

Dated 26 March 1998

THE MedAS PENSION SCHEME

**THE FIRST DEFINITIVE TRUST DEED
AND RULES**

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THE FIRST DEFINITIVE TRUST DEED

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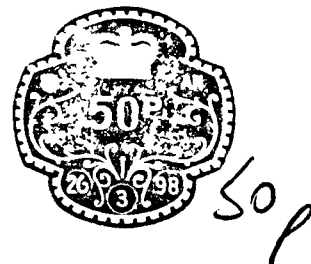
THE RULES

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THE FIRST DEFINITIVE TRUST DEED

Date: 26th March 1998



Parties:

- (1) **Media Accounting Services Ltd** a company incorporated in England with registered number: 3301942 whose registered office is at Plumtree Court, London, EC4A 4HT ("**the Principal Company**");
- (2) **MedAS Pension Trustees Ltd** a company incorporated in England with registered number: 3499997 whose registered office is at 100 New Bridge Street, London, EC4V 6JA ("**the Trustee**").

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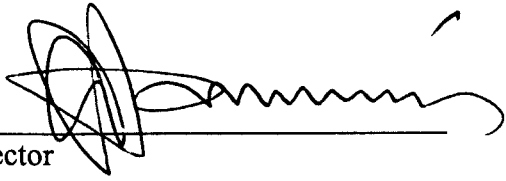
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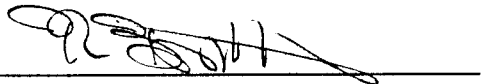
1. This document is executed as a deed and establishes the MedAS Pension Scheme ("**the Scheme**") with effect on and from 1 April 1998. It consists of the First Definitive Trust Deed, the Rules and Schedules attached to the Rules ("**the Definitive Trust Deed**" and "**the Rules**").
2. The Principal Company appoints the Trustee as the first Trustee of the Scheme to hold the assets of the Scheme on the trusts set out in the Definitive Trust Deed and Rules.
3. The Scheme is being established as a result of the sale to the Principal Company of the BBC's information technology and accounting functions and the resulting transfer to the Principal Company of the relevant former BBC employees. The beneficiaries under the Scheme are intended primarily to be the relevant former active members of the BBC Pension Scheme (both the Old and the New Benefits Members as defined under that Scheme).
4. The benefits to be provided under the Scheme are described in the Rules.

The following parties signed this Deed on the date appearing at the beginning of this deed.

EXECUTED as a **DEED** for and)
on behalf of)
MEDIA ACCOUNTING SERVICES LTD)
acting by two directors or a)
director and company secretary)

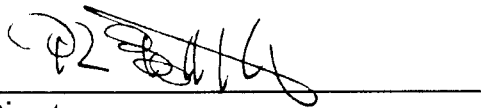


Director

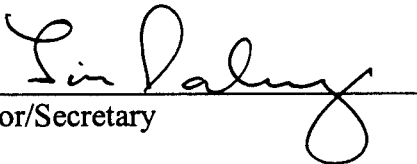


Director/Secretary

EXECUTED as a **DEED** for and)
on behalf of)
MedAS PENSION)
TRUSTEES LTD)
acting by two directors or a)
director and company secretary)



Director



Director/Secretary

THE RULES

1. Eligibility and Terms of Membership

- 1.1 Any person who was, immediately prior either to 1 April 1998 or 1 June 1998 ("the Joining Date"), an active member of the BBC Pension Scheme, who had not reached age 60 and is permanently employed by an Employer may become a Member of the Scheme with effect from the relevant Joining Date. Any other person may only join the Scheme at the invitation of the Principal Company and subject to such terms relating to joining and provision of benefits under the Scheme as the Principal Company may prescribe.
- 1.2 Membership may be made subject to completing an application form if the Trustee requires it. The Trustee may decide that entry to membership shall also be subject to the provision of such medical or other information as the Trustee may, from time to time, require.
- 1.3 If any person does not apply to become a Member at his first opportunity but applies subsequently (or if having opted out of the Scheme he wishes to be readmitted) he shall become a Member (or be readmitted) only if the Principal Company agrees and subject to such conditions, including evidence of health, as the Principal Company decides. A Member may withdraw from the Scheme on giving 60 days' advance written notice to the Trustee.
- 1.4 If so requested by the Principal Company, the Trustee may: waive eligibility conditions; admit persons on the basis that reduced benefits are to be provided for them; or admit persons for lump sum death benefits only.

2. Members' Contributions

2.1 Mandatory Contributions

Each Member shall contribute to the Scheme at the rate of 4.5% of his Pensionable Salary. Subject to Rule 4.3, contributions shall cease on leaving Pensionable Service (or on Normal Retirement Date, if earlier, unless the Principal Company determines otherwise).

2.2 Additional Voluntary Contributions

- 2.2.1 A Member may pay Voluntary Contributions on such a basis as the Trustee may specify. The specification must be consistent with the PSA.
- 2.2.2 The Member shall be entitled to such additional benefits in respect of his Voluntary Contributions as may be determined by the Trustee and the Principal Company, having obtained Actuarial Advice. Any additional pension payable to the Member shall not affect the calculation of any pension increases or other benefits payable in respect of the Member, unless the Trustee decides otherwise as part of its determination. The value of the additional benefits must be reasonable, having regard to the amount of the Voluntary Contributions and the value of other benefits to be provided under

the Scheme. If a Member began paying Voluntary Contributions for the first time on or after 8 April 1987, the additional benefits secured by his Voluntary Contributions must be provided in the form of an additional non-commutable pension, a lump sum on the death of the Member or the escalation of a pension.

2.2.3 All Voluntary Contributions shall be held as a separate fund and shall not be available for the general purposes of the Scheme on winding-up.

2.2.4 The Scheme must comply with the AVC Regulations if required to do so by those Regulations. Surplus Voluntary Contributions may be refunded to the extent permitted by the AVC Regulations.

3. **Employers' Contributions**

3.1 **Ordinary Annual Contributions**

Each Employer shall contribute to the Scheme such amounts as may be certified from time to time by the Actuary to be properly payable by them to provide the benefits payable and prospectively payable under the Scheme. In determining the proper rate of contributions payable, the Actuary must make allowance for pensions in deferment and in payment to increase fully in line with increases in the Index. As a minimum, the requirements of the minimum funding requirement prescribed under Section 56 of the Pensions Act shall be observed.

3.2 **Additional Special Contributions**

An Employer may pay any sum by way of special contribution for any purpose consistent with the purposes of the Scheme.

3.3 **Schedule of Contributions**

The Trustee shall secure that, when required by Section 58 of the Pensions Act, there is prepared, maintained and from time to time revised a schedule showing the rates of contributions payable by the Employers (and by the Members) and the dates for payment of those contributions.

4. **Benefits on Retirement**

4.1 **Normal Retirement Pensions**

A Member who retires at Normal Retirement Date shall be entitled to an immediate annual pension payable during his lifetime which is equal to 1/60th of his Final Pensionable Salary multiplied by the number of years (not exceeding 40) of his Pensionable Service. Odd days, excluding 29 February, each count as 1/365th of a year.

Provided that, in respect of an Old Benefits Member, the pension paid in accordance with this Rule shall be reduced by the Reduction.

4.2 Early Retirement

4.2.1 Entitlement to Pension

If a Member retires before Normal Retirement Date, in accordance with any of Rules 4.2.2 to 4.2.5 inclusive, he shall be entitled to an immediate annual pension payable during his lifetime, subject to the consent of the Principal Company and to the prior completion of such request form as the Principal Company may require.

4.2.2 Retirement on or after age 50

The pension payable to a Member who retires from Pensionable Service, with the consent of the Principal Company, before Normal Retirement Date and on or after his 50th birthday (and other than because of Incapacity) shall be equal to the pension which would have been payable to him at Normal Retirement Date but calculated by reference to the Member's Pensionable Service and Final Pensionable Salary at the date of his actual retirement. The pension payable shall be reduced, subject to the requirements of the PSA, by the Trustee and Principal Company having obtained Actuarial Advice to take account of early payment.

4.2.3 Discretionary Early Retirement

The Principal Company may, at its absolute discretion, in respect of an active Member who:

4.2.3.1 at the instance of his Employer leaves Pensionable Service on or after his 50th birthday and before his Normal Retirement Date; and

4.2.3.2 does not receive an Incapacity early retirement pension under Rule 4.2.4; and

4.2.3.3 has completed at least 2 years' Qualifying Service;

pay a pension to that Member equal to the pension which would have been payable to him under Rule 4.2.2 except that the pension shall not be reduced in respect of the early payment.

4.2.4 Incapacity Early Retirement

4.2.4.1 The pension payable to a Member who retires from Pensionable Service, at the direction of the Principal Company, before Normal Retirement Date, as a result of Incapacity shall be calculated by reference to the Member's Final Pensionable Salary and Pensionable Service (as defined in Schedule 1 and this Rule) at the date of actual retirement. Unless the Principal Company determines otherwise, the pension shall not be reduced for early payment.

Where a Member has completed less than 24 years' Pensionable Service as an active Member, for the purpose of this Rule only, Pensionable Service shall be the lesser of 24 years' Pensionable Service, and the total Pensionable Service which the Member would have completed had he reached Normal Retirement Date.

4.2.4.2 The Incapacity pension shall stop (unless the Trustee determines otherwise) if the person receiving the Incapacity pension re-enters Pensionable Service before Normal Retirement Date. Thereafter, in lieu of the Incapacity pension, the same benefits (in particular a deferred pension, payable from Normal Retirement Date) will be payable at the same time as if the Member had originally left Pensionable Service and remained throughout in normal health except that the Trustee may vary these benefits as it decides to be appropriate (having regard to any pension instalment or cash sum previously paid to the recipient and any voluntary allocation of his pension for a dependant).

4.2.4.3 If the recipient of an Incapacity Pension has not re-entered Pensionable Service but the recipient has, in the Trustee's opinion recovered from Incapacity to any extent, then the Trustee may reduce, suspend or terminate the recipient's pension on such terms (including terms relating to survivors' benefits and pension increases) as it thinks fit. The Trustee may review and vary its decisions (including reducing further, increasing or restarting a pension) at any time.

4.2.4.4 The Trustee may require any recipient (or potential recipient) of an Incapacity pension to undergo an examination by a qualified medical practitioner. In respect of any recipient of the Incapacity pension, the Trustee may accept a certificate by the medical practitioner that the Pensioner has recovered from Incapacity to any extent as conclusive evidence of such recovery. If the Pensioner refuses or neglects to undergo the examination within 1 month after being required to do so by the Trustee (or within such longer period as it may allow), the Trustee may exercise any discretion conferred on it by this Rule on such assumption as to the Pensioner's recovery from Incapacity as it thinks fit.

4.2.5 Early Retirement of a deferred Member

On receipt of a written request from a deferred Member, the Trustee, in consultation with the Principal Company, may start paying the pension before Normal Retirement Date from such date as it decides:

4.2.5.1 on or after the Member's 50th birthday in which case the pension shall be calculated in accordance with Rule 4.2.2 (and the pension shall be actuarially reduced as the Trustee, with the consent of the Principal Company, determines); or (if earlier)

4.2.5.2 if it is satisfied that the Member's earning capacity has been seriously impaired by physical or mental infirmity, in which case the calculation under Rule 4.2.2 shall apply. The Principal Company may, however, decide to waive all or part of the actuarial reduction for early payment.

4.2.6 If the calculation of the early retirement pension under Rule 4.2 (without reference to Schedule 3 (Contracting Out)) would result in the pension payable at State Pensionable Age being less than the Guaranteed Minimum Pension, the Trustee shall at its discretion determine either not to pay an early retirement pension or to pay such reduced pension until State Pensionable Age as the Trustee shall determine having obtained Actuarial Advice in order to allow the Guaranteed Minimum Pension to be paid without increasing the overall liability of the Scheme in respect of the Member.

4.3 Late Retirement

4.3.1 An active Member who remains employed by an Employer (and subject to that Employer's specific consent) after Normal Retirement Date shall be entitled upon retirement to an immediate annual pension payable during his lifetime as set out in Rules 4.3.2 and 4.3.3.

4.3.2 Subject to Rule 4.3.3, the pension shall be the pension to which he would have been entitled if he had retired at his Normal Retirement Date, increased by the Trustee having obtained Actuarial Advice having regard to the period between the Member's Normal Retirement Date and the date of retirement.

4.3.3 If, subject to the Employer's consent, the Member continues to make contributions after his Normal Retirement Date and prior to retiring, any additional years (and pro rata for each complete month) of Pensionable Service will be taken into account in the calculation set out in Rule 4.1, subject to Inland Revenue Limits.

4.4 Lump Sum Benefits on Retirement

4.4.1 Subject to Schedule 3, a Member may elect to receive a lump sum in lieu of part of his pension. The election must take effect either when the pension becomes payable or, subject to Inland Revenue Limits, on the Member's Normal Retirement Date.

4.4.2 The amount of the lump sum benefit shall not exceed 3/80ths of the Member's Final Pensionable Salary for each year of his Pensionable Service or such higher sum as is consistent with the approval of the Scheme as an Exempt Approved Scheme.

4.4.3 The pension payable to the Member shall be reduced by the Trustee having obtained Actuarial Advice to take account of the lump sum provided that the rate of commutation shall not be less favourable to the Member than if, for each £13 of lump sum commuted the pension to be paid to the Member was reduced by £1.

4.5 Additional Dependants' Pensions

- 4.5.1 Subject to the consent of the Trustee, a Member may, by prior written notice, surrender part of his pension, to be paid as an annuity to such of his Dependants as he may select. The Trustee shall decide the amount of a Dependant's annuity, having obtained Actuarial Advice having regard to the amount of pension surrendered.
- 4.5.2 The Dependant's annuity shall become payable on the death of the Member in retirement (and not in any other circumstances) and shall not exceed the pension to which the Member was entitled at that time.
- 4.5.3 An election shall be irrevocable except with the consent of the Trustee. If any intended recipient of the Dependant's annuity dies before the Member retires then the election by the Member shall be deemed not to have been made. If the intended recipient dies after the Member has retired but before the Member's death, the Dependant's annuity shall not be payable.

4.6 Part-time employment

This Rule applies to a Member who has been in Part-Time Employment whilst an active Member. This Rule overrides the other provisions of the Rules and, in this Rule:

- 4.6.1 "**Final Pensionable Salary**" means the Member's Pensionable Salary in respect of the last 365 days (except 29 February) of his Pensionable Service. If during those 365 days, the Member has been in Part-Time Employment, his Pensionable Salary will be the sum of the full-time equivalent Pensionable Salary for each of those 365 days. The full-time equivalent Pensionable Salary for each day will be his Pensionable Salary for that day multiplied by F/P where:-
- 4.6.1.1 F = the number (as determined by the Principal Company) of hours, excluding overtime, the Member would have contracted to serve with the Employer on that day if he had been in full-time employment.
- 4.6.1.2 P = the number of hours, excluding overtime, the Member did contract to serve with the Employer on that day.
- 4.6.2 "**Pensionable Service**" has the meaning set out in Schedule 1, except that the period of Pensionable Service whilst in Part-Time Employment will be treated as being that period multiplied by P/F where:-
- 4.6.2.1 F = the number (as determined by the Principal Company) of hours, excluding overtime, the Member would have contracted to serve with the Employer in that period if he had been in full-time employment throughout.

4.6.2.2 P = the number of hours, excluding overtime, the Member did contract to serve with the Employer in that period.

4.6.3 For the purposes of calculating Incapacity pensions or death benefits based on Prospective Service, it will be assumed that the fraction of part-time hours to full-time hours would have continued unaltered from the fraction immediately before the Member left Service or died (as the case may be).

5. **Benefits on Death**

5.1 **Benefits on Death in Pensionable Service**

5.1.1 The following sums shall be held on the Death Benefit Trusts upon the death of a Member in Pensionable Service:

5.1.1.1 a sum equal to 4 times the Member's Pensionable Salary at death; and

5.1.1.2 a sum equal to all the Member's contributions made to the Scheme with interest (other than Voluntary Contributions which were paid specifically to provide added years of Pensionable Service and/or benefits on death in Service).

5.1.2 The surviving Qualifying Spouse of a Member who dies in Pensionable Service shall receive an annual lifetime pension equal to 2/3rds of the Member's Prospective Pension (inclusive of any Guaranteed Minimum Pension payable under Schedule 3) as defined in Rule 5.1.3.

If there is no Qualifying Spouse, the Non-Qualifying Spouse (if any) will be entitled to the pension which would otherwise have been payable to the Qualifying Spouse provided that it shall be halved whilst an Eligible Child's pension is payable and shall be reduced by the amount of any Guaranteed Minimum Pension payable under Schedule 3 if there is a Widow.

5.1.3 The Trustee shall pay a pension in respect of the Member's Eligible Children starting on the day after the Member's death. The total pension payable to all the Eligible Children shall be equal to:

5.1.3.1 whilst a Qualifying Spouse's pension is being paid, 1/3 of the Member's Prospective Pension; or

5.1.3.2 whilst no Qualifying Spouse's pension is paid, the lesser of:

5.1.3.2.1 2/3rds of the Member's Prospective Pension; and

5.1.3.2.2 the Member's Prospective Pension less any Widow's pension paid under Schedule 3.

5.1.3.3 In this Rule "Prospective Pension" means:

5.1.3.3.1 if the Member dies in Service prior to Normal Retirement Date, the pension payable calculated using the Pensionable Service he would have completed had he remained in Pensionable Service up until Normal Retirement Date and the Member's Final Pensionable Salary at the date of death. In respect of an Old Benefits Member the Reduction shall apply. Odd days, excluding 29 February, each count as 1/365th of a year; and

5.1.3.3.2 if the Member dies in Service on or after Normal Retirement Date, the pension to which he would have been entitled on leaving Service immediately before he died. Odd days, excluding 29 February, each count as 1/365th of a year.

5.1.4 If the relevant Authorised Insurer shall impose any restriction upon the cover offered in respect of any Member or Insured Only Member and if the Principal Company shall so direct, the Member or Insured Only Member shall be notified by the Trustee and that person's benefit under Rule 5 shall be limited accordingly.

5.1.5 If an Insured Only Member dies, the Trustee shall hold on the Death Benefit Trusts a sum equal to twice his Pensionable Salary at death (as determined by the Principal Company) or such higher amount as is specified by the Principal Company from time to time.

5.2 Benefits on Death after Retirement

5.2.1 If the Member dies within 5 years after retiring on pension, there shall be held on the Death Benefit Trusts an amount equal to the sum of the remaining unpaid instalments of pension that would have been paid to him had he survived until the end of the 5 year period (but with no further increases in payment).

Provided that if a Pensioner dies before his Normal Retirement Date whilst receiving an Incapacity pension under Rule 4.2.4, then instead of the above cash lump sum (and irrespective of whether death occurs within 5 years of the pension starting), the Trustee shall hold on the Death Benefit Trusts a cash sum equal to 4 times the annual rate of the Pensioner's Pensionable Salary when Service ceased less any commutation lump sum paid to the Pensioner under Rule 4.4.

5.2.2 The surviving Qualifying Spouse of a Member who dies while receiving a pension shall receive an annual lifetime pension of 2/3rds of the annual pension which would have been payable to the Member at the date of his death had he not exchanged any pension for a lump sum.

Provided that if there is no Qualifying Spouse but there is a Non-Qualifying Spouse, the Trustee may, in its discretion, pay the pension that would have been payable to the Qualifying Spouse to the Non-Qualifying Spouse. Provided, however, that the pension paid to the Non-Qualifying Spouse shall

be halved whilst an Eligible Child's pension is payable and shall be reduced by any benefit payable under Schedule 3 if there is a Widow.

- 5.2.3 The Trustee shall pay a pension in respect of any Eligible Children of the Pensioner on the Pensioner's death. If a Qualifying Spouse's pension is being paid, the total pension shall not exceed 1/3rd of the annual Pensioner's pension paid at the date of death but assuming for these purposes that he did not commute any pension under Rule 4.4. If no Qualifying Spouse's pension is paid, the total pension shall equal the lesser of: 2/3rds of the annual Pensioner's pension paid to him at the date of death and the full pension less any Guaranteed Minimum Pension paid under Schedule 3 (in either case assuming the Pensioner did not commute his pension under Rule 4.4).

5.3 Benefits on Death in Pensionable Service after Normal Retirement Date

On the death of a Member in Pensionable Service after Normal Retirement Date but before the commencement of pension the benefits shall be paid as if he had died in accordance with Rule 5.1.

5.4 Benefits on Death in Deferment

The following benefits shall be payable on the death of a Member who is no longer in Pensionable Service but remains entitled to benefits under the Scheme:

- 5.4.1 If there is no surviving Qualifying Spouse, Non-Qualifying Spouse or Eligible Children, the Trustee shall hold on the Death Benefit Trusts, a cash sum equal to 5 times the deferred Member's Prospective Pension (as defined in this Rule).

- 5.4.2 A surviving Qualifying Spouse will be entitled to a pension, starting on the day after the deferred Member's death, equal to an annual amount of 2/3rds of the deferred Member's Prospective Pension, inclusive of his Guaranteed Minimum Pension payable under Schedule 3.

- 5.4.3 If there is no Qualifying Spouse, the deferred Member's Non-Qualifying Spouse may, at the Trustee's discretion, be entitled to a pension starting on the day after the deferred Member's death equal to an annual amount of 2/3rds of the deferred Member's Prospective Pension, but this pension shall be:

- 5.4.3.1 halved whilst an Eligible Child's pension is payable; and

- 5.4.3.2 reduced by the amount of any Guaranteed Minimum Pension payable under Schedule 3 if there is a Widow.

- 5.4.4 The surviving Qualifying Spouse may opt to receive a cash sum instead of the pension under Rule 5.4.2. This option may only be exercised by written notice to the Trustee given within 90 days after the deferred Member's death (unless the Trustee allows a longer period). The cash sum will be equal to:-

- 5.4.4.1 the deferred Member's compulsory contributions with interest to the date of his death; less

5.4.4.2 such amount as the Trustee decides (after consulting the Actuary), having regard to the cost of providing any Guaranteed Minimum Pension payable under Schedule 3 if there is a Widow.

5.4.5 The Trustee shall pay a pension in respect of the deferred Member's Eligible Children, starting on the day after the deferred Member's death, equal to the annual amount of:-

5.4.5.1 whilst a Qualifying Spouse's pension is being paid, 1/3rd of the deferred Member's Prospective Pension; and

5.4.5.2 whilst no Qualifying Spouse's pension is being paid, the smaller of:-

5.4.5.2.1 2/3rds of the deferred Member's Prospective Pension; and

5.4.5.2.2 the deferred Member's Prospective Pension less the amount of any Guaranteed Minimum Pension payable under Schedule 3 whilst there is a Widow.

5.4.6 Deferred Member's Prospective Pension

In this Rule "deferred Member's Prospective Pension" means the annual amount of the pension to which the deferred Member would have been entitled if it had started immediately before he died, but ignoring any early retirement actuarial reduction.

5.5 Eligible Children's Pension

If the Member dies and there are children of the Member who qualify as Eligible Children, pensions shall be paid to the Eligible Children as specified in Rule 5. Each pension shall cease when the recipient ceases to be an Eligible Child. On any change in the number of a Member's Eligible Children the amount of the Eligible Children's pension will be calculated by reference to the number of Eligible Children following the change.

5.6 Death Benefit Trusts

The Trustee shall have the power, exercisable within 2 years after the death of a Member, to pay or apply any lump sum benefit payable on his death to or for the benefit of any one or more of his Beneficiaries or to his legal personal representatives in such proportions and upon such trusts (if any) as the Trustee, in its absolute discretion, shall think fit. If, after 2 years, any balance of the benefit remains unpaid or unapplied, it shall be paid to the Member's legal personal representatives, except that if the benefit would vest in the Crown, the Duchy of Lancaster or the Duke of Cornwall as bona vacantia the Trustee shall hold the benefit for the general purposes of the Scheme.

5.7 Adjustment of Spouse's Pension

5.7.1 The Trustee may reduce the pension of:

5.7.1.1 a Non-Qualifying Spouse paid under Rule 5.1.2;

5.7.1.2 a Qualifying Spouse from a marriage which took place after the Pensioner left Service, or of a Non-Qualified Spouse if that person is more than 10 years younger than the Pensioner, paid under Rule 5.2;

5.7.1.3 a Qualifying Spouse from a marriage which took place after a deferred Member left Service or of a Non-Qualifying Spouse if he is more than 10 years younger than the deferred Member, paid under Rule 5.4.

5.7.2 The Trustee, having obtained Actuarial Advice, will decide the amount of any reduction which shall not be more than 2.5% of the pension for each complete year over 10. The power exercisable under this Rule shall be exercised in a manner which is consistent with Schedule 3 (Contracting-out) in respect of Guaranteed Minimum Pensions and, in respect of a Member's Pensionable Service after 5 April 1997, in a manner consistent with Section 12B(4) of the PSA.

6. Temporary Absence and Maternity

6.1 If a Member is temporarily absent from work he may, subject to the consent of the Trustee, remain an active Member for a period not exceeding 3 years (or such longer period as will not breach Inland Revenue Limits). If the Member pays mandatory contributions to the Scheme (including any contributions made on the Member's behalf by an appropriate permanent health insurance scheme) during this period, his Pensionable Service will continue. If he does not, his Pensionable Service will continue only if the Trustee consents.

6.2 Any period of absence through pregnancy or confinement during which a female Member receives contractual remuneration or statutory maternity pay from her Employer (or which is otherwise treated as a maternity leave period under Sections 71 to 78 of the Employment Rights Act 1996) shall be treated as a period of Pensionable Service. While the Member receives contractual remuneration or statutory maternity pay from the Employer during the period of absence, the Member shall, if required to do so by the Principal Company, make contributions to the Scheme calculated by reference to her actual remuneration or statutory maternity pay, but she shall be treated for the purpose of calculating benefits under the Scheme as if she had received the remuneration which the Principal Company determines as the remuneration which was likely to have been paid if she had worked normally. If the female Member exercises her right to return to work under Section 79 of the Employment Rights Act 1996, her periods of Pensionable Service before and after her absence shall be deemed to be continuous.

This provision shall also apply to a Member in respect of any period of absence for family reasons during which the Employer pays him any contractual remuneration but the Member's benefits shall be calculated on the basis of his actual remuneration.

6.3 Subject to Rules 6.1 and 6.2, on the death of a Member during the period of absence the Trustee may provide benefits under Rule 5.1 (Death in Pensionable Service) subject to any conditions which it thinks fit to impose.

7. Payment of Pensions; Pension Increases

7.1 Pensions shall be paid monthly, in advance or in such other way as the Trustee shall from time to time decide.

7.2 Pensions shall increase in payment by the lesser of the rise in the Index and 5% on each 1 April or at such other intervals (of not more than 12 months) as the Trustee shall from time to time determine. If the Index is negative, the percentage will be taken as zero. Pensions shall increase at least to the extent required by the Pensions Act.

7.3 Taking into account the increases required under the Pensions Act and made under Rule 7.2, the Trustee shall, in its absolute discretion but subject to Inland Revenue Limits, and where the increase in the Index in the relevant period is in excess of 5%, provide that pensions in payment (in excess of Guaranteed Minimum Pensions) shall be increased at each 1 April by the rate of increase in the Index (subject to a maximum increase of 10% in any year). The exercise of this power shall be subject to the Actuary confirming to the Trustee that there are adequate assets available in the Fund to cover the cost of such increase.

7.4 Subject to Rule 7.3, the Principal Company may, in its absolute discretion, direct that pensions in payment, in excess of Guaranteed Minimum Pensions, may be increased by such percentage (not exceeding Inland Revenue Limits) as it decides, taking into account any increases required under the Pensions Act and the rest of this Rule 7.

8. Termination of Pensionable Service

8.1 Refunds of Contributions

8.1.1 Except where the Principal Company permits the Member to have a preserved pension, a Member who, on leaving Pensionable Service other than on death or retirement, has not completed 2 years' Qualifying Service shall receive a refund of his own contributions plus interest (less tax) but shall receive no other benefit under the Scheme (except for any benefits which represent a transfer payment received from another scheme). No refund may be paid to a Member in respect of whom a transfer payment has been received from a Personal Pension Scheme and the Member will be entitled to preserved benefits instead.

8.1.2 The Trustee may withhold from any refund the certified amount (as determined under the PSA), relating to the cost of providing the Guaranteed Minimum Pensions as calculated upon Actuarial Advice.

8.2 Preservation of Benefits in the Scheme

8.2.1 A Member who, on leaving Pensionable Service other than on death or retirement, has completed 2 or more years' Qualifying Service shall be entitled to those benefits which are required to be preserved under the PSA, calculated by reference to Final Pensionable Salary and Pensionable Service at the date of leaving. On a Member's death in deferment he shall be entitled to have the benefits paid in respect of him as specified in Rule 5.4.

8.2.2 The deferred benefit of a deferred Member shall increase whilst in deferment, on each 1 April, by the smaller of the increase prescribed under Rules 7.2 and 7.3 and 1/12th of that increase multiplied by the number of complete months since the deferred Member left Pensionable Service. The revaluation of the deferred Member's benefit during the period of deferment (until the earlier of retirement or death) shall be at least as great as required to satisfy the provisions of the PSA.

8.3 Transfers from the Scheme

8.3.1 If the Member becomes a member of a New Scheme the Trustee may pay a transfer payment to the New Scheme.

8.3.2 The consent of the Member shall be required, unless the rights of a group of Members are being transferred from the Scheme to the New Scheme and an Actuary certifies to the Trustee in accordance with Regulation 12 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

8.3.3 The transfer payment shall be equal to the value of the benefits (or the relevant part of the benefits) accrued in respect of the Member under the Scheme as advised to the Trustee by an Actuary. The transfer payment may be increased (subject to the consent of the Principal Company) or reduced by the Trustee in the light of any Actuarial Advice regarding the funding of the Scheme. The transfer payment shall not be less than the cash equivalent calculated in accordance with the PSA.

8.3.4 If a transfer payment is made in respect of a group of Members, the aggregate transfer payment may be increased by the Trustee, subject to the consent of the Principal Company, in the light of Actuarial Advice, with or without allocating the increase to specific Members.

8.3.5 No transfer payment may be paid in respect of either rights to Guaranteed Minimum Pensions or periods of contracted-out employment under the PSA unless the requirements of the Contracting-out (Transfer and Transfer Payments) Regulations 1996 (SI 1996/1462) shall be met.

8.4 Annuities under Section 591 of the Taxes Act

8.4.1 Subject to the consent of the Member, the Trustee may provide for some or all of the Member's benefits by the purchase of an annuity, assurance contract or

policy under Section 591 of the Taxes Act (a "policy"). The policy shall be purchased with an Authorised Insurer in the name of the Member or his nominee. Subject to Inland Revenue Limits and satisfying the requirements of the PSA, the policy may provide benefits or options which are alternative to the benefits payable under the Scheme.

8.4.2 The sum which shall be paid to the Authorised Insurer shall be calculated in the same way as a transfer payment.

8.5 Discharge of the Scheme from Liability

After the making of a transfer payment or the issue of a policy under this Rule, the Member and any other person who would receive a benefit in respect of the Member shall have no claim under the Scheme in respect of the benefits to which the payment or policy relates and the Trustee and the Fund shall be discharged of all liability for payment of those benefits to the Member and any such person.

9. Transfers into the Scheme

9.1 Subject to the consent of the Principal Company, the Trustee may accept a transfer payment from an Exempt Approved Scheme, a Personal Pension Scheme or any other retirement benefits arrangement approved by the Inland Revenue for the purpose of making a transfer payment to the Scheme and of which the Member was formerly a member.

9.2 The Trustee shall confer on the relevant Member such rights as are determined by the Trustee, in consultation with the Principal Company and having obtained Actuarial Advice, having regard to the amount of the transfer payment.

10. Commutation : Trivial Pensions and Serious Ill-health

10.1 Total Commutation - Trivial Pensions

The Trustee may commute to a lump sum of an actuarially equivalent amount any pension which, when aggregated with all other pension benefits payable in respect of the same employment (including the annuity equivalent of benefits not in pension form), does not exceed £260 per annum or any other limit which may be prescribed from time to time by law.

10.2 Total Commutation - Serious Ill-Health

At the time when a pension first becomes payable to a Member, the Trustee may commute the pension (other than a Guaranteed Minimum Pension) to a lump sum payment of an actuarially equivalent amount if the Member satisfies the Trustee, in the light of medical advice, that the commutation is justified owing to exceptional circumstances of serious ill-health.

11. Augmentation

Subject to Inland Revenue Limits, the Principal Company may direct the Trustee in which case the Trustee shall, or the Trustee may, with the consent of the Principal Company:

- 11.1 provide additional or new relevant benefits (as defined in Section 612(1) of the Taxes Act) for any Member or other person entitled or prospectively entitled to receive benefits under the Scheme; or
- 11.2 add interest to the repayment of any Member's contributions.

The Principal Company or the relevant Employer shall pay to the Trustee such sums (if any) as the Trustee determines, having obtained Actuarial Advice, to be necessary to provide the additional benefits in the light of the funding of the Scheme.

12. Total and Partial Winding Up

12.1 Terminating Events

The Scheme shall be wound up in any of the following events:

- 12.1.1 if the Principal Company gives written notice of termination to the Trustee;
- 12.1.2 if the Principal Company is liquidated and is not replaced as Principal Company;
- 12.1.3 the expiration of the period of 80 years from the commencement of the Scheme (unless the perpetuity period shall be extended or suspended by law).

However, subject to any legal restrictions, the Trustee may continue the Scheme in accordance with the powers conferred on them by Section 38 of the Pensions Act. In the event that Section 38 of the Pensions Act does not apply, the Trustee may nevertheless continue the Scheme either as a scheme closed to new entrants or as a frozen scheme on such terms as the Trustee decides (but the consent of the Principal Company shall be required to any such continuation unless it is in administration, receivership or liquidation).

12.2 Benefits of Members in Pensionable Service

On the total or partial winding up of the Scheme, active Members employed by an Employer in respect of whom the Scheme is wound-up shall be treated as if they left Pensionable Service upon the commencement of the total or partial winding-up.

12.3 Partial winding-up on the withdrawal of an Employer

An Employer shall cease to participate in the Scheme in any of the following events:

- 12.3.1 if the Principal Company or the Employer notifies the Trustee in writing that the Employer shall cease to participate in the Scheme; or

- 12.3.2 if the Employer is liquidated; or
- 12.3.3 if the continued participation of the Employer in the Scheme would infringe Inland Revenue Limits.

In any such case, the Principal Company, having obtained Actuarial Advice, shall determine the share of the Fund which is attributable to the benefits payable under the Scheme in respect of Members employed by the Employer (and if the Trustee so decides formerly employed by the Employer). The Trustee and the Principal Company shall apply that share in accordance with the winding-up provisions in this Rule. Any assets in respect of which the repayment provisions in this Rule shall become operative shall, at the discretion of the Principal Company, either be paid to the Employer or revert to the general funds of the Scheme.

12.4 Application of the Fund on Winding-up

- 12.4.1 Upon the winding-up of the Scheme the Trustee shall pay all expenses and ensure that any relevant requirements of Section 73 of the Pensions Act, regarding the satisfaction of the Scheme's liabilities, are observed. Subject to those requirements, the Trustee shall apply all Voluntary Contributions (which have been paid on a money purchase basis and are separately identifiable) in accordance with the Rules and apply the balance of the assets of the Scheme in securing:
 - 12.4.1.1 pensions in payment, pensions payable to late retirees and pensions payable on the death of the Pensioner or late retiree;
 - 12.4.1.2 benefits resulting from individual transfer payments received by the Scheme which have been applied on a money purchase basis (and are separately identifiable);
 - 12.4.1.3 Guaranteed Minimum Pensions and accrued rights to Guaranteed Minimum Pensions;
 - 12.4.1.4 State Scheme Premiums;
 - 12.4.1.5 pensions payable to Members in Pensionable Service on the day before the commencement of the termination of the Scheme and pensions payable to Spouses and Dependants of such Members; and
 - 12.4.1.6 pensions payable to Members who left Pensionable Service prior to the commencement of the termination of the Scheme and pensions payable to Spouses and Dependants of such Members.
- 12.4.2 If the assets of the Scheme are not sufficient to meet the liabilities specified in Rule 12.4.1 in full, the assets shall be applied to meet those liabilities in the order of priority in which they are specified in Rule 12.4.1 with liabilities within each numbered sub-Rule ranking equally.

12.4.3 If the assets of the Scheme exceed the liabilities specified in Rule 12.4.1, the Trustee may in its absolute discretion, but subject to the consent of the Principal Company (unless the Principal Company is then in administration, receivership or liquidation and has not been replaced as Principal Company), apply all or any part of the balance to augment the benefits specified in Rule 12.4.1 in such proportion as they shall determine but subject to Inland Revenue Limits.

12.4.4 After applying the assets of the Scheme in order to meet the liabilities and after any augmentation of benefits, the Trustee shall pay any balance of the assets to one or more of the Employers in such proportions as the Principal Company or, if the Principal Company is then in administration, receivership or liquidation (and has not been replaced as Principal Company), the Trustee shall determine in its absolute discretion subject to the prior written consent of the Inland Revenue and to the payment of any tax. No payment to any Employer may be made unless the requirements of Section 76 of the Pensions Act, regarding increases to pensions, shall have been observed.

12.5 Methods of Providing Benefits and Making Bulk Transfers

12.5.1 The Trustee may take the following actions with regard to the provision of benefits under this Rule:

12.5.1.1 making a transfer payment in accordance with the Rules;

12.5.1.2 purchasing an annuity, assurance contract or policy under Section 591 of the Taxes Act; or

12.5.1.3 purchasing an annuity or assurance policy from an Authorised Insurer.

12.5.2 Any assets in respect of which Rule 12.4.3 shall become operative may be applied for the purpose of augmenting any aggregate transfer payment by the Trustee, with the consent of the Principal Company, with or without allocating the increase to specific Members.

13. Reduction of Surpluses

If an Actuary certifies to the Trustee that there is a surplus in the Scheme on the basis of Schedule 22 to the Taxes Act, the Principal Company may direct the Trustee to reduce that surplus in one or more of the following ways:

13.1 by suspending or reducing the obligations of the Employer or employees to contribute to the Scheme;

13.2 by making specified improvements to benefits under the Scheme;

13.3 by providing new benefits under the Scheme; or

(subject to the restrictions imposed by Section 31 of the Pensions Act regarding the reimbursement of fines and penalties).

The indemnities and exclusions conferred by this Rule shall apply to former Trustees in the same manner as they apply to current Trustees.

16. General Powers and Duties of the Trustee

- 16.1 The Trustee shall have all powers required for the proper administration of the Scheme. No decision of the Trustee shall be invalidated on the ground that any Trustee or officer of a corporate Trustee had a direct or personal interest in the decision nor shall any Trustee or officer of a corporate Trustee be liable to account for any benefits which he receives as a result of membership of the Scheme.
- 16.2 The Trustee shall have the power to give such undertakings as may be necessary to the Inland Revenue or to the Occupational Pensions Regulatory Authority.
- 16.3 The Trustee shall appoint an auditor and an Actuary for the Scheme. The Trustee may also appoint or obtain the advice of other professional advisers. In the circumstances prescribed under Section 47 of the Pensions Act, the Trustee may not rely upon the advice of professional advisers unless it has appointed them.
- 16.4 The Trustee may appoint or employ any agent or staff in connection with the Scheme and may, subject to the consent of the Principal Company, remunerate the agent or staff from the Scheme.
- 16.5 Where there are individual trustees, the Trustees may delegate any of their powers and duties (other than powers of investment) to any one or more of the individual Trustees or to any person or company appointed or employed by the Trustees in connection with the Scheme. If there is a sole corporate Trustee, any delegation must be in accordance with the Pensions Act and, so far as is permitted by law, the corporate Trustee shall have the same flexibility relating to delegation as an individual Trustee.
- 16.6 The Trustee, in consultation with the Principal Company, may delegate in writing its powers to draw cheques on any bank account or to endorse any cheques or to give receipts and discharges. Every such receipt and discharge shall be as valid as if it were given by the Trustee.
- 16.7 The Trustee, in consultation with the Principal Company, may employ custodians or other nominees for the purpose of holding Scheme assets. No Trustee, agent, custodian or broker shall be accountable for any commission or brokerage received by it notwithstanding that it may be associated with a Trustee.
- 16.8 The Trustee shall have the power to borrow money for any purpose including investment, subject to the consent of the Principal Company.
- 16.9 The Trustee shall cause proper accounts to be kept. Accounts shall be made up to the Renewal Date each year (or such other date as the Trustee may decide) and the 12 months ending on that date shall be the Scheme year for the purposes of statutory disclosure requirements.

- 16.10 The Trustee shall arrange for the keeping of records of their meetings and records of Members and all other persons receiving benefits or prospectively entitled to benefits.
- 16.11 The Trustee shall, at such intervals as they shall determine, obtain Actuarial Advice in the form of a report as to the value of the Scheme's assets and liabilities and its financial position.
- 16.12 The Trustee shall secure that arrangements are implemented which shall satisfy the requirements of Section 50 of the Pensions Act regarding the resolution of disagreements.
- 16.13 The Trustee shall secure that the statutory requirements for disclosing information to Members and others are observed.
- 16.14 If any benefit is payable to an infant or a person under any incapacity, the receipt of a parent, guardian or similar responsible person shall be a complete discharge to the Trustee.
- 16.15 The Trustee shall secure that the statutory requirements in relation to actuarial valuations and reports are observed.

17. **Powers of Investment**

- 17.1 Subject to the restrictions of Section 40 of the Pensions Act relating to employer-related investment, the Trustee may invest the Fund in any form of investment which they could make if they owned the Fund outright. This includes investments not expressly authorised by law for the investment of trust funds, investments which do not produce income and investments which involve liability or the giving of security.
- 17.2 In particular, the Trustee shall have the power:
- 17.2.1 to invest in stocks, shares, debentures or interests in land;
- 17.2.2 to invest in units in unit trusts, exempt funds or mutual funds or shares in open-ended investment companies;
- 17.2.3 to maintain with an Authorised Insurer any annuity, assurance, deposit administration, sinking fund or managed fund policies or contracts;
- 17.2.4 to make secured or unsecured loans upon such terms as the Trustee may determine;
- 17.2.5 to underwrite or guarantee the issue of any shares, securities or obligations of any kind;
- 17.2.6 to deal in financial futures and traded options (as an investment); and
- 17.2.7 to enter into any contract or agreement binding the Scheme.

- 17.3 To the extent required by the Pensions Act, any cash held from time to time by the Trustee shall be placed in a separate account kept by them at an institution authorised under the Banking Act 1987. The cash may be held on current or deposit account at such rate of interest and on such terms as the Trustee think fit.
- 17.4 The Trustee shall have all the powers of management, insurance and exploitation of an outright owner in relation to the Fund.
- 17.5 The Trustee shall have the power to participate in any common investment fund or scheme for investment of trust funds exempt from tax under Chapter I of Part XIV of the Taxes Act and may, in this connection, enter into any agreement or arrangement as they think fit.
- 17.6 The Trustee shall appoint a fund manager for the Scheme in the circumstances prescribed in Section 47(2) of the Pensions Act and may delegate powers of investment to the fund manager. Where there are individual Trustees, the Trustees may also delegate powers of investment to any 2 or more of their number.
- 17.7 The Trustee shall secure the preparation and maintenance of a written statement of principles governing decisions about investments which shall satisfy the requirements of Section 35 of the Pensions Act.

18. **Admission of Associated Employers and Overseas Employers**

- 18.1 The Principal Company may extend the benefits of the Scheme to employees of any Associated Employer if:
- 18.1.1 the Associated Employer enters into a deed by which it covenants with the Trustee to comply with the provisions of the Scheme; and
- 18.1.2 the Inland Revenue shall approve.
- 18.2 Employees of an overseas Employer who are chargeable to United Kingdom income tax under Case I or II of Schedule E of the Taxes Act on their emoluments from the overseas Employer may be admitted to membership of the Scheme.
- 18.3 An employee of a United Kingdom Employer who becomes employed by an overseas Employer and whose duties are performed wholly abroad for an overseas Employer, may, at the Trustee's discretion and subject to such other conditions as the Inland Revenue may impose, remain an active Member if there is a definite expectation evidenced in writing that the employee will return to the United Kingdom either to take up employment with an Employer or to retire, provided that:
- 18.3.1 the period or periods of employment of the employee abroad does not in aggregate exceed 10 years; if, however, the employee returns to work in the United Kingdom for an Employer for a period of at least 1 year, earlier periods of employment abroad shall be ignored for the purpose of calculating the aggregate period of 10 years;

- 18.3.2 the United Kingdom Employer shall continue to pay contributions to the Scheme in respect of the employee at the rate prescribed under the Scheme from time to time but the cost of these contributions (if any) shall be reimbursed by the overseas Employer (unless the Inland Revenue agrees otherwise); and
- 18.3.3 the employee's prospective pension in respect of his employment abroad shall be calculated and funded by reference to the rate of remuneration appropriate for similar employment in the United Kingdom.

19. **Replacement of Principal Company**

- 19.1 The Principal Company may appoint any Associated Employer (or, subject to Inland Revenue approval, any other company, firm or person) by deed to replace it as Principal Company if the replacement assumes the obligations of the Principal Company under the Scheme.
- 19.2 If the Principal Company is in administration, receivership or liquidation the Trustee may appoint any one of the Associated Employers by deed to replace the Principal Company if the Associated Employer assumes the obligations of the Principal Company under the Scheme.

20. **Amendment**

The Principal Company may, subject to the consent of the Trustee, at any time by deed amend or extend any of the provisions of the Scheme. Any amendment or extension may have retrospective effect. However, no amendment shall be made which would or might affect any entitlement or accrued right of any Member within the terms of both Section 67 of the Pensions Act and Section 37 of the PSA, unless the requirements prescribed by those Sections are met.

21. **Payment of Expenses**

All reasonable expenses incurred by the Trustee in connection with the Scheme shall, at the discretion of the Principal Company, be paid from the Fund or by the Employers in such proportions as the Principal Company shall determine.

22. **Miscellaneous**

22.1 **Benefits non-assignable**

Any benefit under the Scheme shall be strictly personal and non-assignable, except to the extent expressly permitted under the Rules. Subject to the powers to make deductions under Rule 22.3, if any attempt is made to alienate it or if it becomes payable to any person other than the person entitled to it under the Scheme, it shall be forfeited (to the extent that it exceeds the Guaranteed Minimum Pension) unless the Trustee in its discretion decides to pay it in case of hardship to the Member or to his Spouse or Dependant. No payment shall be made to a purported assignee, mortgagee or chargee.

22.2 Unclaimed benefits

Any payment which is not claimed within 6 years after the date on which it becomes payable shall be forfeited (unless the Trustee directs otherwise in its discretion) and the proceeds shall revert to the general funds of the Scheme.

22.3 Power to deduct from payment from the Scheme

22.3.1 The interest of any Member or any other person under the Scheme shall stand charged with the payment of any debts or liabilities to an Employer arising out of any criminal, negligent or fraudulent act or omission of a Member. The relevant amount shall be deducted from the relevant interest and paid to the Employer. However, in the event of a dispute as to the amount to be recovered, the Employer may not exercise the charge unless the debt or liability has become enforceable under an order of a competent court or arbitrator. The Trustee may rely on a certificate from the Employer. The Employer may release its charge at any time.

22.3.2 Where any liability arises to pay any tax or other expense in respect of any benefit under the Scheme, the Trustee may deduct the amount payable from the benefit.

22.4 Mis-statement of information

If any mis-statement is made by a Member when providing information relevant to his admission to the Scheme or as to his or his dependants' status or age the Trustee shall be entitled to make adjustments to the benefits payable in respect of the Member.

22.5 Benefits non-commutable

No benefits payable under the Scheme shall be commutable except as may be provided in the Rules.

22.6 Securing the benefits and discharging the Scheme from liability

Subject to the requirements of the PSA with regard to the rights of Members who leave Pensionable Service other than on death or retirement and to the restrictions applicable to Exempt Approved Schemes, the Trustee may provide for some or all of the Member's benefits by the purchase of an annuity, assurance contract or policy (a "policy"). The policy shall be purchased with an Authorised Insurer in the name of the Member or his nominee. The policy may be purchased at any time on or after the date upon which his Pensionable Service ceases. Subject to Inland Revenue Limits, the policy may provide benefits or options which are alternative to the benefits payable under the Scheme but which the Trustee determines to correspond as nearly as reasonably practicable with those benefits. The Member and any other person who would receive a benefit in respect of the Member shall have no claim under the Scheme in respect of the benefits to which the policy relates and the Trustee and the Scheme shall be discharged of all liability for payment of those benefits to the Member and any such person.

22.7 Delegation of the powers of the Principal Company

The Principal Company may delegate any of its powers under the Scheme to any person, company, committee or advisory board and shall notify the Trustee in writing accordingly.

SCHEDULE 1

Definitions and Interpretations

The following expressions have the following meanings in the Definitive Trust Deed, the Rules and the Schedules unless inconsistent with the context:

Actuarial Advice means advice given by an Actuary, a firm of Actuaries or a body corporate or firm employing an Actuary, who or which is appointed by the Trustee. Where required by the Pensions Act, the Actuarial Advice shall be given by an Actuary.

Actuary means a Fellow of the Institute of Actuaries or the Faculty of Actuaries.

Associated Employer means any company, firm or person which is associated with the Principal Company or which is approved by the Inland Revenue for the purpose of participating in the Scheme. For this purpose, an employer is associated with another employer where one is controlled (either directly or indirectly) by the other or both or all are controlled by a third party and the word "control" shall be construed in accordance with Section 840 of the Taxes Act or, in the case of a close company, Section 416.

Authorised Insurer means an insurance company, E.C. company or friendly society as described in Section 659B of the Taxes Act.

AVC Regulations means The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 (SI 1993/3016).

BBC Pension Scheme means the pension scheme established by a deed dated 23 September 1947.

BBC Rules means the Rules of the BBC Pension Scheme annexed to the definitive trust deed of 23 June 1949 (as amended).

Beneficiaries means in relation to a deceased Member:

- (1) the grandparents of either the Member or the Member's spouse and all descendants of those grandparents (for which purpose, a person's relationship with another shall include a relationship by adoption);
- (2) the present and former spouses, widows and widowers of the beneficiaries specified in paragraph (1);
- (3) any person designated as a beneficiary by the Member by written notice addressed to the Trustee;
- (4) any beneficiary under the Member's will;
- (5) any trust of which a Beneficiary (as defined in the other paragraphs of this definition) is a beneficiary (whether or not there are other beneficiaries under the trust);
- (6) any charitable institution, club or society designated as a beneficiary by the Member by written notice addressed to the Trustee; and

- (7) any person who, in the opinion of the Trustee, is or was a person for whom the Member was under any legal or moral obligation to make financial provision.

Contracted-out Membership means the period during which a Member is in contracted-out employment under the PSA by reference to the Scheme.

Death Benefit Trusts means the death benefit trusts described in the Rules.

Dependant means in respect of a Member:

- (1) the Qualifying Spouse of the Member;
- (2) any child of the Member who is an Eligible Child; and
- (3) any other individual who, in the opinion of the Trustee, is or was at the date of the Member's death wholly or partly financially dependent (or inter-dependent) on the Member.

Eligible Child means a Member's: legitimate or illegitimate child; a child conceived but not yet born; an adopted child or child with respect to whom the Principal Company decides that the Member (when he died) stood in loco parentis or that the child was (or would have been if it had been borne before the Member died) financially dependent on him; and a step-child, provided that the child is under 18 or is still receiving full time education or vocational training (of a type and length and at a place approved by the Trustee) or who, in the opinion of the Trustee, is financially dependent because of disability provided that the inclusion of any illegitimate child within the definition of Eligible Children shall be at the absolute discretion of the Trustee.

Employee means an individual employed by an Employer and any other person (or category of persons) employed by an Employer whom the Principal Company designates as an Employee (or as Employees). The Principal Company may revoke such designation at any time.

Employer means such of the Employers as shall employ (or previously employed) the Member for the time being.

Employers means the Principal Company and any Associated Employers which are participating in the Scheme.

Exempt Approved Scheme means a scheme or arrangement which is approved by the Inland Revenue as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act.

Final Pensionable Salary means a Member's Pensionable Salary in respect of the last Year of his Pensionable Service. In this definition:

- (1) "**Year**" means a period of 365 days, excluding 29 February, ending on the date the Member leaves Pensionable Service or on the same date in previous years.

- (2) **"Pensionable Service"**, where appropriate, includes Service as an active Member after Normal Retirement Date. Provided that:
- (a) If a Member Pensionable Salary during the last 10 Years of Pensionable Service is reduced, his Final Pensionable Salary will be such amount as the Principal Company determines. It will not be less than his Pensionable Salary paid in the last Year of Pensionable Service, nor more than the greater of:
 - (i) the annual equivalent of his highest Pensionable Salary during those 10 years; and
 - (ii) the highest average for 1 Year of the Pensionable Salary paid in any period of 3 consecutive Years ending in the last 10 years of his Pensionable Service.
 - (b) If a Member Pensionable Service includes Part Time Employment, Rule 4.6 modifies this definition and proviso (a) above will not apply.

Fund means the assets and income received and held by the Trustee for the purpose of the Scheme.

Guaranteed Minimum Pension means the guaranteed minimum pension (if any) of a Member, widow or widower under the PSA.

Incapacity means physical or mental deterioration which, in the opinion of the Principal Company, after having taken such medical advice as it may reasonably require is serious enough to prevent the Member from following his normal employment or seriously and permanently impairs his earning capacity.

Index means the Governments index of retail prices for all items published for the previous calendar year ending 31 December, or such other published index of prices which the Trustee and the Principal Company agree.

Inland Revenue Limits means the limits and restrictions which are required in order to secure approval by the Inland Revenue as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act.

Insured Only Member means an individual (and an Employee unless the Principal Company determines otherwise) who is admitted to the Scheme but is only entitled to receive a lump over death benefit under Rule 5.1.4 and no other benefits under the Scheme.

Member means a person who is admitted to membership of the Scheme and in respect of whom the Trustee has a liability to pay or provide benefits. Where appropriate, Member includes a former employee who is entitled to benefits.

New Benefits Member means a Member who was previously a member of the BBC Pension Scheme and who joined the BBC Pension Scheme on or after 1 October 1996.

New Scheme means an Exempt Approved Scheme, a Personal Pension Scheme capable of accepting a transfer payment from the Scheme or any other retirement benefits arrangement

approved by the Inland Revenue for the purpose of accepting a transfer payment from the Scheme.

Non-Qualifying Spouse means, where there is no Qualifying Spouse:

- (1) any individual or individuals who has or have been nominated by the Member; or
- (2) if no nomination has been made, any other individual; and

who, (whether falling within categories (1) and (2) above) was, in the opinion of the Trustee, financially dependent upon the Member either on the death of the Member or when the Member's pension started.

Where more than one individual is nominated under category (1) the Trustee shall apportion any benefits payable to a Non-Qualifying Spouse as directed by the Member. In relation to any individuals who qualify under category (2), the Trustee may apportion any benefits payable to a Non-Qualifying Spouse at its discretion. The pension paid to a Non-Qualifying Spouse may cease automatically on marriage or re-marriage of the Non-Qualifying Spouse. However, for the avoidance of doubt, this power shall not be exercised in a manner which deprives a Widow of a Guaranteed Minimum Pension or, in respect of a member's Pensionable Service after 5 April 1997, in a manner which is inconsistent with the provisions of Section 12B(4) of the PSA.

Normal Retirement Date means the 60th birthday in the case of men and women or such other date as the Principal Company, in consultation with the Trustee, may agree with the Member.

Old Benefits Member means a Member who was previously a member of the BBC Pension Scheme and who joined the BBC Pension Scheme prior to 1 October 1996.

Part-Time Employment means in relation to a Member, employment by the Employer which is notified (whether orally or in writing) to the Trustee by the Principal Company as part-time employment.

Pensionable Salary in relation to a Member is the annual equivalent of the basic rate of the Member's salary or wages from the Employer at the date of calculation and includes London weighting and such other regular additions to basic salary as the Principal Company may determine from time to time. It does not include any other allowances, bonus, overtime earnings or temporary or fluctuating emoluments not specifically recognised by the Principal Company as being included in Pensionable Salary.

Pensionable Service means any period of continuous permanent employment with an Employer during which the person concerned pays contributions to the Scheme or during which the person concerned is listed by the Employer as an active Member. Pensionable Service shall be deemed to include any additional periods of pensionable service credited to a Member under the Scheme in respect of his pensionable service in a previous pension scheme such as the BBC Pension Scheme. It may also include Service on or after Normal Retirement Date for the purposes of Rule 4.3.

Pensioner means a person who is receiving a pension from the Scheme.

Pensions Act means the Pensions Act 1995 and any expressions defined in it shall have the same meanings in the Rules (unless inconsistent with the context).

Personal Pension Scheme has the same meaning as in Section 630 of the Taxes Act.

Principal Company means Media Accounting Services Ltd or any replacement which may be appointed in accordance with the Rules.

Prospective Pension shall have the meanings set out in Rule 4.2.4 and Rule 5.1.3 (as the context requires) save that the following shall (unless the special terms relating thereto otherwise provide) be included in the Member's Pensionable Service for the purposes of those two Rules (1) Pensionable Service attributable to transfer credits (2) Pensionable Service attributable to bonus credits which would have been so attributable if the Member had remained in Pensionable Service without change in salary until he attained his Normal Retirement Date; (3) Pensionable Service attributable to purchased credits to the extent required by the PSA; and (4) in the case of a Member who dies in Service being one to whom Rule 5.1.3 applies, Pensionable Service not included in (3) which would have been attributable to purchased credits contracted to be purchased if the purchase had been completed.

PSA means the Pension Schemes Act 1993 and any expressions defined in it shall have the same meanings in the Rules (unless inconsistent with the context).

Qualifying Service (which is relevant to leaving Pensionable Service) means the aggregate of:

- (1) continuous Pensionable Service and consecutive pensionable service whilst a member of any Retirement Benefits Scheme of an Employer;
- (2) additional prior periods of Pensionable Service in respect of which a Member remains entitled to benefits under the Scheme;
- (3) additional periods of pensionable service in respect of which the Trustee has received a transfer payment; and
- (4) additional periods of broken service which are required to be counted for preservation purposes under Regulation 21 of the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991 (SI 1991/167).

Qualifying Spouse means the person who was the only spouse of and ordinarily resident with a Member when he died. In relation to a deferred Member or a Pensioner, that person will not be treated as married if the marriage took place less than 6 months before the Member died. The Trustee may decide to waive this exception in individual cases and to treat a non-resident spouse as being ordinarily resident with the Member if it wishes, in either case subject to such terms and conditions as it decides to impose.

Reduction means that the Old Benefits Member's pension shall be reduced by £1.33 for each year of Pensionable Service before 1 August 1991 that the Member elected to pay reduced contributions on the first £400 of salary.

Renewal Date means 1 April in each year (or such other date as the Trustee may determine).

Retirement Benefits Scheme has the same meaning as in Section 611(1) of the Taxes Act and includes any arrangement approved by the Inland Revenue under Chapter IV of Part XIV of the Taxes Act.

Rules means these Rules as modified at any time together with any Schedules attached to them.

Scheme means the scheme governed by the Rules and known as the MedAS Pension Scheme.

Service means permanent employment with any of the Employers and Service shall be deemed continuous even if broken by periods of 1 month or less or performed partly with one Employer and partly with another Employer.

Taxes Act means the Income and Corporation Taxes Act 1988.

Trustee means the trustees or trustee for the time being of the Scheme.

Voluntary Contributions means additional voluntary contributions made by a Member under the Rules.

Widow means the person who at the date of the Member's death was his legal widow or husband.

In the Rules and Schedules, unless inconsistent with the context, references to the masculine gender include the feminine, words implying the singular include the plural and vice versa, any reference to a statute or regulation includes any statute or regulation which it modifies, re-enacts or replaces and any subsequent modification, re-enactment or replacement of it.

SCHEDULE 2 Inland Revenue Limits

DEFINITIONS

In this Schedule the following expressions shall have the meanings ascribed to them:

Administrator means the administrator for the purposes of Section 590(2)(c) of the Taxes Act.

Aggregate Retirement Benefit means the aggregate of:

- (1) the Member's pension under the Scheme and any Associated Scheme; and
- (2) the pension equivalent of the Member's Lump Sum Retirement Benefit.

Approval means approval of the Scheme by the Inland Revenue under Chapter I Part XIV of the Taxes Act.

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

Associated Scheme means any Relevant Scheme providing benefits in respect of Service.

Class A Member means any Member who is not a Class B or Class C Member.

Class B Member means any Member:

- (1) who, on or after 17 March 1987 and before 1 June 1989, joined the Scheme (if the Scheme commenced before 14 March 1989); or
- (2) who the Inland Revenue has agreed in writing to be a Class B Member by virtue of previous membership of a Relevant Scheme and, in either case, has not opted to become a Class A Member.

Class C Member means any Member who joined the Scheme before 17 March 1987 or who joined subsequently and who the Inland Revenue has agreed in writing to be a Class C Member by virtue of previous membership of a Relevant Scheme and, in either case, has not opted to become a Class A Member.

Connected Scheme means any Relevant Scheme which is connected with the Scheme in relation to the Member, that is, if :

- (1) there is a period during which the Member has been the employee of two Associated Employers;
- (2) that period counts under both schemes as a period in respect of which benefits are payable; and

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

Controlling Director means a Member who, at any time on or after 17 March 1987 and in the last 10 years before the Relevant Date has, in relation to the Employer, been both within the definition of a director in Section 612(1) of the Taxes Act and within paragraph (b) of Section 417(5) of the Taxes Act.

Final Remuneration means the greater of:

- (1) the highest remuneration upon which tax liability has been determined for any one of the 5 years preceding the Relevant Date, being the aggregate of:
- (a) the basic pay for the year in question; and
 - (b) the yearly average over 3 or more consecutive years, ending with the expiry of the corresponding basic pay year, of any Fluctuating Emoluments; provided that Fluctuating Emoluments of a year other than the basic pay year may be increased in proportion to the increase in the Index from the last day of that year up to the first day of the basic pay year. Remuneration that is received after the Relevant Date and upon which tax liability has been determined will be treated as a Fluctuating Emolument (providing it was earned or qualified for prior to the Relevant Date). In these circumstances it may be included provided the yearly average of 3 or more consecutive years begins no later than the commencement of the basic pay year; or
- (2) the yearly average of the total emoluments from the Employer which are assessable to income tax under Case I or II of Schedule E and upon which tax liability has been determined for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date. Where such emoluments are received after the Relevant Date but are earned or qualified for prior to that date, they may be included provided that in these circumstances the yearly average of 3 or more consecutive years begins no later than the commencement of the year ending with the Relevant Date.

Provided that:

- (a) remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or any interest in shares or from a right to acquire shares (except where the shares or rights etc which give rise to such an amount liable to tax under Schedule E had been acquired before 17 March 1987) or anything in respect of which tax is chargeable by virtue of Section 148;
- (b) in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with (2) above and (1) above shall not apply;
- (c) in relation to any other employee whose remuneration in any year subsequent to 5 April 1987 used for the purpose of calculating benefits has exceeded £100,000, (or such other figure as may be prescribed by the Treasury), Final Remuneration shall not exceed the amount ascertained in accordance with (2)

above and (1) above shall not apply, unless the individual chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);

- (d) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the member's remuneration or total emoluments of any year may be increased in proportion to any increase in the Index from the last day of that year up to the Relevant Date. For a Class C Member this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit unless the Member's aggregate total benefits are similarly increased beyond the maximum amount which could be paid but for this proviso and/or the first sentence (1)(b) above and then only to the same proportionate extent;
- (e) for Class A Members, Final Remuneration shall not exceed the Permitted Maximum;
- (f) for the purpose of calculating the maximum Lump Sum Retirement Benefit of a Class B Member, Final Remuneration shall not in any event exceed £100,000 (or such other figure as may be prescribed by the Treasury);
- (g) an employee who remains, or is treated as remaining, in Service but by reason of Incapacity is in receipt of a much reduced remuneration under a sick pay or permanent health insurance scheme, for more than 10 years up to the Relevant Date, may calculate Final Remuneration under (1) or (2) above with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;
- (h) the total amount of any profit related pay (whether relieved from income tax or not) may be classed as pensionable remuneration and treated as a Fluctuating Emolument;
- (i) an early retirement pension in payment from the Employer may not be included in final remuneration.

Except as in proviso (a) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Schedule E and will normally be regarded as Fluctuating Emoluments. If benefits are not so assessable, they may not be included as part of final remuneration except with the agreement of the Inland Revenue.

For the purposes of providing immediate benefits at the Relevant Date it will be permitted to calculate Final Remuneration on the appropriate basis above using remuneration assessable to tax under Case I or II of Schedule E and upon which tax liability has not been determined. On determination of this liability Final Remuneration must be recalculated. Should this result in a lower Final Remuneration then benefits in payment should be reduced if this is necessary to ensure that they do not exceed the maximum approvable based on the lower Final Remuneration. Where Final Remuneration is greater it will be possible to augment benefits in payment but such augmentation must take the form of a non-commutable pension.

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

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

Index means the Government's Index of Retail Prices.

Lump Sum Retirement Benefit means the total value of all retirement benefits payable in any form other than non-commutable pension under this and any Associated Scheme.

Pensionable Service has the meaning ascribed to it by Section 70(2) of the PSA.

Permitted Maximum is to be construed as defined in Section 590C(2) of the Taxes Act.

Relevant Date means the date of retirement, leaving Pensionable Service or death as the case may be.

Relevant Scheme means any other scheme approved or seeking approval under Chapter I of Part XIV of the Taxes Act and in respect of a Class A Member who is a Controlling Director also any retirement annuity contract or trust scheme approved under Chapter III of Part XIV or any personal pension scheme as approved under Chapter IV of Part XIV of the Taxes Act insofar as it provides benefits secured by contributions in respect of Service.

Remuneration in relation to any year means the aggregate of the total emoluments for the year in question from the Employer and which are assessable to Income Tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or any interest in shares or a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Taxes Act. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.

Retained Death Benefits means any lump sum benefits payable on the Member's death from:

- (1) retirement benefits schemes approved or seeking approval under Chapter 1 of Part XIV of the Taxes Act or relevant statutory schemes as defined in Section 611A of the Act;
- (2) funds to which Section 608 of the Taxes Act applies;
- (3) retirement benefits schemes which have been accepted by the Inland Revenue as "corresponding", in respect of a claim made on behalf of the Member for the purposes of Section 596(2)(b) of the Taxes Act;
- (4) retirement annuity contracts approved under Chapter III of Part XIV the Taxes Act;

- (5) term life provisions under personal pension schemes approved under Chapter IV of Part XIV of the Taxes Act; or
- (6) transfer payments from overseas schemes held in a type of arrangement defined in (1) (4) or (5) above

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

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

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

PART 1: INLAND REVENUE LIMITS RULE

1. Class A Members

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

1.1 The Member's Aggregate Retirement Benefit shall not exceed:

- 1.1.1** on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Date on grounds of Incapacity, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- 1.1.2** on retirement at any time before Normal Retirement Date on grounds of Incapacity, a pension of the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1.1.1 above, Final Remuneration being computed as at the actual date of retirement;
- 1.1.3** on leaving Pensionable Service before attaining age 75, a pension of 1/60th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased by 5% for each complete year or, if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Social Security legislation is also allowable.
- 1.1.4** Benefits for a Class A Member are further restricted to ensure that his total retirement benefit from the Scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of 1/30th of the Permitted Maximum for each year of service subject to a maximum of 20/30ths. For the purpose of this limit, service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme, provided that no period is to be counted more than once.
- 1.1.5** For the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in 1.1.1 to 1.1.4 above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

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

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

- 1.2.2 on retirement at any time before Normal Retirement Date on grounds of Incapacity the amount which could have been provided at Normal Retirement Date in accordance with paragraph 1.2.1 above, Final Remuneration being computed as at the actual date of retirement;
- 1.2.3 on leaving Pensionable Service before attaining age 75, a lump sum of 3/80ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

2. Class B or C Members

Notwithstanding anything to the contrary in the provisions of the Scheme, the benefits payable to a Class B or a Class C Member or to his dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes exceed the limits set out below.

2.1 The Member's Aggregate Retirement Benefit shall not exceed:

- 2.1.1 on retirement at or before Normal Retirement Date, a pension of 1/60th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- 2.1.2 on retirement at any time before Normal Retirement Date on grounds of Incapacity a pension of the amount calculated in accordance with paragraph 2.1.1 above as if the Member had remained in Service until the Normal Retirement Date, Final Remuneration being computed as at the actual date of retirement;
- 2.1.3 on retirement after Normal Retirement Date, a pension of the greatest of:
 - 2.1.3.1 the amount calculated in accordance with paragraph 2.1.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date;
 - 2.1.3.2 the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2.1.1 above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period; and
 - 2.1.3.3 where the Member's total Service has exceeded 40 years, the aggregate of 1/60th of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further 1/60th of Final Remuneration for each year of Service after Normal Retirement Date, with an overall maximum of 45 reckonable years.

Final Remuneration being computed in respect of paragraph 2.1.3.1 and 2.1.3.3 above as at the actual date of retirement, but subject always to paragraph 2.4 below;

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

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

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

2.2.2 on retirement at any time before Normal Retirement Date on grounds of Incapacity, the amount calculated in accordance with paragraph 2.2.1 above as if the Member had remained in Service until the Normal Retirement Date, Final Remuneration being computed as at the actual date of retirement;

2.2.3 on retirement after Normal Retirement Date, the greatest of:

2.2.3.1 the amount calculated in accordance with paragraph 2.2.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date;

2.2.3.2 the amount which could have been provided at Normal Retirement Date in accordance with paragraph 2.2.1 above together with an amount representing interest thereon; and

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

Final Remuneration being computed in respect of paragraph 2.2.3.1 and 2.2.3.3 above as at the actual date of retirement, but subject always to paragraph 2.4 below;

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

of termination of Pensionable Service and the date on which the benefit is first paid.

- 2.3 If a Member elects to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out in paragraphs 2.1 and 2.2 above shall apply as if he had retired at the date of such election, no account being taken of subsequent Service, save that the maximum amount of any uncommitted pension not commencing immediately may be increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period.
- 2.4 The preceding provisions of the Rule shall be modified in their application to a Member who is a Controlling Director as follows:
- 2.4.1 the amount of the maximum Aggregate Retirement Benefit in paragraph 2.1 and of the maximum Lump Sum Retirement Benefit in paragraph 2.2 shall be reduced, where necessary for Approval, to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III of Part XIV of the Taxes Act or under personal pension schemes approved under Chapter IV of Part XIV of the Taxes Act;
- 2.4.2 where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, paragraph 2.1.3.2 and 2.1.3.3 and paragraph 2.2.3.2 and 2.2.3.3 shall not apply; if retirement is later than the attainment of that age, those paragraphs shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Date, so as not to treat as Service after Normal Retirement Date any Service before the Member reaches the age of 70;
- 2.4.3 where paragraph 2.3 applies to the Member, the rate of the actuarial increase referred to in that paragraph in relation to any period of deferment prior to his attaining the age of 70 shall not exceed the percentage increase in the Index during that period.

PART 2: OTHER CONDITIONS RELATING TO CLASS A MEMBERS

1. Member's Contributions

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

- 1.1 when aggregated with the Member's contributions to any other exempt approved schemes, 15% of the Member's Remuneration, or
- 1.2 when aggregated with the Member's contributions to any schemes which are Associated or Connected Schemes, 15% of the Permitted Maximum.

2. Continued Life Cover

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

3. Payment of Retirement Benefits

- 3.1 The payment of a Member's retirement benefits shall not commence earlier than the Member attaining age 50, except on retirement on grounds of Incapacity, nor later than attaining age 75.
- 3.2 No part of the Member's retirement benefits is to be paid in advance of actual retirement except as necessary to comply with paragraph 3.1 above or to the extent necessary to comply with the requirements of the PSA.

PART 3: OTHER CONDITIONS RELATING TO CLASS B OR C MEMBERS

1. Member's contributions

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

2. Transfers

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

2.2 When, on or after a transfer having been made to another occupational pension scheme, the administrator of that scheme requests such a certificate as is referred to in paragraph 2.1 above, the Administrator shall calculate as at the date of the transfer the maximum lump sum payable on retirement from the transfer value and certify that amount to the receiving scheme.

3. Lump sum death benefit of Controlling Directors

If a Controlling Director dies in Service on or after his 75th birthday any lump sum payable under the Scheme on his death shall be paid to the Member's widow or widower and failing that to the Member's legal personal representatives.

PART 4: OTHER CONDITIONS RELATING TO ALL MEMBERS

1. Lump Sum Death Benefit

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

1.1 £5,000, and

1.2 4 times the greatest of:

1.2.1 the annual rate (subject, for a Class A Member, to the Permitted Maximum) of the Member's basic salary or wages at the date of death or leaving Pensionable Service together with the yearly average of Fluctuating Emoluments received in the 3 years (or the whole period of Service if less) up to the date of death or leaving Pensionable Service;

1.2.2 the Member's total emoluments (subject, for a Class A Member, to the Permitted Maximum) of any selected period of 12 months ending not earlier than 36 months before the date of death; and

1.2.3 Final Remuneration (disregarding provisos (a), (b) and (c) of that definition) less Retained Death Benefits.

2. Dependants' Pensions

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

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

3. Increases of Pensions in Payment

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

4. Surplus AVCs

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

The Administrator of the Scheme shall comply with the requirements of Regulation 5 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 (SI 1993/3016) and, where the Scheme is the "leading scheme" in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern "main schemes". If those Regulations are amended or replaced by any other Regulations then this Rule will have effect as if it had been amended or replaced accordingly.

5. Transfers

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

5.2 When making a transfer to an approved personal pension scheme the Administrator shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring member:

5.2.1 was aged 45 or more at the time that the transfer payment was made; or

5.2.2 has, at any time within the 10 years preceding the date on which the right to the cash equivalent being transferred arose, been, in respect of any employment to which the transfer payment or any part of it relates, either:

5.2.2.1 a Controlling Director; or

5.2.2.2 in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (that is, the equivalent for personal pension schemes of the Permitted Maximum) for the year of assessment in which the date of transfer falls; or

5.2.3 is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.

SCHEDULE 3 Contracting-Out

1. Application of this Schedule

1.1 This Schedule shall apply if the Scheme is for the time being, or has at any time been, specified in a contracting-out certificate issued by the Occupational Pensions prior to 6 April 1997 and it shall then override any other provisions of the Scheme which are inconsistent with it. This Schedule shall also apply in respect of any liabilities for Guaranteed Minimum Pension which are transferred to the Scheme.

1.2 In this Schedule unless inconsistent with the context:

State Pensionable Age means the 65th birthday in the case of men and the 60th birthday in the case of women or such other date as may be prescribed by law.

State Scheme Premium has the same meaning as in the PSA and includes contributions equivalent premiums, accrued rights premiums, pensioners' rights premiums, limited revaluation premiums and transfer premiums, as defined in the PSA.

References to paragraphs in this Schedule refer to paragraphs in this Schedule.

1.3 This Schedule shall apply to such part of the pension payable under the Scheme as shall qualify as a Guaranteed Minimum Pension. Notwithstanding any other provisions of the Scheme, the increase in the Member's Guaranteed Minimum Pension calculated in accordance with this Schedule shall be payable in addition to all other benefits under the Scheme.

1.4 Any calculation made for the purposes of the Scheme in order to satisfy the requirements of the PSA shall be made in accordance with Actuarial Advice.

1.5 Benefits under this Schedule shall not either in amount or form be such as to prejudice approval of the Scheme as an Exempt Approved Scheme.

1.6 Subject to all other provisions of this Schedule, any pension which comes into payment under this Rule shall be payable for the remainder of the life of the recipient.

2. Guaranteed Minimum Pensions

2.1 If a Member has a Guaranteed Minimum Pension:

2.1.1 the Member shall be entitled to receive a weekly or monthly pension of not less than his Guaranteed Minimum Pension from State Pensionable Age;

2.1.2 if a male Member dies (whether before or after retirement) and leaves a widow she shall be entitled to a weekly or monthly pension from the Scheme, and that pension shall be provided for her at a rate of not less than one half of his Guaranteed Minimum Pension, payable during the periods specified in Section 17(5) of the PSA;

- 2.1.3 if a female Member dies (whether before or after retirement) on or after 6 April 1989 and leaves a widower he shall be entitled to a weekly or monthly pension from the Scheme and that pension shall be provided for him at a rate of not less than half of that part of the Member's Guaranteed Minimum Pension which is attributable to earnings for the tax year 1988/89 and subsequent tax years payable during the periods specified in the Contracting-out (Widower's Guaranteed Minimum Pensions) Regulations 1987 (SI 1987/1100); and
- 2.1.4 the Guaranteed Minimum Pensions referred to in this paragraph shall, insofar as they are attributable to earnings in the tax years from (and including) 1988/89, be increased in accordance with the requirements of the PSA and to the extent of any orders made under it.
- 2.2 Subject to the ability to commute trivial pensions, only the part of the pension payable under the Scheme which exceeds that for which the Scheme is or may be liable under paragraph 2.1 may be commuted for a lump sum, forfeited, or otherwise terminated or varied in accordance with the Rules except where such circumstances obtain as are prescribed in the PSA as circumstances in which Guaranteed Minimum Pensions may be subject to suspension or forfeiture.
- 2.3 An option otherwise available to a Member to retire early shall not be exercisable by the Member if the effect of the exercise of the option would be to reduce the pension payable to the Member to below that for which the Scheme is or may be liable under paragraph 2.1.
- 2.4 Notwithstanding paragraph 2.1.1, the Trustee may postpone the payment of a Member's Guaranteed Minimum Pension for any period after State Pensionable Age, but only in the circumstances described in Section 13(4) and (5) of the PSA and subject to any consent required by that Section. In the event of such postponement, the Guaranteed Minimum Pension shall be increased to the extent (if any) specified in the PSA and shall be subject to Regulation 8 of the Contracting-out (Protection of Pensions) Regulations 1991 (SI 1991/166).
- 2.5 Total commutation of trivial pensions shall be permitted under the Scheme only if either:
- 2.5.1 the Member has reached State Pensionable Age; or
- 2.5.2 the Member retires, with immediate pension, before reaching State Pensionable Age, or the Scheme is wound up, and in either case a State Scheme Premium is paid (or is treated as having been paid), or the Guaranteed Minimum Pension is to be revalued under the Rules at a fixed rate; provided that if the Member is also a member of other schemes relating to the same employment, commutation will be permissible only if the Member is treated by all those schemes as being retired, or if all those schemes are being wound up, and all those schemes in which the Member has had contracted-out service have paid State Scheme Premiums or provide for fixed rate revaluation of the Guaranteed Minimum Pension.

3. Changes in Contracted-out Membership

- 3.1 If a Member ceases to be in Contracted-out Membership, the liability to provide Guaranteed Minimum Pensions in respect of him shall be retained by the Scheme unless the Trustee exercise their powers under the Scheme otherwise. If there is no exercise of the Trustee' powers to transfer Guaranteed Minimum Pensions, any transfer payment or purchase of an annuity in respect of the Member shall be reduced by such amount as the Trustee shall determine upon Actuarial Advice to allow for the cost of such provision (whether or not a State Scheme Premium is then paid in respect of it). Any refund of contributions shall be reduced by such amount as the Trustee shall determine upon Actuarial Advice to allow for the Member's share of the cost of such provision.
- 3.2 If a Member who has been in Contracted-out Membership enters the employment of an employer who contributes to a New Scheme which is contracted-out or to which the Trustee may transfer Guaranteed Minimum Pensions under the PSA, the Trustee may transfer to the New Scheme the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member. The Trustee may transfer the Scheme's liabilities to provide Guaranteed Minimum Pensions in respect of the Member to a Personal Pension Scheme subject to satisfaction of the provisions of Regulation 2 of the Personal Pension Schemes (Transfer Values) Regulations 1987 (SI 1987/1112) and Regulations 2 and 3 of the Personal and Occupational Pension Schemes (Protected Rights) Regulations 1987 (SI 1987/1117).
- 3.3 The Trustee or the Employer may pay a State Scheme Premium in respect of a Member whose Contracted-out Membership ceases. In the event that the liability of the Scheme to provide Guaranteed Minimum Pensions in respect of the Member is thereby cancelled or reduced, the benefits in respect of the Member under the Scheme shall be cancelled or reduced accordingly and any ancillary benefits (contingent on death or otherwise) which are related to the amount of the Guaranteed Minimum Pensions concerned shall also be cancelled or reduced accordingly.
- 3.4 If a person who has been in contracted-out membership in a previous scheme ("the Former Scheme") joins the Scheme, the Trustee shall ascertain the liability (if any) which is transferred to the Scheme in respect of the Guaranteed Minimum Pension which has accrued (or is deemed to have accrued) under the Former Scheme in respect of the Member and his Widow and the Guaranteed Minimum Pension payable to and in respect of the Member under the Scheme shall be increased to include such transferred liability; the benefits to be provided under the Scheme in respect of the Guaranteed Minimum Pensions to which the transfer relates shall not be less than the Guaranteed Minimum Pensions (revalued in accordance with paragraph 4) which would have been provided in respect of such liability under the transferring scheme if no such transfer had been made.
- 3.5 If a person joins the Scheme who has accrued rights to Guaranteed Minimum Pensions which have been appropriately secured under an insurance policy or annuity contract, the Trustee may accept the assignment of such policy or contract or the proceeds of the surrender of such policy or contract and shall thereupon accept the

liability in respect of the accrued rights to Guaranteed Minimum Pensions, but only in the following circumstances:

- 3.5.1 if the Member enters employment with an Employer and consents to the transfer in writing; or
- 3.5.2 if the Member does not enter Contracted-out Membership, upon condition that the Scheme will provide for pensions of at least equal value to the annuity which would have been payable under the policy or contract in respect of those accrued rights to Guaranteed Minimum Pensions.
- 3.6 If a State Scheme Premium is paid in respect of a Member by the Employer the Trustee shall on the request of the Employer pay to the Employer an amount which, together with any sum which may be recovered by the Employer under the PSA from the Member's contributions or from any refund of the Member's contributions, shall not be greater than the State Scheme Premium.

4. **Revaluation of Guaranteed Minimum Pensions**

Guaranteed Minimum Pensions prospectively payable in respect of Members who have left Contracted-out Membership shall be revalued in accordance with such one of the following three provisions as the Principal Company shall determine and notify to the Contributions Agency:

- 4.1 In the event of a Member ceasing to be in Contracted-out Membership before State Pensionable Age, the Guaranteed Minimum Pension in respect of him at State Pensionable Age or on his previous death will be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to cessation will be increased for each tax year after that in which Contracted-out Membership ceases (up to and including the last complete tax year before State Pensionable Age or previous death) in accordance with the requirements of Section 16(2) of the PSA which are relevant to the date of cessation.
- 4.2 In the event of a Member ceasing to be in Contracted-out Membership before State Pensionable Age but before 6 April 1997, the Guaranteed Minimum Pension in respect of him at State Pensionable Age or on his previous death will be calculated on the basis that the Guaranteed Minimum Pension which has accrued up to cessation will be increased by whichever is the lesser of the following:
 - 4.2.1 5% compound for each tax year after that in which Contracted-out Membership ceases up to and including the last complete tax year before State Pensionable Age or previous death; or
 - 4.2.2 the percentage by which earnings factors for the tax year in which Contracted-out Membership ceases are increased by the last order to which Section 16(1) of the PSA refers to come into force before the tax year in which he reaches State Pensionable Age or dies (if earlier).
- 4.3 In the event of any Member ceasing to be in Contracted-out Membership before State Pensionable Age, the Guaranteed Minimum Pension in respect of him at State

Pensionable Age or on his previous death will be calculated on the basis that the earnings factors for each tax year in Contracted-out Membership and from which the Guaranteed Minimum Pension is derived will be increased in accordance with the last order to which Section 16(1) of the PSA refers to come into force before the tax year in which he reaches State Pensionable Age or in which he dies if earlier.

The Principal Company shall have the power at any time, with the consent of the Contributions Agency, to substitute for the basis previously used any one of the foregoing provisions or any other basis of revaluation which is accepted by the Contributions Agency. Provided that the new provision shall apply only in relation to Members who cease to be in Contracted-out Membership after the date upon which the new provision becomes operative.

5. **Revaluation of Transfer Payments**

If a transfer payment which is received by the Trustee includes a payment in respect of benefits which accrued during contracted-out employment by reference to a scheme of which the Member was previously a member, the Guaranteed Minimum Pension which accrued in respect of the Member and his Widow during that contracted-out employment may be calculated in accordance with such of the methods of revaluation set out in paragraph 4 as the Principal Company determines, but subject always to the provisions of Regulations 62, 65 and 66 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (SI 1996/1172).

6. **Contracting-out post 6 April 1997**

The Scheme shall be, with effect from its establishment, administered in accordance with the requirements of the PSA and the Pensions Act applicable to schemes contracted out on the final salary, reference scheme test basis.