

**P&O Nedlloyd Pension Scheme
Deed to establish the PONL Scheme**



This deed is made on **17** February 2005 between:

- (1) P&O Nedlloyd Limited; and
- (2) PONL Pension Trustee Limited.

Purpose of this deed

- 1 This deed is made to establish the P&O Nedlloyd Pension Scheme (the "PONL Scheme").
- 2 P&O Nedlloyd Limited ("PONL") is the main sponsoring employer of the PONL Scheme.
- 3 PONL Pension Trustee Limited (the "PONL Trustee") is the first trustee of the PONL Scheme.

Purpose of the PONL Scheme

- 4 The PONL Scheme is established under irrevocable trust to provide benefits for:
 - 4.1 certain people who are currently entitled to benefits under the P&O Pension Scheme and for whom it is intended that a transfer of assets should be made to the PONL Scheme; and
 - 4.2 any other people who may be admitted to membership, or for whom the PONL Trustee accepts a transfer of assets, in accordance with the provisions of the PONL Scheme.

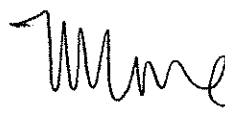

The PONL Scheme to be identical to the P&O Pension Scheme



- 5 The P&O Pension Scheme was established by a Trust Deed dated 1 August 1969, and is currently governed by a Trust Deed and Rules dated 22 March 2000, as amended by Deeds of Variation dated 19 November 2003 and 2 July 2004 (together the "P&O Trust Deed and Rules"). Copies of these Deeds and Rules are attached to this deed.
- 6 PONL and the PONL Trustee have agreed that the provisions of the PONL Scheme should initially be identical to the P&O Trust Deed and Rules, except as described in paragraphs 7 and 8 of this deed. Accordingly, the PONL Scheme shall be governed by the P&O Trust Deed and Rules, so that the P&O Trust Deed and Rules shall determine the powers, duties and responsibilities of the PONL Trustee and PONL (as the Principal Company), and the benefits to be provided under the PONL Scheme.
- 7 For the purpose of applying the provisions of the P&O Pension Scheme to the PONL Scheme, the P&O Trust Deed and Rules will be interpreted as follows:
 - 7.1 references to the Principal Company and The Peninsular and Oriental Steam Navigation Company shall be treated as references to PONL;
 - 7.2 references to the Trustee and P&O Pension Funds Investments Limited shall be treated as references to the PONL Trustee; and
 - 7.3 references to the P&O Pension Scheme shall be treated as references to the PONL Scheme.
- 8 With effect from 1 March 2005, the Scale Contributions required from members of the PONL Scheme under Rule 2.1 (Scale Contributions) shall be increased from 6% to 7% of Pensionable Earnings reduced by 1.5 times the Lower Earnings Limit.

- 9 For the avoidance of doubt, any changes to the P&O Pension Scheme after the date of this deed shall not apply to the PONL Scheme, and the PONL Scheme may be amended in accordance with the power contained in clause 9 of the Trust Deed (amendment).

Transfers from the P&O Pension Scheme

- 10 The reason for establishing the PONL Scheme by adopting the P&O Trust Deed and Rules is to enable the trustee of the P&O Pension Scheme to transfer assets and liabilities to the PONL Scheme in respect of people whose benefits derive from employment with PONL or a company connected with PONL. PONL may direct the PONL Trustee to accept a transfer of assets and liabilities from the P&O Pension Scheme, and to provide benefits for these people on a basis agreed between PONL and the trustee of the P&O Pension Scheme.

{ Executed as a deed by
P&O Nedlloyd Limited
acting by :
Director 
Secretary 

{ Executed as a deed by
PONL Pension Trustee Limited
acting by :
Director 
Secretary 

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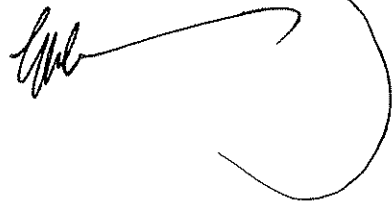
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{ Executed as a deed by
P&O Nedlloyd Limited
acting by :
Director 
Secretary 

{ Executed as a deed by
PONL Pension Trustee Limited
acting by :
Director 
Secretary 

DATED

22 March

2000

THE P&O PENSION SCHEME

TRUST DEED AND RULES

Effective from 1 April 1998

ROWE & MAW
20 Black Friars Lane
London EC4V 6HD
Tel: 0171-248 4282
Fax: 0171-248 2009
Ref: 219/040R/115R

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THE P&O PENSION SCHEME

Trust Deed and Rules

CONTENTS

	Page
TRUST DEED	
1. EFFECT OF THIS DEED AND INTERPRETATION	2
2. EMPLOYERS	2
3. EMPLOYERS' CONTRIBUTIONS	3
4. SPECIAL BENEFITS	4
5. INLAND REVENUE RESTRICTIONS	5
6. INVESTMENTS	5
7. TRUSTEES	7
8. ADMINISTRATION	8
9. AMENDMENT	9
10. SALE OF EMPLOYER OR BUSINESS ETC	10
11. TERMINATION OF SCHEME	13
12. WINDING-UP	14
RULES	
1. ELIGIBILITY AND JOINING	18
2. CONTRIBUTIONS	20
3. SCALE PENSION AND CASH SUPPLEMENT	21
4. RETIREMENT BENEFITS	22
5. LEAVING BENEFITS	25
6. DEATH BENEFITS	26
7. CASH LUMP SUM AND OTHER OPTIONS	30
8. ABSENCES	31
9. PENSION INCREASES	33
10. TRANSFERS-OUT	34
11. CALCULATION OF BENEFITS	36
12. PAYMENT OF BENEFITS	37
13. CONTRACTING-OUT	38
14. EQUIVALENT PENSION BENEFITS	40
15. SERVICE OVERSEAS	41
16. MNOF BENEFITS	41
17. NATIONAL SERVICE	41
18. PART-TIMERS	42

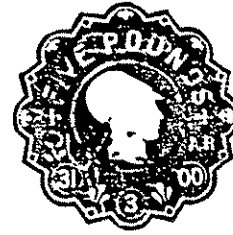
Appendix 1 - Revenue Limits

Appendix 2 – Definitions and interpretation

Schedules 1-30

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

THE P&O PENSION SCHEME



ES
GT
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31/3

DATE: 22 March 2000

MADE BETWEEN:

- (1) THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY a company incorporated by Royal Charter in England and Wales under company number Z73 whose registered office is at 79 Pall Mall, London SW1Y 5EJ ("the Principal Company") and *head [Signature]*
- (2) P&O PENSION FUNDS INVESTMENTS LIMITED a company registered in England and Wales under company number 382817 whose registered office is at Dorland House, 14-16 Regent Street, London SW1Y 4PH ("the Trustee" which expression means the trustees of the Scheme from time to time).

WHEREAS:

A. THE P&O PENSION SCHEME ("the Scheme") was established by a trust deed dated 1 August 1969 ("the Original Trust Deed") the provisions of which were replaced by a Trust Deed dated 18 September 1992 with rules attached ("the Current Trust Deed and Rules") as amended by amending memoranda dated:

- 7 April 1993
- 7 July 1993
- 9 November 1993
- 5 July 1995 (adopting Schedules 1-28)
- 5 July 1995 (adopting Schedules 29 and 30)
- 5 July 1995 (adopting Rules effective from 1991)
- 13 November 1996.

B. By a trust deed dated 19 January 1988, the New Contracted-Out P&O Pension Scheme ("the New Contracted-out Section") was established as a section within the Scheme to provide benefits on a basis which was contracted-out of the State earnings related pension scheme. Rules governing the New Contracted-out Section ("the New Contracted-out Section Rules") were adopted on 7 April 1993. On the same date, it was agreed that the New Contracted-out Section was terminated with effect from 1 April 1993.

C. Clause 9 of the Current Trust Deed authorises the Trustee, with the consent of the Principal Company, to alter or cancel any provision of the Trust Deed or the Rules and to substitute any new provision, and to adopt additional sets of Rules to apply to particular classes of employee.

D. The Trustee and the Principal Company wish to cancel the provisions of the Original Trust Deed as inserted by the Current Trust Deed and Rules and substitute for them

the provisions of this Deed and the Rules (including the Schedules to the Rules) attached to this Deed. The Trustee and the Principal Company also wish to confirm the termination of the New Contracted-out Section.

NOW THIS DEED WITNESSES as follows:

1. EFFECT OF THIS DEED AND INTERPRETATION

The provisions of the Original Trust Deed and Rules are cancelled and are replaced by the provisions of this Trust Deed and the Rules attached ("the Rules") with effect from 1 April 1998. The Rules apply to and in respect of all Active Members on or after 1 April 1998. Benefits payable to and in respect of any Member who has ceased to be an Active Member before 1 April 1998 will not be recalculated on the adoption of the Rules but they will be governed by the Rules from that date onwards in relation to events which happen from 1 April 1998 onwards. Benefits payable to or in respect of a person who has never been a Member will be as determined in accordance with the transfer-in or augmentation powers from which their benefits derive, as further specified in the Schedules to the Rules (if appropriate).

The New Contracted-out Section is terminated with effect from 1 April 1993 and the New Contracted-out Section Rules cease to have effect from the same date.

The definitions of words and expressions used with special meanings are set out in Appendix 2 to this Deed, which also contains provisions as to interpretation.

2. EMPLOYERS

2.1 Participation

Any company or firm can take part in the Scheme if:

- (i) the Principal Company and the Trustee consent; and
- (ii) it is sufficiently associated with the Principal Company so as not to endanger Approval; and
- (iii) it agrees to be bound by the terms of the Scheme, and a deed to that effect is executed by that company or firm and the Trustee.

A company or firm can take part in the Scheme even if it is not resident for tax purposes in the United Kingdom.

A company or firm must cease to take part in the Scheme if its continued participation would endanger Approval - see Clause 10 (sale of Employer or business etc).

2.2 Substitution of new Principal Company

A new company or firm may be substituted as the Principal Company, with the consent of the Principal Company for the time being and the Trustee. In order to become the new Principal Company the company or firm must execute a deed agreeing to take on the powers discretions and obligations of the Principal Company under the Scheme.

The company or firm which was previously the Principal Company will continue to take part in the Scheme so long as it is an Employer.

3. EMPLOYERS' CONTRIBUTIONS

3.1 Contributions

Each Employer must contribute to the Fund in each Scheme Year the amount which the Trustee, after consulting the Actuary and the Principal Company, considers ought (after taking into account the contributions of Members) to be paid in order to provide for the present and future liabilities of the Fund. The Trustee may specify due dates for payment of Employers' contributions and may charge interest or impose penalties for late payment. The Trustee and Employers must comply with the requirements of sections 56 to 58 of the Pensions Act which apply to them respectively including those as to minimum funding, valuation and certification of assets and liabilities, schedules of contributions, unpaid contributions and shortfalls.

If the Trustee augments any benefits under Clause 4 it may require the Employer of the relevant Member(s) to pay an extra contribution or contributions to finance this. The Trustee must consult the Actuary before deciding the amount of the extra contribution(s).

3.2 Reduction or suspension of contributions

Any Employer can reduce or suspend its liability for contributions by giving prior written notice to the Trustee. Members' contributions will not be affected. The notice must state the amount of any reduction, and the effective date and expected duration of the reduction or suspension. The Trustee must then consider whether it is necessary to reduce benefits in respect of any of the Active Members who are at that time employed by that Employer. In doing so it must have regard to the sufficiency of the Fund, the value of the benefits for relevant Members, the value of the part of the Fund which the Actuary certifies as applicable to those Members, and any other circumstances which it considers relevant. The amount of any reduction, and the benefits to be reduced, may be decided on by the Trustee. However the total reduction must not be of a value which is, in the opinion of the Actuary, more than the value of the contributions withheld. If the Trustee decides to reduce benefits it must notify each Member affected, giving details of the reduction. If the Member has died the Trustee must instead notify the person(s) entitled to the benefit.

If an Employer gives notice to suspend or reduce contributions the Trustee may treat the Employer as having given notice to terminate its liability for contributions on such terms as it thinks appropriate. However the effective date of termination must be no earlier than the date of the notice. This power is exercisable by written notice to the Employer.

In the case of the Principal Company, Clause 11 (termination of Scheme) may apply and the Trustee must have regard, before it gives such a notice, to the solvency of the Scheme (having consulted the Actuary) and the likelihood of contributions being resumed by the Principal Company.

3.3 Termination of contributions

Any Employer can terminate its liability for contributions in respect of any one or more of its employees by giving prior written notice to the Trustee, stating the effective date of termination. If the Principal Company gives such a notice in relation to all its employees, at least 12 months' notice must be given, unless the Scheme is to be replaced by a substitute Scheme in which case it must give at least 3 months' notice, and Clause 11 (termination of Scheme) will come into operation. In any other case Clause 10 (sale of Employer or business etc) will apply.

3.4 Default in contributions

If an Employer fails to pay contributions as required by the Trust Deed, the Trustee may treat the Employer as having given notice to reduce, suspend or terminate its liability for contributions on such terms as it thinks appropriate. This power is exercisable by written notice to the Employer. The effective date of termination must be no earlier than the date of the notice.

In the case of the Principal Company, Clause 11 (termination of Scheme) may apply and the Trustee must have regard, before it gives such a notice treating the Principal Company as having terminated its liability for contributions, to the solvency of the Scheme (having consulted the Actuary) and the likelihood of contributions being resumed by the Principal Company.

If a payment by an Employer to the Fund is not made when it becomes due, the Trustee may require the Employer to pay interest on it at a reasonable rate and for all or part of the period of the delay.

4. SPECIAL BENEFITS

4.1 Augmentation

The Trustee has the power, in relation to any particular person or category of persons (whether Members or not):

- (a) to increase or improve any benefit(s) payable or prospectively payable under the Rules;
- (b) to pay any benefit(s) otherwise than under the Rules; and
- (c) to grant benefits which are not provided for in the Rules.

The Trustee may only exercise this power:

- (i) with the consent of the Principal Company; or
- (ii) if the Employer(s) concerned agree to pay additional contributions under Clause 3.1 to finance the additional benefits; and
- (iii) (in either case) in a way which complies with the Preservation Requirements and does not endanger Approval.

If the Principal Company so directs, the Trustee will exercise this power in the manner directed by the Principal Company, but subject to the payment of any additional contributions which the Trustee may require under Clause 3.1.

4.2 Special fund

The Trustee may, if the Principal Company consents, set aside within the Fund a special fund of such amount as it decides (after consulting the Actuary) for a particular person or category of persons (whether Members or not). The Trustee may resolve that only a specific person or persons will benefit from this special fund and/or that they will only benefit from this special fund.

4.3 Special regulations

The Trustee may, with the consent of the Principal Company, and whether or not it sets aside a special fund under Clause 4.2, adopt special regulations to apply to a particular person or category of persons (whether Members or not). The special regulations will override any specified provisions of the Trust Deed and Rules which are inconsistent with them. They can only be amended in the same way as the provisions of the Trust Deed and the Rules. However the Trustee may not adopt special regulations if the benefits to be provided would endanger Approval or breach the Preservation Requirements.

5. INLAND REVENUE RESTRICTIONS

Benefits payable under the Scheme must not be of amounts, or paid on conditions, or in a manner, or in circumstances, which would exceed Revenue Limits or otherwise endanger Approval. The Revenue Limits applying at the date of this Deed are summarised in Appendix 1 to this Deed. The Trustee must observe the terms of any undertaking it has given to the Inland Revenue.

6. INVESTMENTS

6.1 Investment powers

The assets of the Fund will be held in the name of the Trustee or any person(s) as its nominee(s). It may deal with the assets in the Fund as if it was absolutely legally and beneficially entitled to them and may invest in any investments open to the trustees of pension schemes, except that (unless specifically authorised under this Clause 6.1) the Trustee may not lend or borrow, whether on the security of assets of the Fund or otherwise. Without limiting this general authorisation, it is specifically empowered to acquire, dispose of or otherwise deal in or underwrite dealings in any securities or other real or personal property, rights, options, contracts or interests including insurance policies or contracts; to apply any part of the Fund on the security of any of these; to keep cash on deposit with any authority, corporation or person; to keep cash on current account without being liable for any interest foregone; to use any part of the Fund to repair, maintain, demolish, move, store or improve any assets of the Fund; and to insure any assets in the Fund for any amount up to the full replacement value against loss or damage from any risks.

The Trustee may enter into stock lending arrangements (as defined in section 263B of the Taxation of Capital Gains Act 1992) or arrangements for the custody of assets of the Fund on such terms as it sees fit, and will have power to borrow for any purpose connected with or incidental to such arrangements.

The Trustee must comply with the requirements of sections 35 and 36 of the Pensions Act. Section 35 covers the preparation, maintenance and revision of a written statement of the principles governing decisions about investments. Section 36 covers the choosing of investments and the need to obtain proper advice.

The Trustee may appoint one or more investment managers to deal with the whole or any part of the Fund. It may delegate any of its powers and discretions relating to investments (to be exercised with or without its consent) and upon such terms as to remuneration, sub-delegation, reports, resignation and otherwise as it thinks fit. The Trustee must comply with the requirements of sections 34 and 47 of the Pensions Act as to the appointment of the investment manager.

The Trustee may appoint any person or persons as custodian of assets of the Fund on such terms (including terms providing for sub-delegation) as the Trustees may think fit. The Trustee may arrange, or allow a custodian or its delegate to arrange, for assets of the Fund to be registered in the name of any nominee.

The Trustee may arrange for the whole or part of the Fund to be pooled for investment purposes with assets of other pension Schemes. The Trustee may set up such arrangements on whatever terms it thinks fit, as long as the Principal Company consents and Approval is not endangered.

6.2 Restrictions on Employer-related investments

The Trustee does not have power to invest any assets of the Fund in:

- (1) shares or other securities issued by any of the Employers or by any person who is connected with, or an associate of, the Employers;
- (2) land which is occupied or used by, or subject to a lease in favour of, any of the Employers or any such person;
- (3) property (other than land) which is used for the purposes of any business carried on by any of the Employers or any such person;
- (4) loans to any of the Employers or any such person;

or any other "employer-related investment" as defined for the purposes of section 40 of the Pensions Act.

7. TRUSTEES

7.1 Appointment and removal of Trustees

The Trustee or Trustees from time to time have the statutory power to appoint new or additional Trustees. A person must not be appointed as a Trustee if prohibited or disqualified from acting as such under sections 3 or 29 of the Pensions Act.

7.2 Exclusion of liability

No Trustee, and no director or secretary of a corporate Trustee, will be personally liable for any breach of trust unless it is fraudulent on the part of that person.

7.3 Indemnity

The Principal Company will indemnify each Trustee against any costs, claims, damages, losses or expenses incurred in connection with the Scheme, to the extent that such person is unable or prevented by law from meeting them out of the Fund, whether they relate to that person's own act or omission, or that of any other Trustee or any secretary, agent or delegate lawfully appointed by the Trustee. However, the indemnity will not apply where the loss was caused by breach of trust knowingly and intentionally committed by that Trustee. This Clause applies to an officer or director of a corporate Trustee as if that person were a Trustee.

7.4 Trustees' interests

No action or decision of the Trustee will be invalidated, nor will any Trustee have any liability, just because he or she is entitled to benefits or has any other direct or indirect personal interest.

A Trustee is entitled to receive any benefits from the Scheme payable in accordance with the Trust Deed and the Rules even though he or she is a Trustee or was a party to a decision or exercise of a discretion which gives rise to that benefit, provided he or she has not acted in bad faith. The Trustee will not be accountable for any such benefit.

This Clause applies to directors and officers of a corporate Trustee as if they were Trustees. It also applies to former Trustees and former directors and officers of a corporate Trustee as if they were Trustees.

7.5 Delegation

The Trustee may appoint agents and delegate to any person or persons, whether or not a Trustee, any of its powers duties and discretions other than the power to amend the Trust Deed and Rules under Clause 9 below. The delegation may be on any terms the Trustee thinks fit, including as to sub-delegation, and the Trustee is not required to supervise any delegate. A receipt given to an agent or delegate has the same effect as if it were given to the Trustee.

7.6 Remuneration

A corporate Trustee may remunerate any of its directors or officers out of the Fund at reasonable rates for work done by them in relation to the Scheme, on a basis decided upon by the Trustee.

8. ADMINISTRATION

8.1 Proceedings of Trustee

The Trustee will conduct meetings and regulate its business in accordance with its Articles of Association.

8.2 Expenses

The Trustee may incur any reasonable costs and expenses in connection with the investment and administration of the Scheme.

Expenses will normally be payable by the Trustee out of the Fund, but may be paid by the Employers, and must be paid by the Employers to the extent that the Fund is not sufficient to pay them. The Trustee may reimburse an Employer out of the Fund for all or part of any expenses paid by that Employer.

8.3 Appointment of Actuary and Actuarial Valuations

The Actuary to the Scheme from time to time is appointed by the Trustee. The Actuary must not be a Trustee or a person connected with, or an associate of a Trustee except as permitted under section 27 of the Pensions Act. The Trustee must arrange for the Actuary to carry out a valuation of the assets and liabilities of the Fund in a manner complying with the Minimum Funding Regulations.

The Trustee will appoint an individual actuary (being a Fellow of the Institute of Actuaries or of the Faculty of Actuaries) in accordance with section 47 of the Pensions Act ("the scheme actuary"). Notwithstanding anything else in the Trust Deed and in the Rules, the scheme actuary will perform the tasks required of the actuary under that Act and such other tasks as may be agreed by the Trustee. Where the Trustee has appointed a company or firm to act as Actuary then the scheme actuary must be a partner in, director of, or a person employed by that firm or company who is approved by the Trustee.

8.4 Accounts

The Trustee must ensure that proper accounts are kept, and are audited as at the end of each Scheme Year by an accountant or a firm of accountants appointed by the Trustee. The accountant or firm must be qualified to be an auditor under the Scheme Administration Regulations and may not be a person who is a Trustee or employed by an Employer or disqualified from being appointed by virtue of section 47 of the Pensions Act. The audited accounts must comply with the Audited Accounts Regulations.

8.5 Records

The Trustee must also keep records of any details of the Members, benefits paid and any other matters which are necessary or helpful to the efficient working of the Scheme in a manner complying with regulation 12 of the Scheme Administration Regulations.

8.6 Annual reports and benefit statements

The Trustee must prepare annual reports and issue benefit statements in accordance with the Disclosure Requirements and generally comply with those Requirements. A Member is entitled to inspect a copy of the Trust Deed and Rules so far as they apply to that Member, including any Schedule which applies to that Member. The Trustee is not required to disclose to a person or body information that is not relevant to that person or body, within the meaning of the Disclosure Requirements.

8.7 Disputes

The Trustee has the power to decide any dispute or question which arises as to the meaning of any provision of the Scheme, or the way in which the provisions of the Scheme are carried out. The only exception to this is where the Trust Deed or the Rules state that the matter is one to be decided by someone other than the Trustee.

If the Trustee is satisfied that there is an error in the provisions of the Trust Deed or the Rules, and the Principal Company agrees, the Trustee and the Principal Company are required to correct the provision by deed duly executed by the Trustee and the Principal Company.

8.8 Notices etc

Notices to be given to the Trustee under the Trust Deed or the Rules may be given to the Secretary at the registered office of the Trustee from time to time. Where the consent or agreement of an Employer is required, the Trustee may accept that such consent has been validly given (in the absence of notice to the contrary) if it is confirmed in writing by a director of, or the secretary to, the Employer.

9. AMENDMENT

The Trustee has power, with the consent of the Principal Company, by deed duly executed by the Trustee and the Principal Company

- (1) to make or adopt additional sets of Rules to apply to particular classes of employee, and
- (2) to alter or cancel any provision of the Trust Deed or the Rules and, if thought fit, to substitute any new provision, and in particular to alter the Rules by increasing the rate of any future contributions payable by the Members,

but no such adoption, alteration, cancellation, substitution or increase shall be effective unless either (i) it would not prejudice Approval or (ii) the Trustee determines, with

consent given by or on behalf of the Inland Revenue, that the Scheme should continue without Approval.

The power of amendment is subject to the restrictions contained in section 67 of the Pensions Act. The Trustee has such powers to modify the Scheme as are provided in section 68 of the Pensions Act.

If the State system of pensions is in any way revised, modified or extended and such revision, modification or extension is applicable to any or all of the persons entitled to benefits under the Rules, then the Principal Company may, after consultation with the Actuary, require the Trustee to make alterations in the Rules (including any alteration decreasing pensions or other benefits payable or to become payable under the Rules) in order to take account of the additional benefits thereby conferred upon the Members, but not so as to prejudice Approval.

10. SALE OF EMPLOYER OR BUSINESS ETC

10.1 Termination Date

The circumstances in which this Clause 10 will apply, and the Termination Date in each case, are described below.

- (1) If an Employer ceases to be associated with the Principal Company to the satisfaction of the Inland Revenue or, for any other reason, indefinite participation of the Employer in the Scheme would endanger Approval, termination must take place within a period acceptable to the Inland Revenue (normally up to 2 years). The Termination Date will be the date which is (a) agreed between the Trustee, the Principal Company and the Employer, or failing such agreement (b) specified in a prior written notice from the Trustee to the Employer, or in the absence of such notice (c) the last day of the period allowed by the Inland Revenue.
- (2) If an Employer other than the Principal Company gives (or is treated under Clause 3 as having given) notice to terminate its liability for contributions to the Scheme in respect of some or all of its employees under Clause 3, or the Principal Company gives such a notice in respect of an Employer, the Termination Date is the date with effect from which the contributions ceased or such later date as the Trustee decides.
- (3) If an Employer other than the Principal Company enters into liquidation the Termination Date will be the date on which it did so.
- (4) If the Principal Company gives (or is treated under Clause 3 as having given) notice to terminate contributions to the Scheme under Clause 3 in respect of some but not all of its employees, the Termination Date will be the date with effect from which the contributions ceased or such later date as the Trustee decides.

An Employer's liability (whether to contribute, pay expenses, indemnify or otherwise) will not terminate in respect of amounts due, expenses incurred or claims made on or

before the Termination Date. Interest may continue to accrue under Clause 3.4 despite termination.

10.2 Identified Beneficiaries

The Trustee must identify the following persons (called "the Identified Beneficiaries") and ensure that, so far as is reasonably practicable, they are notified that there is a termination which applies to them:

- (a) Active Members in relation to the relevant Employer(s) on the Termination Date (excluding "transferred members" and those for whom the Employer's liability is not terminated)
- (b) at the discretion of the Trustee, any one or more of:
 - (i) the "relevant pensioners and deferred pensioners" and
 - (ii) the "relevant dependants".

For the purpose of this Clause:

"transferred members" means Active Members who are, immediately after the Termination Date, employed by another Employer whose liability for them is not terminated;

"relevant pensioners and deferred pensioners" means Members who are not Active Members but are living on the Termination Date for whom, in the opinion of the Trustee, the Employer's liability would have terminated had they still been Active Members, and

"relevant dependants" means persons entitled to receive benefits as a result of the membership of Members who had died but who, in the opinion of the Trustee, would have been Identified Beneficiaries had they still been living on the Termination Date.

10.3 Separate Fund

The Trustee must set aside a separate fund ("the Separate Fund") of the amount which it decides, having consulted the Actuary, is appropriate. This amount must normally be at least equal to the Basic Entitlements but not be more than the Share of Fund (these phrases are defined below). The only exceptions to this are as follows:

- (i) if the Share of Fund is less than the Basic Entitlements but more than the Priority Benefits (defined below), the Separate Fund must be equal to the Share of Fund, and
- (ii) if the Share of Fund is less than the Priority Benefits, the Separate Fund must be equal to the Priority Benefits.

"Basic Entitlements" means the amount equal to the value of the benefits payable or prospectively payable under the Rules to or in respect of the Identified Beneficiaries.

For this purpose any Identified Beneficiary who was in Service on the Termination Date will be treated as having left Service on that date entitled to a deferred pension (ignoring any right that person might have to a refund of contributions).

“Share of Fund” is the amount which the Actuary certifies to relate to the Identified Beneficiaries.

“Priority Benefits” means the amount which the Actuary certifies is required to provide the benefits mentioned in priorities (1) and (2) in Clause 12.1.

The Separate Fund will include AVCs on the basis set out in Clause 12.5 if appropriate.

The Trustee may set aside the Separate Fund at any time after the event giving rise to the application of this Clause. It may do so before, on, or as soon as reasonably practicable after, the Termination Date. It must add to or deduct from the Separate Fund whatever proportion it considers appropriate of any amounts paid or received after the setting aside of the Separate Fund in respect of Identified Beneficiaries.

Once the Separate Fund has been set aside, the Identified Beneficiaries will not be entitled to benefits from any other part of the Fund in respect of periods of Active Membership before the Termination Date.

10.4 Notional allocation

When setting up a Separate Fund as part of the Fund, it is not necessary to allocate particular assets to it. Instead, the Scheme’s accounts may record the value of the Separate Fund and all payments, receipts and other transactions affecting that value. If particular assets are allocated to the Separate Fund, that must also be recorded in the accounts and all receipts from and expenditure relating to those assets must be added to or paid from the Separate Fund. The Trustee shall increase (or reduce) the value of any part of the Separate Fund which is not represented by assets allocated to it as it thinks fit. This may be by addition of interest or by additions or deductions reflecting the investment performance of all or any part of the Fund.

10.5 Employer’s discretions

This Clause applies if an Employer’s liability to contribute is terminated in respect of all its employees.

As from the Termination Date any powers or discretions of the relevant Employer relating to benefits payable for the Members which it has employed who are not Identified Beneficiaries will be exercised by any other Employer which employs them, and failing this by the Principal Company. The Employer will not be entitled, unless the Principal Company consents, to benefit from any payment out of the Scheme on the subsequent termination of liability of any other Employer.

10.6 Winding-up

The Trustee must then wind up or deal with the Separate Fund in accordance with Clause 12 as if the Separate Fund were the “Fund”.

11. TERMINATION OF SCHEME

11.1 Causes

The Scheme will terminate if the Principal Company goes into liquidation, or gives notice (or is treated under Clause 3 as having given notice) to terminate contributions to the Scheme under Clause 3 in respect of all its employees. The perpetuity period for this trust is 80 years from 1 August 1969 and the Scheme will automatically terminate at the end of this period unless the rule of law known as the rule against perpetuities does not then apply to the Scheme.

11.2 Termination Date

If the Principal Company is in liquidation, the Termination Date will be the date on which the Principal Company entered into liquidation. Otherwise it will be the date stated in the notice given or treated as being given by the Principal Company as the effective date of termination of liability. If the Scheme terminates because of the application of the rule against perpetuities, the Termination Date will be such date as the Trustee determines.

11.3 Termination of liability

The liability of every other Employer will terminate at the same time as the liability of the Principal Company. An Employer's liability (to contribute, pay expenses, indemnify or otherwise) will not terminate in respect of amounts due, expenses incurred or claims made on or before the Termination Date. Interest may continue to accrue under Clause 3.4 despite termination.

11.4 Interim period

There will be an interim period of one month before the termination crystallises, starting from the Termination Date. One or more Employers can prevent the Scheme from terminating in respect of their employees by giving written notice to the Trustee within that month that they wish the Scheme to continue in relation to their employees, but only if the company or firm which is the Principal Company is replaced under Clause 2.2 within that month. In such a case any Employer (including the Principal Company) whose liability to contribute has terminated will be treated as having ceased to participate under Clause 10. The Trustee may not wind up the Scheme until this period of one month has expired, unless it is reasonably satisfied that the termination of the Scheme will not be so prevented.

11.5 Notification

If the Scheme is to terminate the Trustee must give notice of this fact to all Members living immediately after the Termination Date and to all persons entitled to receive benefits as a result of the membership of Members who died on or before the Termination Date ("the Identified Beneficiaries"). This notice should be given as soon as reasonably practicable after the event giving rise to the termination.

11.6 Winding-up

If the Scheme is to terminate, the Trustee must wind up the Fund under Clause 12 with effect from the Termination Date.

12. WINDING-UP

12.1 Priorities

The Trustee must pay out of the Fund all costs, charges and expenses relating to the Fund or the Identified Beneficiaries which are not paid by the Employers. It must then make provision out of the Fund for benefits in the following order of priorities:

- Priority (1)**
- (a) guaranteed minimum pensions, accrued rights to guaranteed minimum pensions and state scheme premiums (which expressions have the same meaning as in the Pension Schemes Act), and
 - (b) equivalent pension benefits for the purposes of Part III of the National Insurance Act 1965 to which any person is entitled or contingently entitled under the Scheme
- Priority (2)**
- (a) pensions and other benefits under the Scheme in respect of which entitlement to payment has already arisen, to the extent that they are not already provided for, and
 - (b) any benefits contingently payable under the Scheme on the death of any person who has already become entitled to payment of pension or other benefits under the Scheme, to the extent that they are not already provided for;
- Priority (3)** to the extent that these are not included in the entitlements mentioned in (1) and (2) above, annual increases to pensions under the Scheme (excluding guaranteed minimum pensions within the meaning of the Pension Schemes Act) in respect of which entitlement to payment has already arisen, by the lesser of the increase in the Retail Prices Index and 5% per annum since the previous increase in that pension was made;
- Priority (4)** benefits (vested or contingent) for persons contingently entitled to benefits out of the Fund which are not already provided for. Every such benefit or the provision to be made for the benefit will be of such amount as the Actuary certifies on the basis that:
- (a) every Active Member on the Termination Date shall be treated as having ceased to be an Active Member on that date
 - (b) annual increases are to be made to every such pension benefit (excluding guaranteed minimum pensions within the meaning of the Pension Schemes Act), whether immediate or deferred, by the lesser of the increase in the Retail Prices Index and 5% per

annum since the previous increase in that pension benefit was made, or by any greater rate required by the Rules or by law.

If the Fund is insufficient to provide all these benefits in full, the Trustee will abate all or any of them as it considers equitable after consulting the Actuary. However, it cannot reduce any of the benefits in one priority until it has reduced the benefits in each later priority to nil.

12.2 Augmentation

After provision has been made for all the benefits in priorities (1) (2), (3) and (4) of Clause 12.1 the Trustee shall use any balance of the Fund to augment all or any of those benefits and/or to provide any other relevant benefits (within the meaning of section 612 of the Taxes Act) for or in respect of Members who are Identified Beneficiaries (or would be Identified Beneficiaries if they were still living) so that, as far as possible, any balance of the Fund remaining is exhausted. It may exercise this power as it thinks fit but it must consult the Actuary and the benefits payable must not exceed the Revenue Limits.

If the Company is in liquidation, receivership or administration or is dissolved, and the Fund is not otherwise exhausted, the Trustee may provide relevant benefits as above to any other persons it thinks fit (provided Approval is not prejudiced).

12.3 Surplus

If the Scheme has been terminated under Clause 11, any surplus balance of the Fund which remains after providing the benefits in Clauses 12.1 and 12.2 will, subject to the requirements of section 76 of the Pensions Act, be paid to the Employers in such shares as the Trustee, after consulting the Actuary, thinks appropriate. If the termination is a partial termination under Clause 10, such a surplus will be retained for the general purposes of the Fund.

12.4 Provision of benefits

The Trustee may provide benefits from the Fund under this Clause 12 in of the following ways:

- (a) by making transfer payments on an individual basis under the appropriate Rule;
- (b) if in the Fund there are insurance policies, by making arrangements in connection with such policies to secure payment of the benefits;
- (c) by paying state scheme premiums in accordance with the Pension Schemes Act;
- (d) by continuing to run the Fund as a closed fund and paying out benefits in accordance with the Rules in which case:
 - (i) the Trust Deed will continue to apply in relation to the closed fund (except that the Employers will have no liability in relation to it);
 - (ii) no new Members may be admitted to the closed fund;

- (iii) the Trustee may make regulations governing the operation of the closed fund which override the Trust Deed and the Rules, and
- (iv) the closed fund will be wound up as nearly as possible accordance with this Clause 12 at any date which the Trustee decides, but not later than the expiry of the perpetuity period stated at the beginning of Clause 11.

This Clause 12.4 is subject to section 38 of the Pensions Act, under which the Trustee has power to defer winding-up while closing the Scheme to new Members.

12.5 AVCs

If assets relating to additional voluntary contributions form a separate and identifiable part of the Fund, and benefits attributable to such contributions are calculated on a money purchase basis, Clauses 12.1 and 12.2 will apply to such assets and to the benefits attributable to such contributions on the basis that those assets can be used to provide only those benefits.

12.6 Internal transfers

In the case of a partial termination under Clause 10, the Trustee may transfer from the Separate Fund to the remainder of the Fund (or to any other Separate Fund, including one set up by the Trustee for this purpose) an amount or assets of such value as it, after consulting the Actuary, thinks appropriate so that benefits which would otherwise be provided from the Separate Fund shall instead be provided from the remainder of the Fund (or from the other Separate Fund to which the transfer was made).

12.7 Block transfers

The Trustee may transfer the whole or part of the Fund to another pension scheme as follows:

- (1) The transfer will be made instead of applying Clause 12.1 to 12.5 (except that the Trustee may pay expenses etc out of the Fund as mentioned at the beginning of Clause 12.1) but after any application of Clause 12.6;
- (2) The other scheme must be one which all or some of the Identified Beneficiaries have joined as members and which accepts the liability to pay all guaranteed minimum pensions of Identified Beneficiaries;
- (3) The transfer must comply with the appropriate Rule relating to transfers out; and
- (4) The transfer may be subject to such terms and conditions as the Trustee thinks fit, which may include the giving of assurances or commitments (whether or not legally binding) by the trustees of the other scheme or by other persons.

12.8 Amendments during winding-up

If the Scheme is terminated, the power of amendment in Clause 9 will continue to be exercisable after the Termination Date until the winding-up is completed, except that

the Principal Company's consent will not be required if the Principal Company is in liquidation, receivership or administration or is dissolved.

THE P&O PENSION SCHEME

RULES

Effective from 1 April 1998

Words and phrases with special meanings always start with capital letters and they are defined in Appendix 2. These Rules are subject to any variations in relation to particular Members set out in the Schedules to these Rules.

1. ELIGIBILITY AND JOINING

1.1 Eligibility

- (1) An employee is eligible for membership if he or she is so notified by the Employer, subject to the following paragraph, and to Rule 1.2.
- (2) An employee of an Overseas Employer may only be notified of eligibility by the Employer under Rule 1.2 if:
 - (a) the Inland Revenue has explicitly approved the terms of membership;
or
 - (b) the conditions set out in paragraphs 15.10 and 15.11 of the Inland Revenue's Practice Notes (I.R. 12 1997), or such other conditions as may be imposed by the Inland Revenue from time to time, are satisfied;
or
 - (c) the employee is a UK resident seafarer, whose earnings are not effectively chargeable to UK tax because he or she qualifies for a 100% tax deduction under section 192A of the Taxes Act; or
 - (d) the employee is effectively chargeable to UK income tax under Case I or II of Schedule E of the Taxes Act on emoluments from the Overseas Employer (except for an employee in receipt of foreign emoluments as defined in Section 192(1) of the Taxes Act who is obtaining relief under another scheme under the "corresponding" approval provisions of Section 192(3) or 596(2)(b) of the Taxes Act).
- (3) An Employer may determine that any particular employee or category of its employees (not already Members) are not eligible to become Members, or may become Members but subject to such conditions as the Employer may impose.

1.2 Joining the Scheme

Membership will have effect from the date on which the person becomes eligible under Rule 1.1 unless that person notifies the Trustee before then (or by any later date that the Trustee may allow) in writing that he or she does not wish to become a Member. A person who does so may join the Scheme at a later date but only if the Employer and the Trustee consent.

The Trustee may require the completion of an application form and may require the production of any medical or other evidence or information. It may determine that membership will not have effect until satisfactory evidence is produced or the application form completed, or that membership will be subject to such conditions as it may impose.

1.3 Transfers-in

A transfer of assets relating to one or more persons may be accepted into the Fund from any other pension scheme or arrangement upon such terms as the Trustee shall decide. In the case of a person in relation to whom such a transfer is made:

- (1) that person may become a Member, upon such special terms as the Trustee may think appropriate; and
- (2) whether or not the person becomes a Member, such benefits or additional benefits may be granted for that person as the Trustee may decide; and
- (3) only that part of the transfer which relates to that person's own past contributions (plus any interest) may be treated as Member's contributions to the Fund.

The terms of the transfer, any special terms of membership and any benefits granted must comply with the Preservation Requirements and may not be such as would prejudice Approval or conflict with the requirements of the Pension Schemes Act. The terms of membership and/or the benefits applicable may be as set out in the Rules, or the Rules as varied by a Schedule or Schedules to the Rules, or documented in some other way, and to the extent that they are inconsistent with the Rules they will override the Rules.

1.4 Opting-out

A Member may opt out of Active Membership while still in Service. To do so the Member must give one month's prior notice in writing to the Employer. The Member will then cease to be an Active Member on the last day of the month in which the notice expires.

1.5 Employee of Overseas Employer Ceasing to be Eligible

If an Active Member employed by an Overseas Employer no longer satisfies any eligibility conditions imposed under the Rules and would not otherwise be entitled to remain an Active Member of the Scheme under Inland Revenue requirements, the Member's Active Membership will cease with effect from the date the Member ceased to be eligible for membership. The benefits payable under Rule 5 (leaving benefits) will only be payable when the Member in fact leaves Service.

1.6 Rejoining

A person who has been an Active Member may rejoin as an Active Member if the Trustee and the Employer consent. The Trustee may require completion of an application form and production of any medical or other evidence or information. If it

does so, it may determine that the Member may not rejoin Active Membership until and unless satisfactory medical or other evidence or information is produced, or the application form completed, within a given period. Rule 8.3 (breaks in Active Membership) will apply.

1.7 The Schedules

The Rules are varied in relation to certain Active Members and other beneficiaries in accordance with the Schedules to these Rules adopted from time to time.

2. CONTRIBUTIONS

2.1 Scale Contributions

Every Member must make Scale Contributions to the Scheme during Active Membership, meaning contributions at the rate of 5% of Pensionable Earnings reduced by 1.5 times the Lower Earnings Limit. However, if the Member is contributing to the MNOFF, the Member's contribution rate under this Rule may be varied as the Trustee thinks appropriate. The Trustee may permit a Member to make contributions, if required by the Employer, in respect of any other period to be treated as Pensionable Service but the Trustee must limit the amount or duration of a Member's contributions if necessary to the extent required by the Inland Revenue.

2.2 Suspension of contributions

In any case which the Trustee considers to be of sufficient hardship, it may with the approval of the Employer excuse the Member in whole or in part from making contributions. The Member's pension or other benefits will then be adjusted if the Employer so requests to such extent as the Actuary deems appropriate.

2.3 40 years' limit

A Member who has attained the age of 60 and completed 40 years' Active Membership may elect not to make any further contributions under this Rule. If the Member does so, no further Pensionable Service will accrue.

2.4 Additional voluntary contributions

An Active Member may make additional voluntary contributions ("AVCs") to the Fund on the following terms:

- (1) The Trustee may prescribe the terms on which AVCs are payable from time to time, including (without limiting those general words) the rate or amounts, the frequency and the duration of the AVCs, the way in which the AVCs are invested, the investment return and the investment choices (if any) available to the Member. The Trustee is not responsible for investment choices made by the Member.
- (2) The AVCs will entitle the Member to such additional benefits as the Trustee decides, after consulting the Actuary, together with such options on retirement as it decides, including an open market option allowing the Member to secure

the same or different benefits with an Insurance Company or other suitable institution. To the extent that the terms on which the benefits are payable are inconsistent with the Rules, they will override the Rules. However the additional benefits may only include a pension which is commutable into a cash sum on retirement if the Member paid voluntary contributions before 8 April 1987 to the Scheme, or to another scheme in circumstances such that Approval would not be prejudiced.

- (3) The additional benefits must comply with the Preservation Requirements and must not be such as would prejudice Approval.
- (4) The AVCs must be reduced or discontinued if, in the opinion of the Trustee, a breach of (3) above would, or is likely to, occur otherwise.
- (5) The Principal Company may direct that a Member who can pay voluntary contributions under another retirement benefits scheme of the Employers cannot pay AVCs under this Scheme.

The terms on which the Member pays AVCs must in any event comply with the voluntary contributions requirements of section 111 of the Pension Schemes Act.

If the Trustee may pay a refund of surplus AVCs to the Member in accordance with Part III of Schedule 6 to the Finance Act 1989, it must notify the Member of this fact and the options available. If the Member has not made an election between these options within three months of such notification, the Trustee must pay a refund of the surplus AVCs in accordance with regulations 5 and 6 of the AVC Regulations. The Trustee must deduct the amount of any tax chargeable under section 599A of the Taxes Act from any such refund.

2.5 Maximum contributions

The Member's AVCs, together with Scale Contributions under Rule 2.1 and contributions to other retirement benefits schemes, must not in any Tax Year exceed 15% of such of his or her remuneration, income, gains and benefits in that year as are allowed for this purpose by the Inland Revenue.

2.6 Payment of contributions

A Member's contributions will be deducted from his or her remuneration and immediately paid by the Employer to the Fund, unless the Trustee and the Member have agreed a different method of payment which has been notified to the Employer.

3. SCALE PENSION AND CASH SUPPLEMENT

3.1 Scale Pension

The Scale Pension is calculated as 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service and proportionately for each additional day of Pensionable Service.

3.2 Cash Supplement

The Cash Supplement is a single cash payment calculated in respect of a Member who is a Shore Staff Employee as 1/20th, and in respect of a Member who is a Sea Staff Employee as 1/8th, of the Lower Earnings Limit in force on the date of retirement (or in the case of a Member whose Active Membership ends before Normal Retirement Date and who is not then entitled to an immediate pension from the Scheme, the Lower Earnings Limit in force on the date the Member's Active Membership ends) for each complete year of Pensionable Service and proportionately for each additional day of Pensionable Service. The maximum period of Pensionable Service that can be used for this purpose is 40 years.

4. RETIREMENT BENEFITS

4.1 Normal retirement

An Active Member who retires from Service at Normal Retirement Date is entitled to immediate payment of the Scale Pension and a Cash Supplement.

4.2 Late retirement

The benefits on late retirement are different for an Old Regime Member and a New Regime Member.

(1) Old Regime Members

An Old Regime Member who remains in Service, with the Employer's consent, after Normal Retirement Date may either (a) cease to be an Active Member at Normal Retirement Date or (b) continue as an Active Member after Normal Retirement Date, as set out below.

(a) *Active membership ceases at Normal Retirement Date*

If the Member elects to cease to be an Active Member at Normal Retirement Date, the Member has three options:

- (i) immediate payment of the Scale Pension and Cash Supplement;
- (ii) postponed payment of the Scale Pension and Cash Supplement; in this case
 - the pension payable will be the Scale Pension as at Normal Retirement Date,
 - the Cash Supplement will be calculated as at Normal Retirement Date, and
 - both will be increased to take account of later commencement of payment;

(iii) immediate lump sum under Rule 7.1 and postponed Scale Pension; in this case

- the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date
- the pension payable will be the Scale Pension as at Normal Retirement Date (reduced to take account of the lump sum taken under Rule 7.1), increased to take account of later commencement of payment.

(b) *Active membership continues after Normal Retirement Date*

If the Member elects to continue as an Active Member after Normal Retirement Date, he or she may continue up to the earlier of attaining age 65 (unless the Principal Company and the Trustee agree that the Member may remain an Active Member thereafter) or leaving Service or any earlier date chosen by the Member (or by the Trustee if the benefits reach Revenue Limits). On ceasing to be an Active Member the Member has the same three options as under (a) above but with references to Normal Retirement Date replaced by references to the date of ceasing to be an Active Member.

(2) **New Regime Members**

A New Regime Member who remains in Service with the Employer's consent after Normal Retirement Date will cease to be an Active Member on the earlier of attaining age 65 (unless the Principal Company and the Trustee agree that the Member may remain an Active Member thereafter) or leaving Service, in which case the Member will be entitled on leaving Service to immediate payment of the Scale Pension and a Cash Supplement calculated as at the date of ceasing to be an Active Member, increased if appropriate to take account of later commencement of payment.

4.3 **Early retirement**

(1) **Voluntary**

This Rule 4.3(1) applies to an Active Member who leaves Service after reaching age 50 and having completed two years' Pensionable Service, and who is not taking compulsory early retirement under Rule 4.3(2). The Member will be entitled to immediate payment of the Scale Pension and a Cash Supplement, but reduced to take account of earlier commencement of payment.

If the Member has attained the age of 60 and completed 40 years' Active Membership before retirement, the Employer may determine that the Member's pension and Cash Supplement be calculated without making the above reductions.

However, a Member is not entitled to early retirement under this Rule 4.3(1) if the Member's Scale Pension, as reduced under this Rule 4.3(1) if appropriate, would in the opinion of the Trustee be less than the Revalued GMP at State Pension Age. In this calculation prospective pension increases under Rule 9 are to be taken into account.

(2) **Compulsory**

This Rule 4.3(2) applies to an Active Member who leaves Service after reaching age 50 and having completed two years' Pensionable Service, if the Employer certifies that the Member has been required by the Employer to retire. The Member will be entitled to immediate payment of the Scale Pension and a Cash Supplement. If the Member has attained the age of:

- 56, in the case of a Member whose Normal Retirement Date is age 63, and
- 53, in the case of a Member whose Normal Retirement Date is age 60

the Scale Pension and Cash Supplement will not be reduced to take account of earlier commencement of payment. If the Member has not attained age 56 or 53 as appropriate, the pension and Cash Supplement will be reduced to take account of the extent to which commencement of payment is earlier than the Member's 56th or 53rd birthday as appropriate.

4.4 **Ill-health pension**

An Active Member who ceases to be an Active Member due to Ill-health will be entitled, if the Employer consents, to receive immediate payment of an Ill-health pension. This is calculated as the Scale Pension but on the basis of Potential Pensionable Service in place of actual Pensionable Service. No Cash Supplement is payable.

If an Ill-health pension is payable to a Member, the Trustee may at any time before Normal Retirement Date reduce or, in relation to a Member who retired under this Rule 4.4 on or after 1 April 1988, suspend, the benefits by such amounts and for such periods as it thinks fit, except as follows:

- (1) Benefits may be reduced or suspended only if:
 - (a) the Member earns an income from any employment or self-employment;
or
 - (b) the Member does not, when so requested, supply evidence of continued Ill-health satisfactory to the Trustee; or
 - (c) state benefits are payable to the Member, in which case the Trustee may reduce the benefits to take account of these.
- (2) A reduction or suspension may not result in the Member's pension after Normal Retirement Date being less than that part of the deferred pension calculated in accordance with Rule 5.3 (deferred pension) which would remain

after allowing for any cash lump sum commutation actually made by the Member under Rule 7.1.

- (3) A reduction or suspension may not result in the Member's pension at State Pension Age being less than the Member's Revalued GMP.
- (4) Benefits payable on the death of the Member will be reduced or suspended to such extent (if any) as the Trustee decides but they shall not, on death before Normal Retirement Date, be less than those which would have been payable if Rule 6.2 (death in deferment) had applied, but reducing the deferred pension for the purpose of Rule 6.2 to take account of any cash lump sum commutation actually made by the Member under Rule 7.1.

4.5 Value for money guarantee

The benefits payable for a Member under this Rule 4 will be increased if and to the extent that the Trustee decides, having consulted the Actuary, it is necessary to ensure that those benefits represent reasonable value for the Member's contributions to the Scheme and the Employer's share of any National Insurance rebate which arises due to the employment having been contracted-out.

5. LEAVING BENEFITS

5.1 This Rule applies to a Member whose Active Membership ends before Normal Retirement Date and for whom no immediate pension is payable from the Scheme.

5.2 Refund of contributions

A Member who has not completed 2 years' Qualifying Service, other than a person in respect of whom a transfer payment has been made into the Scheme from a personal pension scheme, will be entitled to a refund on leaving Service. The refund is equal to the Member's Scale Contributions, subject to the deduction of the Member's share of any contributions equivalent premium payable under Rule 13.5 and a sum equal to the tax for which the Trustee is liable in consequence of the refund. Alternatively such a Member may at his or her request, and if the Trustee agrees, have a transfer payment in accordance with Rule 10 equal to the sum of his or her Scale Contributions plus the Employer's share of the contributions equivalent premium which would have been paid if a refund of Scale Contributions had been made.

5.3 Deferred pension

A member who has completed two years' Qualifying Service will be entitled to a Cash Supplement and a deferred pension equal to the Scale Pension commencing either:

- (1) at Normal Retirement Date, or
- (2) after Normal Retirement Date, if:
 - (a) the Member is still in employment, and
 - (b) the Member has so elected before Normal Retirement Date, and

- (c) the Trustee consents;

in which case the pension and Cash Supplement will be increased to take account of later payment.

5.4 Value for money guarantee

The deferred pension will be increased if and to the extent that the Trustee decides, having consulted the Actuary, it is necessary to ensure that the benefit represents reasonable value for the Member's contributions to the Scheme and the Employer's share of any National Insurance rebate which arises due to the employment having been contracted-out.

5.5 Revaluation

A deferred pension (including any increase under Rule 5.4) will receive pension increases during deferment as set out in Rule 9, as will the Cash Supplement.

The deferred pension will be further increased if necessary, when it comes into payment or at State Pension Age, in order to comply with the statutory requirements, namely (i) the revaluation requirements of the Pension Schemes Act, and (ii) GMP revaluation during the period up to State Pension Age as set out in Rule 13.4.

5.6 Early payment

This Rule 5.6 applies to a Member who is entitled to a deferred pension and who (i) is aged 50 or over, or (ii) who meets the definition of ill-health used by the Inland Revenue for this purpose. The Trustee may, if the Member so requests, in lieu of paying that deferred pension, to pay from any date before Normal Retirement Date:

- (a) a reduced pension calculated as the Scale Pension, plus any increase under Rule 5.4 and revalued up to the date of commencement of payment as required under Rule 5.5, but reduced to take account of earlier commencement of payment; and
- (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment.

However, no Member is entitled to the early payment of his or her deferred pension or Cash Supplement under this Rule if the Scale Pension, as reduced under this Rule would in the opinion of the Trustee be less than the Revalued GMP at State Pension Age. For this purpose, prospective pension increases under Rule 9 are to be taken into account.

6. DEATH BENEFITS

6.1 Death in Service

If an Active Member dies on or before Normal Retirement Date, there will be payable:

- (1) a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.

For this purpose the Lower Earnings Limit Deduction in the calculation of Final Pensionable Earnings will be disregarded. If it would produce a higher result this calculation may be done on the basis of the annual rate of the Member's basic pay at the date of death instead of the Member's Final Pensionable Earnings;

- (2) a further lump sum equal to the total of the Member's Scale Contributions;
- (3) an immediate pension to the Spouse (if any), subject to Rules 6.5 and 6.6, equal to 60% of the Scale Pension to which the Member would have been entitled had his or her Pensionable Service been equal to Potential Pensionable Service;
- (4) a Child allowance under Rule 6.4 if appropriate.

If an Active Member dies after Normal Retirement Date, the lump sums mentioned in (1) and (2) above will become payable. Pensions for the Spouse or any Dependents, and a Child allowance, will become payable under Rule 6.3 as if the Member had retired on pension on the day of death.

If a Member dies in Service, and has ceased to be an Active Member because he or she is aged 65 or over or has taken a lump sum under Rule 7.1 or an immediate pension under Rule 4.2 (late retirement), benefits will become payable under Rule 6.3 as if the Member had retired on pension on the day of death.

No benefits will be payable under this Rule 6.1 on the death of any other Member in Service.

6.2 **Death in deferment**

If a Member whose Active Membership has ceased dies entitled to a deferred pension which has not yet come into payment, there will be paid:

- (1) an immediate pension to the Spouse, subject to Rules 6.5 and 6.6, equal to 60% of the Member's deferred pension including any revaluation to the date of death;
- (2) a Child allowance under Rule 6.4 if appropriate;
- (3) if no Spouse's pension or Dependant's pension becomes payable (other than a Child allowance), a lump sum equal:
 - (a) to five times the annual rate of the Member's deferred pension including any revaluation to the date of death, plus
 - (b) the Cash Supplement including any revaluation to the date of death.

6.3 Death of a Pensioner

If a Member dies after his or her pension has come into payment, there will be paid:

- (1) an immediate pension to the Spouse, subject to Rules 6.5 and 6.6, equal to 60% of the pension that the Member would have received on retirement if none of the pension had been commuted or surrendered under Rules 7.1 and 7.2, increased up to the date of death in line with the increases given over that period under Rule 9 (assuming for this purpose that none of the pension was GMP);
- (2) a Child allowance under Rule 6.4 if appropriate;
- (3) if the death occurs within 5 years after the commencement of the pension, a lump sum equal to:
 - (a) the balance of instalments of pension which would have been paid during the rest of the 5 year period if the Member had survived, minus
 - (b) the aggregate instalments of Spouse's or Dependant's pension (but not any Child allowance) expected to be payable during the rest of that period,

prospective pension increases under Rule 9 are not taken into account in these calculations;

- (4) if a deduction is made in respect of a Spouse's or a Dependant's pension under paragraph (3) and the person entitled to the pension dies during the remainder of that 5 year period, then a further lump sum will be payable of an amount equal to the total of the further instalments of pension that person would have received if he or she had lived to the end of the 5 years, but without taking prospective pension increases into account;
- (5) if the Member retired before Normal Retirement Date due to Ill-health under Rule 4.4 and dies before Normal Retirement Date, a further lump sum will be payable, equal to the amount (if any) by which (a) below exceeds (b) below:
 - (a) the lump sum that would have been payable under Rule 6.1(1) if the Member had died as an Active Member on the date of Ill-health retirement;
 - (b) the aggregate of
 - (i) any cash sum paid to the Member on retirement under Rule 7.1,
 - (ii) the amounts of the pension payments actually made to the Member, and
 - (iii) any sum arising under paragraph (3) above.

6.4 Child allowance

If a Member dies and is survived by one or more Children, an allowance will be paid for so long as there continues to be a Child.

The amount of the allowance will be equal to 25% of the Notional Spouse's Pension for each Child up to a maximum of three. If no Spouse's or Dependant's pension becomes payable, the amount of the Child allowance will be equal to the Notional Spouse's Pension.

If there is one Child, the allowance will be paid to that Child. If there are two or more Children, the allowance will be paid to such one or more of them and in such shares as the Trustee shall decide.

6.5 Dependant's pension

Where the Member is survived by one or more Dependents:

- (1) if the Member leaves no Spouse, the Trustee may in its absolute discretion pay to one or more Dependents from the Scheme a pension for life of an amount not exceeding the Notional Spouse's Pension;
- (2) if the Member leaves a Spouse, the Trustee may in its absolute discretion pay all or part of the Notional Spouse's Pension to one or more Dependents instead of the Spouse, but a pension payable to a Member's Spouse may not be reduced to less than:
 - (a) in relation to pension payable in respect of Service before 6 April 1997, any widow's or widower's GMP to which the Spouse is entitled; and
 - (b) in relation to pension payable in respect of Service on or after 6 April 1997, the spouse's pension payable under the reference scheme as set out in section 12B of the Pension Schemes Act, based on actual and not prospective service.

6.6 Limitations on Spouse's pension

A pension payable to a Spouse or a Dependant who is more than 10 years younger than the Member may, if the Trustee thinks fit, be reduced by up to 2.5% for each year by which the age difference exceeds 10 years.

The Trustee may, if it thinks fit, reduce or suspend a pension payable to a Spouse who married the Member after the Member had left Service or his or her pension had come into payment (or he or she had reached age 65) if the Member dies within 6 months of the marriage.

6.7 Payment of lump sums

A lump sum benefit payable by reason of the death of a Member may, within a period of 24 months after the Member's death or later date on which it became payable, be

paid to such one or more of the following persons ("the Beneficiaries") as the Trustee thinks fit and in such shares as the Trustee decides:

- (1) the wife, husband, brothers, sisters, children and parents of the Member;
- (2) persons selected by the Trustee who have habitually shared household expenses with the Member, or towards whose education or maintenance the Member has contributed;
- (3) any person(s) nominated by the Member for consideration for this purpose;
- (4) any person(s) named as beneficiaries under the Member's will;
- (5) the Member's personal representatives.

The Trustee is entitled to select on the basis of information readily available to it.

The Trustee may appoint a person or persons to hold upon trust for one or more of such Beneficiaries and in such shares or with such interests as the Trustee directs. The terms of any such trust will be such as the Trustee thinks fit and may, for example, include wider powers than those granted by statute (including those of investment, maintenance, advancement, appropriation and insurance).

Any part of a lump sum death benefit which remains unpaid 24 months after the date on which it became payable will be paid to the Member's personal representatives, except that it will be retained in the Fund if the Crown, the Duchy of Lancaster or the Duke of Cornwall would otherwise benefit.

7. CASH LUMP SUM AND OTHER OPTIONS

7.1 Cash lump sum

A Member may, on request, commute (that is, exchange) the whole or part of the pension for a cash sum as follows.

- (1) This option may be exercised when the pension comes into payment or, if earlier, on or after Normal Retirement Date, but may not be exercised after any pension has come into payment. In the absence of any such request the pension will not be commuted under this Rule 7.1.
- (2) The amount of pension to be commuted will be decided by the Trustee after consulting the Actuary.
- (3) The cash sum will be equal in value to the pension commuted and must not exceed the Revenue Limit.
- (4) The remaining pension from the Scheme (including any pension derived from additional voluntary contributions) must not be less than the Member's GMP.

7.2 Extra dependant's pension

A Member may surrender part of his or her pension to provide pensions payable on the Member's death to one or more nominated dependants as follows:

- (1) This option may be exercised only within the three months before the Member's pension comes into payment and with the consent of the Trustee (who may require evidence of the Member's state of health).
- (2) The dependants whom the Member may nominate are his or her spouse and any other person who at that time is, in the opinion of the Trustee, financially dependent on the Member.
- (3) The dependant's pension will be equal in value to the part of the Member's pension surrendered.
- (4) This option may not be exercised so that:
 - (i) a dependant's pension would be Trivial, or
 - (ii) the Member's pension after surrender would be less than the GMP, or
 - (iii) the aggregate annual amount of dependants' pensions (including pensions under Rule 6) exceeds the Member's pension after surrender but before commutation under Rule 7.1.
- (5) Any such pension payable to a dependant who, at the time of the surrender, is under age 18 or such older age as may be specified by the Member ("the specified age") will be payable only until attainment of that age.
- (6) If the Member dies or a nominated dependant dies or (where relevant) reaches the specified age before the payment of the first instalment of the Member's pension, the Member will be deemed not to have exercised the surrender option in relation to that person.
- (7) If after the payment of the first instalment of the Member's pension a nominated dependant predeceases the Member or attains the specified age, then the pension payable to the Member will nevertheless continue to be the reduced amount.

8. ABSENCES

8.1 Maternity leave

This Rule applies to a Member who is absent from work due to pregnancy and who was an Active Member immediately before the absence began.

(1) Paid leave

The Member shall remain an Active Member throughout any period of absence from work due to pregnancy or confinement for which she is paid contractual

remuneration or statutory maternity pay by the Employer. The Member's contributions shall be calculated by reference to the contractual remuneration or statutory maternity pay actually paid by the Employer, but for other purposes, Pensionable Earnings shall be deemed to be the Member's Notional Pensionable Earnings.

(2) **Unpaid leave**

The Member will cease to be an Active Member on the date when her right to contractual remuneration or statutory maternity pay ceases (or in the case of a Member who goes on maternity leave within the first six months of her Service, the date 14 weeks after she began her maternity leave) as to which the Employer's certificate will be final, or such later date as the Trustee may agree.

(3) **Continuity of Pensionable Service**

If the Member ceases to be an Active Member and later returns to work in exercise of a right to do so (whether statutory or contractual) periods of service as an Active Member immediately before, during and immediately after the absence shall be added together.

(4) **Lump sum death benefit**

If the Member ceases to be an Active Member and has a right to return to work (whether statutory or contractual), she will nevertheless be treated as remaining an Active Member for the purposes of the lump sum death benefit under Rule 6.1(1) and (2) until the earlier of the first anniversary of her ceasing to be an Active Member and the date of the expiry of her right to return to work. If a Member dies during a period of unpaid leave but is nevertheless an Active Member, Pensionable Earnings will be deemed to be Notional Pensionable Earnings.

8.2 Other leave

This Rule applies to a Member who is in Service but absent from work except a Member who is absent from work due to pregnancy.

- (1) The Member will cease to be an Active Member on the date of commencement of the absence, which will be the date when the right to Earnings ceases (as to which the Employer's certificate will be final) or such later date as the Trustee may agree, provided that the Member and the Employer pay contributions at a rate satisfactory to the Trustee.
- (2) If the Employer so directs, a Member who has ceased to be an Active Member will nevertheless be treated as remaining an Active Member for the purposes of the lump sum death benefit under Rule 6.1(1) and (2) for up to 12 months after ceasing to be an Active Member.
- (3) Periods of Pensionable Service immediately before, during and immediately after the absence will be added together.

- (4) If an Active Member's Earnings are reduced for reasons connected with the absence, the Trustee may agree to reduce or suspend the Active Member's contributions under Rule 2.2.

8.3 Breaks in Active Membership

This Rule 8.3 applies to a Member who leaves and then re-enters Active Membership. For the purposes of the Rules (and, for the avoidance of doubt, the Schedules) the Member will be treated as not having previously been a Member, except that:

- (1) membership on or after rejoining Active Membership may be on such special terms as the Trustee and the Principal Company think fit, including suspension of any pension then in payment from the Scheme;
- (2) in the case of a Member who rejoins Active Membership within 6 months of leaving it, if the Trustee so determines, the Member will cease to be entitled to any deferred pension arising under Rule 5, and the previous period of Pensionable Service will be aggregated with the period of Pensionable Service arising after the member rejoins Active Membership; and
- (3) subject to (1) and (2) above, benefits in respect of earlier periods of Active Membership will not be affected.

9. PENSION INCREASES

- 9.1 A pension or child allowance will be increased in deferment and in payment under this Rule 9. Increases will be awarded at least once in every 12 months, at a date decided on by the Trustee. Increases do not apply after State Pension Age to any part of a pension which represents the GMP of a Member or a widow or widower.
- 9.2 The rate of the increase for a pension or allowance which has been in payment for at least one year at the date as at which the increase is granted will be at least 3%, or if less the percentage increase in the Retail Prices Index over the review period. The Trustee may after consulting the Actuary decide on a larger increase but the Principal Company's consent is required if this exceeds 80% of the rise in the Retail Prices Index over the review period. The "review period" means at any date the latest period of one year up to 30 September (or such other day as the Trustee may decide) ending before that date. However, this Rule 9.2 is subject to Rule 9.5 below.
- 9.3 The rate of increase under this Rule for a pension or allowance which has been in payment for less than nine months at the effective date of the review will be a percentage of the rate that would have been paid if it had been in payment for a full year, depending on how long the pension or allowance has been in payment, as set out below:

Period in payment	Percentage of full rate increase
less than 3 months	25%
less than 6 months	50%
less than 9 months	75%

9.4 The Trustee may, at the request of the Principal Company, make further adjustments to pensions (whether in deferment or payment) and allowances if in the opinion of the Principal Company it is appropriate to do so having regard to changes in the Retail Prices Index.

9.5 The Trustee may, with the consent of the Principal Company, make arrangements for transitional increases if the review period and/or the pension increase date under Rule 9.2 changes. Such arrangements will be in place of the increase under Rule 9.2.

9.6 This Rule is subject to the requirements of sections 51 to 54 of the Pensions Act.

10. TRANSFERS-OUT

The Trustee must comply with the requirements of sections 153 and 154 of the Pensions Act as to statements of entitlement and guaranteed cash equivalents.

A transfer of cash or other assets from the Fund to another pension scheme (meaning an occupational pension scheme or a personal pension scheme) or an Insurance Company (a "transfer payment") may be made for a Member or other beneficiary as follows:

(1) Other pension scheme:

A transfer payment may be made to another pension scheme only if:

- (a) the other scheme is approved for this purpose by the Inland Revenue; and
- (b) the transfer payment satisfies prescribed requirements under the Pension Schemes Act, and the Preservation Requirements; and
- (c) (in the case of a transfer to an occupational pension scheme) not more than the amount included in the transfer payment attributable to a Member's contributions to the Scheme may be treated as having been contributed by him to the other pension scheme; and
- (d) where the transfer is being made to a personal pension scheme the Trustee gives such certificate as may be required under the Taxes Act.

(2) Insurance Company

A transfer payment which is not made to another pension scheme may be made to an Insurance Company only if:

- (a) the Insurance Company will issue a policy or annuity contract which satisfies the requirements of section 19(4)(a) of the Pension Schemes Act, and the Preservation Requirements; and
- (b) the Member or other person for whom it is made has, if his consent to the transfer payment is required, selected the Insurance Company.

(3) **Consents**

If the person for whom the transfer payment is to be made is a Member or is in receipt of pension, it cannot be made except:

- (a) at that person's written request or with his written consent; or
- (b) in circumstances where such consent is not required in order to comply with the Preservation Requirements or the Pension Schemes Act.

No consent from any person other than the Member is required to a transfer payment for a Member.

(4) **Discharged benefits**

A transfer payment must relate to all or an identified portion of the benefits otherwise payable for the person for whom the transfer payment is made ("the discharged benefits").

One or more transfer payments for a person must relate to all of the benefits otherwise payable for him or her unless the GMP liabilities and Post 1997 Benefits are retained by the Scheme where a transfer payment is made to another pension scheme which is not contracted-out and which is unable or unwilling to accept those liabilities.

The making of a transfer payment will discharge the Trustee from any further liability to pay the discharged benefits. The Trustee is not obliged to enquire into the application of the cash or other assets transferred.

(5) **Value transferred**

The value of the cash or other assets included in a transfer payment will be decided by the Actuary so that the Trustee is reasonably satisfied that it is at least equal to:

- (a) in the case of a transfer payment made at the request of a person who has a right to a cash equivalent under the Pension Schemes Act, the amount of that cash equivalent; and
- (b) the value of the discharged benefits.

(6) **GMPs and Post 1997 Benefits**

If the discharged benefits include GMPs or Post 1997 Benefits, the transfer payment must comply with the relevant requirements of the Pension Schemes Act. If a transfer payment is made but GMP liabilities or Post 1997 Benefits are retained by the Scheme, the Trustee may discharge those liabilities and benefits in some other way permitted by the Trust Deed and the Rules or by the Pensions Act.

11. CALCULATION OF BENEFITS

11.1 Payable for life

Unless the contrary is expressly stated, a pension is payable for life and its amount described in these Rules is its annual amount.

11.2 Determination of value

Unless expressly left to be decided by an Employer or the Actuary, it is for the Trustee, after consulting the Actuary, to decide:

- (1) the value of any pension, allowance or other benefit; and
- (2) the amount by which a pension or allowance or other benefit is to be increased or reduced as required by the Rules; and
- (3) the amount by which a pension or allowance would be likely to be increased under Rule 9 (pension increases) over any period; and
- (4) whether a pension, allowance or other benefit is equal in value to any other pension, allowance or other benefit.

In making such decisions, the Trustee, the Employers and the Actuary may make such assumptions and take account of such matters as they think appropriate.

11.3 Tax

If the Trustee is liable for any tax in respect of any benefit, it may apply part of the benefit in paying the tax (including any interest) or may postpone payment of the benefit until the tax has been paid or provided for to its satisfaction.

11.4 Lien

This Rule applies if a Member owes an Employer a monetary obligation and:

- (1) the obligation arises because of his or her own fraud, negligence or crime, or
- (2) the Member consents to the Rule applying, in which case the Rule applies only to the extent permitted by the Preservation Requirements.

The Employer may recover from the Fund an amount equal to the lesser of:

- (a) the monetary obligation; and
- (b) the value of the benefits payable for the Member other than GMPs and benefits payable under Rule 1.3 (transfers-in).

The Trustee will reduce the value of the benefits payable for the Member by the amount recovered. If the Member disputes the monetary obligation, this Rule will not apply until the obligation has become enforceable by a court order or an award of an

arbitrator. The Trustee will inform the Member in writing of the amount recovered by the Employer and the reduction in benefits.

12. PAYMENT OF BENEFITS

12.1 Instalments

All pensions and allowances payable under the Rules will be paid by such instalments and on such date in the calendar month ("the payment date") as may be from time to time decided by the Trustee. The first instalment will be the one that is due on the payment date which is on or the first after the date on which commencement of the pension was due. Neither the first nor the last instalment will be apportioned. The last instalment will be the latest due before death or any other event which brings the pension or allowance to an end or the event which causes a person in receipt of a Child allowance to cease to be a "Child" as defined. If a pension is to be reduced or increased at State Pension Age, the reduction or increase will be applied with effect from the payment which is on, or the first after, State Pension Age. If a payment was due but had not been made before death, the Trustee may pay it to the widow, widower or any other dependant of the Member, if it thinks fit.

12.2 Method of payment

The Trustee may make a payment to a person entitled to it by sending him or her a cheque, by direct credit to his or her bank account or by any other method the Trustee may consider appropriate. The use of any such other method will be at the risk of the person entitled to the payment.

12.3 Proof of entitlement

Before making any payment to a person the Trustee may require proof of entitlement to the payment, and any other information which may be relevant for the purposes of the Scheme (including particulars of marriages, deaths and births), and the Trustee may withhold payment pending proof or information satisfactory to the Trustee.

12.4 Trivial pensions

If a pension or allowance would be Trivial, the Trustee may commute it for a cash sum of equal value. In the case of a Member's pension, the Trustee may at the same time commute any pension or allowance prospectively payable on the Member's death, and the cash sum will be paid, as the Trustee decides, to the Member or to the person who was prospectively entitled to the commuted pension or allowance. A Member's pension payable before State Pension Age cannot be commuted under this paragraph unless the GMP at State Pension Age would also be Trivial.

12.5 Commutation on serious ill-health

If a Member entitled to payment of a pension retires or requests the early payment of his or her deferred pension in exceptional circumstances of serious ill-health (that expression having the same meaning as that given to it for this purpose by the Inland

Revenue), the Trustee may pay in commutation of the whole or any part of that pension (except for any GMP) a cash sum of equal value.

12.6 Minors and others

If a person to whom any benefit is payable is a minor or under any disability, the Trustee may pay the benefit either to that person or to another for that person's benefit.

12.7 Forfeiture

Any instalment of pension or lump sum benefit required to be paid out of the Fund will cease to be due if the Trustee does not know the whereabouts of the person to whom it is to be paid and no claim has been made to that instalment or lump sum benefit within six years of the date on which it became due.

12.8 Benefits not assignable

Every benefit payable out of the Fund is personal to the person to whom it is payable and may not be assigned, charged or alienated in any way. It will be forfeited in the event of any purported assignment, charge or alienation, or the bankruptcy of the person to whom it is payable. In the event of forfeiture the Trustee may in its absolute discretion pay to the Member or any of the Member's dependants, or to any other person for the benefit of such person(s), a pension at a rate not exceeding the rate of the forfeited pension.

13. CONTRACTING-OUT

13.1 General

This Rule applies to any employment prior to 6 April 1997 which was contracted-out employment by reference to the Scheme. The Scheme shall be operated in conformity with the provisions of the Pension Schemes Act and Memorandum 77 issued by the Joint Office of the Inland Revenue Superannuation Funds Office and Occupational Pensions Board and those provisions will override the provisions of the Trust Deed and Rules where necessary in order for the Scheme to remain contracted-out, but not so as to prejudice Approval.

The words and expressions used in this Rule have the same meaning as in the Pension Schemes Act.

13.2 GMPs

If a Member has a guaranteed minimum in relation to any pension under the Scheme in accordance with section 14 of the Pension Schemes Act:

- (1) the Member will be entitled to a pension under the Scheme which shall from State Pension Age be paid at a rate equivalent to a weekly rate of not less than the guaranteed minimum; and

- (2) if the Member is a man and dies at any time leaving a widow, she will be entitled to a pension under the Scheme which shall during any period such as is mentioned in section 17(5) of the Pension Schemes Act be paid at a rate equivalent to a weekly rate of not less than half that Member's guaranteed minimum; and
- (3) if the Member is a woman and dies leaving a widower, he will be entitled to a pension under the Scheme in the circumstances and for the period prescribed by regulations made under section 17(6) of the Pension Schemes Act at a rate equivalent to a weekly rate of not less than half of that part of the Member's guaranteed minimum which is attributable to earnings for the Tax Year 1988/89 and subsequent Tax Years.

A pension payable to a Member or his widow or her widower under other Rules includes any GMP and will be increased to the extent (if any) necessary for the total pension to be equal to the GMP.

13.3 Late retirement

If the commencement of any Member's GMP is postponed for any period as a result of Service or employment continuing after State Pension Age, the GMP will be increased to the extent, if any, specified in section 15 of the Pension Schemes Act, as amended from time to time.

13.4 Increases in deferment

In the event of any Member ceasing to be in contracted-out employment by reference to the Scheme before State Pension Age, the GMP to which he or she will be entitled at State Pension Age will be calculated on the basis that the GMP that has accrued up to termination of contracted-out employment will be increased:

- (1) by the percentage by which earnings factors for the Tax Year in which such termination occurred are increased by the last order under section 148 of the Social Security Administration Act 1992 (previously section 21 of the Social Security Pensions Act 1975) to come into force before the Tax Year in which State Pension Age (or earlier death of the Member) occurs, ("Section 21 orders"), or
- (2) by such rate as may be prescribed under section 16(3) of the Pension Schemes Act at the time of such termination for each complete Tax Year between such termination and State Pension Age or earlier death ("fixed rate revaluation").

During any period, only one of the above methods can be in force and only that method will apply to a Member whose contracted-out employment terminates during that period. The Trustee may change the method in force from any date with the Principal Company's consent. Fixed rate revaluation applies until such a change.

The pension from the Scheme at State Pension Age shall be at least equal to the aggregate of the Revalued GMP and the balance of the pension increased as required in accordance with Schedule 3 to the Pension Schemes Act.

- (2) if the Member does not continue to receive Earnings, he or she will cease to be an Active Member on the date on which the right to Earnings ceases unless the Employer requests that the Member remain an Active Member and the Trustee agrees, in which case the Member's Pensionable Earnings will be based on the Earnings which the Employer certifies the Member would have been receiving from time to time if not for the National Service.

Any benefits payable from the Scheme on death or disability will be reduced if the Employer so requests, to take account of any death or disability benefits arising from the armed forces arising out of the National Service. The amount of the reduction will be decided on by the Trustee.

18. PART-TIMERS

18.1 General

Benefits for Members who work part-time are calculated by converting the part-time earnings and length of part-time Service into their full-time equivalents. It is for the Trustee to decide, after consulting the Actuary, on the way in which this is done but it is for the Employer to determine the equivalent full-time earnings and full-time working hours.

18.2 Changes between Full-time and Part-time Service

The Trustee will make such adjustments to a Member's benefits based on past Pensionable Service as it thinks fit, after consulting the Actuary, to take account of any change(s) from full-time to part-time Service or vice versa.

APPENDIX 1

Summary of Revenue Limits

1. Aggregate benefits

This Appendix summarises Revenue Limits. These limits apply to the aggregate of like benefits under all Relevant Schemes.

2. Member's pension

The Revenue Limits for a Member's pension (including the pension equivalent of a lump sum retirement benefit, such equivalence being on a basis acceptable for the purposes of Approval) are:

- (1) on retirement at or before NRD, 1/60th of Final Remuneration for each year of service with the Employers (not exceeding 40) or such greater amount as will not prejudice Approval; or
- (2) on retirement after NRD, the greatest of:
 - (a) the amount in (1) above calculated as if the date of retirement was NRD;
 - (b) the amount which could have been provided at NRD under (1) above increased either actuarially in respect of the period of postponement or in line with RPI over that period; and
 - (c) 1/60th of Final Remuneration for each year of service with the Employers up to NRD (not exceeding 40) and also for each year of service after NRD, but with no more than 45 years counting overall,

but (b) and (c) shall only apply to a Pre 1987 Member or a Pre 1989 Member who does not make an election under paragraph 8.

The latest date for taking the pension is the Member's 75th birthday (although this does not apply to a Pre-1987 or Pre-1989 Member). Subject to that, a Member will not be entitled to take any pension until actually leaving the employment of the Employers (except for the purpose of satisfying the requirements of the Pension Schemes Act 1993 or if Approval would not be affected); or

- (3) on leaving pensionable service before NRD, an amount calculated as in (1) above increased at 5% p.a. compound or in line with RPI (whichever is greater) from the end of pensionable service to commencement of pension (plus such further increases as may be required for the GMP).

3. Member's lump sum

The Revenue Limits for a Member's lump sum on retirement are:

- (1) on retirement at or before NRD, 3/80ths of Final Remuneration for each year of service with the Employers (not exceeding 40) or such greater amount as will not prejudice Approval; or
- (2) on retirement after NRD, the greatest of:
 - (a) the amount in (1) above calculated as if the date of retirement was NRD;
 - (b) the amount which could have been provided at NRD under (1) above plus an amount representing interest thereon; and
 - (c) 3/80ths of Final Remuneration for each year of service with the Employers up to NRD (not exceeding 40) and also for each year of service after NRD, but with no more than 45 years counting overall,

but (b) and (c) only apply to a Pre-1987 Member or a Pre-1989 Member who does not make an election under paragraph 8.

The latest date for taking the lump sum is the Member's 75th birthday (although this does not apply to a Pre-1987 or Pre-1989 Member). Subject to that, a Member will not be entitled to take any lump sum until actually leaving the employment of the Employers (except if Approval would not be affected); or

- (3) on leaving pensionable service before NRD, an amount calculated as in (1) above including increases in line with RPI.

4. Lump sum death benefit

The Revenue Limit for the lump sum payable on a Member's death in service (before NRD (or after NRD if Approval would not be affected) or after leaving pensionable service with a deferred pension) before the Member's pension comes into payment is:

- (1) four times the greater at the Exit Date of Final Remuneration and the annual amount of remuneration (including fluctuating emoluments calculated as in (1)(b) of the definition of Final Remuneration) (excluding, except for any Pre-1987 Member or any Pre-1989 Member, any excess over the permitted maximum as defined in section 590C(2) of the Taxes Act); plus
- (2) an amount equal to the Member's own contributions (if any) with interest, less
- (3) the aggregate (if it exceeds £2,500) of any lump sums (other than refunds of contributions) payable on the death of the Member under all schemes of previous employers or as a life assurance benefit under a retirement annuity contract or trust scheme approved under section 621 of the Taxes Act or a personal pension scheme approved under section 631 of that Act,

or such greater amount as will not prejudice Approval.

5. Dependants' pensions

(1) The Revenue Limit for the aggregate pensions paid to more than one of a Member's dependants (other than from surrender of the Member's own pension) is equal to:

(a) if the Member died in service before NRD, the Member's pension which could have been provided had he or she remained in service until NRD but on the basis of Final Remuneration or annual remuneration (calculated as provided in paragraph 4(1)) at the Exit Date; or

(b) if the Member died in service after NRD, the Member's pension which could have been provided had he or she retired immediately before death; or

(c) in other cases, the Member's pension before any commutation and including any increases in deferment and in payment,

or such greater amount as will not prejudice Approval.

(2) The Revenue Limit for one dependant is 2/3rds that in (1) above.

6. Pension increases

The maximum pension (including, unless Approval would be affected, any pension commuted if the commutation rates took no account of prospective increases, but excluding any pension surrendered to provide additional dependants' pensions) may be increased whilst in payment at 3% p.a. compound or (if greater) in line with RPI.

If a Member receives a benefit in advance of actual retirement, the Revenue Limits in paragraphs 2 and 3 above shall apply as if the Member had retired when the benefit was paid, except that uncommuted pension not commencing immediately may be increased actuarially for the period of postponement or in line with RPI over that period.

7. Late retirement

If a Pre-1987 Member or a Pre-1989 Member receives a benefit in advance of actual retirement, the Revenue Limits in paragraphs 2 and 3 above will apply as if that Member had retired when the benefit was paid, except that:

(1) uncommuted pension not commencing immediately may be increased actuarially for the period of postponement or in line with RPI over that period; and

(2) any postponed lump sum may be increased by an amount reflecting reasonable interest on such amount during the period of postponement.

8. Election for different Revenue Limits

A Pre-1987 or Pre-1989 Member may elect that the Revenue Limits applicable to him or her under this Appendix will be those which apply to other Members. This election must be made before the Member attains age 75 and before payment of benefits from the Scheme commences.

9. Members making Voluntary Contributions

The administrator of the Scheme must comply with the requirements of regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 (SI 1993/3016) and, where the Scheme is the "leading scheme" in relation to a Member, with the requirements of regulation 6 of those Regulations so far as they concern "main schemes" ("leading scheme" and "main scheme" having the meaning given under those Regulations).

Where a Member's benefits are augmented under the Scheme after he or she has ceased to participate in the Scheme and the Member is also a member of a free-standing additional voluntary contributions scheme, this Schedule will apply as if the limits on benefits it contains were reduced by the amount of any like benefit provided for or in respect of the Member by that scheme.

10. Restricted Members

The provisions of this Appendix are modified in respect of a Member who is a Restricted Member as follows:

- (1) the maximum pension in paragraph 2 and the maximum lump sum in paragraph 3 are reduced, where necessary for Approval, to take account of any benefits payable under a retirement annuity contract or trust scheme approved under section 620 of the Taxes Act, or a personal pension scheme approved under section 631 of that Act;
- (2) where a Restricted Member retires after NRD but before his or her 70th birthday, paragraphs 2(2)(b) and (c) and paragraphs 3(2)(b) and (c) do not apply. If the Member retires after age 70 then the above paragraphs apply as if age 70 were the NRD;
- (3) where paragraph 7 applies to a Restricted Member the rate of the actuarial increase over any period of deferment to age 70 must not exceed the percentage increase in line with RPI;
- (4) total commutation of pension on grounds of exceptional circumstances of serious ill-health will only be allowed with the prior approval of the Board of Inland Revenue.

11. Interpretation

In this Appendix:

“Approval” means treatment of the Scheme as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act.

“Associated” means in relation to employers that one of such employers is controlled by the other, or that both of them are controlled by a third party. Control has the meaning in section 840 of the Taxes Act or, in the case of a close company, section 416 of the Taxes Act.

“Exit Date” means the date the Member leaves or retires from service with the Employers or the date of his or her death (if earlier)

“Final Remuneration” of a Member means the greater of:

- (1) the highest remuneration for any one of the 5 years preceding the Exit Date, being the aggregate of:
 - (a) basic pay for the chosen year; and
 - (b) the yearly average over 3 or more consecutive years ending with the chosen year of any fluctuating emoluments (or if fluctuating emoluments have not been payable over a period of at least three years, the yearly average over the period during which they have been payable); and
- (2) the yearly average of the total emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Exit Date.

For these purposes:

- (A) If remuneration is reduced due to incapacity, Final Remuneration may be calculated as if the date of first reduction was the Exit Date.
- (B) Remuneration and emoluments for any year except the last before the Exit Date will be increased in line with RPI from the last day of that year up to the Exit Date (except that, unless Approval would not be affected, such increases may be made when calculating the maximum lump sum on retirement to such extent only as the Member’s pension is more than the maximum which would have applied without such increases).
- (C) Emoluments are deemed to include the value assessed for income tax of benefits in kind.
- (D) Directors’ fees may rank either as basic salary or as fluctuating emoluments according to the basis on which they are voted.
- (E) Except for the purposes of paragraphs 4 and 5(1)(a), amounts arising from the acquisition or disposal of shares or interests in shares or from a right to acquire

shares are excluded from emoluments unless the acquisition of the shares, interest or right was made before 17 March 1987. Amounts charged to tax under section 148 of the Taxes Act are not emoluments.

- (F) To the extent that Approval would not be affected, and provided they were earned prior to the Exit Date, fluctuating emoluments received after the Exit Date may be taken into account having regard to the year to which they relate.
- (G) Profit-related pay may be treated as a fluctuating emolument whether or not it is assessable to income tax.
- (H) Overtime, commissions and bonuses may be included as fluctuating emoluments so long as they are assessable to income tax.
- (I) A fluctuating emolument payable only in a single year can be included as part of Final Remuneration with the agreement of the Board of Inland Revenue.
- (J) Except for the purposes of paragraphs 4 and 5(1)(a), for a Restricted Member or any other Member whose remuneration in any year beginning after 5 April 1987 is used in calculating benefits and exceeds the Fixed Amount, Final Remuneration will be calculated as in (2) above and (1) will not apply, except that for a Member who is not a Restricted Member:
 - (i) Final Remuneration may be calculated in accordance with (1) subject to a maximum of the Fixed Amount; and
 - (ii) if the Exit Date is before 6 April 1991, Final Remuneration may be remuneration assessable to Schedule E Income Tax for the tax year 1986/87.
- (K) For the purpose of calculating the maximum lump sum on retirement of a Member, except for a Pre-1987 Member, Final Remuneration may not exceed the Fixed Amount unless legislation or the Board of Inland Revenue allow otherwise.
- (L) For a Member, except for a Pre-1987 Member or a Pre-1989 Member, Final Remuneration must not when aggregated with remuneration pensionable under all other Relevant Schemes exceed the permitted maximum as defined in section 590C(2) of the Taxes Act.

“Fixed Amount” means £100,000 or such other amount as may have been fixed for the purpose in an Order of HM Treasury.

“in line with RPI” over a period means in proportion to increases between figures for the months in which that period begins and ends in the General Index of Retail Prices published by the Department of Employment (or a replacement of that Index not prejudicing Approval), with appropriate restatement of the later figure if the Index has been replaced or rebased during the period.

“NRD” means the normal retirement date specified for the Member under the Scheme.

“pensionable service” has the same meaning as in the preservation requirements of the Pension Schemes Act 1993.

“Pre-1987 Member” means a Member who became a Member of a Relevant Scheme before 17 March 1987 and continued in membership of that Scheme or any other Relevant Scheme until joining the Scheme.

“Pre-1989 Member” means a Member (other than a Pre-1987 Member) who became a Member of a Relevant Scheme before the 1 June 1989 and continued in membership of that Scheme or any other Relevant Scheme until joining the Scheme.

“Restricted Member” means a Member who at any time in the ten years up to the Exit Date has been a “controlling director”, within the definition in paragraph 5(5) of Schedule 23 to the Taxes Act, in relation to an Employer.

“Relevant Scheme” means a retirement benefits scheme of the Employers or any other employer which is Associated with the Employers and which has Approval or is seeking Approval.

“Taxes Act” means the Income and Corporation Taxes Act 1988 and/or any modification or re-enactment of it.

APPENDIX 2

Definitions and Interpretation

In the Trust Deed and the Rules the words listed below have the special meanings shown below:

“Active Member” means a Member who has joined the Scheme under Rule 1.2 and who has not left Service or opted out of the Scheme since last joining it; Active Membership means membership as an Active Member. Active Membership will cease on leaving Service, death, retirement, opting out of the Scheme, ceasing to be eligible, or where provided under Rules 8.1 (maternity leave) or 8.2 (other absence). Active Membership will in any event cease on attaining age 65 unless the Principal Company and the Trustee agree otherwise, on taking a lump sum under Rule 7.1 or drawing an immediate pension under Rule 4.2 while remaining in Service.

“Actuary” means a person or firm or a company appointed Actuary (or Actuaries) of the Scheme under the Trust Deed, being a Fellow of the Institute of Actuaries or of the Faculty of Actuaries, or a firm of such Actuaries (having at least 75% of such Fellows as partners, or such lesser percentage as the Trustee and the Principal Company agree), or a company providing actuarial services.

“Approval” means the approval of the Scheme as an exempt approved scheme by the Board of Inland Revenue under Chapter I of Part XIV of the Taxes Act. An application of Schedule 22 to the Taxes Act (loss of tax exemption on investment returns from surplus) is deemed not to endanger Approval.

“Audited Accounts Regulations” means The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 (S.I. 1996 No. 1975).

“AVC Regulations” means The Retirement Benefit Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 (S.I. 1993 No. 3016).

“Basic State Pension” means an amount equal to the annual rate of the basic state pension for a single person in force at the relevant date for calculation.

“Cash Supplement” has the meaning given in Rule 3.

“Child” means, in relation to a Member, the Member’s child or adopted child who is under age 18, or age 23 if in full-time education or vocational training; “child” may, if the Trustee so decides, include any person in relation to whom the Trustee decides that the Member was in loco parentis. The decision of the Trustee will be final, and may be made in the light of the information available to it.

“Dependants” means such persons as may be selected by the Trustee who, at the time of the Member’s death, in the opinion of the Trustee, were substantially dependent on the Member for financial support or assistance. The Trustee is entitled to select on the basis of information readily available to it.

“Disclosure Requirements” means the requirements of The Occupational Pension Schemes (Disclosure of Information) Regulations (S.I.1996 No. 1655).

“Earnings” means basic pay and any other remuneration from the Employers.

“Effective Date” means 1 April 1998.

“Employer” means the Principal Company and any other company or firm which is an Employer under the terms of the Trust Deed. In relation to a Member, (unless the context otherwise requires) it means the Employer by which the Member is for the time being employed.

“Final Pensionable Earnings” means, in relation to a Member who is a Salaried Member at the time Active Membership ceases, the higher of:

- (1) where Pensionable Earnings are basic pay only, the Pensionable Earnings received by the Member in the twelve months ending on the last day of his or her Active Membership, minus the Lower Earnings Limit Deduction over the same twelve month period; or
- (2) where Pensionable Earnings include fluctuating emoluments as well as basic pay, the basic pay received by the Member in the twelve months ending on the last day of his or her Active Membership, plus the yearly average of fluctuating emoluments received in any period of three consecutive Tax Years within the 13 complete Tax Years preceding the last day of Active Membership, minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated; and
- (3) the annual average of Pensionable Earnings over the period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership, minus the Lower Earnings Limit Deduction over the same three year period.

“Final Pensionable Earnings” means, in relation to a Member who is a Non-salaried Member at the time Active Membership ceases, the higher of:

- (1) Pensionable Earnings received by the Member in the last complete Tax Year before the Member ceases to be an Active Member, minus the Lower Earnings Limit Deduction over that Tax Year;
- (2) the annual average of Pensionable Earnings over the period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership, minus the Lower Earnings Limit Deduction over the same three year period.

Where the Member’s retirement follows a period of absence without pay which began before the start of the Tax Year in which the Member retired, Pensionable Earnings for the last complete Tax Year ending on or before the last day of his or her Active Membership (“the last Tax Year”) may be replaced, if it would increase the Member’s pension, by the greater of:

- (a) the Pensionable Earnings in the last complete Tax Year converted to an annual equivalent, and
- (b) the Pensionable Earnings for the Tax Year before the last complete Tax Year, increased by the amount of any pay increase notified to the Trustee as applicable to the class of employees to which the Member belonged during the last complete Tax Year.

Where the Member has not been in Service for a complete Tax Year at the time Active Membership ceases, Final Pensionable Earnings will be his or her Pensionable Earnings during Active Membership, converted to an annual equivalent.

“Fund” means the assets of the Scheme.

“GMP” means the guaranteed minimum which a Member or the widow or widower of a Member has in relation to any pension payable under the Scheme under Rule 13.

“Ill-health” means in relation to a Member ill-health or incapacity which prevents the Member carrying out the occupation in which he or she was employed or any suitable alternative employment provided by the Employers.

“Inland Revenue” means the Board of Inland Revenue.

“Insurance Company” means a United Kingdom branch or agency of an insurance company to which Part II of the Insurance Companies Act 1982 and which is authorised by or under section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act.

“Lower Earnings Limit” means the annual rate of the lower earnings limit for the purposes of National Insurance contributions from time to time.

“Lower Earnings Limit Deduction” over any period means, in relation to the calculation of Final Pensionable Earnings, 1.5 times the average Lower Earnings Limit in force over the relevant period, provided that the maximum Lower Earnings Limit Deduction is that which would produce a Final Pensionable Earnings figure which is 25% less than the Pensionable Earnings figure on which it is based.

“Member” means a person who has joined the Scheme as an Active Member in accordance with the Rules.

“Minimum Funding Regulations” means The Occupational Pension Schemes (Minimum Funding Requirement and Actuarial Valuations) Regulations 1996 (S.I. 1996 No. 1536)

“MNOFF” means the Merchant Navy Officers’ Pension Fund.

“National Service” means service with Her Majesty’s armed forces or in other work of national importance during which the Member is absent either with the consent of the Employer or compulsorily under any Act of Parliament.

"New Regime Member" means a Member who is a Pre-1987 or Pre-1989 Member (as defined in Appendix 1) and who makes the election in paragraph 8 of Appendix 1 or a Member who is not a Pre-1987 or Pre-1989 Member.

"Non-salaried Member" means a Member other than a Salaried Member.

"Normal Retirement Date" means in relation to a Member who is a Shore Staff Employee at the time his or her Active Membership ceases, the Member's 63rd birthday and in relation to a Member who is a Sea Staff Employee at the time his or her Active Membership ceases, the Member's 60th birthday.

"Notional Pensionable Earnings" means, in relation to a Member who is absent from work due to pregnancy or confinement but who has not otherwise ceased to be an Active Member, the remuneration likely to have been paid to the Member if she had been working normally, as to which the Employer's certificate shall be final.

"Notional Spouse's Pension" means the pension that was or would have been payable on the Member's death to a Spouse of the same age as the Member in the circumstances in which the Member died, ignoring any commutation under Rule 7.1 or surrender under Rule 7.2.

"Old Regime Member" means a Pre-1987 or Pre-1989 Member (as defined in Appendix 1) other than a Member who makes the election in paragraph 8 of Appendix 1.

"Overseas Employer" means an Employer who is not resident for tax purposes in the UK, with trading profits which are liable to UK tax only to the extent that they arise from a branch or an agency in the UK.

"Pensionable Earnings" means, in relation to a Member, Earnings payable during Active Membership excluding any fixed allowances, overtime, bonus, commission or other fluctuating emoluments which are not pensionable under the terms of the Member's employment. The Trustee may rely on information provided by the Employers as to the Pensionable Earnings of Members. In the case of Service outside the United Kingdom, Pensionable Earnings will be as determined by the Employer under Rule 15 (Service Overseas). In the case of a Member in National Service, Pensionable Earnings will be determined in accordance with Rule 17 (National Service).

"Pensionable Service" means, in relation to a Member, the Member's last or only period of Active Membership plus any additional Pensionable Service credited in connection with a transfer into the Scheme, additional voluntary contributions or augmentation, or under Rule 8 (absences). It includes any period added under Rule 15 in relation to overseas Service, and any period of National Service of a Member if and on the terms provided by Rule 17.

"Pension Schemes Act" means the Pension Schemes Act 1993 and (to the extent that they are not consolidated in that Act) those provisions of the Social Security Administration Act 1992 which replaced, by way of consolidation or otherwise, the provisions of the Social Security Pensions Act 1975.

"Pensions Act" means the Pensions Act 1995.

"Post-1997 Benefits" means the benefits which accrue to Members in relation to periods of Service after 5 April 1997 which are contracted-out employment within the meaning of the Pension Schemes Act.

"Potential Pensionable Service" means the Pensionable Service that a Member would have had if he or she had continued as an Active Member up to Normal Retirement Date.

"Preservation Requirements" has the meaning given in section 69 of the Pension Schemes Act.

"Principal Company" means The Peninsular and Oriental Steam Navigation Company or any other Employer which is the Principal Company from time to time in accordance with the Trust Deed.

"Qualifying Service" means Pensionable Service, Service in recognised employment by reference to the Scheme and linked qualifying service under another scheme. This definition is to be construed in the same way as under the Preservation Requirements. **"2 years' Qualifying Service"** has the meaning given in section 71(7) of the Pension Schemes Act.

"Retail Prices Index" means the Government's Index of Retail Prices or any similar index satisfactory for the purpose to the Inland Revenue.

"Revalued GMP" means, in relation to a Member who has ceased to be in contracted-out employment, the amount of the guaranteed minimum pension to which the Member will be entitled at State Pension Age after increases have been made to the GMP under Rule 13.

"Revenue Limit" in relation to a benefit means the maximum amount of that benefit that may be paid under the Scheme without prejudicing Approval. Appendix 1 to these Rules contain a summary of Inland Revenue Limits applying at the date of this Deed.

"Rules" means the Rules of the Scheme as amended from time to time.

"Salaried Member" means a Member who has an annual rate of basic pay as notified by the Employer to the Trustee.

"Scale Contributions" has the meaning given in Rule 2.1.

"Scale Pension" has the meaning given in Rule 3.

"Schedules" means the schedules to the Rules from time to time.

"Scheme" means the P&O Pension Scheme established by a trust deed dated 1 August 1969, and then called the P&O Group Pension Scheme.

“Scheme Administration Regulations” means The Occupational Pension Schemes (Scheme Administration) Regulations 1996 (S.I. 1996 No. 1715).

“Scheme Year” means a period of a year starting on 1 April in any year.

“Sea Staff Employee” means a Member who is on the register of sea staff employees of an Employer.

“Separate Fund” has the meaning given in Clause 10 of the Trust Deed (sale of Employer or business etc).

“Service” means employment with any Employer.

“Shore Staff Employee” means a Member who is on the register of shore staff employees of an Employer.

“Social Security Administration Act” means the Social Security Administration Act 1992.

“Spouse” means the widow or widower of a Member.

“State Pension Age” means, in relation to a Member, the Member’s 65th birthday (if male) or 60th birthday (if female).

“Tax Year” means a year ending on 5 April.

“Taxes Act” means the Income and Corporation Taxes Act 1988.

“Trivial” when used to describe a pension or allowance payable to a person under the Scheme means that its annual amount is less than the excess of (1) the prescribed annual amount over (2) the annual amount of the pensions (and, in the case of a Member, the pension equivalent of lump sums) to which that person is entitled under all other retirement benefit schemes relating to employment with the Employers. For this purpose, the “prescribed annual amount” is £260 or any other amount prescribed under sections 21(1), 77(5) and (6) of the Pension Schemes Act.

“Trust Deed” means the Trust Deed constituting the Scheme and any alterations to the Trust Deed for the time being in force.

“Trustee” means the trustee or trustees for the time being in office in accordance with the Trust Deed.

Interpretation:

In this Trust Deed and Rules, where the context allows:

- (1) words in the singular include the plural (and vice versa);
- (2) words of one gender (except “male”, “female”, “man”, “woman”, “widow” and “widower”) include the other;

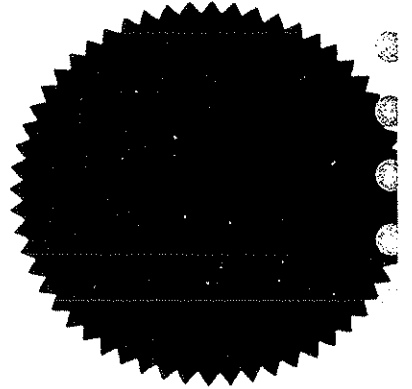
- (3) references to legislation include modifications to and re-enactments of, and regulations made under that legislation and references to regulations include modifications to and re-enactments of those regulations;
- (4) references to "the Rules" include references to the Schedules;
- (5) the heading of a Rule does not affect its meaning, nor does a reference to that heading for the purposes of cross-reference;
- (6) references to benefits payable "for" a Member include benefits payable by reason of the Member's membership to his or her family, dependants or other persons after the Member's death.

AS EVIDENCE of the above this Deed was executed by the parties on the date first mentioned above.

THE COMMON SEAL of THE PENINSULAR)
 AND ORIENTAL STEAM NAVIGATION)
 COMPANY LIMITED was put on this Deed)
 in the presence of:)

Director:

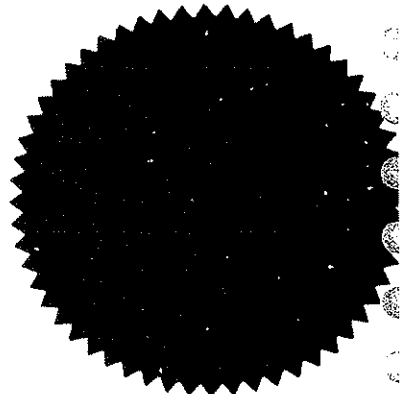
DEPUTY
 Director/Secretary:



THE COMMON SEAL of P&O PENSION)
 FUNDS INVESTMENTS LIMITED)
 was put on this Deed in the presence of:)

Director:

Director/Secretary:



THE P&O PENSION SCHEME

The Schedules

Referred to in Rule 1.7

CONTENTS

Schedule No. Former Scheme

- 1 Bovis Pension Fund
- 2 Bovis Pension Fund (Integrated)
- 3 Bovis Senior Executive Pension Fund
- 4 Buck & Hickman Limited Pension Scheme
- 5 Containerbases Limited Pension and Life Assurance Fund
- 6 Coventry Trading Estates Limited Pension Scheme
- 7 Crowngap Construction Limited Pension and Assurance Scheme
- 8 Earls Court & Olympia Pension and Life Assurance Scheme
- 9 EFL 1974 Pension & Life Assurance Plan - Scheme A
- 10 EFL 1974 Pension & Life Assurance Plan - Scheme D
- 11 New Zealand Shipping Company Pensions Fund
- 12 GTE Services Pension Scheme
- 13 Larne Harbour Limited Contributory Superannuation Plan
- 14 Overseas Containers Pension Scheme
- 15 Overseas Containers Supplementary Pension Scheme
- 16 OCL Sea Staff Pension Scheme
- 17 P&O Group Pension Scheme Pre-1988 Active Members
- 18 P&O Pension Scheme (Reserve Section)
- 19 P&O Pension Scheme (Sea Staff Officers)
- 20 Spring Grove Services Executive Pension Scheme

- 21 Spring Grove Services Management Pension Scheme
- 22 Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "A"
- 23 Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "B"
- 24 Town & City Properties Pension and Life Assurance Scheme, Part 1 (known as the Sterling Guarantee Trust Pension and Life Assurance Scheme)
- 25 Town & City Properties Pension and Life Assurance Scheme, Part 2
- 26 Town & City Properties Limited (SC) Non-contributory Pension and Life Assurance Scheme
- 27 Wharf Holdings Superannuation and Life Assurance Scheme
- 28 Provisions applicable to Transferred-in Pensioners and Deferred Pensioners
- 29 Senior Executives
- 30 Level One Senior Executives

SCHEDULE 1

Variation of Rules Relating to Former Bovis Pension Fund Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Bovis Pension Fund immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL Deduction

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

3. **Scale Pension calculated with Extra 200ths**

Rule 3.1 does not apply to a Member whose current period of Pensionable Service began before 6 July 1973; the following applies in its place.

“3.1 Scale Pension

The Scale Pension is calculated as 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service and proportionately for each additional complete day of Pensionable Service together with 1/200th of Relevant Pensionable Earnings for each complete year of Pensionable Service and proportionately for each additional complete day of Pensionable Service. For the purpose of this Rule, “Relevant Pensionable Earnings” means in relation to a Member a sum equal to £3,000 less than Final Pensionable Earnings.”

SCHEDULE 2

Variation of Rules relating to Former Bovis Pension Fund (Integrated) Members

The Rules apply with the following variations in relation to a Member who was in pensionable service under the Bovis Pension Fund (Integrated) immediately prior to 22 August 1994, who became an Active Member of the Scheme on 22 August 1994, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Guarantee

If in the opinion of the Trustee, after taking advice from the Actuary, the value of the aggregate of the Member's benefits from the Scheme and from the State Earnings Related Pension Scheme for Pensionable Service up to the date of ceasing to be an Active Member is less than the value of the aggregate of the benefits which would have become payable from the Bovis Pension Fund (Integrated) and the State Earnings Related Pension Scheme for the same Service had the Member remained a member of the Bovis Pension Fund (Integrated), the Member's pension will be increased by the value of the difference.

SCHEDULE 3

Variation of Rules Relating to Former Bovis Senior Executive Pension Fund Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Bovis Senior Executive Pension Fund immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

3. **Earlier NRD**

“Normal Retirement Date” does not have the meaning shown in Appendix 2, but has the following meaning:

“Normal Retirement Date” means in relation to a Member the date when the Member attains the age of 62 years 6 months

4. **Different Scale Pension**

Rule 3.1 does not apply. The following applies in its place:

“3.1 **Scale Pension**

For a Member whose current period of Pensionable Service began before 6 July 1973 the Scale Pension is calculated as 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service and proportionately for each additional complete day of Pensionable Service together with 1/200th of Relevant Pensionable Earnings for each complete year of Pensionable Service and proportionately for each additional complete day of Pensionable Service. For the purpose of this Rule, “Relevant Pensionable Earnings” means in relation to a Member a sum equal to £3,000 less than Final Pensionable Earnings.

For a Member whose current period of Pensionable Service began on or after 6 July 1973 the Scale Pension is calculated as:

- (1) 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service before the Member joined the Bovis Senior Executive Pension Fund, and
- (2) 1/50th of Final Pensionable Earnings for each complete year of Pensionable Service after the Member joined the Bovis Senior Executive Pension Fund,

and proportionately for each additional complete day of Pensionable Service.”

SCHEDULE 4

Variation of Rules Relating to Former Buck & Hickman Limited Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Buck & Hickman Limited Pension Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Spouse's pension guarantee

If Rule 6.1(3) (spouse's pension on death in service) applies and the amount of pension payable is less than the amount of pension payable under the corresponding rule in the Buck & Hickman Limited Pension Scheme as at 31 March 1988, a pension shall be payable as calculated under the latter rule and not Rule 6.1(3).

SCHEDULE 5

Variation of Rules relating to Former Containerbases Limited Pension and Life Assurance Fund Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Containerbases Limited Pension and Life Assurance Fund immediately prior to 1 July 1993 who became an Active Member of the Scheme on 1 July 1993, and in respect of whom a transfer payment from that scheme was received by the Trustee.

For the purpose of this Schedule "Negotiated Members" means Members whose Scheme benefits were calculated on a revalued average salary basis and "Non-negotiated Members" means Members whose Scheme benefits were calculated by reference to annual salary on retirement.

1. Different Definition of Final Pensionable Earnings

- (a) The definition of Final Pensionable Earnings in Appendix 2 does not apply to a Negotiated Member; the following applies in its place:

"Final Pensionable Earnings" means, in relation to a Negotiated Members, the highest of:

- (1) the Pensionable Earnings received by the Member in the twelve months ending on the last day of his or her Active Membership, minus the Lower Earnings Limit Deduction over the same twelve month period; and
- (2) the yearly average of gross pay received by the member in any period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership, minus the Lower Earnings Limit Deduction over the twelve month period ending on the last day of the Member's Active Membership."

- (b) The following paragraph is added as a new sub-paragraph (4) at the end of the definition of Final Pensionable Earnings in Appendix 2:

"(4) In respect of a Non-negotiated Member, the annual average of Pensionable Earnings received over the 24 months ending on the last day of his or her Active Membership minus the Lower Earnings Limit Deduction over the same twelve month period."

(c) Guarantee

In no circumstances will the "Final Pensionable Earnings" of a Non-negotiated Member be less than those which would have applied under the Rules of the Containerbases Limited Pension and Life Assurance Fund in force on 30 June 1993 had the Member remained a member of that scheme.

2. Scale Pension Guarantee for a Negotiated Member

In no circumstances will the Scale Pension in respect of a Negotiated Member be less than the pension which would have been payable under the Rules of the Containerbases Limited Pension and Life Assurance Fund in force on 30 June 1993 had the Member remained a member of that scheme.

3. Death Benefit Guarantee

The lump sum payable under Rule 6.1 will not be less than the amount which would have become payable under the rules of the Containerbases Limited Pension and Life Assurance Fund had the Member died on 30 June 1993.

4. Cash Supplement

Add the following at the end of Rule 3.2:

"A Member who was a Member of the Containerbases Limited Pension and Life Assurance Fund before 6 April 1987 and who has completed or could complete 18 years of Pensionable Service by Normal Retirement Date shall be entitled to a Cash Supplement calculated as 2 times the Lower Earnings Limit in force on the date of retirement (or in the case of a Member whose Active Membership ends before Normal Retirement Date and who is not then entitled to an immediate pension from the Scheme, the date the Member's Active Membership ends). If the Member ceases to be an Active Member before Normal Retirement Date, the Cash Supplement will be reduced by applying the factor N/NS where:

N = the length of the period of Active Membership, plus any additional period of Pensionable Service credited in connection with a transfer into the Scheme; and

NS = the total period of Active Membership, plus any additional period of Pensionable Service credited in connection with a transfer into the Scheme, which the Member would complete if he or she remained an Active Member until Normal Retirement Date."

5. Temporary Pension

Members aged 55 or over on 30 June 1993 can elect to receive a temporary pension payable until State Pension Age in lieu of the Cash Supplement under Rule 3.2. The temporary pension shall be subject to the same terms and conditions as applied to a Bridging Pension under the Rules of the Scheme in force prior to 1 July 1991 but shall not be taken into account for the purposes of calculating any pension for a Spouse or Dependant.

SCHEDULE 6

Variation of Rules Relating to Former Coventry Trading Estates Limited Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Coventry Trading Estates Limited Pension Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. **No LEL deduction**

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. **No Cash Supplement**

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ":(a)"

- ":(b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ":(a)"

- ":(plus)"

Rule 6.2(3)(b)

Appendix

Definition of Cash Supplement

SCHEDULE 7

Variation of Rules Relating to Former Crowngap Construction Limited Pension and Assurance Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Crowngap Construction Limited Pension and Assurance Scheme immediately prior to 1 October 1990, who became an Active Member of the Scheme on 1 October 1990, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b)

Appendix

Definition of Cash Supplement

SCHEDULE 8

Variation of Rules Relating to Former Earls Court & Olympia Pension and Life Assurance Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Earls Court & Olympia Pension and Life Assurance Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that Scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b)

Appendix

Definition of Cash Supplement

SCHEDULE 9

Variation of Rules Relating to Former EFL 1974 Pension & Life Assurance Plan - Scheme A Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the EFL 1974 Pension & Life Assurance Plan - Scheme A immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ":(a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ":(a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement

SCHEDULE 10

Variation of Rules Relating to Former EFL 1974 Pension & Life Assurance Plan - Scheme D Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the EFL 1974 Pension & Life Assurance Plan - Scheme D immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement"

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" in the second paragraph

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ": (a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b)

Appendix

Definition of Cash Supplement.

SCHEDULE 11

Variation of Rules Relating to Former New Zealand Shipping Company Pensions Fund Members

The Rules apply with the following variations in relation to a Member who was a Member of the New Zealand Shipping Company Pensions Fund immediately prior to 1 July 1971 (if a Shore Staff Employee) or 1 June 1972 (if a Sea Staff Employee), who became an Active Member of the Scheme on 1 July 1971 or 1 June 1972, as appropriate, and who was an Active Member of the Scheme on and immediately prior to 1 April 1988.

1. Different definition of Final Pensionable Earnings on ill-health

At the end of the definition of Final Pensionable Earnings applying to a Salaried Member in Appendix 2 add:

“Save in the case of a Member who exercises the option in Rule 4.6*, for a Member who ceases to be an Active Member due to Ill-health and who receives an Ill-health pension, Final Pensionable Earnings has the meaning set out above but with the following words deleted:

from (1) -”, minus the Lower Earnings Limit Deduction over the same twelve month period”

from (2) -”, minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated”

from (3) -”, minus the Lower Earnings Limit Deduction over the same three year period”

2. Different Spouse's Pension

In Rule 6.3(1) add at the end:

“plus in the case of a Member who has not exercised the option in Rule 4.6*:

- (i) if the Member retired at Normal Retirement Date or was required by the Employer to retire on or after age 56, a pension equal to:

$$60\% \times \text{Cash Supplement}$$

2

* New Rule 4.6 is inserted by paragraph 4 of this Schedule.

- (ii) if the Member retired before Normal Retirement Date other than in the circumstances referred to in (i) above, a pension equal to:

$$60\% \times \text{Cash Supplement}$$

N

where N is the number of years and days from the date of retirement to the Member's State Pension Age with the formula shown applying to the Cash Supplement prior to its reduction to take account of early retirement. Where the Member is female, State Pension Age is deemed to be age 65".

3. Increased Cash Supplement on compulsory retirement

In Rule 3.2 add to the end:

"In the case of a Member who has not exercised the option in Rule 4.6", if the Member retired on or after attaining the age of 56 having been required to retire by the Employer, the Cash Supplement is increased by a factor of A/B where:

A = Number of years and days from the date of the Member's retirement to the Member's State Pension Age

B = Number of years and days from Normal Retirement Date to the Member's State Pension Age"

4. NZS Option

Add a new Rule 4.6 as follows:

"A Member who retires from or leaves Service may opt to receive a pension or other benefits in accordance with the "Old Rules" applicable to former members of the New Zealand Shipping Company Pensions Fund set out in the Schedule to the NZS Scheme Rules consolidated in December 1987, instead of the pension or other benefits payable under the Rules of the Scheme. Rule 7.1 (Cash Lump Sum), Rule 9 (Pension Increases), Rule 10 (Transfers-out), Rule 11 (Calculation of Benefits), Rule 12 (Payment of Benefits), Rule 13 (Contracting-out) and, if applicable, Rule 16 (MNOFP Benefits) will continue to apply notwithstanding the exercise by a Member of the option in this Rule."

* New Rule 4.6 is inserted by paragraph 4 of this Schedule.

SCHEDULE 12

Variation of Rules Relating to Former GTE Services Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the GTE Services Pension Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - “and Cash Supplement”

- “the Cash Supplement will be calculated as at Normal Retirement Date, and both”

Rule 4.2(1)(a)(iii) - “the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date”

Rule 4.2(2) - “and a Cash Supplement”

Rule 4.3(1) - “and a Cash Supplement” in the first paragraph

- “and Cash Supplement” in the second paragraph

Rule 4.3(2) - “and a Cash Supplement” in the first paragraph

- “and Cash Supplement” both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - “a Cash Supplement and” in the first paragraph and “and Cash Supplement” in the penultimate line

Rule 5.5 - “as will the Cash Supplement” in the first sentence

Rule 5.6 - “: (a)”

- “; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment”

In the second paragraph - “or Cash Supplement”

In Rule 6:

Rule 6.2(3) - “: (a)”

- “, plus”

Rule 6.2(3)(b)

Appendix

Definition of Cash Supplement

SCHEDULE 13

Variation of Rules Relating to Former Larne Harbour Limited Contributory Superannuation Plan - Staff Employees and Foremen Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Larne Harbour Limited Contributory Superannuation Plan - Staff Employees and Foremen immediately prior to 1 April 1989, who became an Active Member of the Scheme on 1 April 1989, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. **No LEL deduction**

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. **No Cash Supplement**

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - “and Cash Supplement”

- “the Cash Supplement will be calculated as at Normal Retirement Date, and both”

Rule 4.2(1)(a)(iii) - “the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date”

Rule 4.2(2) - “and a Cash Supplement”

Rule 4.3(1) - “and a Cash Supplement” in the first paragraph

- “and Cash Supplement” in the second paragraph

Rule 4.3(2) - “and a Cash Supplement” in the first paragraph

- “and Cash Supplement” both times it appears

Rule 4.4 - third sentence

In Rule 5:

Rule 5.3 - “a Cash Supplement and” in the first paragraph and “and Cash Supplement” in the penultimate line.

Rule 5.5 - “as will the Cash Supplement” in the first sentence

Rule 5.6 - “: (a)”

-“; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment”

In the second paragraph - “or Cash Supplement”

In Rule 6:

Rule 6.2(3) - “: (a)”

- “, plus”

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement

SCHEDULE 14

Variation of Rules Relating to Former Overseas Containers Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Overseas Containers Pension Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Different Cash Supplement

Rule 3.2 does not apply. The following applies in its place:

“3.2 Cash Supplement

The Cash Supplement is a single cash payment calculated as 2 times the Lower Earnings Limit in force on the date of retirement (or in the case of a Member whose Active Membership ends before Normal Retirement Date and who is not then entitled to an immediate pension from the Scheme, the date the Member's Active Membership ends). If the Member ceases to be an Active Member before Normal Retirement Date, the Cash Supplement will be reduced by applying the factor N/NS where:

N = the aggregate of the length of the period of Active Membership and the length of the period during which the Member contributed to the Overseas Containers Pension Scheme; and

NS = the aggregate of the total period of Active Membership the Member would complete if he or she remained an Active Member until Normal Retirement Date and the length of the period during which the Member contributed to the Overseas Containers Pension Scheme.”

2. Better Death Benefit

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

3. No limitation on Spouse's Pension in certain circumstances

In Rule 6.6 add to the end of the first paragraph:

"except that there shall be no such reduction if the Member's Pensionable Service commenced before 1 October 1978 and no reduction applied under the Rules of the Overseas Containers Pension Scheme as at 31 March 1988".

SCHEDULE 15

Variation of Rules Relating to Former Overseas Containers Supplementary Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Overseas Containers Supplementary Pension Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Different Cash Supplement

Rule 3.2 does not apply. The following applies in its place:

“3.2 Cash Supplement

The Cash Supplement is a single cash payment calculated as 5 times the Lower Earnings Limit in force on the date of retirement (or in the case of a Member whose Active Membership ends before Normal Retirement Date and who is not then entitled to an immediate pension payable from the Scheme, the date the Member's Active Membership ends). If the Member ceases to be an Active Member before Normal Retirement Date, the Cash Supplement will be reduced by applying the factor N/NS where:

N = the aggregate of the length of the period of Active Membership, the length of the period during which the Member contributed to the Overseas Containers Supplementary Pension Scheme and the length of the period of pensionable service (if any) credited on any transfer into that scheme in respect of the Member and;

NS = the aggregate of the total period of Active Membership the Member would complete if the Member remained an Active Member until Normal Retirement Date, the length of the period during which the Member contributed to the Overseas Containers Supplementary Pension Scheme and the length of the period of pensionable service credited on any transfer into that scheme in respect of the Member.”

2. Better Death Benefit

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

3. **No limitation on Spouse's Pension in certain circumstances**

In Rule 6.6 add to the end of the first paragraph:

“except that there shall be no such reduction if the Member's Pensionable Service commenced before 1 October 1978 and no reduction applied under the Rules of the Overseas Containers Supplementary Pension Scheme as at 31 March 1988”.

4. **Earlier NRD**

“Normal Retirement Date” does not have the meaning shown in Appendix 2, but has the following meaning:

“Normal Retirement Date” means, in relation to a Member, the Member's 60th birthday.

5. **Reduction of Pensionable Service on withdrawal**

If a Member leaves Service before Normal Retirement Date (other than at the request of the Employer) the three year special Service credit awarded to the Member on his or her transfer to the Overseas Containers Supplementary Pension Scheme will be reduced by applying the factor N/NS where:

N = the total period of Active Membership (which for the purpose N and NS in this paragraph includes the period during which the Member contributed to the Overseas Containers Supplementary Pension Scheme); and

NS = the total period of Active Membership the Member would complete if he or she remained an Active Member until Normal Retirement Date.

SCHEDULE 16

Variation of Rules Relating to Former OCL Sea Staff Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the OCL Sea Staff Pension scheme immediately prior to 1 January 1990, who became an Active Member of the Scheme on 1 January 1990, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Different definition of Final Pensionable Earnings on ill-health

At the end of the definition of Final Pensionable Earnings applying to a Salaried Member in Appendix 2 add:

“For a Member who ceases to be an Active Member due to Ill-health and who receives an Ill-health pension, Final Pensionable Earnings has the meaning set out above but with the following words deleted:

from (1) -”, minus the Lower Earnings Limit Deduction over the same twelve month period”

from (2) -”, minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated”

from (3) -”, minus the Lower Earnings Limit Deduction over the same three year period”

2. Different Spouse's Pension

In Rule 6.3(1) add at the end:

“, together with the following:

(i) if the Member retired at Normal Retirement Date, a pension equal to:

$60\% \times \text{Cash Supplement}$

5

(ii) if the Member was required by the Employer to retire before Normal Retirement Date, a pension equal to:

$60\% \times \text{Cash Supplement}$

N

where N is the number of years and days from the date of retirement to the Member's State Pension Age. Where the Member is female, State Pension Age is deemed to be age 65.

- (iii) if the Member took early retirement, a pension as set out in (ii) above but with the formula shown applied to the Cash Supplement prior to its reduction to take account of early retirement."

3. Increased Cash Supplement on compulsory retirement

In Rule 3.2 add to the end:

"If the Member was required to retire by the Employer, the Cash Supplement is increased by a factor of A/B where:

A = Number of years and days from the date of the Member's Retirement to the Member's State Pension Age

B = Number of years and days from Normal Retirement Date to the Member's State Pension Age.

Where the Member is female, State Pension Age is deemed to be age 65"

4. Add the following as Rule 19:

"All pensions payable under these Rules shall, after any MNOFF Benefits have been taken account of in the manner described in Rule 16, be increased by 10%"

5. No Contributions

No employee contributions are payable by Members who, as at 31 December 1989, were contributing members of the MNOFF provided they continue to contribute to that scheme.

Delete the first two sentences of Rule 2.1.

6. Active Membership

Members to whom this Schedule 15 applies who, as at 31 December 1989, were contributing members of the MNOFF and who continue to contribute to that scheme, will be deemed to be Active Members of the Scheme even though they are not required to pay contributions to the Scheme. Rule 16 (MNOFF Benefits) applies to them.

SCHEDULE 17

Variation of Rules Relating to Pre-1988 P&O Group Pension Scheme Active Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Scheme on and immediately prior to 1 April 1988, other than a Member who is referred to in Schedule 9 (former New Zealand Shipping Company Pensions Fund Members), Schedule 17 (Reserve Section Members) and Schedule 18 (Sea Staff Officers).

1. Different definition of Final Pensionable Earnings on ill-health

At the end of the definition of Final Pensionable Earnings applying to Salaried Members in Appendix 2 add:

“For a Member who ceases to be an Active Member due to Ill-health and who receives an Ill-health pension, Final Pensionable Earnings has the meaning set out above but with the following words deleted:

from (1) -”, minus the Lower Earnings Limit Deduction over the same twelve month period”

from (2) -”, minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated”

from (3) -”, minus the Lower Earnings Limit Deduction over the same three year period”

2. Different Spouse's Pension

In Rule 6.3(1) add at the end:

“, together with the following:

- (i) if the Member retired at Normal Retirement Date, a pension equal to:

$$60\% \times \text{Cash Supplement}$$

2

- (ii) if the Member was required by the Employer to retire before Normal Retirement Date, a pension equal to:

$$60\% \times \text{Cash Supplement}$$

N

where N is the number of years and days from the date of retirement to the Member's State Pension Age. Where the Member is female, State Pension Age is deemed to be age 65;

- (iii) if the Member took early retirement, a pension as set out in (ii) above but with the formula shown applying to the Cash Supplement prior to its reduction to take account of early retirement."

3. **Increased Cash Supplement on compulsory retirement**

In Rule 3.2 add to the end:

"If the Member was required to retire by the Employer, the Cash Supplement is increased by a factor of A/B where:

A = Number of years and days from the date of the Member's Retirement to the Member's State Pension Age

B = Number of years and days from Normal Retirement Date to the Member's State Pension Age.

Where the Member is female, State Pension Age is deemed to be age 65."

4. **Sub-categories**

The following further variations to the Rules will apply to the following sub-categories of Members covered by this Schedule.

4.1 **Senior Section**

Members who were notified that they were in the Senior Section of the Scheme and entitled to enhanced benefits.

(1) **No LEL deduction**

In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) "-", minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) "-", minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) "-", minus the Lower Earnings Limit Deduction over the same three year period"

(2) **No Cash Supplement**

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement".

Rule 4.2(1)(a)(i) - "and Cash Supplement".

Rule 4.2(1)(a)(ii) - "and a Cash Supplement".

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both".

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date".

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence..

Rule 5.6 - ": (a)" and ";and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment".

In the second paragraph - "or Cash Supplement".

In Rule 6:

Rule 6.2(3) - ": (a) " and ", plus".

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

(3) Better Death Benefit

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

4.2 Hain-Nourse Sea Staff

Members who were members of the Hain-Nourse Sea Staff Pension Fund immediately prior to 1 June 1972 and in respect of whom a transfer payment from that scheme was received by the Trustee.

(1) Different Scale Pension Option

In Rule 3.1 add at the end:

“or at the option of the Member is calculated as 1/60th of the yearly average of Pensionable Earnings received by the Member in the three years ending on the last day of his or her Active Membership for each complete year of Pensionable Service and proportionately for each additional month of Pensionable Service subject to a maximum of 30/60ths” (“the Option”).

(2) Supplementary Pensions

In Rule 4.1 add at the end:

“If the Member has completed 30 or more years' of Pensionable Service and exercises the Option in Rule 3.1 on retiring from Service at Normal Retirement Date the following supplementary pensions shall be payable:

- (a) a supplementary pension payable for life calculated as:

$$\frac{N - 30}{60} \times \text{Final Pensionable Earnings} - \text{Basic State Pension}$$

where N equals the number of complete years of the Member's Pensionable Service and Final Pensionable Earnings means the yearly

average of the Pensionable Earnings received by the Member in the three years ending on the last day of his or her Active Membership;

- (b) a supplementary pension payable during the period up to the Member's 65th birthday or earlier death calculated as:

$$\frac{N - 30}{60} \times \text{Final Pensionable Earnings (subject to a maximum of the Basic State Pension)}$$

where N and Final Pensionable Earnings have the same meaning as in (a) above.

A supplementary pension payable under this Rule will receive the same pension increases, will be taken into account in calculating the Spouse's pension on the death of a Member and will be treated for all other purposes of the Scheme in the same way as the Member's Scale Pension."

(3) No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

- Rule 4.3(2) - "and a Cash Supplement" in the first paragraph.
- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence..

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

(4) Different Spouse's Pension

In Rule 6.3(1) add after the figure "60%" the words "(or in the case of a Member who has exercised the Option in Rule 3.1, 50%)".

4.3 Coast Lines

Members who were members of the Coast Lines Superannuation Fund immediately prior to 1 January 1973 and in respect of whom a transfer payment from that scheme was received by the Trustee.

(1) Different Cash Supplement

Rule 3.2 does not apply to a Member whose current period of Pensionable Service began before 1 January 1973; the following applies in its place:

“3.2 Cash Supplement

The Cash Supplement is a single cash payment calculated in respect of a Member who is a Shore Staff Employee as 1/20th of the Lower Earnings Limit, and in respect of a Member who is a Sea Staff Employee as 1/8th of the Lower Earnings Limit, in force on the date of retirement (or in the case of a Member whose Active Membership ends before Normal Retirement Date and who is not then entitled to an immediate pension from the Scheme, the Lower Earnings Limit in force on the date the Member’s Active Membership ends) for each complete year of Pensionable Service on and after 1 January 1973 and proportionately for each additional complete day of Pensionable Service”.

(2) Supplementary Pension

Add the following at the end of Rule 4.1:

“In addition a supplementary pension will be payable for life from age 65 in respect of Pensionable Service completed before 1 January 1973 in the Coast Lines Superannuation Fund (“The Coast Lines Pensionable Service”) calculated as follows:

The Member’s Coast Lines Pensionable Service x the Basic State Pension

40

A supplementary pension payable under this Rule will receive the same pension increases, will be taken into account in calculating the Spouse’s pension on the death of a Member and will be treated for all other purposes of the Scheme in the same way as the Member’s Scale Pension.”

SCHEDULE 18

Variation of Rules Relating to Reserve Section of P&O Pension Scheme

The Rules apply with the following variations in relation to:

- (a) a Member who was an Active Member of the Reserve Section of the Scheme immediately prior to 1 April 1988 and who was an Active Member of the Scheme on 1 April 1988; and
- (b) a Member who became an Active Member of the Scheme between 1 April 1988 and 31 December 1991 (both dates included) and was granted "Reserve Section" benefits under the Rules.

1. Final Pensionable Earnings

Replace the definition of "Final Pensionable Earnings" in Appendix 2 by the following definition:

"Final Pensionable Earnings" means, in relation to a Member, the higher of:

- (1) Pensionable Earnings received by the Member in the last complete Tax Year ending on or before the last day of his or her Active Membership, minus the Lower Earnings Limit Deduction over that Tax Year, and
- (2) the annual average of Pensionable Earnings received over the period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership, minus the Lower Earnings Limit Deduction over the same three year period.

Where the Member's retirement follows a period of absence without pay which began before the start of the Tax Year in which the Member retired, Pensionable Earnings for the last complete Tax Year ending on or before the last day of his or her Active Membership ("the last complete Tax Year") may be replaced, if it would increase the Member's pension, by the greater of:

- (i) the Pensionable Earnings in the last complete Tax Year, converted to an annual equivalent, and
- (ii) the Pensionable Earnings for the Tax Year before the last complete Tax Year, increased by the amount of any pay increase notified to the Trustee as applicable to the class of employees to which the Member belonged during the last complete Tax Year."

2. **Death Benefits**

With effect up to 31 December 1991:

2.1 Replace Rule 6.1(1) with the following:

“6.1(1) a lump sum equal to two times Final Pensionable Earnings, or if no Spouse’s or Dependant’s pension becomes payable (other than a Child allowance), three times Final Pensionable Earnings; for this purpose the Lower Earnings Limit Deduction in the calculation of Final Pensionable Earnings will be disregarded.”

2.2 Replace “60%” in each of Rules 6.1(3), 6.2(1) and 6.3(1) with “50%”.

2.3 Replace “25%” in Rule 6.4 with “30%”.

3. **Ill-Health Pension**

With effect up to 31 December 1991:

Replace the second sentence of Rule 4.4 with the following:

“This is calculated as the Scale Pension but on the basis of actual Pensionable Service or half the Member’s Potential Pensionable Service if this is greater”.

4. **Thomas Allen Guarantee**

The following further variations to the Rules will apply to Members who are covered by this Schedule and who are former employees of Thomas Allen Limited who worked at Stanford-Le-Hope and who were contributing 4% of salary to the Reserve Section of the Scheme before 6 April 1978.

4.1 **Different Scale Pension**

Add a new Rule 3.3 as follows:

“If the aggregate of the Scale Pension and the pension equivalent of the Cash Supplement is less than an amount equal to 62.5% of the total amount of the Member’s contributions to the Scheme, then the Scale Pension shall be an amount equal to 62.5% of the total amount of the Member’s contributions to the Scheme.”

4.2 **No Cash Supplement**

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence..

Rule 5.6 - ":(a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ":(a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

4.3 Better Death in Service Benefit

In Rule 6.1 add a new paragraph at the end of the Rule as follows:

“If a Member dies in Service, the Trustee shall as an alternative to the death benefits referred to above and if greater in value, pay a lump sum equal to four times Final Pensionable Earnings, reduced in respect of a married Member by the value of the Spouse’s GMP.”

SCHEDULE 19

Variation of Rules relating to Sea Staff Officers

The Rules apply with the following variations in relation to a Member who was a Sea Staff Officer and Member of the P&O Group Pension Scheme, and who was also a contributing member of the MNOFF, on and immediately prior to 1 April 1988.

1. Different Definition of Final Pensionable Earnings on ill-health

At the end of the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2 add:

"For a Member who ceases to be an Active Member due to Ill-health and who receives an Ill-health pension, Final Pensionable Earnings has the meaning set out above but with the following words deleted:

from (1) -", minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) -", minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) -", minus the Lower Earnings Limit Deduction over the same three year period"

2. No Contributions

No employee contributions are payable by Members provided they continue to contribute to the MNOFF. Delete the first two sentences of Rule 2.1

3. Different Spouse's Pension

In Rule 6.3(1) add at the end:

", together with the following:

(i) if the Member retired at Normal Retirement Date, a pension equal to:

$60\% \times \text{Cash Supplement}$

5

(ii) if the Member was required by the Employer to retire before Normal Retirement Date, a pension equal to:

$60\% \times \text{Cash Supplement}$

N

where N is the number of years and days from the date of retirement to the Member's State Pension Age. Where the Member is female, State Pension Age is deemed to be 65.

- (iii) if the Member took early retirement, a pension as set out in (ii) above but with the formula shown applied to the Cash Supplement prior to its reduction to take account of early retirement."

4. **Increased Cash Supplement on compulsory retirement**

In Rule 3.2 add to the end:

"If the Member was required to retire by the Employer, the Cash Supplement is increased by a factor of A/B where:

A = Number of years and days from the date of the Member's Retirement to the Member's State Pension Age

B = Number of years and days from Normal Retirement Date to the Member's State Pension Age"

Where the Member is female, State Pension Age is deemed to be age 65.

5. **Active Membership**

Members to whom this Schedule 18 applies and who continue to contribute to the MNOFP will be deemed to be Active Members of the Scheme even though they are not required to pay contributions to the Scheme. Rule 16 (MNOFP Benefits) applies to them.

6. **Senior Section**

The following further variations to the Rules will apply to Members covered by this Schedule who were notified that they were in the Senior Section of the Scheme and entitled to enhanced benefits.

6.1 **No LEL deduction**

In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) "-", minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) "-", minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) "-", minus the Lower Earnings Limit Deduction over the same three year period"

6.2 No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence

Rule 5.6 - ":(a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - “: (a)”

- “, plus”

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

6.3 **Better Death Benefit**

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse’s or Dependant’s pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

6.4 **Spouse’s Pension**

The variation in paragraph 3 of this Schedule headed “Different Spouse’s Pension” does not apply.

SCHEDULE 20

Variation of Rules Relating to Former Spring Grove Services Executive Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Spring Grove Services Executive Pension Scheme immediately prior to 1 December 1990, who became an Active Member of the Scheme on 1 December 1990, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

3. **Better Death Benefit**

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse’s or Dependant’s pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

4. **Different Scale Pension**

In Rule 3.1 add at the end “except that at Normal Retirement Date the Scale Pension is 2/3rds of Final Pensionable Earnings”.

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ": (a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

SCHEDULE 21

Variation of Rules Relating to Former Spring Grove Services Management Pension Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Spring Grove Services Management Pension Scheme immediately prior to 1 January 1991, who became an Active Member of the Scheme on 1 January 1991, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

SCHEDULE 22

Variation of Rules Relating to Former Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "A" Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "A" immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

3. **Better Death Benefit**

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

4. **Guarantee**

In no circumstances will the pension benefits payable under the Rules be less than those which would have been payable under the Rules of the Sutcliffe Catering Group Limited Pension and Life Assurance Scheme “A” in force on 31 March 1988 had the Member remained a member of that scheme.

SCHEDULE 23

Variation of Rules Relating to Former Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "B" Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Sutcliffe Catering Group Limited Pension and Life Assurance Scheme "B" immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. **No LEL deduction**

1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - ", minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - ", minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - ", minus the Lower Earnings Limit Deduction over the same three year period"

1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. **No Cash Supplement**

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ":(a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ":(a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

3. **Better Death Benefit**

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse’s or Dependant’s pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

4. **Guarantee**

In no circumstances will the pension benefits payable under the Rules be less than those which would have been payable under the Rules of the Sutcliffe Catering Group Limited Pension and Life Assurance Scheme “B” in force on 31 March 1988 had the Member remained a member of that scheme.

SCHEDULE 24

Variation of Rules Relating to Former Town & City Properties Pension and Life Assurance Scheme, Part 1 (known as Sterling Guarantee Trust Pension and Life Assurance Scheme) Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Town & City Properties Pension and Life Assurance Scheme, Part 1 (known as Sterling Guarantee Trust Pension and Life Assurance Scheme) immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Earlier NRD

“Normal Retirement Date” does not have the meaning shown in Appendix 2, but has the following meaning:

“Normal Retirement Date” means in relation to a Member, the Member’s 60th birthday.

2. No LEL deduction

2.1 In the definition of “Final Pensionable Earnings” applying to a Salaried Member in Appendix 2, delete the words:

from (1) - “, minus the Lower Earnings Limit Deduction over the same twelve month period”

from (2) - “, minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated”

from (3) - “, minus the Lower Earnings Limit Deduction over the same three year period”

2.2 In Rule 2.1, delete:

“reduced by 1.5 times the Lower Earnings Limit”

3. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ":(a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ":(a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

4. **Guarantee**

In no circumstances will the pension benefits payable under the Rules be less than those which would have been payable under the Rules of the Sterling Guarantee Trust Pension and Life Assurance Scheme in force at 31 March 1988 had the Member remained a member of that scheme.

5. **Paid-up pensions**

On the retirement of any Member who was in Service on or before 1 April 1972 and whose benefits in respect of that Service are secured by a GRE policy, the paid-up pension secured by the policy shall be paid by the Trustee to the Member in addition to the pension to which the Member is entitled under the Scheme.

SCHEDULE 25

Variation of Rules Relating to Former Town & City Properties Pension and Life Assurance Scheme, Part II Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Town & City Properties Pension and Life Assurance Scheme, Part II immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. Better death benefit

In Rule 6.1(1) delete:

“a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases.”

and insert:

“a lump sum equal to four times Final Pensionable Earnings.”

SCHEDULE 26

Variation of Rules Relating to Former Town & City Properties Limited (SC) Non-contributory Pension and Life Assurance Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Town & City Properties Limited (SC) Non-contributory Pension and Life Assurance Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ": (a)"

-"; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

SCHEDULE 27

Variation of Rules Relating to Former Wharf Holdings Superannuation and Life Assurance Scheme Members

The Rules apply with the following variations in relation to a Member who was an Active Member of the Wharf Holdings Superannuation and Life Assurance Scheme immediately prior to 1 April 1988, who became an Active Member of the Scheme on 1 April 1988, and in respect of whom a transfer payment from that scheme was received by the Trustee.

1. No LEL deduction

- 1.1 In the definition of "Final Pensionable Earnings" applying to a Salaried Member in Appendix 2, delete the words:

from (1) - " , minus the Lower Earnings Limit Deduction over the same twelve month period"

from (2) - " , minus the Lower Earnings Limit Deduction in force over the same twelve month period as that over which basic pay is calculated"

from (3) - " , minus the Lower Earnings Limit Deduction over the same three year period"

- 1.2 In Rule 2.1, delete:

"reduced by 1.5 times the Lower Earnings Limit"

2. No Cash Supplement

No Cash Supplement is payable. The Rules, parts of Rules and references to Cash Supplement listed below are deleted.

Contents page - reference to Cash Supplement.

In Rule 3:

Heading - reference to Cash Supplement.

Rule 3.2

In Rule 4:

Rule 4.1 - "and a Cash Supplement"

Rule 4.2(1)(a)(i) - "and Cash Supplement"

Rule 4.2(1)(a)(ii) - "and Cash Supplement"

- "the Cash Supplement will be calculated as at Normal Retirement Date, and both"

Rule 4.2(1)(a)(iii) - "the Cash Supplement will also become payable and will be calculated as at Normal Retirement Date"

Rule 4.2(2) - "and a Cash Supplement".

Rule 4.3(1) - "and a Cash Supplement" in the first paragraph.

- "and Cash Supplement" in the second paragraph.

Rule 4.3(2) - "and a Cash Supplement" in the first paragraph

- "and Cash Supplement" both times it appears.

Rule 4.4 - third sentence.

In Rule 5:

Rule 5.3 - "a Cash Supplement and" in the first paragraph and "and Cash Supplement" in the penultimate line.

Rule 5.5 - "as will the Cash Supplement" in the first sentence.

Rule 5.6 - ": (a)"

- "; and (b) a Cash Supplement increased up to the date of payment in accordance with Rule 5.5, but reduced to take account of earlier payment"

In the second paragraph - "or Cash Supplement"

In Rule 6:

Rule 6.2(3) - ": (a)"

- ", plus"

Rule 6.2(3)(b).

Appendix

Definition of Cash Supplement.

SCHEDULE 28

Provisions applicable to Transferred-in Pensioners and Deferred Pensioners

This Schedule applies to and in respect of persons who were:

- (1) pensioners or deferred pensioners under the Scheme on 31 March 1988 or
- (2) pensioners or deferred pensioners under other retirement benefit schemes which have merged with the Scheme between 1 April 1988 and 1 September 1994 ("the former schemes") and in respect of whom a transfer payment was received by the Trustee.

Those persons are called in this Schedule "Transferred-in Beneficiaries".

Benefits for a Transferred-in Beneficiary will be calculated in accordance with the provisions applicable to that person which were in force under the Scheme or the relevant former scheme on the date when that person's pensionable service terminated, subject to any subsequent amendment to the Scheme or the former scheme which applied to or in respect of that person, and subject to the rest of this Schedule.

1. Rules applicable

1.1 The following Rules do apply to and in respect of Transferred-in Beneficiaries:

Rule 10 (Transfers-out)

Rule 11 (Calculation of Benefits)

Rule 12 (Payment of Benefits)

Rule 13 (Contracting-out)

1.2 Other Rules apply to and in respect of Transferred-in Beneficiaries *mutatis mutandis* as if they were Members only to the extent that the Trustee decides.

2. Death benefits

The following provisions also apply to and in respect of the Transferred-in Beneficiaries:

- (1) On the death of a person on or after 1 April 1988 in receipt of pension who had been an active member of the Scheme or the relevant former scheme, the Spouse's pension will be increased if necessary to make it equal to 50% of the pension that the Member would have received at retirement if none of the pension had been commuted or surrendered. If the Trustee does not have details of the amount of the pensioner's pre-commutation or pre-surrender pension, then the Spouse's pension will be increased if necessary to make it equal to 50% of the pension that the pensioner was receiving at the date of his

or her death. The Spouse's pension will then be increased from the date of the Member's retirement up to the date of the Member's death in line with the increases given over that period under Rule 9 (assuming for this purpose that none of that pension was GMP).

- (2) If a lump sum is payable on the death of a pensioner or deferred pensioner who was previously a member or beneficiary of a former scheme or of a scheme which merged with the P&O Group Scheme prior to 1 April 1988, it will be payable on the terms of Rule 6.7 but the class of Beneficiaries for the purpose of that Rule will be deemed to include the persons who were included in the class of potential beneficiaries for payment of the lump sum death benefit under that other scheme.

3. Pension increases

In respect of a Transferred-in Beneficiary who was a pensioner or deferred pensioner under the Overseas Containers Pension Scheme immediately prior to 1 April 1988, Rule 9 applies and the Trustee and the Company will if necessary use their discretion under Rule 9.2 to continue the past practice of Overseas Containers Limited (later P&O Containers Limited) and the trustees of that scheme of reviewing pensions with the intention (which is not a commitment) in normal circumstances of awarding increases which are in line with rises in the Retail Prices Index.

4. Pension increases

In respect of a Transferred-in Beneficiary who was a pensioner or deferred pensioner under the Overseas Containers Sea Staff Pension Scheme immediately prior to 1 January 1990, Rule 9 applies and the Trustee and the Company will if necessary use their discretion under Rule 9.2 to continue the past practice of Overseas Containers Limited (later P&O Containers Limited) and the trustees of that scheme of reviewing pensions with the intention (which is not a commitment) in normal circumstances of awarding increases which are in line with rises in the Retail Prices Index.

SCHEDULE 29
SENIOR EXECUTIVES

Variation of Rules

For a Member who is nominated as a Senior Executive by the Principal Company, the Rules apply with the variations set out in this Schedule, and none of the preceding Schedules will apply. However, when benefits become payable for the Member, he or she may opt to be treated as if this Schedule did not apply (except that a Cash Supplement will not be payable to a Senior Executive in any event).

1. No LEL deduction

For a Senior Executive, "Final Pensionable Earnings" means the highest of:

- (1) where Pensionable Earnings are basic pay only, the Pensionable Earnings received by the Senior Executive in the twelve months ending on the last day of his or her Active Membership;
- (2) where Pensionable Earnings include fluctuating emoluments as well as basic pay, the basic pay received by the Senior Executive in the twelve months ending on the last day of his or her Active Membership, plus the yearly average of fluctuating emoluments received in any period of three consecutive Tax Years within the 13 complete Tax Years preceding the last day of Active Membership;
- (3) the annual average of Pensionable Earnings over the period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership.

The definition in Appendix 2 is amended accordingly.

2. No Cash Supplement

No Cash Supplement is payable for a Senior Executive.

All provisions of the Rules which would require a Cash Supplement to be paid are deleted and consequential amendments are made.

3. NRD 60

In relation to a Senior Executive, "Normal Retirement Date" means his or her 60th birthday.

The definition in Appendix 2 is amended accordingly.

4. Different Scale Pension

For the purpose of calculating the Scale Pension of a Senior Executive, the following applies in place of standard Rule 3.1:

“3.1 Scale Pension

The Scale Pension is calculated differently depending on how far away from Normal Retirement Date the Member is when he or she becomes a Senior Executive.

- (1) **Member aged 51 or over on becoming a Senior Executive for whom Normal Retirement Date changes to age 60 on becoming a Senior Executive**

The Scale Pension is:

- (a) 1/45th of Final Pensionable Earnings for each complete year of Pensionable Service as

(i) a Senior Executive;

(ii) an Active Member of the Scheme before becoming a Senior Executive (if any),

up to a maximum of nine years in aggregate; however, if the Member takes early retirement, the maximum will be nine years less the number of years from the date of early retirement to the Member's Normal Retirement Date; plus

- (b) 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service as an Active Member of the Scheme which is not taken into account for the purposes of (a)(ii) above (if any),

and proportionately for each additional day of Pensionable Service.

- (2) **Other Members**

The Scale Pension is:

- (a) 1/45th of Final Pensionable Earnings for each complete year of Pensionable Service as a Senior Executive; and

- (b) 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service as an Active Member of the Scheme before becoming a Senior Executive,

and proportionately for each additional day of Pensionable Service.”

5. Different late retirement

On the late retirement of a Member who was aged 51 or over on becoming a Senior Executive, and whose Normal Retirement Date changes to age 60 on becoming a Senior Executive, the following will apply in place of the standard Rule. On the late retirement of any other Senior Executive Member, the standard Rule 4.2 will apply.

“4.2 Late retirement

The benefits on late retirement are different for an Old Regime Member and a New Regime Member.

(1) Old Regime Members

An Old Regime Member who remains in Service, with the Employer's consent, after Normal Retirement Date will cease to be an Active Member at Normal Retirement Date, unless the Principal Company, the Trustee and the Member agree that Active Membership will continue. (a) or (b) below will then apply as appropriate:

(a) Active Membership ceases at Normal Retirement Date

If the Member ceases to be an Active Member at Normal Retirement Date, he or she has three options:

- (i) immediate payment of the Scale Pension;
- (ii) postponed payment of the Scale Pension; in this case the pension payable will be the Scale Pension as at Normal Retirement Date, increased to take account of later commencement of payment;
- (iii) immediate lump sum under Rule 7.1 and postponed Scale Pension; in this case the pension payable will be the Scale Pension as at Normal Retirement Date (reduced to take account of the lump sum taken under Rule 7.1), increased to take account of later commencement of payment.

(b) Active Membership continues after Normal Retirement Date

Active Membership will cease if the Member leaves Service, opts out of Active Membership, reaches age 65 (or any later age agreed between the Principal Company and the Trustee) or is notified by the Trustee that Revenue Limits would otherwise be exceeded (whichever comes first). On ceasing to be an Active Member, the Member has three options:

- (i) immediate payment of a pension calculated as at the date of ceasing to be an Active Member of:
 - (a) 1/45th of Final Pensionable Earnings for each complete year of Pensionable Service up to a maximum of nine years; and
 - (b) 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service which is not taken into account for the purposes of (i)(a) above,

and proportionately for each additional day of Pensionable Service ("the Late Retirement Pension"); or

- (ii) postponed payment of the pension; in this case the pension payable will be the Late Retirement Pension, increased to take account of later commencement of payment; or
- (iii) immediate lump sum under Rule 7.1 and postponed payment of the pension; in this case the pension payable will be the Late Retirement Pension (reduced by the lump sum taken under Rule 7.1), increased to take account of later commencement of payment.

(2) New Regime Members

A New Regime Member who remains in Service with the Employer's consent after Normal Retirement Date will cease to be an Active Member on leaving Service, on opting out of Active Membership, on reaching age 65 (or any later age agreed between the Principal Company and the Trustee), or on being notified by the Trustee that Inland Revenue limits would otherwise be exceeded (whichever comes first). The Member will be entitled on leaving Service (or at age 75 if earlier) to immediate payment of a pension calculated as at the date of ceasing to be an Active Member of:

- (a) 1/45th of Final Pensionable Earnings for each complete year of Pensionable Service up to a maximum of nine years; and
- (b) 1/60th of Final Pensionable Earnings for each complete year of Pensionable Service which is not taken into account for the purposes of (a) above,

and proportionately for each additional day of Pensionable Service, increased to take account of later commencement of payment."

6. Different death in Service lump sum

For the purpose of calculating the lump sum payable where a Senior Executive dies in Active Membership, the following applies in place of standard Rule 6.1(1):

- “6.1 (1) A lump sum equal to four times Final Pensionable Earnings. If it would produce a higher result, this calculation may be done on the basis of the annual rate of the Member’s basic pay at the date of death instead of the Member’s Final Pensionable Earnings;”

SCHEDULE 30

LEVEL ONE SENIOR EXECUTIVES

Variation of Rules

For a Member who is nominated as a Level One Senior Executive by the Principal Company, the Rules as amended by Schedule 29 are further amended as set out in this Schedule. Such a Member may opt to be treated as if this Schedule did not apply. If the Member opts to be treated as if Schedule 29 does not apply, this Schedule will not apply either.

1. Different Final Pensionable Earnings

For a Level One Senior Executive:

“Pensionable Earnings” means basic pay received during Active Membership.

“Final Pensionable Earnings” means the higher of:

- (1) the Pensionable Earnings received by the Level One Senior Executive in the twelve months ending on the last day of his or her Active Membership;
- (2) the annual average of Pensionable Earnings over the period of three consecutive Tax Years which gives the highest result out of the 13 years ending on the last day of Active Membership.

However, for a Level One Senior Executive who is subject to the permitted maximum as defined for the purpose of Section 590C of the Taxes Act, Final Pensionable Earnings will not in any case exceed the permitted maximum. (A Level One Senior Executive will normally be subject to the permitted maximum if he or she joined the Scheme after 31 May 1989.)

The definitions in Appendix 2 are amended accordingly.

2. Different Scale Pension

For the purpose of calculating the Scale Pension of a Level One Senior Executive, the following applies in place of standard Rule 3.1:

“3.1 Scale Pension

If the Member’s Potential Pensionable Service is 20 years or more, the Scale Pension is 2/3rds of Final Pensionable Earnings, less Retained Benefits.

If the Member’s Potential Pensionable Service is less than 20 years, the Scale Pension is 1/30th of Final Pensionable Earnings for each complete year of

Pensionable Service and proportionately for each additional day (subject to a maximum of 20 years), less Retained Benefits.

For this purpose:

“Pensionable Service” means Service as an Active Member.

“Potential Pensionable Service” means the Pensionable Service that a Member would have if he or she continued as an Active Member up to Normal Retirement Date.

“Retained Benefits” means the pension equivalent of any retirement or death benefits in respect of employment of the Member before he or she entered Service and any benefits under the Scheme arising from a transfer-in or augmentation, except to the extent that the Principal Company has notified the Member that such benefits will be ignored when calculating Retained Benefits. Retained Benefits will be calculated on such basis as the Trustee thinks fit after consulting the Actuary.”

3. Different Spouse’s pension

For a Level One Senior Executive, the Spouse’s pension will be 66%, rather than 60%, of the Member’s pension calculated as described in Rule 6.1(3), 6.2(1) or 6.3(1) (as appropriate). Those Rules are amended accordingly.

Section 67 Certificate

I, Peter Sisson, being the duly appointed actuary to the P&O Pension Scheme (the "Scheme") hereby certify, for the purpose of Section 67 of the Pensions Act 1995, that, in my opinion, the modifications to the Scheme to be made by this Deed do not adversely affect any member of the Scheme (without his consent) in respect of his entitlement or accrued rights acquired before the effective date of this Deed.

P. H. M. Sisson
.....
Signature of Scheme Actuary

25 February 2000
.....
Date

Actuary's Confirmation Under Regulation 42

I, Peter Sisson, being the duly appointed actuary to the P&O Pension Scheme (the "Scheme"):

- 1 confirm that I have been informed by the Trustee of the Scheme in writing of the alterations proposed to me made by this Deed, and
- 2 confirm that I have considered the proposed alterations, and
- 3 hereby confirm to the Trustee of the Scheme 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 if the alterations were made.

P. H. M. Sisson
.....
Signature of Scheme Actuary

25 February 2000
.....
Date

DATED 2nd July 2004

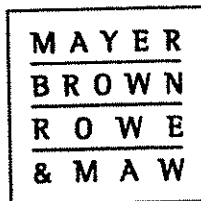
THE P&O PENSION SCHEME

DEED OF VARIATION

CERTIFIED A TRUE COPY
OF THE ORIGINAL.

DATED 6.8.04

SIGNED Mayer, Brown, Rowe & Maw LLP
Mayer, Brown, Rowe & Maw LLP



London

**THE P&O PENSION SCHEME
DEED OF VARIATION**



DATE: 2nd July 2004

MADE BETWEEN:

- (1) **THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY** a company incorporated by Royal Charter in England and Wales under company number Z73 whose head office is at 79 Pall Mall, London SW1Y 5EJ ("the Principal Company"); and
- (2) **P&O PENSION FUNDS INVESTMENTS LIMITED** a company registered in England and Wales under company number 382817 whose registered office is at 247 Tottenham Court Road, London W1T 7HB ("the Trustee").

BACKGROUND:

- A. **THE P&O PENSION SCHEME** ("the Scheme") was established by a trust deed dated 1 August 1969 and is now governed by a trust deed dated 22 March 2000 ("the Trust Deed") with rules attached ("the Rules") as amended by a Deed of Variation dated 19 November 2003.
- B. The Trustee is the sole trustee of the Scheme.
- C. Clause 9 of the Trust Deed authorises the Trustee, with the consent of the Principal Company, to alter or cancel any provision of the Trust Deed or the Rules and to substitute any new provision.
- D. The Trustee and the Principal Company wish to amend the Rules as set out below.

EFFECT OF THIS DEED:

With effect from 1 July 2004:

1. Delete "at the rate of 5% of Pensionable Earnings" in Rule 2.1 and replace with "at the rate of 6% of Pensionable Earnings".

2. Delete in Rule 6.1(1):

"a lump sum equal to:

- three times Final Pensionable Earnings if a Spouse's or Dependant's pension (other than a Child allowance) becomes payable, or
- four times Final Pensionable Earnings in other cases."

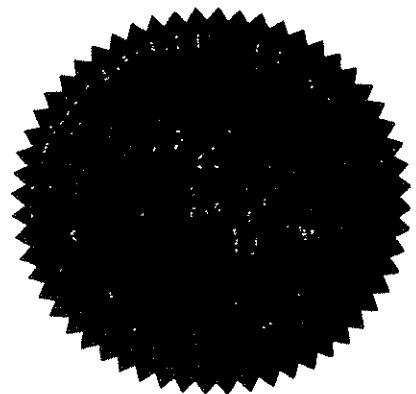
and replace with "a lump sum equal to four times Final Pensionable Earnings."

With effect from 1 April 2005:

3. Delete "at the rate of 6% of Pensionable Earnings" in Rule 2.1 and replace with "at the rate of 7% of Pensionable Earnings".

AS EVIDENCE of the above this Deed was executed by the parties on the date first mentioned above.

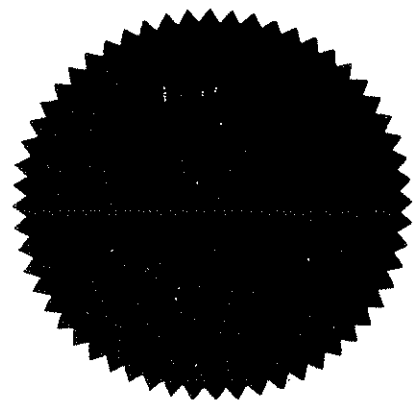
THE COMMON SEAL of THE PENINSULAR)
 AND ORIENTAL STEAM NAVIGATION)
 COMPANY was put on this Deed)
 in the presence of:)



Director:

Deputy Director/Secretary:

THE COMMON SEAL of P&O PENSION)
 FUNDS INVESTMENTS LIMITED was put)
 on this Deed in the presence of:)



Director:

Director/Secretary:

DATED

19th November

2003

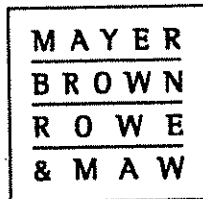
CERTIFIED A TRUE COPY
OF THE ORIGINAL

DATED 26/11/2003

SIGNED Mayer, Brown, Rowe & Maw LLP
Mayer, Brown, Rowe & Maw LLP

THE P&O PENSION SCHEME

DEED OF VARIATION



London

**THE P&O PENSION SCHEME
DEED OF VARIATION**

DATE: 19th November 2003



MADE BETWEEN:

- (1) **THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY** a company incorporated by Royal Charter in England and Wales under company number Z73 whose head office is at 79 Pall Mall, London SW1Y 5EJ ("the Principal Company"); and
- (2) **P&O PENSION FUNDS INVESTMENTS LIMITED** a company registered in England and Wales under company number 382817 whose registered office is at 247 Tottenham Court Road, London W1T 7HB ("the Trustee").

BACKGROUND:

- A. **THE P&O PENSION SCHEME** ("the Scheme") was established by a trust deed dated 1 August 1969 and is now governed by a trust deed dated 22 March 2000 ("the Trust Deed") with rules attached ("the Rules").
- B. The Trustee is the sole trustee of the Scheme.
- C. Clause 9 of the Trust Deed authorises the Trustee, with the consent of the Principal Company, to alter or cancel any provision of the Trust Deed or the Rules and to substitute any new provision.
- D. The Trustee and the Principal Company wish to amend the provisions of the Trust Deed as set out below.

EFFECT OF THIS DEED:

With effect from 5 November 2003:

1. Clause 3.2 is deleted.
2. The first sentence of Clause 3.3 is deleted and replaced by the following:

"Any Employer can terminate its liability for contributions in respect of any one or more of its employees by giving at least 3 months' prior written notice to the Trustee, stating the date on which it expires, which must be at the end of a month. Active

Membership will cease on the expiry of that period. The Trustee can agree to waive the 3 months' notice period at its discretion, or agree to a shorter period."

3. In Clause 3.4, delete the words "reduce, suspend or".

4. In Clause 10.1:

(1) delete (2) and replace it with the following:

"If an Employer other than the Principal Company gives (or is treated as having given) notice to terminate its liability for contributions to the Scheme under clause 3, or the Principal Company gives such notice in respect of an Employer, the Termination Date is the date on which the notice period expires or, in any case, such later date as the Trustee decides.";

(2) in the final paragraph, delete "due" and replace it with "in respect of which liability to pay has already arisen (whether the due dates for payment of instalments are before or after the Termination Date)".

4. In Appendix 2:

(1) in the definition of "Active Member" add the words "Clause 3, or" before "Rules 8.1".

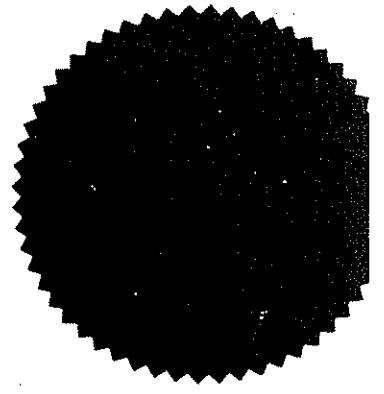
(2) in the definition of "Employer":

(a) in the first sentence, delete "is" and insert "has become", and insert at the end "(whether or not the Employer continues to employ Active Members)".

(b) in the second sentence, delete "for the time being" and insert "or was at the relevant time".

AS EVIDENCE of the above this Deed was executed by the parties on the date first mentioned above.

THE COMMON SEAL of THE PENINSULAR)
AND ORIENTAL STEAM NAVIGATION)
COMPANY ~~LIMITED~~ was put on this Deed)
in the presence of:)



Deputy
Director/Secretary:

Director/Secretary:

THE COMMON SEAL of P&O PENSION)
FUNDS INVESTMENTS LIMITED was put)
on this Deed in the presence of:)



Director:

Director/Secretary:

