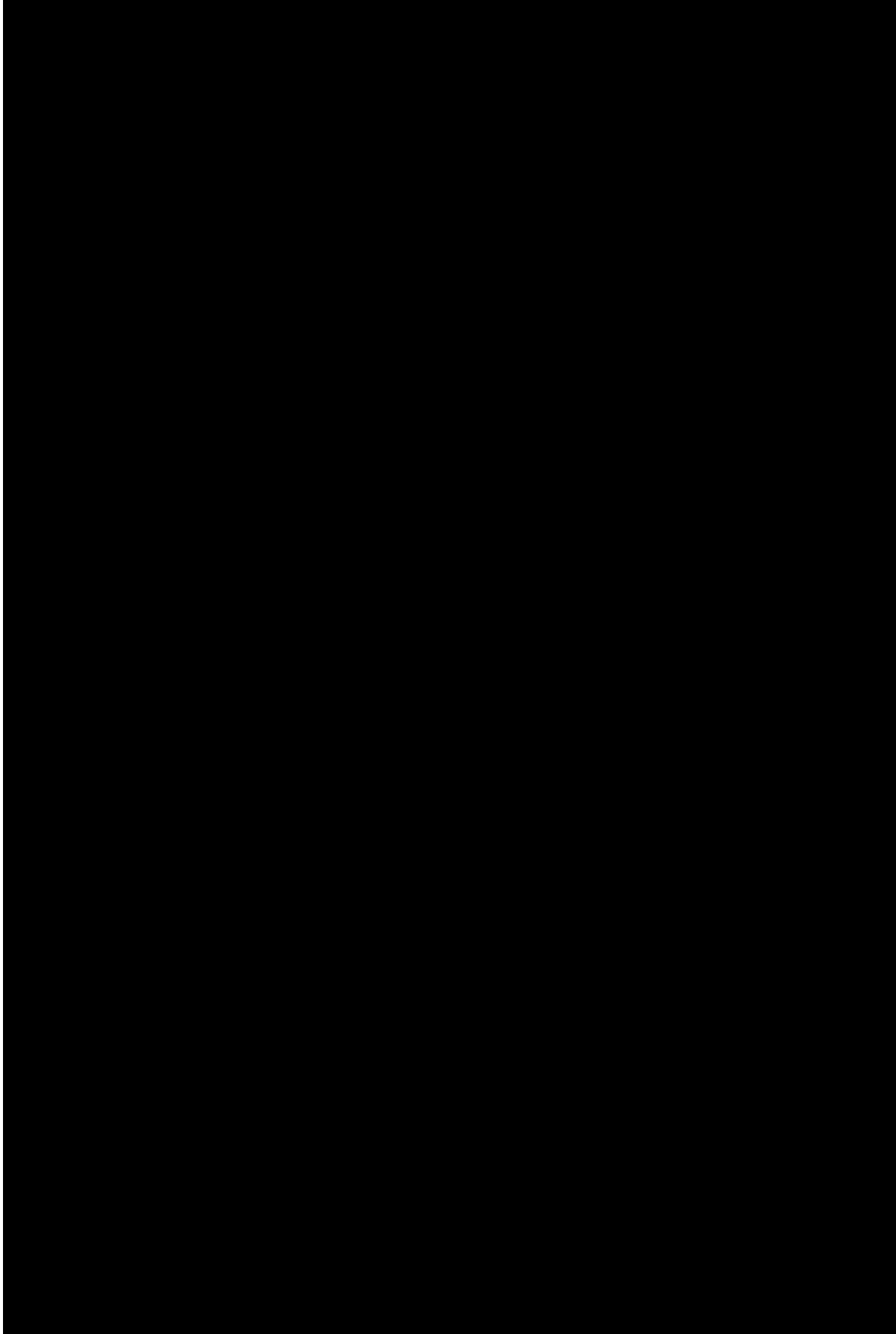
Date of
leaving
scheme

Membership
status



Liabs Project Fork 31.03.2013

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

Liabs Project Fork 31.03.2013 ID number

Name

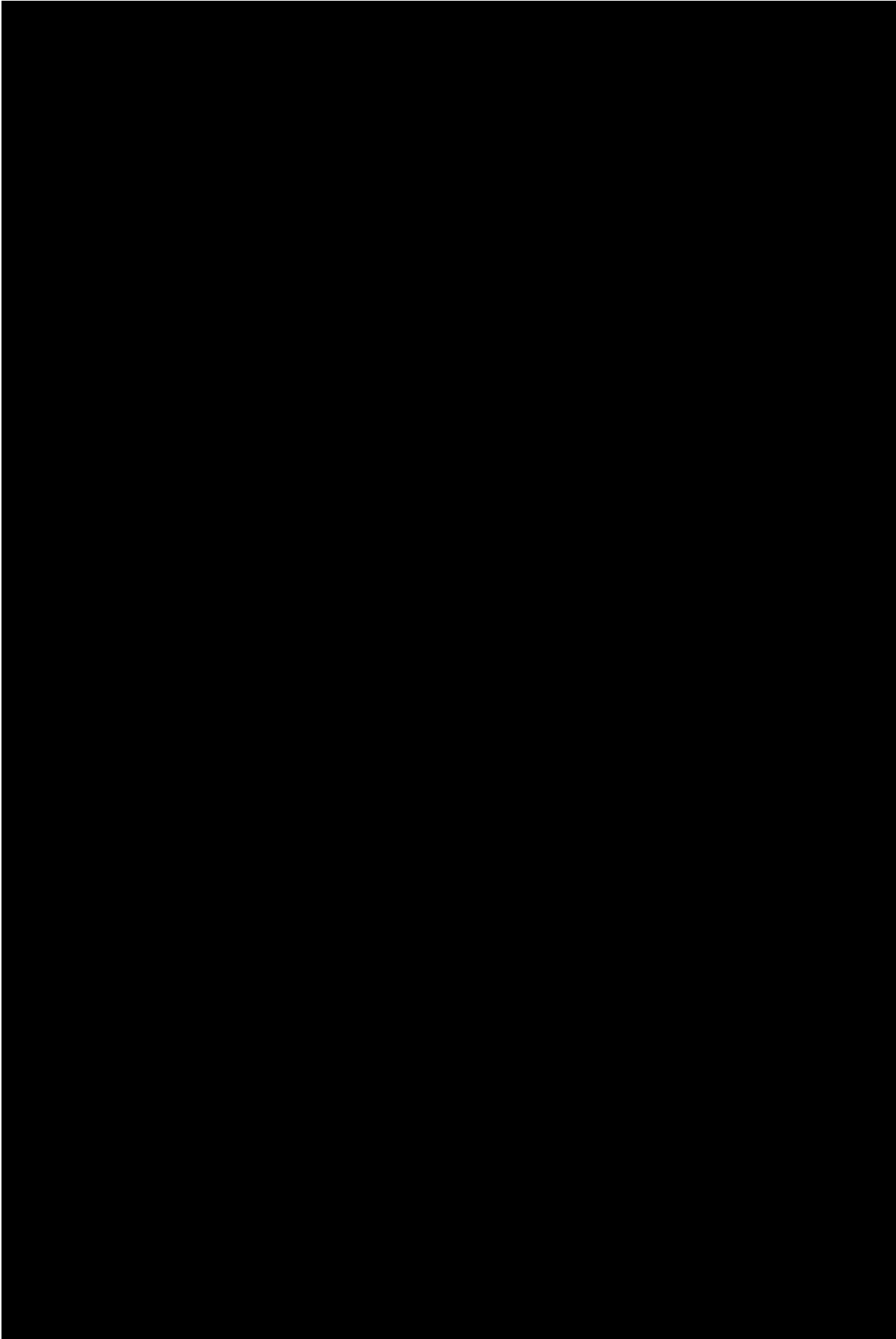
Section

Company indicator

Employed status

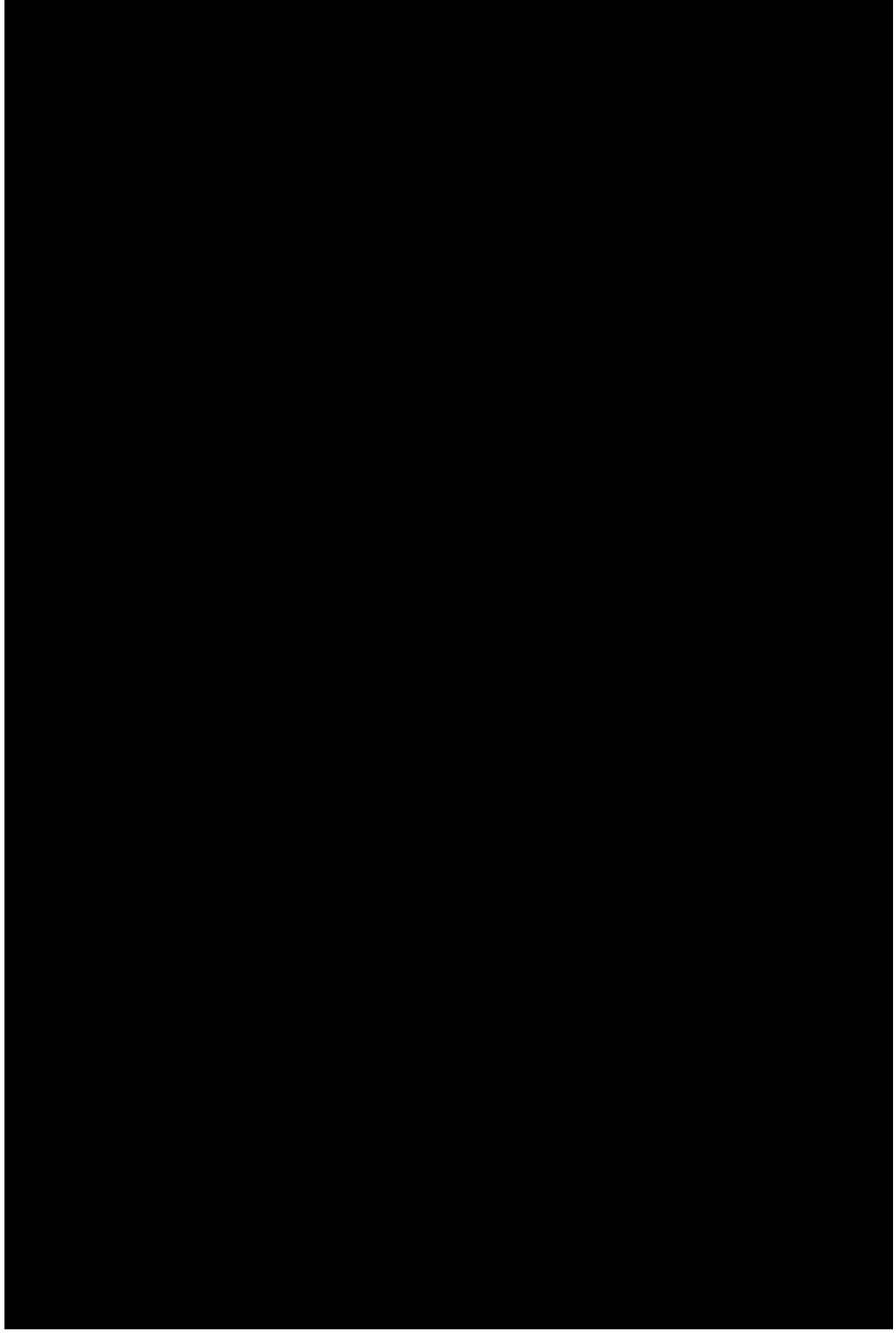
Date of leaving scheme

Membership status



4

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



NINO

Liabs Project Fork 31.03.2013

ID number

Name

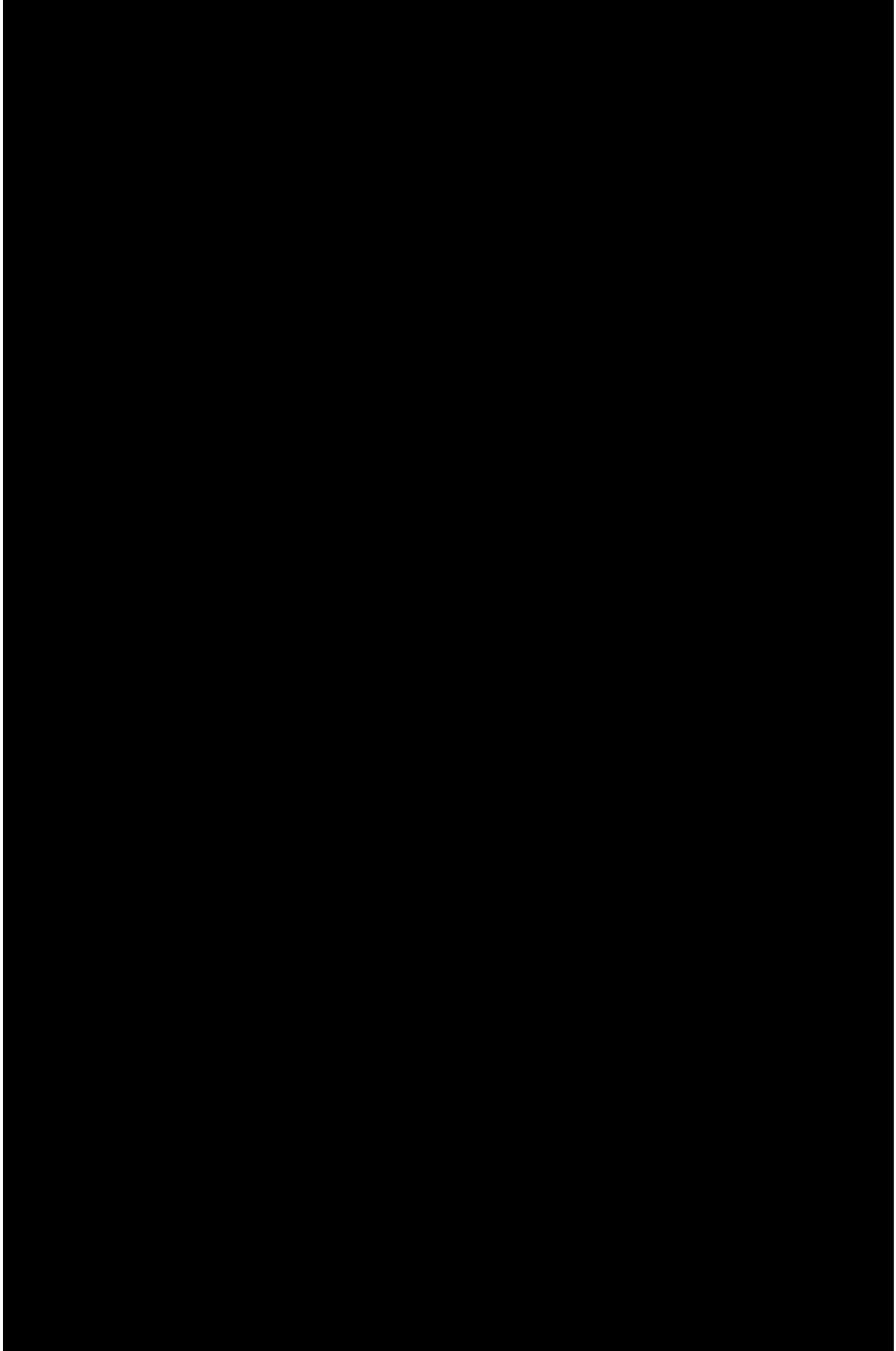
Section

Company
indicator

Employed
status

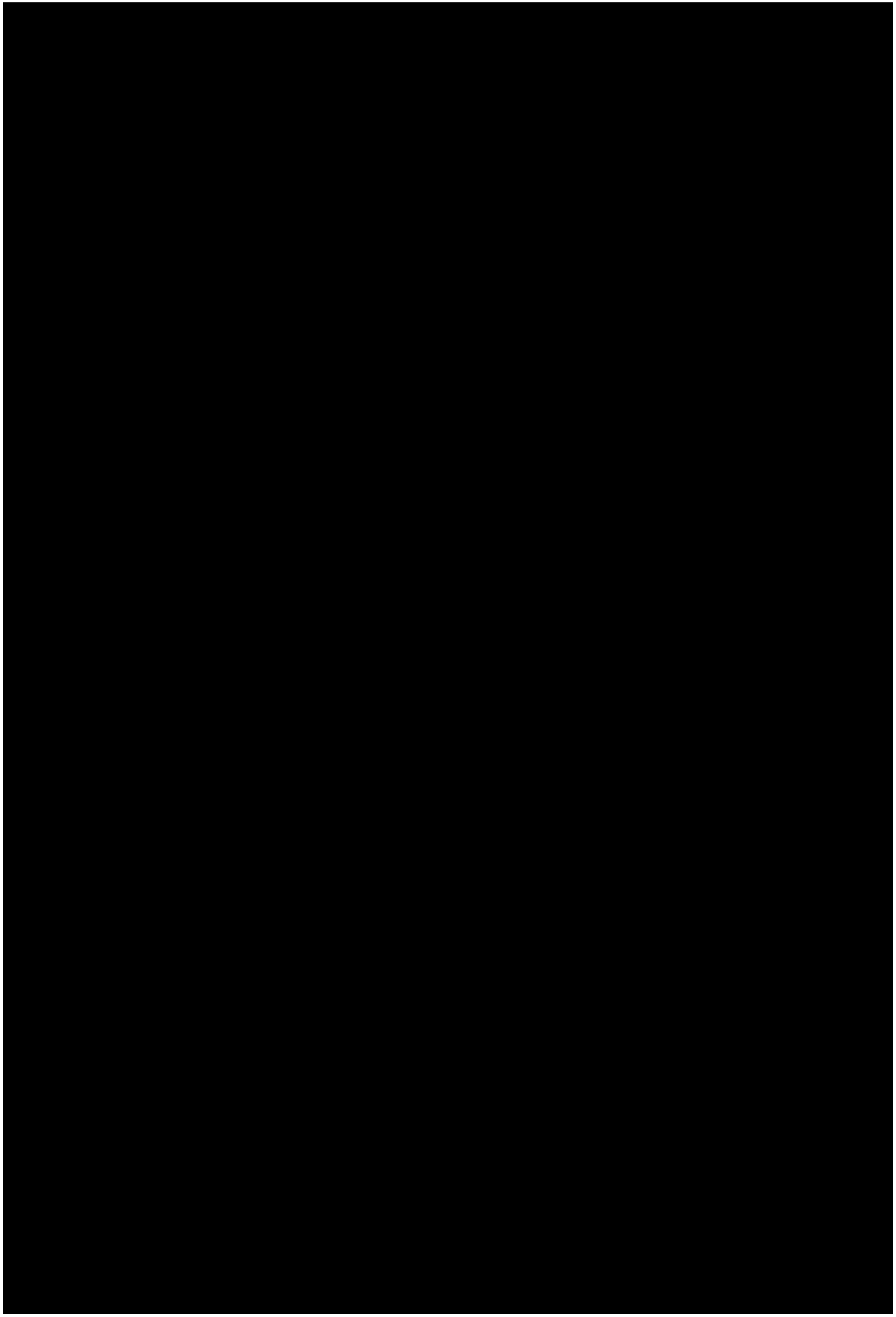
Date of
leaving
scheme

Membership
status



Liabs Project Fork 31.03.2013

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

Liabs Project Fork 31.03.2013

ID number

Name

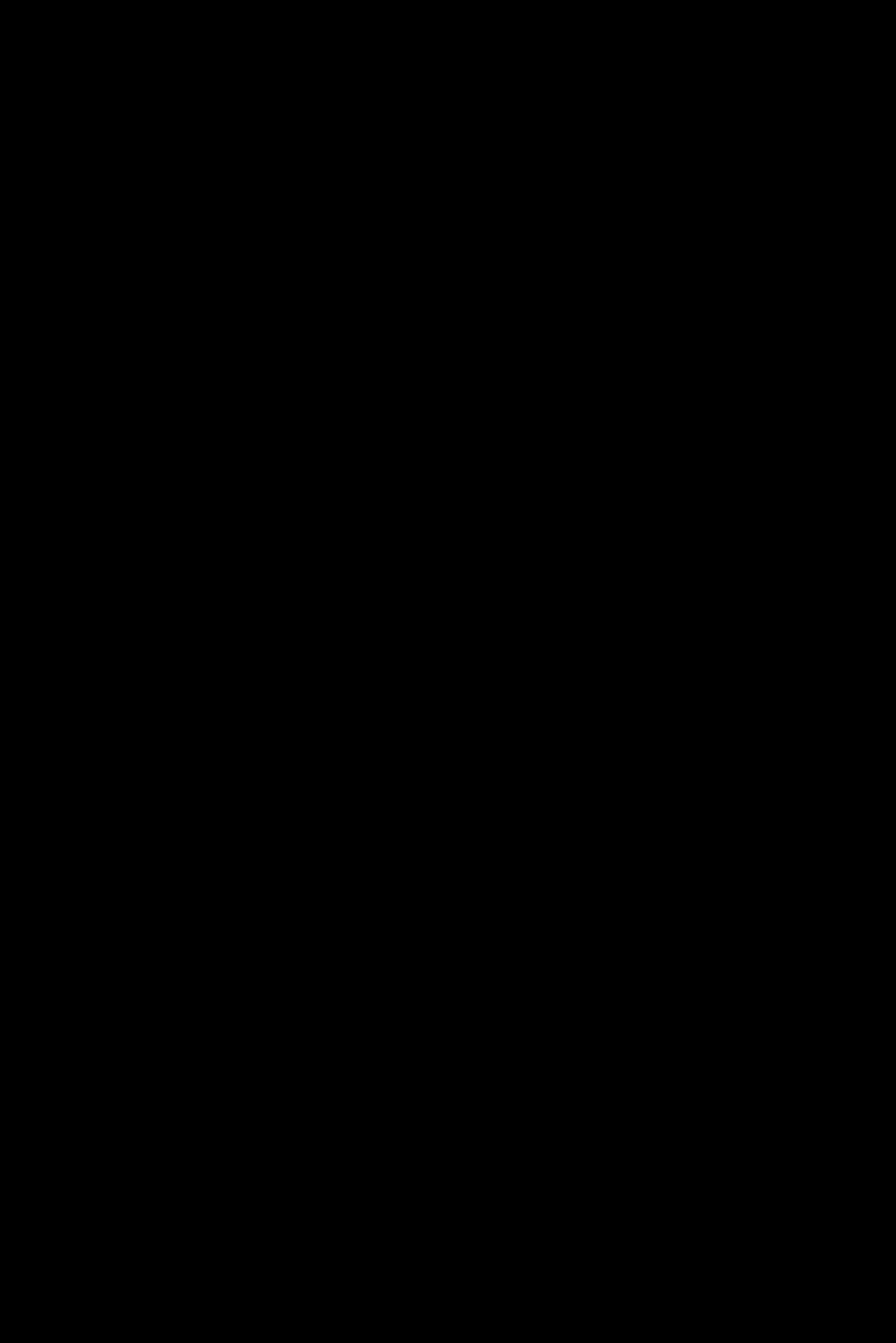
Section

Company
indicator

Employed
status

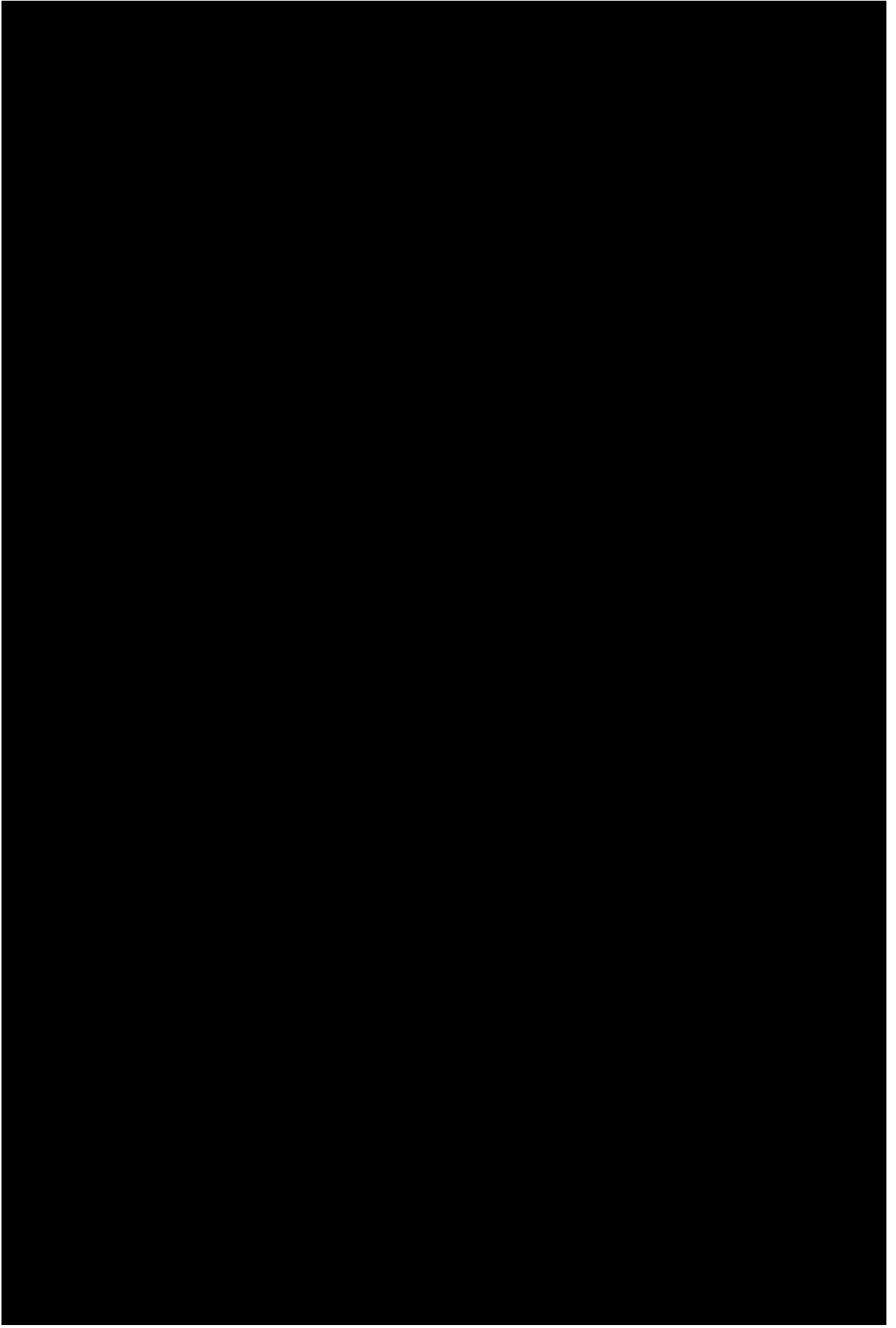
Date of
leaving
scheme

Membership
status



4

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

Liabs Project Fork 31.03.2013

ID number

Name

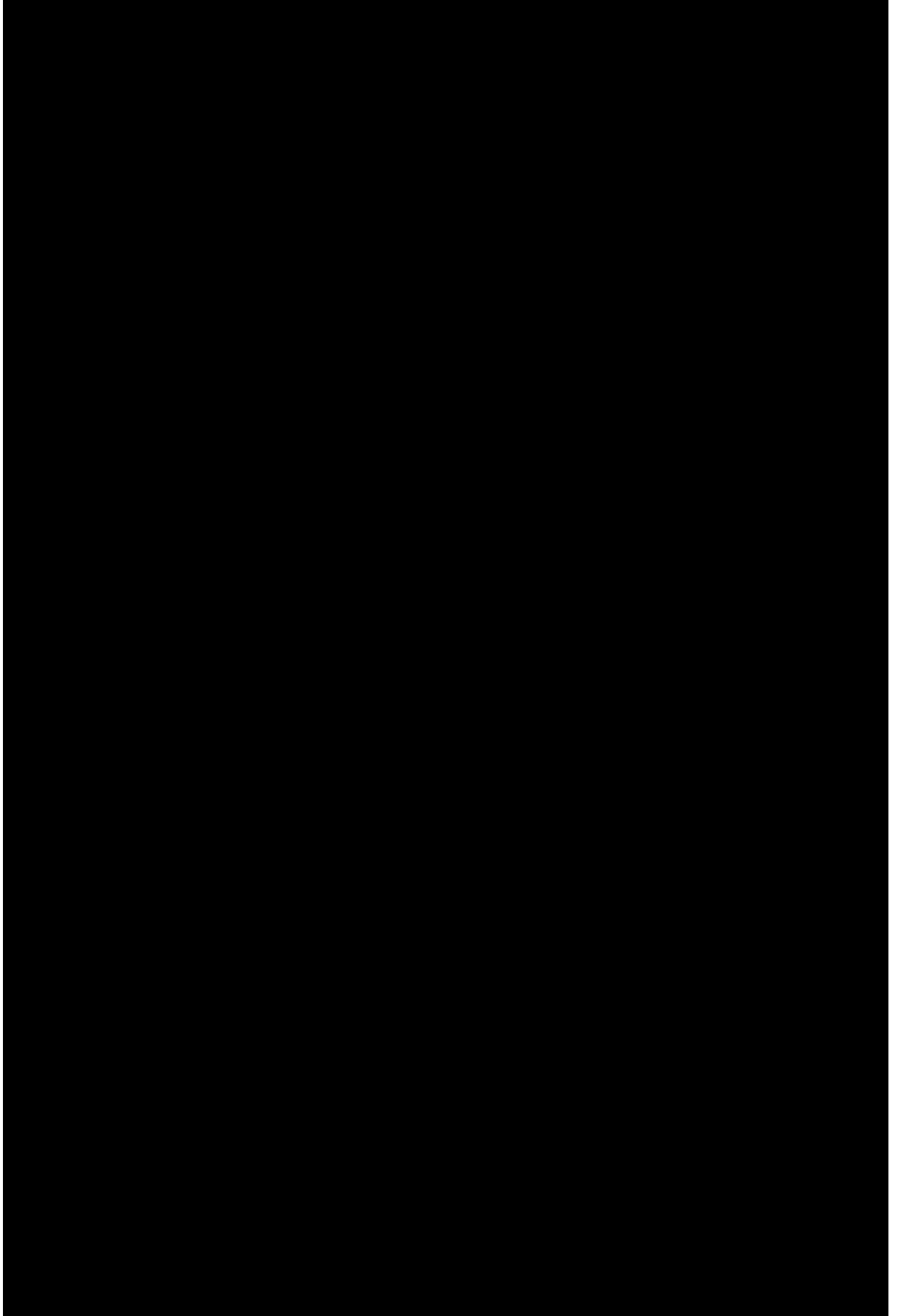
Section

Company
indicator

Employed
status

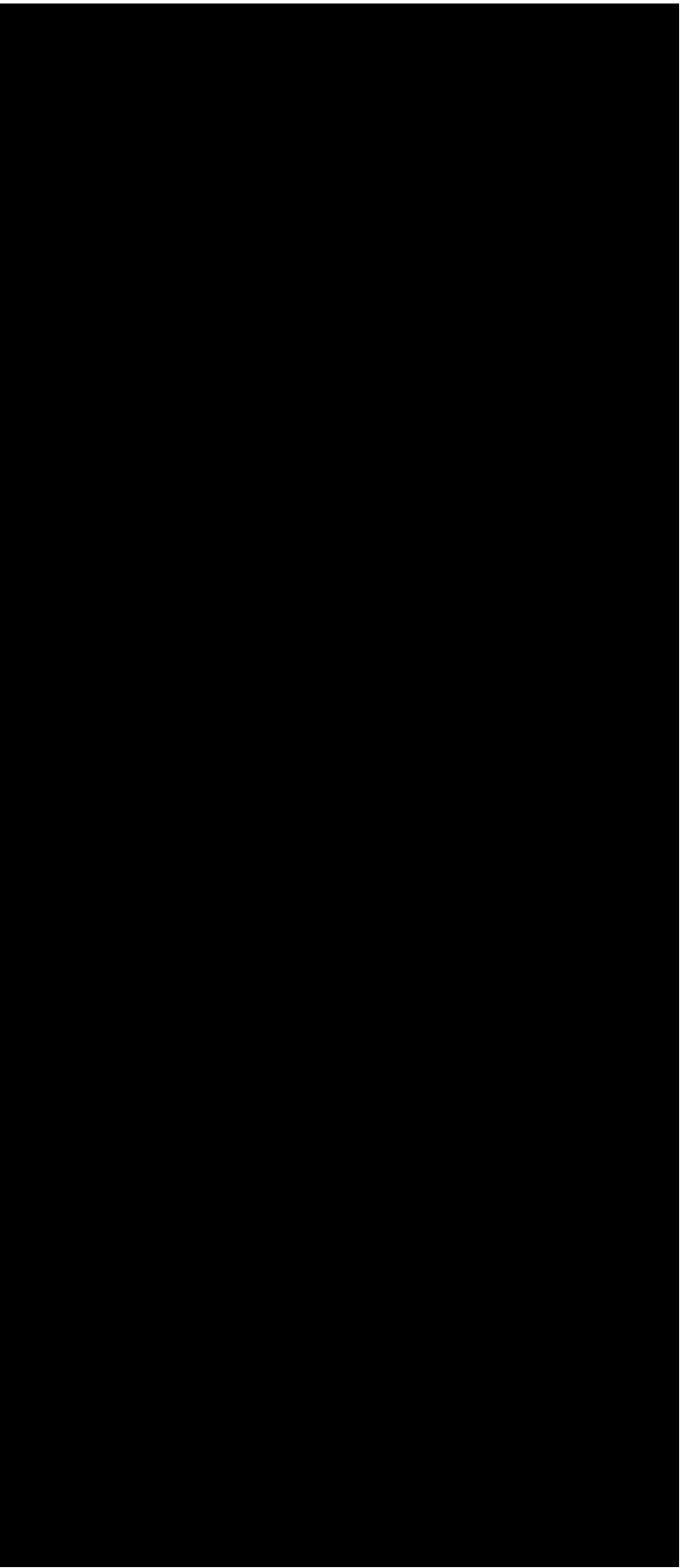
Date of
leaving
scheme

Membership
status



Liabs Project Fork 31.03.2013

NINO	ID number	Name	Section	Company indicator	Employed status	Date of leaving scheme	Membership status
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**SCHEDULE 4
ACTUARY'S CONFIRMATION**

Section 37 Pension Schemes Act 1993 Confirmation

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

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

General

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

Signed

Date 21 June 2013

Name

Alka Shah

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

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