Lazard Brothers & Co., Limited

Directors' Pension Scheme - 1974

True copy of original document.

ROBERT FARRER-BROWN
SOLICITOR OF ENGLAND AND WALES
21/03/13
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Supplemental Definitive Deed and Rules

Lazard Brothers & Co., Limited

Directors' Pension Scheme - 1974

Supplemental Definitive Deed and Rules

LAZARD B[illegible]ERS & CO., LIMITED DIRECTORS PENSI[illegible]CHEME - 1974

SUPPLEMENTAL DEFINITIVE DEED AND RULES

ARRANGEMENT OF SECTIONS

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THIS SUPPLEMENTAL DEFINITIVE DEED is made the Twenty Fifth day of November 1985 BETWEEN LAZARD BROTHERS & CO., LIMITED (hereinafter called "the Employer") of the one part and RT. HON. SIR JOHN WILLIAM FREDERIC NOTT KCB. ALEXANDER DAVID GEMMILL FREDERICK JOHN CHARLES GORDON HERVEY-BATHURST THE HONOURABLE THOMAS JASPER MANNERS and REGINALD PHILIP WEST (hereinafter called "the Trustees") of the other part

WHEREAS

(1) This Deed is supplemental to (inter alia)

(a) a Trust Deed dated the 13th day of December 1973

(b) a Trust Deed (hereinafter called "the Definitive Deed") dated the 27th day of July 1977 with rules (hereinafter called "the Original Rules") scheduled thereto

(c) Supplemental Deeds (together hereinafter called "the Supplemental Deeds") respectively dated the 11th day of July 1979 the 12th day of February 1981 the 30th day of March 1983 and the 8th day of March 1985

(2) The Trustees are the present trustees of Lazard Brothers & Co., Limited Directors' Pension Scheme - 1974 (hereinafter called "the Scheme") which came into operation as on and from the 1st day of January 1974

(3) The Trustees with the consent of the Employer have determined to modify the provisions of the Definitive Deed and the Original Rules as hereinafter provided

NOW THIS DEED WITNESSETH as follows :-

1. The Trustees pursuant to Clause 11 of the Definitive Deed and with the consent of the Employer testified by its execution of these presents HEREBY ALTER the provisions of the Definitive Deed and the Original Rules (as amended by the Supplemental Deeds) with effect from the 1st January 1983 in manner following that is to say

(a) by the deletion of Clauses 1 to 19 inclusive of the Definitive Deed and by the substitution therefor of the Clauses numbered 1 to 5 inclusive contained in the Schedule hereto

(b) by the deletion of the Original Rules and by the substitution therefor of the Rules contained in the Schedule hereto (such Rules as so substituted being hereinafter called "the New Rules")

2. The Clauses as so substituted and the New Rules shall apply to all persons who are or become entitled or contingently entitled to a benefit under the Scheme subject to the provisions set out herein but so that any person (not being a person specified in Clause 3 hereof) entitled or prospectively entitled to benefit under the Original Rules on special terms or in consequence of a transfer payment having been made to the Scheme or in other circumstances appearing to the Trustees to be appropriate shall unless and to such extent as the Trustees with the agreement of the Employer otherwise determine continue to be so entitled or prospectively entitled to benefit under the corresponding provisions of the New Rules

3. The provisions of Clauses 4 and 5 shall apply in respect of any person who under the Original Rules

(a) being a Member and having retired left Service or ceased to be an Eligible Employee had become entitled or contingently entitled to a pension

(b) being a Member was in Service and whose Pension Age had occurred or

(c) had become entitled or contingently entitled to a pension or annuity in the event of the death of a Member to whom (a) or (b) above applies

4. Subject as herein provided and to the exercise of the Trustees' powers under Sub-rule 17(a) of the New Rules the amount of and the terms and conditions appropriate to any benefit applicable under the Scheme to any such person to whom this Clause applies shall be determined by reference to the Original Rules and the terms of the Definitive Deed in force on 31st December 1982

5. Upon the happening of any of the events which in accordance with the New Rules leads to the winding up of the Scheme the amount of and the terms and conditions appropriate to any benefit applicable to any person under the Scheme shall be determined in accordance with the New Rules

IN WITNESS whereof the Employer has caused its Common Seal to be hereunto affixed and the Trustees have hereunto set their hands and seals the day and year first above written

THE COMMON SEAL of LAZARD BROTHERS & CO., LIMITED
was hereunto affixed in the presence of:-

Director

Secretary

SIGNED SEALED AND DELIVERED by
the above named RT. HON. SIR JOHN
WILLIAM FREDERIC NOTT KCB.
in the presence of :-

D J McMillan

21, Moorfields

EC2P 2HT

John Nott.

SIGNED SEALED AND DELIVERED by
the above named ALEXANDER DAVID
GEMMILL in the presence of :-

D J McMillan

21, Moorfields

EC2P 2HT

SIGNED SEALED AND DELIVERED by
the above named FREDERICK JOHN
CHARLES GORDON HERVEY-BATHURST
in the presence of :-

D. J. McMillan

21, Moorfields

EC2P 2HT

F. J. C. G. Hervey-Bathurst

SIGNED SEALED AND DELIVERED by
the above named THE HONOURABLE
THOMAS JASPER MANNERS
in the presence of :-

D. J. McMillan

21, Moorfields

EC2P 2HT

T. J. Manners

SIGNED SEALED AND DELIVERED by
the above named REGINALD
PHILIP WEST
in the presence of :-

D. J. McMillan

21, Moorfields

EC2P 2HT

R. P. West.

THE SCHEDULE

Substituted clauses

1. The Scheme shall be administered in accordance with the provisions of the Rules for the time being in force.

2. In this deed the expressions defined in Rule 1 of the Rules shall have the meanings respectively ascribed to them therein.

3. The assets of the Scheme shall be vested in and held by or under the control of the Trustees and upon irrevocable trusts and with and subject to the powers and provisions of the Trust Deed and the Rules.

4. The Trustees shall pay to the persons entitled thereto out of the assets of the Scheme such pensions and other benefits as shall become payable pursuant to the Trust Deed and the Rules.

5. The Trustees may at any time and from time to time with the consent of the Employer by deed modify all or any of the provisions of the Trust Deed and the Rules provided that no such modification shall be made if it would:-

(i) extend the duration of the Scheme in such manner that any interest therein would not vest within the maximum period permitted by law; or

(ii) diminish any pension already being paid under the Scheme or the accrued rights or interests of any Member or other person in respect of benefits already provided under the Scheme save with the written consent of the Member concerned unless such action is necessary to secure the continued Approval of the Scheme.

Provided also that if notice in writing of any such modification shall be given in a form agreed by the Trustees and the Employer to persons affected thereby the trusts powers and provisions of the Trust Deed and of the Rules shall pending the execution of the Deed as aforesaid be deemed to be modified in such manner and to such extent as the Trustees shall determine to give effect to the provisions set out in such notice provided that Approval of the Scheme is not thereby prejudiced. The decision of the Trustees as to matters of interpretation of such notice and all matters arising in connection with the provision of any benefits referred to therein shall be final and conclusive.

"Dependant" means in relation to any person any other person who, in the opinion of the Trustees, is or was at the date of the death of such first-mentioned person dependent on such first-mentioned person for all or any of the ordinary necessities of life.

"Eligible Employees" means such directors and senior executives employed by the Employer as the Employer in its discretion shall decide and shall include such persons so long as they remain directors or senior executives of the Employer.

"Employer" means Lazard Brothers & Co., Limited or any other body corporate which with the agreement of the Trustees shall by deed have declared itself liable to perform the obligations of Lazard Brothers & Co., Limited under the Trust Deed and the Rules.

"Final Remuneration" means in relation to any Member at any date the greater of:-

(i) the Member's highest total emoluments (including director's fees) from the Employer for any 1 of the 5 years in the 5 year period immediately preceding such date; provided that the amount of any variable emoluments to be taken into account in such year shall be the average annual amount of such emoluments for such year and so many consecutive preceding years (but not less than 2 such years) as shall produce the highest figure or for the period (if shorter than 3 years) for which the basis of the Member's emoluments has included variable emoluments; and

(ii) the highest annual average of the Member's total emoluments (including director's fees) from the Employer for any period of 3 or more years which ended not more than 10 years before such date;

provided that any reduction in or discontinuance of a Member's emoluments which may occur by reason of ill health within the 10 year period ended on such date shall be ignored for this purpose;

and provided further that basis (i) in this definition shall not apply if the Member is a 20% Director;

and provided further that for this purpose a Member's total emoluments for any year other than the year ending immediately prior to such date shall be deemed

RULES

PART 1 - DEFINITIONS, CONSTRUCTION AND INTERPRETATION

DEFINITIONS

1. In the Trust Deed and the Rules the following expressions have the meanings respectively attributed to them and, unless there is something inconsistent in the subject matter or the context, the masculine shall include the feminine and the singular shall include the plural and vice versa:-

"Accrual Percentage" means in relation to any Member at any date the lesser of:-

(i) 4 4/9ths per cent. or if less the percentage found by dividing 800 by the total number of complete months not exceeding 480 of Pensionable Service he would have completed at Pension Age if he had remained in active Service as an Eligible Employee until Pension Age, and

(ii) such percentage as the Trustees shall decide is appropriate in order to comply with the provisions of Rule 28.

"Actuarial Adviser" means the person, firm or corporate body for the time being appointed as actuarial adviser to the Scheme pursuant to the provisions of Rule 37.

"Approved Insurance Company" means any United Kingdom office or branch of any Insurance Company which is authorised to carry on ordinary long term insurance business under Section 3 or 4 of the Insurance Companies Act 1982 or the earlier corresponding legislation.

"Approval" means approval by the Board of Inland Revenue as an exempt approved scheme under the 1970 Act.

"Approved Scheme" means a Retirement Benefits Scheme approved under the 1970 Act or otherwise approved for the purpose of transfers of assets out of the Scheme by the Board of Inland Revenue.

"Child"

"Child" means in relation to a Member

(a) any legitimate child of the Member including a child en ventre sa mere at the date of the Member's death, or

(b) any legally adopted child of the Member, or

(c) any illegitimate child of the Member (including a child en ventre sa mere) provided that at the time of the Member's death the Trustees are satisfied that such child was (or would have been if he had then been born) dependent upon the Member for all or any of the ordinary necessities of life

(d) any other child in relation to whom, in the opinion of the Trustees, the Member stood in loco parentis at the time of his death

Provided that

(i) a person shall cease to qualify as a Child on attaining the age of

(a) 18 years, or

(b) if the Trustees in their discretion so determine, such higher age (not exceeding the age of 25 years) provided that the person is in receipt of full-time educational or vocational training unless such education or training is given in the course of employment

(ii) "Children" shall have a corresponding meaning

(iii) the expression "Child" shall not include any child born after the date of discontinuance of the Scheme in accordance with Rule 43 unless the child is at such date en ventre sa mere and

(iv) the Trustees may determine that any Child who was not dependent on the Member at the date of his death for all or any of the ordinary necessities of life shall be disregarded.

"Commencement Date" means the 1st day of January 1974.

to be his total emoluments for such year calculated as aforesaid and increased in proportion to any increase in the cost of living from the end of such year up to such date, as determined from the Index of Retail Prices published by the Department of Employment (or from such other index as may from time to time be agreed for this purpose by the Board of Inland Revenue);

and provided further that for this purpose a Member's variable emoluments for any year earlier than the year for which variable emoluments are being calculated shall be deemed to be his variable emoluments for such year increased in proportion to any increase in the cost of living from the end of such year up to the end of the year of calculation, as determined from the Index of Retail Prices published by the Department of Employment (or from such other index as may from time to time be agreed for this purpose by the Board of Inland Revenue).

"Fluctuating Emoluments" means the annual participation in the profits of the Employer which the Member was entitled to receive under the terms of his contract of employment or service agreement (except in respect of any year which falls within a period for which such participation was calculated on a triennial basis when Fluctuating Emoluments shall mean one-third of such participation) and does not include director's fees or any other emoluments paid to the Member by the Employer.

"Member" means any person who has been admitted to membership of the Scheme pursuant to the provisions of Rule 2 and includes any such person so long as but only so long as he is entitled or prospectively entitled to any benefit from the Scheme.

"Member's Accumulated Share" means Member's Accumulated Share as referred to in Rule 6.

"Member's Voluntary Contributions" means, in relation to a Member, his contributions to the Scheme under Rule 6 and includes any contributions paid by the Member under Rule 23 of the Original Rules.

"Nominated Dependant" means in relation to a Member a Dependant (other than a Qualifying Spouse or a Child) in respect of whom the Trustees have received a notice in writing from the Member requesting the Trustees to consider such person as a possible recipient of a part or the whole of the benefit which is payable on the Member's death under Sub-rule 11(a).

"Offset Pension" means in relation to a Member or Qualifying Spouse or Nominated Dependant that part (if any) of the Other Schemes' Pension or Other Schemes' Spouse's Pension (as may be appropriate) which has in the opinion of the Trustees operated under the Rules so as to reduce the amount of such Member's or Qualifying Spouse's or Nominated Dependant's (as the case may be) pension under the Scheme or which would have so operated if the Member had retired from Service.

"Original Rules" means the rules of the Scheme in force on 31st December 1982.

"Other Schemes' Pension" means, in relation to a Member, the amount of any yearly pension (including the pension equivalent of any lump sum benefit payable during the Member's lifetime) to which the Member is entitled under any Retirement Benefits Schemes (other than the Scheme).

"Other Schemes' Spouse's Pension" means, in relation to a Qualifying Spouse or a Nominated Dependant (as the case may be), the amount of any yearly pension payable to him under any Retirement Benefits Scheme (other than the Scheme) on the death of a Member, not being an amount provided by the surrender of a part of the Member's own pension under such Retirement Benefits Scheme.

"Pension Age" means in relation to any Member, his 62nd birthday.

"Pensionable Service" means, in relation to a Member, the total number of years and months (months being expressed as a fraction of a year) of Service completed by the Member in his last or only continuous period of Service excluding any period or periods of Service subsequent to admission to membership during which he is not an Eligible Employee.

The Employer shall finally determine in relation to any Member the period which is to be counted as Pensionable Service.

"Prospective Pension" means, in relation to any Member (being an Eligible Employee) at any given date prior to Pension Age the amount which would be the Target Pension in respect of him if, from such given date until Pension Age, he remained an Eligible Employee and his Retiring Remuneration were his Remuneration at the date of death and the provisions of the Scheme remained unchanged.

"Qualifying Spouse"

"Qualifying Spouse" means in relation to any deceased Member the widow or widower (as the case may be) of his last or only marriage.

"Remuneration" means in relation to a Member whichever is the greater of

(a) the aggregate of

(i) the annual rate of basic salary receivable from the Employer at the date of his death, and

(ii) the highest annual average of any Fluctuating Emoluments paid or due for the three or more consecutive Scheme Years (or such shorter period during which they have been paid or are due) immediately preceding the date of the Member's death

and

(b) the highest annual average of the aggregate of

(i) basic salary received from the Employer, and

(ii) any Fluctuating Emoluments paid or due

for any three or more consecutive Scheme Years (or, in the case of Fluctuating Emoluments, such shorter period during which they have been paid or due) during the ten consecutive Scheme Years (or such shorter period during which the Member was in Service) immediately preceding the Scheme Year in which the Member died.

The Employer shall finally determine in relation to any Member the amount which is to be taken as "Remuneration".

"Retiring Remuneration" means, in relation to a Member at the date of retirement from Service or otherwise ceasing to be an Eligible Employee, whichever is the greater of

(a) the aggregate of

(i) basic salary received from the Employer for the preceding twelve months, and

(ii) the highest annual average of any Fluctuating Emoluments paid or due for the three or more consecutive Scheme Years (or such shorter period during which they have been paid or are due) immediately preceding such date

and

(b) the highest annual average of the aggregate of

(i) basic salary received from the Employer, and

(ii) any Fluctuating Emoluments paid or due

For any three or more consecutive Scheme Years (or, in the case of Fluctuating Emoluments, such shorter period during which they have been paid or due) during the ten consecutive Scheme Years (or such shorter period during which the Member was in Service) immediately preceding the Scheme Year in which such date falls.

The Employer shall finally determine in relation to any Member the amount which is to be taken as "Retiring Remuneration".

"Retirement Benefits Scheme" means a retirement benefits scheme as defined in Section 25(1) of the 1970 Act.

"Rules" means these Rules together with all variations of, additions to and substitutions for the same lawfully made.

"Scheme" means the scheme established and governed by the Trust Deed and the Rules and which shall be known as "LAZARD BROTHERS & CO., LIMITED DIRECTORS' PENSION SCHEME - 1974".

"Scheme Anniversary Date" means any 1st January.

"Scheme Year" means any period of one year commencing as the case may be on either of the following dates and on each anniversary thereof, namely

(a) the 1st January in any year, or

"Scheme Year"

(b) such other date as the Trustees may in the case of any person or category of person determine.

"Service" means service as a director of or in the employment of the Employer, provided that unless the Employer otherwise decides Service shall not include any service which is determined by the Employer not to be executive service.

"Target Pension" means, in relation to a Member, the Accrual Percentage of his Retiring Remuneration at the earlier of Pension Age and the date of leaving or retirement from Service, for each year of Pensionable Service completed and so in proportion for each completed month thereof in any fractional period of less than 1 year; Provided that the Pensionable Service taken into account for this purpose shall not exceed 40 years.

"Trust Deed" means the following:-

(a) the Trust Deed dated the 27th day of July 1977 made between the Employer of the one part and the then trustees of the Scheme of the other part, and

(b) all deeds supplemental thereto.

"Trust Period" means a period of eighty years commencing on the 13th day of December 1973 or such longer period commencing on that date for which the trusts of the Scheme may lawfully continue.

"Trustees" means the trustee or trustees for the time being of the Scheme.

"1970 Act" means Chapter II of Part II of the Finance Act 1970.

"20% Director" means a director of the Employer who, either alone or together with his spouse, minor children and the trustees of any settlement to which such director or his spouse has transferred assets, is the beneficial owner of or able to control shares carrying more than 20% of the voting rights in the Employer.

construction and interpretation

The headings to the Rules shall not affect the construction or interpretation thereof. Any reference in the Trust Deed or the Rules to any Act of Parliament or any part or section thereof or any regulations made pursuant thereto or otherwise shall include (a) any statutory modification or re-enactment thereof for the time being in force and (b) any corresponding enactment regulation or order of Northern Ireland.

PART II - ELIGIBILITY AND MEMBERSHIP

ADMISSION TO MEMBERSHIP

2. The Trustees shall admit to membership of the Scheme Eligible Employees who have completed and submitted applications for admission in the form required by the Trustees and who have furnished evidence of age satisfactory to the Trustees and who, if required to do so, have completed agreements in a form prescribed by the Trustees relating to their benefits under any other Retirement Benefits Scheme of the Employer.

PRODUCTION OF INFORMATION

3. (a) Members are required to furnish such particulars relevant to their membership (including state of health and marital status) as may from time to time be required by the Trustees. If any Member fails to furnish any such particulars when required to do so the Trustees may (subject to the preservation requirements of the Social Security Act 1973) modify the benefits provided or to be provided in respect of such Member under the Scheme in such manner as they consider to be appropriate. If any Member is required by the Trustees to furnish evidence of health the Trustees may (subject to the preservation requirements of the Social Security Act 1973) modify the benefits provided or to be provided in respect of him if such evidence proves to be unsatisfactory to them or until such time as they have confirmed to the Member that such evidence is satisfactory.

(b) Payment of all pensions under the Scheme is subject in each case to the production to the Trustees of such information and evidence as they may require in respect of the person or persons on whose survival the pension depends.

READMISSION TO MEMBERSHIP

4. (a) An Eligible Employee who has ceased to be a Member shall be readmitted as a Member only in accordance with the provisions of this Sub-rule unless the Trustees with the consent of the Employer otherwise decide.

(b) The amount of any benefit or benefits applicable to each period of membership shall (except as set out below) be calculated in accordance with the provisions of the Scheme as if each such period was the only period of membership.

(c) In the case of a Member who on the date upon which he is readmitted is not in receipt of a pension under the Scheme and in respect of whom a benefit is prospectively payable under the Scheme by reference to an earlier period of membership the following provisions shall apply to the intent that the benefits

4. Readmission to membership

under the Scheme applicable to each period of membership shall as far as practicable be subject to the same terms and conditions, namely,

(i) a Member who throughout the period between the date of ceasing to be a Member and the date of readmission has remained in Service shall not be entitled to any benefit under the Scheme in respect of such period but shall (subject to (ii) and (iii) below) remain entitled or prospectively entitled to the benefits of the Scheme in respect of the earlier period of membership

(ii) any options available under the Scheme in respect of benefits relating to an earlier period which have not been exercised on the date of readmission shall cease to apply during a later period of membership, and

(iii) options available under the Scheme in respect of benefits relating to the last period of membership shall apply in respect of any corresponding benefits to which paragraph (ii) above applies as if the benefits related in all respects to one period.

(d) In the case of a Member who at the date upon which he is readmitted is in receipt of a pension under the Scheme such pension and any benefits payable on the death of a Member shall continue to be payable on the same basis as would have applied had such readmission not occurred.

PART III - CALCULATION AND PAYMENT OF CONTRIBUTIONS

EMPLOYER'S CONTRIBUTIONS

5. Subject to the provisions of the Trust Deed and the Rules the Employer shall pay to the Trustees such contributions to the Scheme as may have been arranged with the Trustees; provided that the contributions so paid (i) must in the opinion of the Actuarial Adviser be sufficient together with the other assets of the Scheme (which assets shall be deemed to include all future contributions expected by the Trustees) to ensure the solvency of the Scheme and (ii) must not be so great that Approval of the Scheme would be prejudiced.

MEMBERS' VOLUNTARY CONTRIBUTIONS

6. (a) Subject to the provisions of Rule 28 each Member shall pay Member's Voluntary Contributions to the Scheme of such amount (if any) as he may from time to time agree with the Trustees. Payment of contributions under this Sub-rule shall commence on and any increase in their amount shall take effect from any Scheme Anniversary Date or on any other date agreed by the Trustees. Subject to such safeguards as they think proper and at the request of the Member the Trustees may in circumstances of financial hardship or after payment of Member's Voluntary Contributions has continued for at least 5 years reduce the rate of such Member's Voluntary Contributions or eliminate entirely any obligation to continue paying them.

(b) Unless the Trustees otherwise decide no Member's Voluntary Contributions shall be payable by a Member before the date on which he becomes a Member or after whichever is the earlier of the date on which he attains Pension Age and the date of ceasing to be an Eligible Employee.

(c) Member's Voluntary Contributions shall be applied in accordance with the provisions of paragraph (d) hereof unless the Trustees in their absolute discretion determine that the whole or part thereof shall be applied in accordance with the provisions of paragraph (e) hereof. The Trustees shall not be liable for any loss arising from the exercise or failure to exercise their discretion under this paragraph.

(d) Unless the Trustees decide to apply Member's Voluntary Contributions under paragraph (e), the Trustees shall grant in respect of a Member who has paid Member's Voluntary Contributions such of the benefits set out in paragraphs (i) or (ii) of Sub-rule 17(a) as the Trustees shall, acting with the advice of the Actuarial Adviser, decide and notify in writing to the Member. The amount of such benefit or benefits shall, to the reasonable satisfaction of the Trustees, compare reasonably in value with the amount of such Member's Voluntary Contributions.

(e) Member's Voluntary Contributions which are applied hereunder shall in all respects be subject to the following sub-paragraphs (i) to (v), namely:-

(i) Such Member's Voluntary Contributions the assets (including cash) representing the same and the income thereof shall be held by the Trustees separate from all other assets of the Scheme.

(ii) Such Member's Voluntary Contributions shall be recorded by the Trustees in a separate account maintained by them and the Trustees shall calculate the Member's Accumulated Share (herein so called) of the assets of the Scheme by reference thereto on such basis for such purposes and at such times as they shall determine having regard to the manner in which Member's Voluntary Contributions are from time to time invested. In calculating the Member's Accumulated Share:-

(1) no part of the assets of the Scheme to which sub-paragraph (i) above does not apply shall be taken into account, and

(2) unless and to such extent as the Employer determines that the provisions of Sub-rule 40(a) shall apply, any expenses incurred by the Trustees in connection with the application of this paragraph (e) in respect of the Member shall be taken into account.

(iii) The Trustees shall grant in respect of a Member who has paid any such Member's Voluntary Contributions such of the benefits set out in Sub-rule 17(a) as the Trustees shall (acting with the advice of the Actuarial Adviser) decide, and notify in writing to the Member. The amount of such benefit or benefits shall:-

(1) be such amount as the Trustees determine by reference to the amount of the Member's Accumulated Share and the method by which such benefits are to be paid or secured under sub-paragraph (iv);

(2) to the reasonable satisfaction of the Trustees compare reasonably in value with the amount of such Member's Voluntary Contributions.

(iv) Such benefits shall at the discretion of the Trustees be provided in one or more of the following ways, namely:-

(1) by being paid out of the Member's Accumulated Share as and when they become due

(2) by being secured at such time as the Trustees so decide in the application of such part of the Member's Accumulated Share as the Trustees shall decide

(A) under the Scheme on the basis that the part of the Member's Accumulated Share determined by the Trustees as aforesaid or any assets representing the same shall cease to be held separate from and shall be merged with the other assets of the Scheme, or

(B) as a premium under an annuity policy or policy of assurance under Rule 34 or if the Trustees so determine under Rule 22.

(v) Where having regard to Rule 28 the Trustees determine at any time that no further monies are payable from the Member's Accumulated Share, any balance thereof or any assets representing the same shall thereupon be merged with the other assets of the Scheme.

(f) A Member shall not in any circumstances be entitled to receive a refund during his lifetime of any Member's Voluntary Contributions.

PART IV - CALCULATION AND PAYMENT OF BENEFITS

RETIREMENT AT OR AFTER PENSION AGE

7. Subject to the provisions of Rule 28, a Member who (being an Eligible Employee) retires from Service at Pension Age shall be entitled to a yearly pension commencing on the date of such retirement and payable to him until his death equal to whichever is the lesser of (i) the Target Pension, and (ii) the excess of 2/3rds of his Retiring Remuneration at Pension Age over his Other Schemes' Pension at Pension Age.

If with the agreement of the Employer, a Member remains in Service after Pension Age, he shall be entitled to a yearly pension commencing on the date of his actual retirement from Service (or, with the consent of the Employer and at the discretion of the Trustees, on such earlier date as the Member may select) calculated as whichever is the greater of

(1) the lesser of

(a) an amount equal to the Accrual Percentage of his Retiring Remuneration at the actual date of his retirement (or such earlier date on which his pension under the Scheme commences) for each year of Pensionable Service completed by the Member up to such date and so on in proportion for each completed month thereof in any fractional period of less than 1 year

and

(b) the excess of 2/3rds of his Retiring Remuneration at the date of retirement from Service (or such earlier date on which his pension under the Scheme commences) over his Other Schemes' Pension at the date of retirement from Service (or such earlier date on which his pension under the Scheme commences)

and

(2) an amount calculated as if the Member had retired from Service at Pension Age increased on such basis as the Trustees shall from time to time determine, acting on the advice of the Actuarial Adviser, on account of payment from a date later than Pension Age.

Provided that in the case of a 20% Director who remains in Service after Pension Age any increase in pension granted in accordance with the foregoing provisions shall be restricted to ensure that his total pension does not exceed the maximum pension which could have been paid to him under the Rules at Pension Age but based on his Final Remuneration at the date of actual retirement.

EARLY RETIREMENT

8. A Member who (being an Eligible Employee) retires from Service (i) on or after the attainment of 50 years but before Pension Age or (ii) at any time before Pension Age if on account of incapacity due to ill-health or other disability, may with the agreement of the Employer elect to receive an immediate yearly pension commencing on the date of such retirement and payable to him until his death equal to the deferred yearly pension to which he would otherwise have become entitled under Rule 9 but reduced by one-third of 1 per cent. for each complete month by which the date of actual retirement precedes Pension Age (or by such other amount as the Trustees (acting with the advice of the Actuarial Adviser) have determined from time to time and notified to the Members).

LEAVING SERVICE
- <u>deferred pension</u>

9. (a) Any Member who leaves Service before Pension Age and otherwise than by death and without becoming entitled to an immediate pension under Rule 8 shall be entitled to a deferred yearly pension commencing at Pension Age (if he is then living) and payable to him until his death, calculated as if Rule 7 applied but related to his Pensionable Service completed up to the date of ceasing to be an Eligible Employee, his Retiring Remuneration at that date and any Other Schemes' Pension determined at that date to which he is prospectively entitled.

- <u>immediate pension</u>

(b) If a Member who becomes entitled to a deferred yearly pension under the foregoing provisions of this Rule subsequently ceases to be in gainful employment before Pension Age and such cessation (unless attributable to incapacity due to ill-health or other disability) occurs on or after attainment of the age of 50 years he may, with the agreement of the Trustees, elect to receive in lieu of such deferred yearly pension an immediate yearly pension of an appropriately smaller amount calculated as provided in Rule 8.

- <u>ceasing to be an Eligible Employee</u>

(c) If any Member who has ceased to be an Eligible Employee remains in Service until Pension Age he shall be entitled to a yearly pension commencing at that date and payable to him until his death, calculated as if Rule 7 applied, but related to his Pensionable Service completed up to the date of ceasing to be an Eligible Employee, his Retiring Remuneration at that date and any Other Schemes' Pension determined at that date to which he is prospectively entitled.

- <u>buy-out option</u>

(d) With the consent of the Trustees and the Employer a Member who becomes entitled to a deferred yearly pension under Sub-rule (a) of this Rule may elect that the provisions of Rule 22 shall be applied in respect of him in which event:-

(1) Subject as provided below the policy provided under the said Rule 22 (hereinafter called "the paid-up policy") shall be issued in the name of the Member by the insurance company approved by him.

(2) (a) The Member shall have the option of electing that subject to the approval of the Trustees the benefits applicable by reference to his membership of the Scheme shall be different from those otherwise applicable to or in respect of him under the Rules (including any benefits payable on the death of the Member) and provided that Approval of the Scheme would not thereby be prejudiced.

(b) In the case of a Member who exercises the option under this sub-paragraph (2) the amount to be applied as a premium under the paid-up policy shall be determined by the Trustees (acting with the advice of the Actuarial Adviser) and the benefits intended to be secured under the paid-up policy shall (as nearly as may be) correspond to the benefits applicable by reference to his membership of the Scheme including the different benefits so approved and the amount thereof will be the amount secured under the paid-up policy in accordance with its terms.

(c) The option to elect different benefits under this sub-paragraph (2) shall be exercisable notwithstanding that one or more persons may cease in consequence thereof to be entitled or prospectively entitled to benefit by reference to the Member's period of membership of the Scheme or as the case may be become entitled or prospectively entitled to benefits of a lesser amount or subject to different terms and conditions and no such person or persons shall have any right whatsoever to resort to the Scheme in respect of any benefits which may cease to be payable or be otherwise affected in consequence of the exercise of such option.

Any election made under this Sub-rule (d) shall unless the Trustees in any particular case otherwise agree be made before the date upon which the Member leaves Service by notice in writing to the Trustees in such form and subject to such conditions (if any) as they may prescribe.

The Trustees may from time to time with the agreement of the Employer enter into any arrangements appearing to the Trustees to be appropriate with one or more insurance companies in connection with the issue of paid-up policies pursuant to this Sub-rule (d) and the Employer may from time to time determine by notice in writing to the Trustees that such paid-up policies shall be issued only by any such insurance companies. Neither the Trustees nor the Employer or in either case any person representing the same shall be in any way responsible for any quotation or other literature issued or representation made by or on behalf of the insurance company or otherwise in connection with any paid-up policy whether or not the insurance company is concerned with any such arrangements.

- disputes

(e) In the event of any dispute as to whether a Member has ceased to be an Eligible Employee or as to whether a Member has left Service the decision of the Trustees will be final.

OPTIONAL LUMP SUM IN LIEU OF PENSION

10. (a) A Member shall be entitled to elect to commute for a cash sum at a rate determined by the Trustees and confirmed by the Actuarial Adviser to be reasonable a part of the pension to which he is entitled under the Scheme, payable on the date on which such pension is due to commence (or at any earlier date which is not earlier than Pension Age). The amount of pension to be commuted shall not exceed the pension equivalent of

(i) in relation to a Member who becomes entitled to a pension under Rule 7, an amount equal to the percentage of the Member's Final Remuneration appropriate to the number of years of Service completed by the Member as specified in the Table below, or

(ii) in relation to a Member who becomes entitled to a pension under Rule 8 on account of incapacity due to ill-health or other disability which is in the opinion of the Employer sufficiently serious to prevent the Member from following his normal occupation or seriously to impair his earning ability, an amount equal to the percentage of the Member's Final Remuneration appropriate (in accordance with the Table below) to the period of Service he would have completed if he had remained in Service until his Pension Age, or

(iii) in relation to any other Member whichever is the greater of

(1) the product of 3/80ths of the Member's Final Remuneration and the number of years (and complete months expressed as a fraction of a year) of Service completed by the Member (subject to a maximum of 40), and

(2) that proportion of the amount calculated as specified in sub-paragraph (ii) above as is equal to the proportion which the Member's completed period of Service is of the total period of Service he would have completed had he remained in Service until his Pension Age.

TABLE

Years of Service	Percentage of the Member's Final Remuneration
1-8	3.75 for each year
9	37.50
10	45.00
11	52.50
12	60.00
13	67.50
14	78.75
15	90.00
16	101.25
17	112.50
18	123.75
19	135.00
20 or more	150.00

Where the number of years of a Member's Service is less than 20 and includes a fraction of a year, there shall be added to the percentage of Final Remuneration determined in accordance with the above Table the product of such fraction of a year and the difference between the percentage applicable under the Table to the number of complete years of the Member's Service and the percentage applicable under the Table to the next higher number of such complete years.

(b) Provided prior notice in writing has been given to the Trustees and subject to their consent, any pension becoming payable to a Member under the

Scheme may be surrendered by such Member for a lump sum payment at the date on which such pension would otherwise have become payable if such Member is in exceptional circumstances of serious ill-health.

SPOUSE'S AND CHILD'S PENSIONS
- Spouse's Pension
death before Pension Age

11. (a) (i) In the event of the death before Pension Age of a Member who is an Eligible Employee, his Qualifying Spouse (or, if there is no surviving Qualifying Spouse and the Trustees in their discretion do not otherwise determine, his Nominated Dependant) shall become entitled to a yearly pension of an amount equal to two-thirds of the Member's Prospective Pension immediately before his death.

death after commencement of pension or during deferment

(ii) In the event of the death of a Member after a pension has commenced to be paid to him under the Scheme or after ceasing to be an Eligible Employee but before Pension Age, his Qualifying Spouse (or, if there is no surviving Qualifying Spouse and the Trustees in their discretion do not otherwise determine, his Nominated Dependant) shall become entitled to a yearly pension of an amount equal to two-thirds of the Target Pension which shall, for this purpose, be increased as specified in Sub-rule 13(b) in respect of the period (if any) between the date of commencement of the Member's pension under the Scheme and the date of his death, as if it were the Member's pension under the Scheme.

death in service on or after Pension Age

(iii) In the event of the death of a Member in Service on or after Pension Age, his Qualifying Spouse (or, if there is no surviving Qualifying Spouse and the Trustees in their discretion do not otherwise determine, his Nominated Dependant) shall become entitled to a yearly pension of an amount equal to two-thirds of the yearly pension to which the Member would have been entitled under the Scheme if he had retired immediately prior to his death and had not exercised any option under Rule 10 or Rule 12.

Provided that

(1) any pension calculated in accordance with sub-paragraphs (ii) or (iii) above shall be reduced by an amount equal to such part (if any) of the Other Schemes' Spouse's Pension as is, in the opinion of the Trustees, related or calculated by reference to the Offset Pension in respect of the Member;

(2) any pension calculated in accordance with sub-paragraphs (ii) or (iii) above shall be reduced by such amount as the Trustees (acting with the advice of the Actuarial Adviser) shall determine to be appropriate in any case in which the Qualifying Spouse or Nominated Dependant (as the case may be) was born more than ten years after the Member;

(3) if the Member leaves surviving him both a Qualifying Spouse and a Nominated Dependant the Trustees may in their discretion provide a yearly pension for the Nominated Dependant of such amount as they may determine, in lieu of the whole or a part of the pension otherwise payable to the Qualifying Spouse;

(4) the pension so calculated shall be reduced, where appropriate and after taking account of any reduction made under provisos (1) and (2) above, so that the yearly pension payable under this Sub-rule shall not be larger than the yearly pension payable to the Member.

Any pension payable under this Sub-rule shall (except as hereinafter provided) be payable until the death of the person who becomes entitled to such pension and such pension shall commence to be paid (i) on the date of the Member's death if the Member dies before a pension has commenced to be payable to him under the Scheme or (ii) one month after the last instalment of pension became payable to the Member if the Member dies after a pension has commenced to be paid to him under the Scheme. Except that a pension payable under this Sub-rule to any Nominated Dependant shall cease to be payable upon the happening prior to such Nominated Dependant's death of any event which may have been notified to the Nominated Dependant by the Trustees as an event upon the happening of which any such pension would cease to be payable.

- Child's Pension

(b) In the event of the death of a Member at any time (other than a Member who has ceased to be an Eligible Employee and whose pension (if any) under the Scheme has not commenced to be payable) each of his Children shall become entitled to a yearly pension (referred to in this Sub-rule (b) as the "Child's Pension") payable from the date of the Member's death (or, where appropriate, the later date on which he first qualifies as a Child) until the Child first ceases to qualify as a Child.

method of calculation

The amount of each Child's Pension shall be from time to time equal to the percentage specified below (appropriate to the number of the Member's Children from time to time, and according to whether or not any entitlement to a pension has arisen under Sub-rule (a) of this Rule or whether or not any entitlement to a pension which has arisen under Sub-rule (a) of this Rule ceases) of

(i) the Member's Prospective Pension immediately before his death, in respect of a Member who dies before Pension Age whilst an Eligible Employee, or

(ii) the Member's Target Pension, in respect of a Member who dies on or after the date on which a pension has commenced to be payable to him, which amount shall for this purpose be increased as specified in Sub-rule 13(b) in respect of the period (if any) between the date of commencement of the Member's pension under the Scheme and the date of his death as if it were the Member's pension under the Scheme, or

(iii) the yearly pension to which the Member would have been entitled under the Scheme if he had retired immediately before his death without exercising any option under Rule 10 or Rule 12, in respect of a Member who dies in service on or after Pension Age.

adjustment of Child's Pension

Provided that in any case where there is more than one Child of the Member, and subject to such conditions as they may decide, the Trustees may at any time and from time to time determine that instead of being equal amounts, each Child's Pension shall be of such amount as they may determine but so that the aggregate of all such Child's Pensions shall remain the same.

Any adjustment in the amount of a Child's Pension consequent upon the death of a person whose pension under Sub-rule (a) of this Rule had become payable or upon a person ceasing to qualify or first qualifying as a Child shall have effect from the due date of payment of the Child's Pension immediately following such event and shall take account of any increases under Sub-rule 13(b) to the intent that the amount of the Child's Pension after such adjustment shall be the amount which would have applied had such event occurred on the date of the Member's death.

appropriate percentage

The percentage referred to above shall be

(1) at any time when there is only one Child

(A) during the lifetime of any person who has become entitled to a pension under Sub-rule (a) of this Rule, 20 per cent, or

(B) if the spouse of the Member's last or only marriage has predeceased him and no pension is payable to a Nominated Dependant under Sub-rule (a) of this Rule, or in the event of the death of a person who has become entitled to a pension under Sub-rule (a) of this Rule, 66 2/3rds per cent.

or

(2) at any time where there are two or more Children

(A) during the lifetime of any person who has become entitled to a pension under Sub-rule (a) of this Rule, 33 1/3rd/N per cent where N is the number of Children from time to time, or

(B) if the spouse of the Member's last or only marriage has predeceased him and no pension is payable to a Nominated Dependant under Sub-rule (a) of this Rule, or in the event of the death of a person who has become entitled to a pension under Sub-rule (a) of this Rule, 100/N per cent, where N is the number of Children from time to time.

Provided that if on a Member's death a yearly pension has become payable to his Qualifying Spouse and a Nominated Dependant under Sub-rule (a) of this Rule, the percentage under sub-paragraph (1)(B) and sub-paragraph (2)(B) of this Sub-rule (b) on the death of either of such persons shall be determined by the Trustees with the advice of the Actuarial Adviser having regard to the provisions of this Rule.

OPTIONAL DEPENDANTS' PENSIONS

12. Provided he has given at least 1 month's prior notice in writing to the Trustees, a Member may irrevocably surrender part of his yearly pension under the Scheme on the date on which it commences or, if earlier, on Pension Age in order to provide for the Dependant named in such notice a contingent yearly pension of such amount as the Trustees (acting with the advice of the Actuarial Adviser) shall determine to be equal in value to the part of his yearly pension so surrendered, such contingent yearly pension to commence one month after the last instalment of pension became payable to

the Member if such Dependant is then living and to be payable to such Dependant until his or her death;

provided that the amount of yearly pension so surrendered must not be so great that the yearly pension remaining payable to the Member would be smaller than the aggregate of such contingent yearly pension and any yearly pension contingently payable in respect of the Member under Rule 11;

and provided further that if the Member or his Dependant dies before commencement of any pension under these Rules, the exercise of the option shall be cancelled and benefits under the Rules will be as if the Member had not exercised the option.

PAYMENT OF PENSIONS

13. (a) All pensions becoming payable under the Scheme shall be payable by equal monthly instalments in advance, the first on the commencement date of the pension and the last on the monthly due date immediately prior to the death of the recipient;

provided that the Trustees may if they think fit postpone payment of any instalment of pension which falls due on a day other than the 1st day of a month to the 1st day of the next following month.

(b) Each pension becoming payable under the Scheme shall subject as hereinafter provided be increased at each anniversary of its commencement at the rate of 3 per cent compound per annum;

Provided that

(1) for the purposes of calculating any increase hereunder the date of commencement will be deemed to have been (i) in the case of a pension becoming payable to a Dependant under Rule 12, the date of commencement of the Member's pension and (ii) in the case of a pension becoming payable under Rule 11 on the death of a Member after commencement of his pension, the last anniversary of commencement of the Member's pension before his death (or the date of commencement of the Member's pension if he died within one year after its commencement); and

(2) the Trustees may at any time determine that any pension becoming payable under the Scheme shall be increased under this Sub-rule on such date other than the anniversary of its commencement as they in their discretion shall decide; and

(3) for the purposes of calculating the amount of any increase hereunder a pension becoming payable under the Scheme in respect of a Member or Qualifying Spouse or Nominated Dependant shall be deemed to include any Offset Pension in respect of such Member or Qualifying Widow or Nominated Dependant; and

(4) the amount of any increase hereunder shall be reduced by such amount as the Trustees determine to be appropriate having regard to the amount of any annual increase (not being an increase of a discretionary nature) in the Offset Pension (if any).

LUMP SUM BENEFIT ON DEATH OF MEMBER BEFORE COMMENCEMENT OF PENSION

14. (a) If any Member (being an Eligible Employee) dies before Pension Age and before any pension has commenced to be paid to him under the Scheme, there shall be payable in accordance with the provisions of Rule 16 and subject to the provisions of Rule 28 a lump sum equal to 4 times the amount of his Remuneration at the date of death.

(b) If any Member who has ceased to be an Eligible Employee dies before Pension Age and before any pension has commenced to be paid to him under the Scheme, there shall be payable in accordance with the provisions of Rule 16 a lump sum equal to 5 times the annual amount of the pension to which he was prospectively entitled under Rule 9.

(c) If any Member dies while in Service on or after Pension Age and before any pension has become payable to him under the Scheme, there shall be payable in accordance with the provisions of Rule 16 and subject to the provisions of Rule 28, a lump sum equal to 4 times the amount of his Remuneration at the date of his death.

LUMP SUM BENEFIT ON DEATH OF MEMBER AFTER COMMENCEMENT OF PENSION

15. (a) If a Member dies within five years after a pension has become payable to him under the Scheme, there shall be payable in accordance with the provisions of Rule 16 a lump sum equal to the sum of the further instalments of pension (if any) which would have become payable to him at the rate appropriate immediately prior to his death if he had survived until the fifth anniversary of the commencement of his pension and died on such anniversary.

(b) In the case of a Member who dies before Pension Age and while in receipt of a pension under Rule 8 there shall be payable to his personal representatives a lump sum equal to 4 times the amount of his Remuneration at the date of his retirement from Service.

PAYMENT OF LUMP SUM DEATH BENEFITS

16. (a) Subject as provided in Sub-rule (d) of this Rule any lump sum becoming payable under Rule 14 or Sub-rule 15(a) on the death of a Member shall be held by the Trustees with power to be exercised within 18 months after that death to pay or apply the same or any part thereof to or for the maintenance or support or otherwise for the benefit of all or any one or more exclusively of the others or other and in such proportions as the Trustees decide of those persons who:-

(i) are entitled to any interest in such Member's estate under any testamentary disposition made by him and in respect of which a grant of representation has been obtained; or

(ii) immediately before such Member's death stood to such Member in the relationship of wife or husband, child (including for this purpose any stepchild or child legally adopted or child en ventre sa mere), parent or (whether of the whole or the half-blood) brother or sister, uncle or aunt; or

(iii) are or have been in the opinion of the Trustees dependent on such Member for any of the ordinary necessities of life or to whose maintenance or education such Member has (in the like opinion) contributed; or

(iv) have been nominated in writing by the Member as being persons whom the Trustees should consider as possible recipients of the benefit or part of it.

(b) Subject as provided in Sub-rule (d) of this Rule those moneys or any part of them which the Trustees in their discretion decide not to dispose of under the powers referred to in the foregoing provisions of this Rule shall be held by the Trustees upon trust to pay or apply the same within 24 months after the death of such Member to or for the maintenance or support or otherwise for the benefit of all or any one or more exclusively of the others or other and in such proportions as the Trustees decide of those persons specified in sub-paragraphs (i) and (ii) of Sub-rule (a) of this Rule and such Member's legal personal representatives except that if such moneys would vest in the Crown the Duchy of Lancaster or the Duke of Cornwall as bona vacantia the Trustees shall continue to hold such moneys under the trusts of the Scheme to apply the same to such of the purposes thereof as they in their discretion shall decide.

(c) In applying any moneys to or for the maintenance or support or otherwise for the benefit of any person under the foregoing provisions of this Rule the Trustees shall be entitled to pay the same by way of settlement or otherwise to trustees for the benefit of such person (subject as provided by Sub-rule (e) of this Rule) and may delegate to such trustees any powers or discretions which could be exercised by the Trustees under this Rule.

(d) Any benefit which becomes payable under Sub-rule 14(c) on the death on or after the 75th birthday of a Member who at the date of his death is a 20% Director shall be held by the Trustees on trust to pay the same as soon as practicable to the Member's personal representatives.

(e) The power of the Trustees under the foregoing provisions of this Rule to pay any moneys to or to apply the same or any part thereof for the maintenance or support or otherwise for the benefit of any person shall be limited to payment or application at such time or times and in such manner that all interests therein shall become vested interests within the Trust Period.

DISCRETIONARY BENEFITS

17. (a) At the request of the Employer (or at the discretion of the Trustees but in that event subject to the agreement of the Employer) the Trustees shall (but subject to the payment to the Scheme of such additional contributions (if any) as the Actuarial Adviser determines to be necessary) grant such of the following benefits as they may determine consistent with Approval of the Scheme and subject to the provisions of Rule 28, namely:

augmentations

(i) an increase in the amount of any pension or other benefit which may become payable to or in respect of a Member or other person under the Scheme not being a benefit provided by the exercise of the option available under Rule 12.

persons not otherwise entitled to benefit under the Scheme

(ii) (a) a pension or an increase in the amount of any pension payable on or after his retirement to a person who has completed a period of Service;

(b) a cash sum payable on or after his retirement to a person who has completed a period of Service provided that such person has not previously received a cash sum under any Retirement Benefits Scheme of the Employer or to which the Employer has contributed (including the Scheme);

(c) a cash sum payable on the death in specified circumstances of a person in Service or formerly in Service;

(d) a pension or pensions payable after the death in specified circumstances of a person who has completed a period of Service, in respect of such person's widow, widower or a Dependant.

alternative benefits

(iii) at the request of a Member a benefit or benefits under (i) or (ii) above in lieu of any other benefit or part thereof otherwise applicable in respect of the Member under the Scheme.

The amount of any benefit under this Sub-rule and the terms and conditions attaching thereto shall be determined by the Trustees (acting with the advice of the Actuarial Adviser) and shall be notified in writing to the director or employee by reference to whose Service such benefit applies or to the person to whom such benefit is to become payable. Provided that in any case where a pension or other benefit is granted under this Sub-rule the director or employee by reference to whose Service such pension or other benefit becomes payable if not a Member shall for the purposes of the limitations of benefits as set out in Rule 28 be deemed to be a Member and the provisions of Rule 28 shall be read and construed accordingly.

- <u>special employees</u>

(b) Upon payment under Rule 5 of such additional contributions (if any) as the Trustees may require the provisions of the Rules (other than the provisions relating to Inland Revenue limitations or restrictions) shall be deemed to be modified in relation to any employee of the Employer to such extent as the Employer may determine and notify to the Trustees in writing. The Trustees shall notify the employee, in writing, of any such modification. No such modification shall have effect:

(1) without the consent of any such employee who at the date of such modification is a Member;

(2) so that:

(a) a Member's Pension Age would fall outside the period of 10 years commencing on the 60th birthday of a male or the 55th birthday of a female, or

(b) a Member's Pension Age would fall on a date earlier than would otherwise have applied

without the consent of the Board of Inland Revenue;

(3) if it would prejudice Approval of the Scheme.

ADJUSTMENTS FOR EASE OF CALCULATION OR PAYMENT

18. For the purposes of calculating the amount of any benefit or contribution under the Rules the Trustees may round-up (or, in the case of contributions only, round-down) the amount of any benefit or contribution under the Rules or of any factor used in arriving at the amount of a benefit or contribution in such manner as they consider appropriate in order to ensure the efficient administration of the Scheme and, in the case of a contribution or benefit which is payable by instalments, that such contribution or benefit may be exactly divisible by the appropriate number of instalments.

DEDUCTION OF TAX

19. The Trustees are entitled to deduct from any benefit payable by them under the Scheme any tax or duty for which they are accountable in respect of such benefit.

CLAIMANTS UNABLE TO ACT

20. In any case where under the provisions of the Scheme a benefit becomes payable to or for the benefit of

(a) a person who is an infant, or

(b) a person who in the opinion of the Trustees is unable to act by reason of any physical or mental incapacity

the Trustees may in their discretion pay the whole or part of such benefit to such person or may pay or apply the whole or any part thereof in such shares upon such trusts and in such manner as the Trustees shall determine for the maintenance of such person or any dependant of such person.

In particular the Trustees may pay such benefit or part thereof to the parent or guardian of the infant or person unable to act or to any person appearing to the Trustees to be for the time being responsible for his or her maintenance on the basis that the recipient will use the same to defray the expenses of the household in which the infant or person unable to act for the time being resides or otherwise for his or her maintenance as the recipient shall decide.

Any benefit to which this Rule applies not so paid or applied shall be retained by the Trustees for the benefit of such person until, in the opinion of the Trustees, he is fit to act or, as the case may be, for his estate.

Receipt of such benefit or any part thereof by any person, association or corporate body to whom payment is made under this Rule shall be a complete discharge to the Trustees for such payment.

BENEFITS NON-ASSIGNABLE

21. Any benefit becoming payable to a Member or other beneficiary under the Scheme is strictly personal and cannot be assigned, charged or alienated except to the extent permitted under Rule 12 and in the event of any attempt being made to assign, charge or alienate any such benefit (other than in accordance with the said Rule 12) or upon the happening of any event in which any such benefit would but for this Rule become payable to any other person such benefit shall cease to be payable; provided that the Trustees may at their discretion (and if the Employer agrees) pay such benefit or part of it to the Member from whose membership such benefit derives or to his spouse or to any other person for the benefit of the Member and his Dependants or any one or more of them, but the Trustees shall not make any payments to or for the benefit of an assignee.

SECURING BENEFITS OUTSIDE THE SCHEME BY PURCHASE OF POLICIES

22. The Trustees may at any time in their discretion and subject as hereinafter provided, in any case where a person is entitled or prospectively entitled to a benefit under the Scheme (whether immediate, deferred or contingent), purchase or provide in the name of such person or in the name of a trustee or trustees for the benefit of such person or as the case may be assign to such person or trustee or trustees as aforesaid a policy to secure or intended to secure a benefit or benefits of the same kind and amount respectively (as nearly as may be) as the benefit or benefits to which such person is entitled or prospectively entitled under the Scheme having regard where appropriate to the provisions of Sub-rule 9(d). A person for whose benefit a policy has been so purchased or provided, his personal representatives and any person claiming through him shall cease to have any right whatsoever to resort to the Scheme in respect of the benefit or benefits so secured or intended to be so secured.

The Trustees may determine that the provisions of this Rule and where appropriate Sub-rule 9(d) shall apply to a part of the benefits to which a person is entitled or prospectively entitled under the Scheme on such basis and in all respects as the Trustees shall determine provided that Approval of the Scheme is not thereby prejudiced.

22. Benefits secured by policies

Each policy provided under this Rule shall be purchased from an Approved Insurance Company and shall be a policy providing such one or more of the following benefits as the Trustees shall determine, namely, a non-commutable and non-assignable annuity, a cash sum payable on the date upon which a cash payment was prospectively payable under the Scheme, or a cash sum payable on death Provided that

(a) the amount of any such annuity or cash sum shall not exceed such amount as the Trustees shall determine being the maximum amount which, having regard to the Inland Revenue limitations set out in the Rules, could have been payable respectively under the Scheme by reference to the period of service with the Employer appropriate at the date of purchase of such policy to the employee by reference to whose service such benefit applies,

(b) the terms and conditions appropriate to any such benefit or benefits shall be such as would not prejudice Approval of the Scheme,

(c) any lump sum benefit payable under any such policy on the death of any person shall be payable to his personal representatives,

(d) such policy or policies shall be endorsed to give effect to the provisions of paragraphs (a), (b) and (c) hereof,

(e) such policy or policies may contain provisions permitting (whether by way of surrender or partial surrender or otherwise) any benefit or benefits intended to be secured thereunder (i) to be provided at the option of the Member under another policy or policies acceptable at the relevant time to the Board of Inland Revenue and the Occupational Pensions Board for securing benefits applicable to a period of membership of a scheme approved under the 1970 Act or (ii) to be transferred at the option of the Member to another fund scheme or arrangement approved under the 1970 Act or otherwise specifically approved for the purpose by the Board of Inland Revenue.

PART V - MISCELLANEOUS PROVISIONS
RELATING TO MEMBERSHIP, CONTRIBUTIONS AND BENEFITS

TEMPORARY ABSENCE

23. Subject to the agreement of the Employer, any Member who is temporarily absent from active Service shall be deemed to remain an Eligible Employee:-

(i) if his absence is due to injury or illness, for any period; or

(ii) if his absence is due to any other cause, for a period not exceeding 3 years or for such longer period as the Trustees with the agreement of the Employer and the Board of Inland Revenue may determine in any particular case;

provided that the pension being provided for him under the Scheme shall be subject to such modification as the Trustees (acting with the advice of the Actuarial Adviser) shall determine to be appropriate.

This Rule shall not apply in the case of a female Member to whom Rule 24 applies.

ABSENCE DUE TO PREGNANCY

24. (a) This Rule applies to any female Member who is absent from work wholly or partly because of her pregnancy and who is entitled to the rights specified in Section 33 of the Employment Protection (Consolidation) Act 1978 (referred to in this Rule as "the 1978 Act").

(b) No payment made to the Member by the Employer in respect of any period of such absence shall be taken into account in calculating contributions and benefits under the Scheme.

(c) In the event of the death of the Member during any period of Service in which the right to return to work with the Employer subsists under Section 33 of the 1978 Act including any period of postponement which has become effective thereunder there shall be payable the benefits which would have applied under the Scheme had she died in Service on the day preceding the date upon which her absence commenced instead of any other benefits under the Scheme.

(d) For the purpose of calculating the period of Pensionable Service completed by a woman who returns to work with the Employer pursuant to her right under the 1978 Act the period of Service and membership up to the commencement of the relevant period of absence shall be treated as continuous with that commencing on the date of her return but the period of absence itself shall be ignored.

TRANSFERS
- from another scheme

25. (a) The Trustees shall if requested by the Employer so to do accept a transfer from the trustees or other persons having the management of another fund scheme or arrangement (referred to in this Sub-rule as "the transferring scheme") of all or any of the assets of the transferring scheme on the basis that one or more specified persons who are entitled, prospectively entitled or contingently entitled to rights and benefits under the transferring scheme shall be entitled, prospectively entitled or contingently entitled to such rights and benefits under the Scheme (consistent with Approval of the Scheme and with the Inland Revenue limitations set out or referred to in the Rules) as the Trustees may in their discretion arrange with the trustees of the transferring scheme or other persons as aforesaid, acting with the advice of the Actuarial Adviser.

Provided that:-

(i) the Trustees have satisfied themselves that Approval of the Scheme would not be prejudiced;

(ii) the assets so transferred to the Scheme shall be treated in the Scheme as Member's contributions to the extent (and only to the extent) that they are certified by the administrator of the transferring scheme as representing contributions paid by the Member thereto;

(iii) no Member shall be entitled to receive during his lifetime a refund of contributions paid to the transferring scheme which are treated in the Scheme as Member's contributions;

(iv) the rights and benefits so conferred shall be subject to such special conditions (not being in contravention of the preservation requirements of the Social Security Act 1973) as the Trustees shall determine and notify in writing to any Member in respect of whom a transfer is accepted under this Sub-rule and in particular shall not confer on any Member additional benefit under Rule 11 except to the extent that the Member has been advised in writing.

- to another scheme

(b) The Trustees may if they think fit subject as hereinafter provided and to the approval of the Employer and with the agreement of any Member in respect of whom the transfer is to be made, transfer to the trustees or other persons having the management of another fund scheme or arrangement which is (i) certified by the trustees thereof or such other persons as aforesaid to be approved under the 1970 Act or (ii) approved for the purposes of this Sub-rule by the Board of Inland Revenue (any such fund, scheme or arrangement being referred to in this Sub-rule as "the receiving scheme") all the assets of the Scheme or such part thereof as shall be determined by the Trustees (acting with the advice of the Actuarial Adviser) to be just and equitable, upon the basis that persons in respect of whom the transfer is to be made, being entitled or contingently entitled to rights and benefits under the Scheme, shall subject in all respects to the rules of the receiving scheme be entitled or contingently entitled under the receiving scheme to such benefits (consistent with approval by the Board of Inland Revenue) in respect of such transfer as the Trustees may in their discretion arrange with the trustees of the receiving scheme or other persons as aforesaid. On any such transfer:

(i) the Trustees shall certify to the trustees or other person or persons administering the receiving scheme how much (if any) of the assets of the Scheme so transferred represents contributions to the Scheme by the Member and is therefore to be treated as member's contributions in the receiving scheme; and

(ii) the Trustees shall notify the trustees or other person or persons administering the receiving scheme that the portion of the assets of the Scheme transferred which is to be treated as member's contributions must not be refunded to the member during his lifetime.

Any person in respect of whom such a transfer shall have been made shall not thereafter be entitled to any benefits under the Scheme in respect of the assets so transferred and the Trustees shall not be in any way responsible for or required to enquire into the use and application of the assets so transferred.

EMPLOYER'S RIGHT OF DISMISSAL

26. Nothing in the Trust Deed or the Rules restricts the right of the Employer to terminate the employment of any Member.

LIEN

27. The beneficial interest of any Member under the Scheme (other than any part of that interest derived from a transfer of assets received pursuant to Sub-rule 25(a)) shall stand charged with any debts or liabilities owing by any such Member to the Employer being debts or liabilities arising out of a criminal, negligent or fraudulent act or omission on the part of such Member PROVIDED that in the event of the Employer seeking to retain or recover such debts or liabilities:-

27. *Lien*

(i) such recovery or retention shall (unless otherwise agreed in writing by such Member) be limited to whichever is the lesser of (a) the amount of such debts or liabilities and (b) the value (as determined by the Actuarial Adviser) of the Member's said beneficial interest;

(ii) such Member shall be given a certificate showing the amount retained or recovered and its effects on his benefits or prospective benefits from the Scheme;

(iii) the Employer shall not enforce such recovery or retention should the amount of the debts or liabilities be in dispute except after the obligation has become enforceable under an order of a competent court or the award of an arbitrator.

LIMITATION OF BENEFITS AND MEMBERS' CONTRIBUTIONS - benefits

28. (a) Notwithstanding any other provision of the Rules, benefits payable under the Scheme are subject to the limitations specified in this Rule.

(b) The total yearly pension payable under the Scheme to a Member whose pension becomes payable at Pension Age (before exercise of any options available under the Scheme and when aggregated with the annuity equivalent at the date of commencement of such pension of all other retirement benefits payable to him under all other Retirement Benefits Schemes of the Employer or to which the Employer has contributed) shall not exceed the greater of:-

(i) 1/60th of Final Remuneration at the date of ceasing to be in Service for each year of Service; provided that the Service taken into account for this purpose shall not exceed 40 years; and

(ii) the greatest amount which will not prejudice Approval of the Scheme.

(c) Whenever it happens that a Member's expectation of pension at Pension Age is in excess of the limitation specified in Sub-rule (b) of this Rule, the Trustees shall make such reduction (if any) in the benefits being provided for him under the Scheme as (acting with the advice of the Actuarial Adviser) they shall consider to be appropriate.

(d) The total retirement benefits payable under the Scheme to a Member on retirement before or after Pension Age shall not be so great that Approval of the Scheme would be prejudiced.

(e) Any increase in a Member's yearly pension after the date of its commencement shall not be so great as to cause such pension to exceed the maximum yearly pension which could be paid to the Member under the Scheme in accordance with the limitations specified in Sub-rules (b) and (d) of this Rule, reduced by the yearly amount of any pension which has been surrendered by the Member under Rules 10 and 12 and then increased in proportion to the increase in the cost of living since the date of commencement of the Member's pension, as determined from the Index of Retail Prices published by the Department of Employment (or from such other index as may from time to time be agreed by the Board of Inland Revenue for the purposes of this Rule).

(f) Any lump sum benefit payable under the Scheme on a Member's death while in Service, other than any refund of his contributions, shall not (when aggregated with all other benefits payable on the death of the Member in other than pension form, other than refunds of member's contributions, under all other Retirement Benefits Schemes of the Employer and, except in so far as the Board of Inland Revenue have agreed that they may be excluded, of all other employers by whom the Member had been employed) exceed 4 times the Member's Final Remuneration; provided that for this purpose the Member's Final Remuneration shall be taken to be the annual rate of his basic salary from the Employer at the date of his death plus the highest annual average of all other emoluments (including director's fees) paid to him by the Employer for the period of three or more consecutive years (or for such shorter period for which they have been paid) preceding that date if greater than his Final Remuneration as defined in Rule 1.

(g) Any pension becoming payable in respect of a Member under the Scheme on or after his death shall not be so great as to prejudice Approval of the Scheme, when aggregated with all other benefits becoming payable in respect of the Member on or after his death in non-commutable pension form under all other Retirement Benefits Schemes of the Employer or to which the Employer has contributed.

(h) Any increase after the date of its commencement in any yearly pension becoming payable in respect of a Member under the Scheme on or after his death shall not be so great as to cause it to exceed the maximum consistent with

Approval of the Scheme, increased in proportion to the increase in the cost of living since the date of commencement of such pension as determined from the Index of Retail Prices published by the Department of Employment (or from such other index as may from time to time be agreed by the Board of Inland Revenue for the purposes of this Rule).

(i) The amount of pension surrendered by a Member pursuant to the provisions of Sub-rule 10(a) shall not be so great that the lump sum payment (when aggregated with the lump sum value of all other benefits in other than non-commutable pension form provided for the Member under all Retirement Benefits Schemes of the Employer or to which the Employer has contributed) would exceed the greater of:-

(i) 3/80ths of the Member's Final Remuneration at the date of surrender for each year of Service; provided that the Service taken into account for this purpose shall not exceed 40 years prior to Pension Age and 5 years thereafter; and

(ii) the greatest amount which would not prejudice Approval of the Scheme.

(j) For the purposes of the foregoing provisions of this Rule, benefits provided by premiums paid under contracts effected under Section 226 or 226A of the Income and Corporation Taxes Act 1970 by a Member who is a 20% Director, or who is or has been a controlling director (as defined in Section 224(1) of the Income and Corporation Taxes Act 1970) of the Employer, which are qualifying premiums (as defined in the said Section 226) by virtue of relevant earnings (as defined in the said Section 226) of such Member from the Employer shall be taken into account as if they were benefits provided under Retirement Benefits Schemes of the Employer in any case in which the Board of Inland Revenue so require.

- Members' contributions

(k) The total contributions paid to the Scheme by a Member in any year shall not (when aggregated with all contributions paid by him during such year to all other Retirement Benefits Schemes of the Employer or to which the Employer has contributed) exceed 15 per cent. of his total emoluments received from the Employer in that year (including the value of any benefits in kind received by the Member from the Employer and which are treated as emoluments of the office or employment for the purposes of assessment to tax under Schedule E contained in the Income and Corporation Taxes Act 1970).

29. Administration and management

PART VI - ADMINISTRATION AND MANAGEMENT OF THE SCHEME

RESPONSIBILITY FOR ADMINISTRATION AND MANAGEMENT

29. The administration and management of the Scheme shall be vested in the Trustees who shall be the administrator (as defined in the Section 26(1) of the 1970 Act) of the Scheme.

APPOINTMENT AND REMOVAL OF TRUSTEES

30. (a) The power of appointing new or additional trustees or a body corporate as sole trustee of the Scheme shall be vested in the Employer and may be exercised without limitation as to number and the Employer shall also have power by deed to remove any trustee from office. All new or additional trustees shall be appointed by deed.

(b) Any body corporate which is a trustee of the Scheme shall be entitled to charge and be paid such remuneration for its services as shall from time to time be agreed between such body corporate and the Employer.

SPECIAL POWERS OF TRUSTEES

31. In addition to and without prejudice of all powers conferred upon trustees whether by statute or the general law the Trustees shall have the following powers each to be exercised or not as they think fit namely:-

(i) power to settle compromise or submit to arbitration any claims matters or things relating in any way to the Scheme or to any rights under the Scheme of the Members and others;

(ii) power to commence carry on or defend proceedings relating in any way to the Scheme or to the determination of any rights under the Scheme of the Members and others;

(iii) power to raise or borrow any sum or sums of money and to secure the repayment thereof in such manner and upon such terms as the Trustees think fit and to charge the sums so raised or borrowed or any part thereof on all or any part of the assets of the Scheme; and

(iv) power generally to do all such acts and things as the Trustees think fit for the maintenance and preservation of the assets of the Scheme and of the rights under the Scheme of the Members and others.

PROCEEDINGS OF TRUSTEES

32. Unless and until a body corporate is appointed as sole trustee of the Scheme:-

(i) the Trustees shall meet at such times and places as they decide and may make regulations for the conduct of their business (including the operation of any bank account) for the appointment of a chairman and of a secretary and for all other matters in connection with their duties as Trustees;

(ii) any two of the Trustees may require a meeting of the Trustees to be convened within seven days after giving notice in writing to the secretary;

(iii) at any meeting of the Trustees two of their number shall form a quorum and each question arising shall be decided by a simple majority of those of the Trustees present and voting (by a show of hands) provided that in the case of an equality of votes the chairman of the meeting shall have a casting vote;

(iv) a resolution in writing signed by all of the Trustees shall be as valid and effectual as if it had been passed at a meeting of the Trustees duly convened and held; and

(v) a document certified by the secretary to the Trustees to be a true copy of a resolution of the Trustees shall be sufficient evidence thereof.

TRUSTEES' INDEMNITY

33. The Employer hereby covenants with the Trustees that the Employer will at all times in the absence of fraud or criminal responsibility fully and effectually indemnify and keep indemnified the Trustees from and against all actions proceedings costs losses expenses damages claims and demands at any time made or brought against or suffered by the Trustees for or in respect of all and any of the acts matters and things done permitted or omitted by that one or more of the Trustees who is sought to be made liable in connection with or pursuant to the Scheme.

INVESTMENT OF FUND
- permitted investments

34. (a) The Trustees may either retain as invested any investments or property from time to time held by the Trustees and forming part of the assets of the Scheme (such assets being referred to in this Rule as "the Fund") or sell the same if they think fit and may invest in manner hereinafter provided any money forming part of the Fund and not immediately required for the payment of benefits and shall have power to sell or realise any such investments or property whether for providing money required for the payment of such benefits or for reinvestment or otherwise.

(b) The Trustees may invest any moneys forming part of the Fund in or upon the security of such stocks, shares, debentures, debenture stocks, units in unit trusts or mutual funds, any interest in land and any annuity policies and policies of assurance (being annuity policies or policies of assurance issued by any United Kingdom office or branch of any insurance company which is authorised to carry on long term business under Section 3 or 4 of the Insurance Companies Act 1982 or the earlier corresponding legislation) or other investments whatsoever and wheresoever situate whether or not involving liability whether or not producing income and whether or not authorised by law for the investment of trust moneys as the Trustees think fit to the intent that the Trustees shall have full and unrestricted powers of investment hereunder in all respects including any powers of investment which they might exercise if they were absolutely entitled to the Fund beneficially.

(c) The Trustees shall have power to underwrite sub-underwrite or guarantee the subscription of any funds, securities, bonds, debentures, debenture stocks and stocks and shares of any kind.

(d) The Trustees may place or retain any moneys

(1) on deposit or current account at such rate of interest (if any) and upon such terms as they shall think fit with any bank, investment company, building society, local authority, finance company or any United Kingdom office or branch of any insurance company as aforesaid, and

(2) on deposit upon such terms as they shall think fit with any company or undertaking other than the Employer.

The Trustees shall not be chargeable in respect of any interest in excess of the interest (if any) actually paid or credited on any moneys dealt with in accordance with this Sub-rule or otherwise in respect thereof.

(e) The Trustees may enter into any transaction in connection with financial futures, the lawful currency of any country and the purchase or sale of any assets or property for receipt or delivery at a future date and may grant or acquire call or put options over any assets or property.

(f) The Trustees shall in relation to any real property or any interest therein forming part of the Fund have the following additional powers:-

(1) power to keep any buildings insured against such risks and for such amounts as they think fit

(2) power to sell, exchange, convey, lease, charge, agree to let or otherwise conduct the management of any such property

(3) power to apply any money for the time being forming part of the Fund in improving or developing any such property or in enlarging improving demolishing or rebuilding any building comprised in such property.

(g) The Trustees shall in relation to any personal property have the power to take such steps as they may think proper for the insurance, repair, protection, removal, custody, carriage and general maintenance of such property or any part thereof.

- indemnity by trustees in connection with investments

(h) The Trustees shall have power to give any indemnity in connection with the exercise of their powers under this Rule and may bind the Fund to give effect thereto.

- nominee to hold investments

(i) The Trustees may appoint any corporate body to act as their nominee for the purposes of this Rule and paragraph (iii) of Rule 31 with power for the Trustees at any time or times in like manner to revoke or vary such appointment and any investments of the Fund may be made in the name of or transferred to the corporate body so appointed on the terms that the latter shall hold them as nominee for and on behalf of the Trustees and the Trustees may for this purpose enter into any agreement with such corporate body and may bind the Fund in respect of any indemnity to give effect thereto.

- pooling of investments

(j) The Trustees may enter into any arrangement with the trustees of any common investment fund authorised for the purposes of this Rule by the Employer (such common investment fund being an arrangement for the pooling of investments held for the purposes of retirement benefit schemes approved by the Board of Inland Revenue as exempt approved schemes under the Finance Act 1970) on the basis that in exchange for the entitlement to share in any such common investment fund in accordance with its terms any moneys comprising the Fund or a part thereof or any investments or property representing the same or as the case may be any contributions payable to the Trustees under the Rules shall be paid or transferred to the trustees of such common investment fund to be invested or otherwise dealt with under such arrangement by the trustees of such common investment fund pursuant to the terms and conditions thereof. Upon and to the extent that any such payment or transfer is made, the responsibility of the Trustees as to safekeeping and investment shall thereupon cease and the Trustees shall not be liable for any loss arising directly or indirectly in consequence of any such arrangement or in respect of any such payment or transfer.

DONATIONS AND BEQUESTS

35. The Trustees may accept donations, bequests or other contributions from any person or body for the purposes of the Scheme.

TRUSTEES' RECORDS

36. The Trustees shall keep such accounts registers and records as may be necessary for the proper working of the Scheme and shall have the accounts of the Scheme audited annually by the auditor.

APPOINTMENT OF OFFICERS

37. The Trustees may from time to time appoint on such terms as they think fit:-

(i) as actuarial adviser to the Scheme an actuary or firm of actuaries who or each of the partners of which is a Fellow of the Institute of Actuaries or of the Faculty of Actuaries or such corporate body or firm making available advice given to it by such a Fellow;

(ii) as auditor of the Scheme accounts an accountant or firm of accountants who or each of the partners of which is a person qualified for appointment as an auditor of a company under Section 389 of the Companies Act 1985 or the earlier corresponding legislation;

(iii) such other officers as they may consider necessary for the proper management of the Scheme.

The Trustees shall also have power to revoke or vary the terms of any such appointment.

ACTUARIAL INVESTIGATION

38. (a) The Trustees shall have power to instruct the Actuarial Adviser to submit the financial position of the Scheme to actuarial investigation at least once in every 3 years on dates arranged by the Trustees in consultation with the Employer and the Actuarial Adviser and the Trustees shall furnish to the Actuarial Adviser all accounts and information which the Actuarial Adviser may reasonably require for that purpose.

(b) The Trustees shall require the Actuarial Adviser to report to them in writing on the financial position of the Scheme upon the completion of each actuarial investigation carried out pursuant to the provisions of Sub-rule (a) of this Rule.

DELEGATION OF TRUSTEES' POWERS

39. The Trustees may with the consent of the Employer delegate all or any of the powers duties and discretions conferred upon them under the Trust Deed or the Rules or by statute or otherwise for any period to any person or persons whether or not incorporated and whether or not a trustee hereof and shall not be responsible for any loss thereby arising. In particular, without prejudice to the generality of their powers under this Rule, the Trustees may from time to time authorise such person or persons whether or not a trustee hereof as they shall think fit to draw cheques on any banking account or to endorse any cheques or to give receipts and discharges for any moneys or other property payable, transferable or deliverable to the Trustees or any of them, and every such receipt or discharge shall be as valid and effectual as if it were given by the Trustees.

The production of a written authority of the Trustees as aforesaid shall be a sufficient protection to any debtor or other person taking any such receipt or discharge as aforesaid, and unless such debtor or other person shall have received express notice in writing of the revocation of such authority, he shall be entitled to assume and act on the assumption that the authority remains unrevoked.

The Trustees may also with the consent of the Employer revoke any delegation of their powers made under this Rule.

EXPENSES OF MANAGEMENT

40. (a) Except as provided in Rule 6 and subject to the provisions of Rule 33, all costs charges and expenses incurred in the establishment administration and management of the Scheme shall (unless borne by the Employer) be met by the Trustees out of the assets of the Scheme.

(b) Any of the Trustees being a person engaged in any profession shall be entitled to charge and be paid all usual professional or other charges for business done by him or his firm in relation to the trusts of the Scheme and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with the administration of the Scheme including matters which might or should have been attended to in person by a trustee not being a professional person but which such trustee might reasonably require to be done by a professional person.

PART VII - LIQUIDATION OF THE EMPLOYER AND TERMINATION OF THE SCHEME

TERMINATION OF LIABILITY

41. The Employer may at any time (but without prejudice to its liability for the payment of any contribution which shall have become payable or accrued) terminate its liability to contribute to the Scheme by notice in writing to the Trustees.

LIQUIDATION OF THE EMPLOYER

42. (a) In any of the following events that is to say:-

(i) if the Employer shall enter into liquidation and another body corporate shall (whether in contemplation of or after such liquidation) enter into an agreement with the Trustees and with the Employer or its liquidator to perform the obligations of the Employer under the Trust Deed and the Rules; or

(ii) if the undertaking of the Employer is acquired by or vested in any other body corporate and such other body corporate shall either enter into an agreement with the Trustees and with the Employer or its Liquidator or shall be bound by virtue of or pursuant to any statutory provision or any order of the court made thereunder or otherwise to perform the said obligations; or

(iii) if the Employer shall be dissolved by virtue of or pursuant to any statutory provision or any order of the court made thereunder or otherwise and another body corporate shall be bound by virtue of or pursuant to any statutory provision or any order of the court made thereunder or otherwise to perform the said obligations;

then and in any such event the Employer shall be thereby released from all the said obligations and such other body corporate as aforesaid shall be deemed to be substituted for the Employer as the person liable to perform the said obligations and the Trust Deed and the Rules shall thenceforth have effect as if such other body corporate had been a party to and had executed the Trust Deed in place of Lazard Brothers & Co., Limited.

(b) (i) If the Employer shall enter into liquidation and if at the time of such liquidation or at any time thereafter there shall not be any such agreement as is referred to in paragraph (i) of Sub-rule

(a) of this Rule and the Trustees shall be of the opinion that there is no reasonable expectation of such agreement; or

(ii) if the undertaking of the Employer is acquired by or vested in any body corporate and if at the time of such acquisition or at any time thereafter there shall not be any such agreement as is referred to in paragraph (ii) of the said Sub-rule (a) and such other body corporate shall not be bound as mentioned in the said paragraph (ii) and the Trustees shall be of the opinion that there is no reasonable expectation of such agreement or of any other body corporate becoming so bound; or

(iii) if the Employer shall be dissolved in the manner referred to in paragraph (iii) of the said Sub-rule (a) and if at the time of such dissolution or at any time thereafter no body corporate shall be bound as mentioned in the said paragraph (iii) and the Trustees shall be of the opinion that there is no reasonable expectation of any other body corporate becoming so bound;

then and in any such event the Trustees may either wind up the Scheme or may by deed exercise the power to alter or modify any of the trusts powers and provisions of the Trust Deed and the Rules conferred upon the Trustees by the Trust Deed and may make such arrangements or enter into such agreements (not being arrangements or agreements of such a kind as to prejudice the Approval of the Scheme) as they shall in their uncontrolled discretion think fit for the continuance of the Scheme subject however to Clause 43 subsequently becoming applicable.

EVENTS LEADING TO WINDING UP OF SCHEME

43. (a) The Scheme shall be wound up one year before the expiry of the Trust Period or (if earlier) upon the happening of whichever of the following events shall first happen that is to say:-

(i) the termination by the Employer under Rule 41 of its liability to contribute to the Scheme (unless the Trustees shall determine that the winding-up of the Scheme shall be deferred);

(ii) the exercise by the Trustees of the power to wind up the Scheme conferred on them in certain events by Rule 42;

(iii) the event of the Trustees determining to wind up the Scheme at any time after it would have been wound up under either of the foregoing sub-paragraphs (i) and (ii) but for a determination by the Trustees that the winding up thereof should be deferred; and

(iv) the event of the Trustees being advised by the Actuarial Adviser that the Scheme is insolvent and the Trustees so decide to wind up the Scheme.

(b) Upon the Scheme being wound up the trusts declared by the Trust Deed shall cease and determine and the liability of the Employer and Members to contribute to the Scheme shall terminate but without prejudice to the liability of them or any of them for the payment of any contribution which shall have become payable or accrued and the assets of the Scheme shall be applied as provided in Rule 44.

WINDING UP OF THE SCHEME
- <u>use of assets</u>

44. (a) On the winding-up of the Scheme the Trustees shall subject to:-

expenses

(1) the payment of all costs charges and expenses incurred in giving effect to the provisions of this Rule or otherwise properly payable out of the assets of the Scheme; and

disposal of death benefits

(2) the completion (so far as not already completed) of the application in accordance with the provisions of the Rules of any lump sums which became payable under such provisions on the deaths of Members prior to such winding-up;

application of Member's Voluntary Contributions

(3) (a) in the case of a Member who has paid Member's Voluntary Contributions to which paragraph (e) of Rule 6 applies, the realisation and, so far as the limitations referred to in Rule 28 permit, the application of the assets held by the Trustees representing the Member's Accumulated Share (subject to the exercise of the powers conferred by Sub-rule (c) hereof) in the purchase or provision of a policy in accordance with the first and second provisos to this Sub-rule securing any of the benefits set out in paragraphs (i) and (ii) of Sub-rule 17(a) on such basis in all respects as the Trustees shall determine;

(b) the merger of any amount not applied under (a) hereof with the assets of the Scheme and the disposal thereof in accordance of the following provisions

apply the assets of the Scheme in the following manner so far as the same may be available:-

Benefit priorities -

FIRSTLY in the provision of the following benefits for or in respect of all of the following persons who shall rank pari passu among themselves that is to say:-

pensioners

(i) for or in respect of each person to whom a pension became payable under the Scheme prior to such winding-up an immediate annuity equal in value to such pension and benefits contingent upon his death equal in value to the benefits contingent upon his death (if any) provided under the Scheme immediately prior to such winding-up; and

Members in Service after Pension Age

(ii) for or in respect of each Member who on such winding-up had already attained Pension Age but was still in Service an immediate annuity equal in value to the immediate pension which would have been payable to him under the Scheme had he retired from Service immediately prior to such winding-up and benefits contingent upon his death equal in value to the benefits contingent upon his death (if any) provided under the Scheme immediately prior to such winding-up; and subject as aforesaid

Members who have not reached Pension Age

SECONDLY in the provision for or in respect of each Member who on such winding-up had not attained Pension Age and to whom a pension had not commenced to be paid under the Scheme prior to such winding-up of a deferred annuity commencing at Pension Age equal in value to the deferred yearly pension commencing at Pension Age to which such Member:-

(i) became entitled under the Scheme on leaving Service prior to its winding-up; or

(ii) would have been entitled under the Scheme if he had left Service immediately prior to its winding-up;

and in either case benefits contingent upon his death equal in value to the benefits contingent upon his death (if any) which were provided in respect of him under the Scheme or as the case may be which would have been provided in respect of him under the Scheme in such circumstances; and subject as aforesaid

augmentations and other benefits

THIRDLY in the provision of the following benefits for and in respect of the following persons that is to say:-

(i) additional annuities or other benefits (subject in amount only to (a) the second proviso to this Sub-rule and (b) any exercise of the Trustees' discretion under (ii) hereof) for the persons for whom annuities or other benefits have been provided in accordance with the foregoing provisions of this Sub-rule (such additional annuities or other benefits to commence or to be paid at the same dates as the annuities or benefits provided for such persons in accordance with the foregoing provisions of this Sub-rule), and

(ii) such annuities (whether immediate contingent or deferred) for the benefit of such Dependants of persons who are or have been Members for whom annuities have not been secured in accordance with the foregoing provisions of this Sub-rule as the Trustees at their discretion think fit

in such shares as the Trustees at their discretion shall decide

securing of benefits on wind-up

PROVIDED THAT each annuity or other benefit to be provided under this Sub-rule shall be secured by the purchase from an Approved Insurance Company of a non-assignable annuity or assurance contract or policy as appropriate (such contract or policy to include such options consistent with the Scheme having been approved under the 1970 Act as may be agreed with the insurance company concerned);

AND PROVIDED FURTHER THAT in purchasing annuity and other benefits pursuant to the foregoing provisions of this Sub-rule the Trustees shall have regard in each case to the requirements of the Board of Inland Revenue as to the maximum approvable benefits which the Scheme may provide;

PART VIII - STATUTORY PROVISIONS

NON-PARTICIPATING EMPLOYMENT

45. (a) The provisions of this Rule apply notwithstanding any other provisions of the Trust Deed and the Rules.

(b) In this Rule the following expressions have the meanings respectively attributed to them:-

(i) "Contracted-out Member" means a Member who is or has been in Non-Participating Employment by virtue of his membership of the Scheme.

(ii) "Equivalent Pension Benefits" means in relation to a Contracted-out Member the minimum annual pension which would qualify as equivalent pension benefits as defined in the 1965 Act in respect of his Non-Participating Employment while a Contracted-out Member.

(iii) "Non-Participating Employment" means in relation to a Member non-participating employment as defined in the 1965 Act.

(iv) "1965 Act" means the National Insurance Act 1965 or, if appropriate, the National Insurance Act (Northern Ireland) 1966, or any statutory modification or re-enactment thereof for the time being in force.

(c) A Contracted-out Member shall be entitled from Pension Age (subject to any condition in the Rules as to retirement) to a yearly pension from the Scheme not less than Equivalent Pension Benefits and the pension of a Contracted-out Member shall not (except in so far as it exceeds Equivalent Pension Benefits) be capable of being terminated or suspended except for reasons which are within the permitted causes under the 1965 Act.

(d) Any provision in the Rules for payment to a Contracted-out Member of a lump sum in lieu of pension from the Scheme shall be available only in respect of that part (if any) of his yearly pension from the Scheme which exceeds Equivalent Pension Benefits.

(e) Any exercise by a Contracted-out Member of any option under the Scheme to provide a pension for a Dependant or to commence to receive a pension before Pension Age shall be of no effect if the exercise of such option would cause the annual pension payable to him from the Scheme from Pension Age to be less than Equivalent Pension Benefits.

(f) Any rights under the Scheme conferred on a Contracted-out Member under Sub-rule 25(a) of the Rules may be on terms that any period of previous employment which ranks as Non-Participating Employment will be deemed to be Non-Participating Employment by virtue of his membership of the Scheme.

and in either case benefits contingent upon his death equal in value to the benefits contingent upon his death (if any) which were provided in respect of him under the Scheme or as the case may be which would have been provided in respect of him under the Scheme in such circumstances; and subject as aforesaid

augmentations and other benefits

THIRDLY in the provision of the following benefits for and in respect of the following persons that is to say:-

(i) additional annuities or other benefits (subject in amount only to (a) the second proviso to this Sub-rule and (b) any exercise of the Trustees' discretion under (ii) hereof) for the persons for whom annuities or other benefits have been provided in accordance with the foregoing provisions of this Sub-rule (such additional annuities or other benefits to commence or to be paid at the same dates as the annuities or benefits provided for such persons in accordance with the foregoing provisions of this Sub-rule), and

(ii) such annuities (whether immediate contingent or deferred) for the benefit of such Dependants of persons who are or have been Members for whom annuities have not been secured in accordance with the foregoing provisions of this Sub-rule as the Trustees at their discretion think fit

in such shares as the Trustees at their discretion shall decide

securing of benefits on wind-up

PROVIDED THAT each annuity or other benefit to be provided under this Sub-rule shall be secured by the purchase from an Approved Insurance Company of a non-assignable annuity or assurance contract or policy as appropriate (such contract or policy to include such options consistent with the Scheme having been approved under the 1970 Act as may be agreed with the insurance company concerned);

AND PROVIDED FURTHER THAT in purchasing annuity and other benefits pursuant to the foregoing provisions of this Sub-rule the Trustees shall have regard in each case to the requirements of the Board of Inland Revenue as to the maximum approvable benefits which the Scheme may provide;