



Inland
Revenue
Pension Schemes
Office



Awarded for excellence

Yorke House
PO Box 62
Castle Meadow Road
Nottingham NG2 1BG
Telephone: 0115 974 0000
Fax: 0115 974 1480

SCOTTISH MUTUAL ASSURANCE PLC
ABBAY NATIONAL HOUSE
301 ST VINCENT STREET
GLASGOW G2 5HN

-Your reference

SSAS MD

Our reference

001/111787/000000/F

Date

1 June 1999

Dear Sir/Madam

ALEXANDER CHAPEL ASSOCIATES LTD

SSAS

I am authorised by the Board of Inland Revenue to state that the scheme named above has been approved as a retirement benefits scheme for the purposes of Chapter 1, Part XIV Income and Corporation Taxes Act 1988 with effect from 1 July 1997 and will be treated as an "exempt approved scheme" for the purposes of section 592 of that Act.

The approval is given on the understanding that this Office will at once be advised of any alteration to the rules or other terms of the scheme and will be conditional upon compliance with the undertaking given by the Administrator with sections 605 and 606 Income and Corporation Taxes Act 1988, and any regulations made by the Board under section 612(3) of the said Act.

Yours faithfully

Controller

IF telephoning please ask for D MILICIC
on (0115) 9741477 (Direct Dial)

20/03/00

Pension Schemes Office: An Executive Office of the Inland Revenue

9238249

TO

BRISTOL

SCOTTISH MUTUAL

FROM

85:81

6661-NJC-21

Director A. G. Nield

Resolution

The attached Scheme Rules are hereby adopted by the Principal Employer and the Trustees.

THE COMMON SEAL of Alexander Chapel Associates
was herunto impressed in the presence of:

.....
Director

.....
Director/Secretary

SIGNED SEALED AND DELIVERED

by the said.....
in the presence of:.....
Mark Stephen Doherty
(Trustee)

.....
Witness

SIGNED SEALED AND DELIVERED

by the said.....
in the presence of:.....
Stuart Alan Travis
(Trustee)

.....
Witness

SIGNED SEALED AND DELIVERED

by the said.....
in the presence of:.....
Jonathan Mark Church
(Trustee)

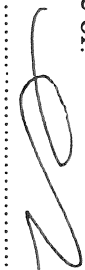
.....
Witness

SIGNED SEALED AND DELIVERED

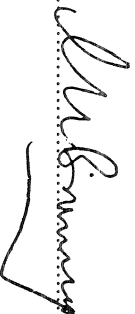
by the said.....
in the presence of:.....
Paul James Hyland
(Trustee)

.....
Witness

THE COMMON SEAL of
Scottish Mutual Assurance plc
was hereunto affixed
in the presence of:



.....
Authorised Officer



.....
Authorised Officer

Date: 29/4/99
.....

SF047/0104/000452/2

RULES OF THE ALEXANDER CHAPEL ASSOCIATES LTD SSAS

DEFINITIONS

Throughout these Rules the following expressions have the following meanings and the masculine gender includes the feminine where the context so admits:-

"*the Scheme*" means the Alexander Chapel Associates Ltd SSAS constituted by Declaration of Trust dated 1 July 1997.

"*the Principal Employer*" means the Alexander Chapel Associates Ltd.

"*the Commencing Date*" means the 1 July 1997.

"*Act*" means the Income and Corporation Taxes Act 1988 and any statutory amendment, modification or re-enactment thereof.

"*Active Members*" means Directors and employees of the Participating Employers who have been admitted to membership of the Scheme in accordance with these Rules and who have not ceased to be Active Members in accordance with Rule 10 (B).

"*the Actuary*" means the Actuary for the time being of Scottish Mutual Assurance plc.

"*Aggregate Retirement Benefit*" means the aggregate of

- (a) the Member's pension under this Scheme and any Associated Scheme, and
- (b) the pension equivalent of the Member's Lump Sum Retirement

Benefit

"Approval" means approval of the Scheme by the Board under Chapter I Part XIV of the Act.

"Associated Employers" means companies where one is directly or indirectly controlled by the other or both or all are controlled by a third person. For the purposes of this definition control has the meaning in Section 416 of the Act in relation to close companies or in Section 840 of the Act for other corporate bodies.

"Associated Scheme" means any Relevant Scheme which provides benefits in respect of Service.

"Board" means the Board of Inland Revenue.

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

"Class B Member" means any Member;

- (a) who on or after 17 March 1987 and before 1 June 1989, joined the Scheme being a scheme which commenced before 14 March 1989, or
 - (b) who the Board have agreed in writing to be a Class B Member by virtue of previous membership of a Relevant Scheme
- and in either case, he 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 Board have 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.

"the Company" means Scottish Mutual Assurance plc.

"Connected Scheme" means any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. if

- (A) there is a period during which the Member has been the employee of 2 Associated Employers,
- (B) that period counts under both schemes as a period in respect of which benefits are payable, and
- (C) 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 17th 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 Act and within paragraph (b) of section 417 (5) of the Act.

"the Date of Entry" means the Commencing Date, and each anniversary thereof.

"the Declaration of Trust" means the foregoing Declaration of Trust.

"Dependant" means the spouse of a member or any individual who in the opinion of the Managing Trustees is financially dependent on a Member or was so dependent at the date of the Member's death or retirement as appropriate. Notwithstanding the foregoing a child of the Member will be regarded as a Dependant until the attainment of age 18 or until the child ceases to receive full-time educational or vocational training, if later.

"Final Remuneration" means whichever is the greater of;

(A) 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;

(I) the basic pay for the year in question and

(II) 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 last 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 Fluctuating Emoluments (provided that it was earned or qualified for prior to the Relevant Date) and may be included provided the yearly average of 3 or more consecutive years begins no later than commencement of the basic pay year.

(B) the yearly average of the total emoluments from the Employer which are assessable to income tax under Case I or II of Schedule E of the Act 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:-

(I) remuneration and total emoluments do not include any amounts which arise from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares or anything in respect of which tax is chargeable by virtue of Section 148

of the Act, except where the shares or rights etc had been acquired before 17 March 1987;

(II) in relation to a Controlling Director, Final Remuneration shall be the amount ascertained in accordance with (B) above and (A) above shall not apply;

(III) in relation to any Member other than a Controlling Director 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 (B) above and (A) above shall not apply, unless the Member chooses to adopt £100,000 (or such other figure as may be prescribed by the Treasury);

(IV) 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 (as calculated in (A) above) or total emoluments (for the purposes of (B) above) 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 Retirement Benefit is similarly increased beyond the maximum amount which could be paid but for this proviso and the proviso to (A) (II) above and then only to the same proportionate extent;

(V) For Class A Members Final Remuneration shall not exceed the Permitted Maximum;

(VI) for the purpose of calculating the maximum Lump Sum Retirement Benefit for 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);

(VII) a Member who remains, or is treated as remaining, in service but by reason of Incapacity is in receipt of a much reduced remuneration for more than 10 years up to the Relevant Date, may calculate Final Remuneration under (A) or (B) above with the Final Remuneration calculated at the cessation of normal pay and increased in accordance with the Index;

(VIII) 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.

(IX) an early retirement pension in payment from the Employer may not be included in Final Remuneration.

Except as in proviso (I) 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 Pension Schemes Office.

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 lower Final Remuneration then benefits in payment should be reduced if this is necessary to ensure that they do not exceed the maximum approvable basis on the lower Final Remuneration.

Where Final Remuneration is greater it will be possible to augment benefits in payment but such augmentation must be in the form of a non-commutable pension.

Where immediate benefits are not 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" means any part of a Member's earnings which are not paid on a fixed basis and are additional to the basic wage or salary and which are assessable to tax under Case I or II of Schedule E of that Act.

"Incapacity" means physical or mental deterioration which is bad enough to prevent the Member from following his normal employment or which seriously impairs his earning capacity.

"Index" means the Governments Index of Retail Prices.

"the Insurer" means the Company or a U.K. branch or office of such other insurance company, company or institution incorporated in the U.K. to which Part II of the Insurance Companies Act, 1982 applies and which is authorised by or under Section 3 or 4 of that Act to carry on ordinary long-term insurance business as defined in that Act as may contract with the Managing Trustees to issue annuity bonds or assurance policies for the investment of Trust monies.

"Long Service Benefit" means the benefits to which a Member, his spouse, Dependants or personal representatives will be entitled under the Scheme if he remains in service until Normal Retiring Date.

"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

"Managing Trustees" means the Managing Trustees for the time being acting under the Declaration of Trust and who shall act jointly as the Administrator of the Scheme

"Maximum Benefit" means in relation to any benefit secured under the Scheme for a Member the appropriate maximum benefit set out in Rule 14.

"Members" means Active Members and former Active Members entitled to benefit under the Rules of the Scheme so long as such benefits are outstanding.

"Normal Retiring Date" means for any Member such birthday not earlier than the 60th birthday and not later than the 75th birthday as maybe agreed between the Employer and Member at the time of his inclusion in the Scheme.

"the Participating Employers" means the Principal Employer and every other Associated Employers which shall have entered into a participation agreement with the Managing Trustees to comply with and observe the provisions of the Scheme and in respect of which the Scheme is still in operation and "the Employer" means in relation to any individual Member that one of the Participating Employers by which he is employed or, if he is no longer employed by any of the Participating Employers, that one of them by which he was last employed.

"Pensionable Employment" means employment by the Employer in the United Kingdom of Great Britain and Northern Ireland as a permanent full-time director.

"Pensionable Service" shall have the meaning ascribed to it by paragraph 3 Schedule 16 Social Security Act 1973.

"Permitted Maximum" has the meaning ascribed to it by Section 590 (c) (2) of the Act.

"Qualifying Service" in relation to a Member at a particular time means the aggregate of the following periods namely:-

- (A) the period of Pensionable Service in any periods of employment ceasing at that time which in accordance with proviso (C) hereof are deemed to be continuous employment, and
- (B) any earlier period of service with any of the Participating Employers which, when it ceased, included at least 2 years' Pensionable Service under the Scheme excluding any period for which his rights were transferred to another scheme or during which the Member paid contributions in respect of which a refund was paid to the Member, and
- (C) service with the Employer in the same period of continuous employment which qualifies the Member for benefit under any other Scheme of the Employer in which no other employer participates, and
- (D) years of service whilst a member of another scheme relating to the same or any other employment in respect of which additional rights to Long Service Benefit have been granted under the Scheme in substitution for accrued rights under such other scheme.

Provided that:

- (I) no account shall be taken of any period which does not qualify the Member for Long Service Benefit nor of any period before the Commencing Date or before the Participating Employer participated in the Scheme, and
- (II) no period shall be reckoned twice, and
- (III) periods of employment by one or more of the Participating

Employers separated by an interval

- (a) which was due to pregnancy or confinement and the Member has exercised a right to resume work under section 45(1) of the Employment Protection (Consolidation) Act 1978, or
 - (b) which did not exceed one month
- will be treated as continuous employment for the purposes of the definition.

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

"Remuneration" in relation to any year shall mean 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 Act. Provided that for a Class A Member there shall be disregarded any emoluments in excess of the Permitted Maximum.

"Retained Death Benefits" shall mean any lump sum benefits payable on the Member's death from;

- (a) retirement benefits schemes approved or seeking approval under Chapter