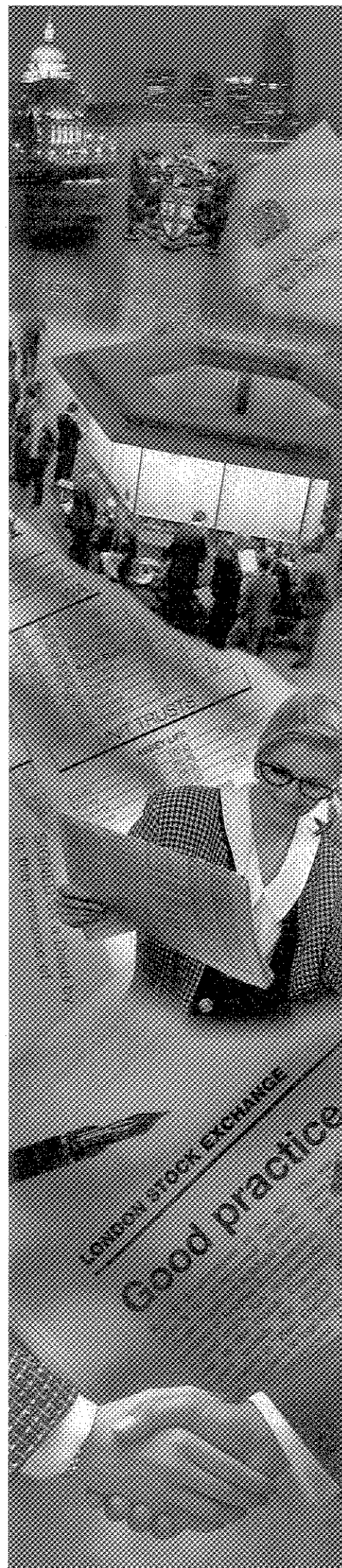


**Firthglow Limited Retirement  
Benefits Scheme**

**PRINCIPAL TRUST DEED**  
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CONTENTS OF THE PRINCIPAL TRUST DEED RELATING TO THE  
FIRTHGLOW LIMITED RETIREMENT BENEFITS SCHEME

<u>Clause</u>	<u>Contents</u>	<u>Page</u>
A-D	Recitals	1
	CREATION OF THE SCHEME	2
	APPOINTMENT OF MANAGING TRUSTEES, ADMINISTRATORS AND PENSIONER TRUSTEE	2
	INTERPRETATION OF DEED	2
	<u>PART I - DEFINITIONS</u>	3
	<u>PART II - MEMBERSHIP</u>	16
1	Eligibility	16
2	Granting Membership	16
3	Absence	16
4	Cessation of Membership	16
5	Employee Rejoining Service	17
6	Resumption of Membership	17
	<u>PART III - CONTRIBUTIONS</u>	18
1	Compulsory Contributions paid by Members	18
2	Employer's Contributions	19
	<u>PART IV - BENEFITS</u>	20
	<u>PENSION BENEFIT</u>	20
1	Normal and Early Retirement	20
2	Late Retirement	20
3	Commutation of Benefits	21
4	Payments of Pensions	22
5	Dependant's Pension	22

<u>Clause</u>	<u>Contents</u>	<u>Page</u>
6	Payment of Child's Annuity	23
7	Provision of Annuities for Family and/or Dependants	23
8	Cost of Living Increase	24
	<u>BENEFITS PAYABLE ON DEATH</u>	24
9.1	Death Benefits	24
9.2	Discretionary Trusts	25
	<u>ADDITIONAL BENEFITS</u>	27
10	Augmentation of Benefits - Contributions to Common Fund	27
11	Existing Annuity/Pension Payments	27
	<u>LEAVING PENSIONABLE SERVICE</u>	27
12	Entitlement to Short Service Benefit	27
13	Payment of Short Service Benefit	28
14	Death of Deferred Pensioner	28
15	Notification to the Leaving Pensionable Member	28
16	Time of Payment of Short Service Benefit	28
17	Members Statutory Right	29
18	Common Law Transfers to other Schemes (including Personal Pension Schemes) and Buy Out Policies	29
19	Transfers Received	30
	<u>PART V - INLAND REVENUE LIMITS</u>	32
	<u>CLASS A MEMBERS</u>	
1	Member's Aggregate Retirement Benefit	32
2	Member's Lump Sum Retirement Benefit	32
3	Lump sum death benefit on death of Member in Service or Deferred Pensioner	33

<u>Clause</u>	<u>Contents</u>	<u>Page</u>
4	Dependant's Pension	34
5	Pension Increases	34
6	Special Director or Controlling Director	34
	<u>CLASS B OR C MEMBERS</u>	
1	Member's Aggregate Retirement Benefit	35
2	Member's Lump Sum Retirement Benefit	36
3	Lump sum death benefit on death of Member in Service or Deferred Pensioner	36
4	Dependant's Pension	37
5	Pension Increases	38
6	Member's Pension before retirement	38
7	Special Director and Controlling Director	38
8	Special Conditions	39
8.1	All Members - Augmentation of Benefits	39
8.2	Class A Members - Payment of Benefits	39
8.3	All Members - Return of Surplus Funds	39
8.4	Class B and Class C Members - Alternative Maxima	40
	<u>PART VI - MANAGING AND PENSIONER TRUSTEES</u>	41
1	Type of Trust	41
	INVESTMENT AND OTHER POWERS	41
2	Investments	41
3	Employment of Agents	47
4	Borrowing - Managing Trustees' Powers	47
5	Additional Powers of the Managing Trustees	48
5.1	Delegation	48

<u>Clause</u>	<u>Contents</u>	<u>Page</u>
5.2	Dealings with Land	48
5.3	Transactions with Employers and Other Trusts - Managing Trustees' Fiduciary Duties	48
5.4	Insurance of Scheme Assets	48
6	New and Additional Managing and Pensioneer Trustees	49
7	Fiduciary Duties of Trustees who are Members	49
8	Managing and Pensioneer Trustees' Indemnities	49
9	Scheme Administrator	50
10	Managing Trustees Powers	50
10.1	Seeking Professional Advice	50
10.2	Settlement of Claims	50
10.3	Alteration of Deeds	50
11	Preservation of Benefits	51
12	Exempt Approval - Managing Trustees' Determinations	52
13	Miscellaneous	52
13.1	Pensioneer Trustee	52
13.2	Managing Trustees - Decision Making Process	53
13.3	Securing of Pensions by Annuities	53
13.4	Insurance of Death in Service Benefits	56
13.5	Dealing with Fund and Members	56
13.6	Ill Health and Commutation of Pension	56
14	Administration and Management	57

<u>Clause</u>	<u>Contents</u>	<u>Page</u>
15	Determination of Matters of Doubt by the Managing Trustees	57
16	Appointment of Actuaries and Auditors	57
17	Accounts	57
18	Audit and Inspection of Accounts	57
19	Operation of Bank Account	58
20	Expenses	58
21	Proceedings of Managing Trustees	58
22	Charging Clause	59
	<u>PART VII - GENERAL</u>	61
1	Participation of Subsidiary and Associated Companies	61
2	Notices	61
3	Notice of Place of Residence	61
4	Evidence Required - Payments	61
5	Error in Statement	61
6	Actuarial Investigations	62
7	Disclosure of Information	62
8	Purchase of Annuity Contract or Insurance Policy	62
9	Discontinuance of the Scheme	63
9.1	Discontinuance of Contributions	63
9.2	Partial Discontinuance	63
10	Reconstruction or Winding Up of the Principal Employer	64
11	Cessation of Principal Employer	64
12	Winding Up - Common Fund	65
13	Jurisdiction	66

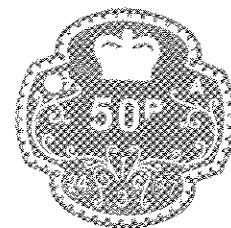
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PRINCIPAL TRUST DEED

RELATING TO THE

FIRTHGLOW LIMITED RETIREMENT BENEFITS SCHEME

DATED:- 25<sup>th</sup> FEBRUARY 1997.



PARTIES:-

1. **FIRTHGLOW LIMITED** (Company Number 1468898) registered office: 1 Papyrus Road, Werrington, Peterborough PE4 5BH ("the Principal Employer")
2. **GEOFFREY BERNARD TURNER** and **JACQUELINE TURNER** both of Dove House, Hall Lane, Werrington, Peterborough PE4 6RA ("the Managing Trustees")
3. **KPMG PENSION TRUSTEES LIMITED** registered office; Peat House, 45 Church Street, Birmingham B3 2DL ("the Pensioner Trustee")

RECITALS

A) The Principal Employer has determined to establish an occupational pension scheme under irrevocable trusts called the **Firthglow Limited Retirement Benefits Scheme** ("the Scheme") for the purpose of providing Relevant Benefits (as defined in Section 612 of the Act) for such Employees (as defined in Part I hereof) of the Employers (as defined in Part I hereof) as shall be eligible to join the Scheme in accordance with the provisions of Part II (Membership) of this trust deed ("the Principal Deed").

B) Contributions to the Scheme shall be paid by the Employer to the Managing Trustees and may be paid or payable by Employees in accordance with Part III (Contributions) of the Principal Deed.

C) The Employers have notified in writing those Employees who may become Members.

D) The Principal Employer has requested the Managing Trustees to act as the first managing trustees and Administrator of the Scheme (as defined in Section 612 of the Act) and requested the Pensioner Trustee to act as the first pensioner trustee of the Scheme (as required by Paragraph 20 of the Practice Notes issued by the Board of Inland Revenue pursuant to Section 591 of the Act) and the Managing Trustees and Pensioner Trustee respectively have agreed so to act.

## CREATION OF THE SCHEME

The Principal Employer hereby establishes the Scheme for the purposes recited to commence from the 25th day of February 1997 and requires the Managing Trustees to hold the assets comprised in the Common Fund (as defined in Part I) upon the IRREVOCABLE TRUSTS described in Clause 1 (Type of Trust) of Part VI (Managing and Pensioner Trustees) of the Principal Deed to be invested, administered and distributed in accordance with the provisions of this Principal Deed as from time to time lawfully amended.

## APPOINTMENT OF MANAGING TRUSTEES, ADMINISTRATORS AND PENSIONER TRUSTEE

The Principal Employer hereby appoints the Managing Trustees to be the first managing trustees and Administrator of the Scheme and further, appoints the Pensioner Trustee to be the first pensioner trustee of the Scheme and the Managing Trustees and the Pensioner Trustee by their execution of this Principal Deed respectively signify their willingness to act.

## INTERPRETATION OF DEED

In the Scheme where the context does not otherwise determine words importing the masculine gender shall include the feminine gender (and for the avoidance of doubt any reference in this deed to a widow shall be deemed to include a widower and vice versa) and words importing the singular number shall include the plural number and vice versa. Reference to any enactment (which shall be deemed to include regulations made thereunder) or regulations shall include reference to any statutory amendment or re-enactment thereof for the time being in force and where appropriate any subsequent related legislation.



## PART I - DEFINITIONS

"Accumulated Sub-Fund" means that part of the Common Fund of the Scheme which, in respect of each Member, Deferred Pensioner or Postponed Pensioner, is determined by the Managing Trustees as relating to that person and the Managing Trustees shall for the purpose take advice from the Actuary who shall have regard to the contributions paid to the Common Fund in respect of each such person by the Employer and by such person and any Transferred Benefits and Death Benefits in respect of such person.

"Act" means the Income and Corporation Taxes Act 1988.

"Actuary" means a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries in Scotland or a firm of such Fellows or a corporate body having a director or employee or a partnership having a partner or employee who is a Fellow of the Institute of Actuaries or Fellow of the Faculty of Actuaries in Scotland who shall for the time being and from time to time, be appointed in accordance with the provisions of the Scheme.

"Additional Voluntary Contributions" or "AVCs" means contributions made to the Scheme by a Member (additional to Members Contributions) to secure additional benefits under the Scheme (which shall not be commutable for cash to the extent that they are secured by Additional Voluntary Contributions the payment of which commenced on or after 8th April 1987). Where in the Principal Deed there is a reference to a return of AVCs it shall include the value of any investment accretions thereto.

"Additional Voluntary Contributions (Freestanding)" or AVCs (Freestanding)" means contributions made (by a Member) to an occupational pension scheme to which his employer does not contribute ("Freestanding AVC Scheme").

"Administrator" means any person appointed to act as Administrator of the Scheme to meet the requirements of the Board of Inland Revenue.

"Aggregate Retirement Benefit" means the aggregate of:-

1. The Member's pension under the Scheme and under any Associated Scheme, and
2. The pension equivalent of the Member's Lump Sum Retirement Benefit.

"Announcement Letter" means a letter from the Employer to the Member setting out the Member's entitlement to benefits under the Scheme.

"Approval" means approval of the Scheme by the Board of Inland Revenue as an exempt approved scheme under Chapter I of Part XIV of the Act.

"Associated Employment" means two or more concurrent employments held by the Member which are associated i.e. where

1. there is a period during which the Member has held all of them
2. the period counts under the Scheme in the case of all of them as a period

PART I - DEFINITIONS - continued

in respect of which benefits are payable

3. during the period all the employers in question are associated.

"Associated Scheme" means either 1 or 2 below as appropriate:-

1. In respect of a Class A Member any Relevant Scheme which is a Connected Scheme or which provides benefits in respect of Service.
2. In respect of a Class B or C Member any Relevant Scheme providing benefits in respect of Service.

"Auditor" means the person or persons for the time being appointed by the Managing Trustees to perform the duties of auditor of the Scheme PROVIDED THAT he is a Member of the Institute of Chartered Accountants in England and Wales or the Institute of Chartered Accountants of Scotland or the Association of Certified and Corporate Accountants or a firm whose partners are members of one or other of the aforesaid bodies.

"Business" includes

1. a trade or profession
2. any activity other than investment carried on by a body of persons, whether corporate or unincorporate, or
3. any activity carried on by a holding company for a trading group.

"Buy Out Policy" means a policy of insurance or annuity contract issued by a Life Office (in return for a single premium) on the life of a person entitled to benefits from, but whose pensionable service has ceased in, an occupational pension scheme (or such policy of insurance or annuity contract in the name of the trustees of a trust for the benefit of such a person) and which policy or contract is in substitution for benefits provided by such scheme to the extent that they are represented by the single premium. The definition shall also include a policy of insurance or annuity contract, issued by a Life Office, which is issued in substitution for an existing Buy Out Policy which is surrendered.

"Class A Member" means any Member who joined the Scheme on or after 1st June 1989 and any Class B or C Member who has elected to be deemed to have become a Class A Member.

"Class B Member" means any Member who joined the Scheme on or after 17th March 1987 and before 1st June 1989 provided that the Member may elect at any time before the Relevant Date to be deemed to have become a Class A

## PART I - DEFINITIONS - continued

Member.

"Class C Member" means any Member who joined the Scheme before 17th March 1987 provided that the Member may elect at any time before the Relevant Date to be deemed to have become a Class A Member.

"Close Company" means any body corporate or unincorporated association, but does not include a partnership.

"Common Fund" means Scheme assets which represent the aggregate value of the contributions made to the Scheme (together with any investment accretions) together with the total value of the Transferred Benefits and Death Benefits received by the Managing Trustees in respect of Members, Deferred Pensioners or Postponed Pensioners less any benefits or disbursements which may have already been paid or in respect of which an obligation for payment has arisen under the Scheme. Subject to the saving provision in respect of Ear Marked Policies referred to in the definition of "Accumulated Sub Fund" above all beneficiaries with an interest in the Scheme shall be entitled to a rateable share of the assets representing the Common Fund depending on the amount of their Accumulated Sub Fund (or that of the Member or Pensioner through whom they are entitled to benefits from the Scheme) as determined by the Schemes's Actuary.

"Company" means any body corporate or unincorporated association, but does not include a partnership.

"Connected Scheme" means any Relevant Scheme which is connected with the Scheme in relation to the Member i.e. 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
3. the period counts under one scheme for service with one employer and under the other for service with the other employer.

For the purposes of the definitions of "Associated Employment" and "Connected Scheme" employers are associated if one is controlled by the other, or both are controlled by a third party.

"Control" in relation to a body corporate (other than a Close Company) or partnership shall be construed in accordance with Section 840 of the Act and in

PART I - DEFINITIONS - continued

relation to an unincorporated association that Section shall be applied as it applies to a body corporate.

In relation to a Close Company "control" shall be construed in accordance with Section 416 of the Act.

"Contingent Beneficiaries" means any person or persons who may be entitled to benefits under the Scheme by reason of their relationship or connection with a Member, Deferred Pensioner, Postponed Pensioner or Pensioner upon the happening of a certain event or events.

"Controlling Director" means a director of a Participating Employer who was prior to 6th April 1973 a controlling director (as defined in Section 624(3) of the Act) of that Participating Employer.

"Death Benefits" means a lump sum which shall become payable to the Managing Trustees from a Life Office in respect of a Member, Deferred Pensioner or Postponed Pensioner which represents the proceeds of a policy of life assurance on his life which has become payable by reason of his death.

"Deferred Pensioner" means a person who is entitled to a Short Service Benefit or deferred pension under the Principal Deed but who is not yet a Postponed Pensioner or a Pensioner.

"Dependant(s)" means in relation to any Member any other person(s) who in the opinion of the Managing Trustees was or were, at the time of the death of such Member, dependent on him for the provision of all or any of the ordinary necessities of life.

"Dynamised Total Emoluments" means in respect of any year total emoluments received by a Member in that year increased by an amount equal to the proportionate increase in the Index from the last day of that year to the date of retirement, leaving service or death as appropriate.

"Employee" means a person in the Service of an Employer and includes a director whose inclusion is consistent with Approval.

"Employer" means an employer participating in the Scheme.

"Employer-Related Investment" means:-

1. shares or other securities issued by a Participating Employer or by any person who is connected with, or an associate of, a Participating Employer
2. land which is occupied or used by, or subject to a lease in favour of, a

PART I - DEFINITIONS - continued

Participating Employer or by any person who is connected with, or an associate of, a Participating Employer

3. property (other than land) which is used for the purposes of any business carried on by a Participating Employer or by any person who is connected with, or an associate of, a Participating Employer
4. loans to a Participating Employer or to any person who is connected with, or an associate of, a Participating Employer.

In this definition "securities" means any asset, right or interest falling within paragraph 1,2, 4 or 5 of Schedule 1 to the Financial Services Act 1986.

"Final Remuneration" means:-

A. in relation to a Class A Member the greater of:-

1. the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of

1.1 the basic pay for the year in question, and

1.2 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 any increase in the Index from the last day of that year up to the last day of the basic pay year, and

2. the yearly average of Dynamised Total Emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:-

(1) 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 17th March 1987;

(2) in relation to a Special Director, Final Remuneration shall (subject to proviso (4) below) be the amount ascertained in accordance with 2 above and 1 above shall not apply;

(3) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the Member's actual

PART I - DEFINITIONS - continued

remuneration (as calculated in 1 above) or total emoluments (for the purposes of 2 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 but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with Clause 2 (Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed for a Class A Member unless (and subject to proviso (4) below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to 1.2 above and then only to the same proportionate extent;

(4) Final Remuneration and the annual rate of the Member's remuneration for the purpose of the calculation of the maximum benefits in accordance with Part V of the Principal Deed for a Class A Member shall not exceed the permitted maximum as defined in Section 590C(2) of the Act;

B. in relation to a Class B Member the greater of:-

1. the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of

1.1 the basic pay for the year in question, and

1.2 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 any increase in the Index from the last day of that year up to the last day of the basic pay year, and

2. the yearly average of Dynamised Total Emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:-

(1) 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 17th March 1987;

(2) in relation to a Special Director or any other Member whose remuneration in any year subsequent to 5th 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 (subject to proviso (4) below) be the amount ascertained in accordance with 2 above and 1 above shall not apply;

PART I - DEFINITIONS - continued

(3) 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 1 above) or total emoluments (for the purposes of 2 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 but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with Clause 2 (Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed for a Class B or C Member unless (and subject to proviso (4) below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to 1.2 above and then only to the same proportionate extent;

(4) for the purposes of the calculation of the maximum Lump Sum Retirement Benefit in accordance with Clause 2 (Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed for a Class B or C Member Final Remuneration shall not in any event exceed £100,000 or such other sum as may be specified in an order made by the Treasury.

C. in relation to a Class C Member

a. where the Relevant Date is on or before 16th March 1987 the greater of:-

1. the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of

1.1 the basic pay for the year in question, and

1.2 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 any increase in the Index from the last day of that year up to the last day of the basic pay year, and

2. the yearly average of Dynamised Total Emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:-

(1) in relation to a Special Director Final Remuneration shall be the amount ascertained in accordance with 2 above and 1 above shall not apply

(2) where Final Remuneration is computed by reference to any year other than the last complete year ending on the Relevant Date, the

PART I - DEFINITIONS - continued

Member's remuneration (as calculated in 1 above) or total emoluments (for the purposes of 2 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 but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with Clause 2 (Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed for a Class B or C Member unless (and subject to proviso (4) below) the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to 1.2 above and then only to the same proportionate extent;

b. Where the Relevant Date is on or after 17th March 1987 the greater of:-

1. the highest remuneration for any one of the 5 years preceding the Relevant Date being the aggregate of

1.1 the basic pay for the year in question, and

1.2 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 any increase in the Index from the last day of that year up to the last day of the basic pay year, and

2. the yearly average of Dynamised Total Emoluments for any 3 or more consecutive years ending not earlier than 10 years before the Relevant Date.

Provided that:-

(1) 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 17th March 1987;

(2) in relation to a Special Director or any other Member whose remuneration in any year subsequent to 5th 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 be the amount ascertained in accordance with 2 above and 1 above shall not apply;

(3) where Final Remuneration is computed by reference to any year



## PART I - DEFINITIONS - continued

other than the last complete year ending on the Relevant Date, the Member's remuneration (as calculated in 1 above) or total emoluments (for the purposes of 2 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 but this proviso shall not apply to the calculation of the maximum Lump Sum Retirement Benefit in accordance with Clause 2 (Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed for a Class B or C Member unless the Member's Aggregate Retirement Benefit is similarly increased beyond the maximum amount which could have been paid but for this proviso and the proviso to 1.2 above and then only to the same proportionate extent.

"Incapacity" means physical or mental deterioration serious enough, in the opinion of the Principal Employer and the Managing Trustees, to prevent a Member from following his normal employment or which seriously and permanently impairs his earning capacity.

"Index" means the Government's Index of Retail Prices.

"Life Office" means a United Kingdom office or branch of an insurance company 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.

"Long Service Benefits" means the benefits payable on the retirement of a Member whose Service has consisted of continuous Relevant Employment until his Normal Retirement Date.

"Lump Sum Retirement Benefit" means the total value of all benefits in a form other than non commuted pension payable under the Scheme and any Associated Scheme otherwise than on death.

"Managing Trustees" means Geoffrey Bernard Turner and Jacqueline Turner and any other managing trustee appointed from time to time.

"Member(s)" means a person eligible to join the Scheme who has agreed the terms and conditions with the Employer under which he is to become a Member of the Scheme and who has been accepted by the Managing Trustees and "Membership" has a corresponding meaning.

"Members' Contributions" means compulsory contributions to the Scheme and where the context so admits such share of the Common Fund as the Managing Trustees determine, on the advice of the Actuary, to be appropriate to the Member, Deferred Pensioner or Postponed Pensioner having regard solely to the contributions paid to it by him.

PART I - DEFINITIONS - continued

"Member's Transferred Contributions" means such share of the Common Fund as the Managing Trustees determine on the advice of the Actuary to be appropriate to the Member, Deferred Pensioner or Postponed Pensioner having regard solely to the contributions made by him to such other scheme from which Transferred Benefits have been received. To the extent that such contributions to the other scheme comprise additional voluntary contributions they shall be referred to herein as "Transferred AVC's".

"Normal Retirement Date" means in relation to a Member such date between his or her 60th and 75th birthdays or any other date previously approved by the Board of Inland Revenue as shall be specified as the Member's normal retirement date in the Announcement Letter in respect of that Member.

"Ordinary Annual Contribution" means for the purpose of Clause 4 of Part VI (Managing and Pensioner Trustees) of this deed the smaller of

1. the average annual amount of the contributions paid to the Scheme by the Employers in the three accounting periods preceding the date on which the Ordinary Annual Contribution is to be ascertained or where at that date the Scheme has been established less than 3 years the total amount of contributions paid to the Scheme by the Employers divided by the number of years since the Scheme was established (a period of less than a year being counted as one year), and
2. the amount of the annual contribution which has been advised by an Actuary in writing within 3 years of the date on which the Ordinary Annual Contribution is to be ascertained, as that necessary to secure the benefits payable under the Scheme.

"Participating Employer" means any Employer which the Inland Revenue will permit to participate in the Scheme and which has complied with Clause 1 of Part VII of the Principal Deed and participates in the Scheme.

"Pensionable Salary" means in relation to a Member total annual emoluments (including all bonuses and directors fees) paid in any period of twelve months as appropriate but shall not include:-

1. anything in respect of which tax is chargeable on or after 17th March 1987 under Schedule E and which arises from the acquisition or disposal of shares or an interest in shares or from a right to acquire shares but only where the shares or an option or other interest in shares was acquired on or after 17th March 1987, or
2. anything in respect of which tax is chargeable by virtue of Section 148 of the Act.

PART I - DEFINITIONS - continued

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

"Pensioneer Trustee" means a trustee of the Scheme who

1. is approved by the Board of Inland Revenue to act as such, and
2. is not connected with a Scheme Member, another trustee or an Employer.

"Pensioner" (except in the expressions "Deferred Pensioner" and "Postponed Pensioner") means a person who has actually retired and is in receipt of a pension from the Scheme by reason of his past employment with the Employer or its predecessor in business.

"Personal Pension" means a pension provided for a person from any scheme or arrangement approved under Section 631 of the Act ("a Personal Pension Scheme").

"Postponed Pensioner" means a person who is entitled to a pension in respect of service with the Employer prior to Normal Retirement Date but who remains in Service thereafter.

"Principal Employer" means Firthglow Limited or any successor under the terms of this Principal Deed.

"Private Company" means a company which is not officially listed on a recognised stock exchange within the meaning of Section 841 of the Act.

"Relative" means a brother, sister, ancestor or lineal descendant.

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

"Relevant Employment" means the employment in respect of which an employee was a Member of the Scheme.

"Relevant Scheme" means any other scheme approved or seeking approval under Chapter I of Part XIV of the Act.

"Remuneration" in relation to any year means

1. As regards a Class A Member the aggregate of the total emoluments for the year in question

- 1.1 from the Employer and

## PART I - DEFINITIONS - continued

### 1.2 in respect of any Associated Employment or any Connected Scheme

which are assessable to Income Tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or an 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 in arriving at such emoluments there shall be disregarded any emoluments in excess of the permitted maximum as defined in Section 590C(2) of the Act;

2. as regards a Class B Member and a Class C Member whose Relevant Date is on or after 17th March 1987 total emoluments from the Employer in the year in question which are assessable to Income Tax under Schedule E but excluding any amounts which arise from the acquisition or disposal of shares or an interest in shares or anything in respect of which tax is chargeable by virtue of Section 148 of the Act.

3. as regards a Class C Member whose Relevant Date is on or before 16th March 1987 total emoluments from the Employer in the year in question which are assessable to Income Tax under Schedule E.

"Residential Property" means property normally used, or adapted for use as one or more dwellings.

"Retained Lump Sum Benefits" means the total sum value of:-

1. Lump sums receivable from any scheme other than one of the State Schemes, the Scheme, or any Associated Scheme including sums received or receivable in commutation of pension.

2. Sums received or receivable in commutation of retirement annuities under contracts and trust schemes approved under Section 620 of the Act, but excluding those arising in respect of premiums paid to such contracts and trust schemes during Membership of the Scheme.

For the purposes of Clause 3 of Part V (Inland Revenue Limits) of the Principal Deed benefits 1 and 2 may be ignored if they do not exceed £2500.00 in total or such greater amount as would not prejudice Approval.

"Revaluation Provision" means the revaluation conditions applicable to his Accumulated Sub Fund (which is a "money purchase" benefit) on the occasion of a Member's termination of Pensionable Service and which are contained in Part I of Schedule IA of the Social Security Pensions Act 1975 (as inserted by the Social Security Act 1985 and any Regulations made thereunder) or statutory modification or re-enactment thereof which will be satisfied if the investment yield and any bonuses arising from payments made by or on behalf of a Member

## PART I - DEFINITIONS - continued

are applied towards providing benefits under the Scheme for him or for any other person in respect of him in such manner as they would have been applied had his Pensionable Service not terminated.

For the purposes of this definition "money purchase" Pension Benefits are those Pension Benefits the rate or amount of which are calculated by reference to a payment or payments made by the Member and/or by the Employer (or any other person) in respect of him.

"Scheme" means the Firthglow Limited Retirement Benefits Scheme.

"Scheme Member" means a Member of the Scheme to whom benefit is currently accruing by virtue of Service as an Employee.

"Service" means the aggregate of

1. in respect of a Class A Member the aggregate of:-
  - 1.1 all periods of service with the Employer, and
  - 1.2 all other periods which count in respect of any Associated Employment or any Connected Scheme.
2. in respect of a Class B or C Member service with the Employer.

"Short Service Benefit" means the benefits to be provided in respect of Pensionable Service.

"Special 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 of the Act and within paragraph (b) of Section 417(5) of the Act.

"Transferred Benefits" means benefits and rights accorded to or in respect of a Member, Deferred Pensioner or Postponed Pensioner by reference to a transfer payment received from another scheme, Buy Out Policy or Personal Pension Policy.

"Trust Deeds" means this Principal Deed and any deeds supplemental hereto.

## PART II - MEMBERSHIP

### 1. Eligibility

Membership of the Scheme is at the discretion of the Employer but membership shall not be granted to a Member until the Employer has consulted the Pensioner Trustee for his advice in connection with the granting of such membership.

### 2. Granting Membership

2.1 When Membership of the Scheme is offered to an Employee by the Employer the Employee shall be notified by an Announcement Letter which shall state:-

2.1.1 a summary of the benefits to be provided.

2.1.2 the amount of any employees contribution.

2.2 Membership of the Scheme shall be granted if the Employee notifies the Employer that he has received an Announcement Letter and agrees that:-

2.2.1 his entitlement to benefits from the Scheme shall be governed solely by the Trust Deeds as from time to time lawfully amended.

2.2.2 he will contribute to the Scheme annually at the rate required by the Employer (if at all).

2.3 Every Employee who wishes to become or is a Member of the Scheme shall provide such evidence of health (including submission to examination) age and family circumstances as the Managing Trustees may reasonably require.

An Employee shall cease to be a Member when contributions in respect of him cease or he leaves service dies or retires.

### 3. Absence

If a Member is absent from Service for two years with the consent of the Employer for any reason (other than illness or injury) and does not return to Service at the end of that period he shall be deemed to have left service at such end or at the date on which he ceased to contribute (if earlier).

### 4. Cessation of Membership

As soon as practicable after any person ceases to be a Member the Employer shall give notice in writing of that fact to the Managing Trustees.

5. Employee Rejoining Service

If any person who has ceased to be a Member by reason of his having ceased to be in Service subsequently again enters Service in any capacity the Managing Trustees with the consent of the Employer may subject to the requirements of Clause 6 (Resumption of Membership) of this Part of the Principal Deed admit such person to resume Membership of the Scheme on such terms and conditions in all respects as may be determined by the Managing Trustees after taking the advice of the Actuary.

6. Resumption of Membership

If a person who is entitled to a deferred pension or to Short Service Benefits resumes Membership of the Scheme he will thereupon become entitled to Long Service Benefits from the date of such resumption. His Short Service Benefit will continue to be preserved in the Scheme on the same basis and at the same amount as before his resumption of Membership.

If his Relevant Employment is again terminated before his Normal Retirement Date the years of Qualifying Service shall be re-computed as though the last date of termination were the first termination except that there may be excluded:-

6.1 Any period of employment which as a Member of this or any other occupational pension scheme was included at a previous termination.

6.2 Any previous period of employment while a Member of the Scheme that proved to be non-Qualifying Service.

If an individual who has no Short Service Benefits preserved by the Scheme in respect of previous employment resumes Membership of the Scheme he will become prospectively entitled to Long Service Benefits from the date of such resumption. If his Relevant Employment resumes and again terminates before his Normal Retirement Date the calculation of the years of Qualifying Service (if any) will omit the periods of employment taken into account at previous terminations.

## PART III - CONTRIBUTIONS

### 1. Compulsory Contributions paid by Members

As from the date of admission to Membership of the Scheme the Employer shall be entitled to deduct and shall deduct at such time or times as in each case the Employer shall deem convenient, from the remuneration for the time being of each of its Employees who are Members of the Scheme, such sum (if any) in respect of Members Contributions as shall have been determined by the Employer and notified to the Employee in the Announcement Letter (or any variation thereof). No rate of contribution determined as aforesaid may be altered before the expiry of 12 months from the date on which the first payment at the current rate became due without the specific agreement of the Board of Inland Revenue.

1.1 Unless terminated by death or leaving Pensionable Service or in compliance with the foregoing, Member's Contributions, Additional Voluntary Contributions and AVC's (Freestanding) (or other contributions made on behalf of the Member) shall be paid up to and cease at Normal Retirement Date or earlier retirement unless in any individual case the Managing Trustees, on the advice of the Actuary, arrange for the contributions to continue. In any year of assessment the aggregate of the aforesaid contributions, when added to the total contributions paid by the Member to any other Relevant Scheme providing benefits in respect of Service with the Employer, shall not exceed 15% of the Member's Remuneration for that year.

The Managing Trustees may resolve to collect Member's Contributions from Members by a method alternative to that stated in this Clause.

Any contributions deducted by an Employer shall be paid to the Managing Trustees within 30 days of such deduction.

### 1.2 Voluntary Contributions Requirements

Subject to the limits stated in Sub-Clause 1.1 above a Member may make Additional Voluntary Contributions to the scheme to secure additional pension benefits under the Scheme provided that they are non commutable for cash.

The Managing Trustees, on the advice of the Actuary, shall ensure that the value of the additional benefits provided for a Member from his AVC's and Transferred AVC's and investment accretions thereto is reasonable having regard to:-

1.2.1 the amount of the AVC's and Transferred AVC's

1.2.2 the value of the other benefits under the Scheme.

The Administrator shall comply with the requirements of Regulation 5 of The Retirement Benefit Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 and where the Scheme is a "leading



### PART III - CONTRIBUTIONS - continued

scheme" in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If these Regulations are amended or replaced by any other Regulations then this Clause will have effect as if it had been amended or replaced accordingly.

#### 2. Employer's Contributions

The Employers shall make contributions to the Scheme after consultation with the Actuary but the Employers, or any one or more of them, may at any time, terminate liability on their or its part to contribute to the Scheme in respect of all or any one or more Members of the Scheme (provided that all contributions are paid to date). Three months written notice shall be given by an Employer to the Managing Trustees of the intention to terminate contributions.

Upon the termination of Employer's Contributions in respect of any Member his Pensionable Service in the Scheme shall cease and he shall be provided with benefits in accordance with Part IV (Benefits) of the Principal Deed or Clause 12 (Winding Up - Common Fund) of Part VII (General) of the Principal Deed as appropriate.

## PART IV - BENEFITS

### PENSION BENEFIT

#### 1. Normal and Early Retirement

1.1 On retirement at Normal Retirement Date a Member shall be entitled to the provision of such non assignable, non commutable pensions for the Member and his Dependants as may then be agreed between the Member and the Managing Trustees after they have taken advice from the Actuary provided that they do not exceed in the aggregate the value of the Member's Accumulated Sub Fund and, unless the Inland Revenue consent in writing, the limits stated in Part V (Inland Revenue Limits) of the Principal Deed.

1.2 The Managing Trustees (with the consent of the Principal Employer) shall have discretion, if the Member so elects, and in lieu of Short Service Benefit, to award an immediate benefit to a Member who retires in normal health at or after age 50. The Managing Trustees (acting on medical advice) may award an immediate benefit to a Member at any age if he is in exceptional circumstances of serious ill-health. The amount of benefit will be that which can be obtained by application of the Member's Accumulated Sub Fund, as advised by the Actuary, but in no case shall it be greater than an amount which would prejudice Approval.

#### 2. Late Retirement

If a Member's actual retirement from Service is postponed beyond his Normal Retirement Date then (subject to Clause 2 (The Member's Lump Sum Retirement Benefit) of Part V (Inland Revenue Limits) of the Principal Deed) the Member (who shall then become a Postponed Pensioner) may elect at his Normal Retirement Date, or at any date before he actually retires to take the pension and/or the whole of any lump sum by way of commutation thereof in accordance with sub-clause 3.2 of this Part of the Principal Deed to which he would have been entitled had he actually retired on his Normal Retirement Date.

If the Postponed Pensioner does not take, or to the extent that he does not take his pension benefit (or lump sum in commutation thereof as described above) prior to his actual date of retirement his benefits at that date shall be calculated in accordance with sub-clause 1.1 of this Part of the Principal Deed as if his actual date of retirement was his Normal Retirement Date but taking account of his increased age, provided that if any benefit has been taken prior to actual retirement the residual benefit payable at actual retirement aggregated with the benefit already paid must not exceed the limits stated in Part V (Inland Revenue Limits) of the Principal Deed which would have obtained had the whole of his pension benefits (including commuted pension) been taken at his Normal Retirement Date or such later date when any retirement benefits were first paid to him.

If a lump sum representing commuted pension is paid to a Postponed Pensioner before his actual retirement date any residual benefit paid to him must take the

PART IV - BENEFITS - continued

form of non-commutable pension.

A Member who remains in Service on attaining age 75 shall thereupon be deemed to retire and shall be entitled to benefits accordingly.

3. Commutation of Benefits

3.1 If at the date on which a pension would (but for this provision) become payable to a Member or (in circumstances to which sub-clause 3.1.2 applies) to any beneficiary.

3.1.1 the Member, due to exceptional circumstances of serious ill-health (as confirmed to the Managing Trustees by written medical evidence) requests, or

3.1.2 the pension payable or, in the case of a beneficiary contingently payable, (before any commutation under sub-clause 3.2 of this Clause), under the Scheme and all other retirement benefits schemes of the Employer or to which the Employer has contributed does not exceed £260 per annum or such larger amount as may from time to time be approved by the Inland Revenue and the person to whom it is payable so requests.

the Managing Trustees may discharge their liability to provide that pension by payment to the person concerned of a lump sum determined by the Managing Trustees on the advice of the Actuary. After any such commutation the person concerned shall have no further claim under the Scheme.

3.2 Upon receipt of a written request from a Member or Deferred Pensioner before payment of a pension commences or from a Postponed Pensioner at any time on or after his Normal Retirement Date the Managing Trustees may, in their discretion, commute the whole or part of his pension (to the extent that it has not been secured from that part of the Member's, Deferred Pensioner's or Postponed Pensioner's Accumulated Sub Fund which relates to Additional Voluntary Contributions or Transferred AVC's the payment of which commenced on or after 8th April 1987) for a lump sum which together with any other benefit not payable in the form of any annuity derived from any fund scheme or arrangement to which the Employer contributes or has contributed shall not exceed, unless the Inland Revenue agree in writing, the limits stated in Part V (Inland Revenue Limits) of the Principal Deed.

PROVIDED THAT:-

3.2.1 a Member's, Postponed Pensioner's or Deferred Pensioner's Final Remuneration upon which such lump sum is calculated will not be increased in proportion to any increase in the Index as provided in the

definition of Final Remuneration in Part I (Definitions) of the Principal Deed or at a lesser rate unless and to the extent that the pension payable under the Scheme is based on such increased Final Remuneration disregarding any reduction therein by reason of any commutation and/or surrender of part thereof under this Clause and/or Clause 7 (Provision of Annuities for Members Family and/or Dependants) of this Part of the Principal Deed.

3.2.2 having regard to their determination pursuant to sub-clause 3.2.4 of this sub-clause the proportion of the Member's, Deferred Pensioner's or Postponed Pensioner's Pension so commuted shall be determined by the Managing Trustees on the advice of the Actuary.

3.2.3 if a Postponed Pensioner dies without having made a written request to commute part of his retirement benefits the Managing Trustees may direct that this sub-clause should be operated as though such a request had been made.

3.2.4 The Managing Trustees shall determine whether or not such commutation of pension should extinguish the payment of increase in accordance with Clause 8 (Cost of Living Increase) of this Part of the Principal Deed in respect of the pension so commuted.

3.2.5 after any commutation under this sub-clause 3.2 no further claim shall arise in respect of the pension or part so commuted except in respect of any contingent widow's (or widower's) or Dependant's pension unless the Managing Trustees have made a determination pursuant to sub-clause 3.2.4 of this sub-clause to the effect that such increases shall not be paid.

3.2.6 the amount of any lump sum payable under this sub-clause shall not exceed the proportion of the Member's Accumulated Sub Fund attributable to the pension commuted. This amount shall be determined by the Managing Trustees acting on the advice of the Actuary.

#### 4. Payments of Pensions

All pensions and annuities shall be payable at such intervals not being longer than twelve months and in such manner as the Managing Trustees shall from time to time either generally or in any particular case decide and any pension or annuity may be paid in advance if the Managing Trustees think fit and may be secured in accordance with Clause 8 (Purchase of Annuity Contract or Insurance Policy) of Part VII (General) of the Principal Deed.

#### 5. Dependant's Pension

The Managing Trustees may at their discretion and in particular at the request of

## PART IV - BENEFITS - continued

any Member, Deferred Pensioner, Postponed Pensioner or Pensioner extend the provisions of the Scheme to the intent that the same shall be read and construed as though references to widow or widower were replaced in whole or in part by (1) Dependant(s) of the Member, Deferred Pensioner, Postponed Pensioner or Pensioner and/or (2) a child of the Member, Deferred Pensioner, Postponed Pensioner or Pensioner provided such child is under the age of 18 years or has not ceased to be in full time educational or vocational training if aged over eighteen years and in the event of there being more than one such person qualifying for benefits the Managing Trustees shall have power to divide any benefits payable between them in such proportion as they think fit.

### 6. Payment of Child's Annuity

When under Clause 5 (Dependant's Pension) of this Part of the Principal Deed or under any other provisions of the Principal Deed a pension is payable to any child, the Managing Trustees may in their discretion:-

6.1 Pay the pension to the child's guardian or to any person with whom the child resides or under whose care and control he is or appears to be, without being obliged to ascertain whether such guardian or other person has any right to the care and control of the child or to supervise the application of the pension by such guardian or other person and without being responsible for any misapplication or

6.2 Apply the pension or any part of it towards the education or other benefit of the child in any way they may see fit or

6.3 After taking advice from the Actuary continue payment of the pension to or in respect of such child after attainment of majority if:-

6.3.1 he is still in full-time education or vocational training; or

6.3.2 he is physically or mentally disabled to the extent that he is unable to support himself financially.

### 7. Provision of Annuities for Family and/or Dependents

7.1 A Member, Deferred Pensioner, Postponed Pensioner or Pensioner may apply to the Managing Trustees that he desires to substitute a reduced pension payable to himself in order to provide an annuity or annuities after his death for any one or more named persons falling within the following categories for their respective life or lives or in respect of a child until that child attains the age of majority namely:-

7.1.1 the widow or widower of a Member, Deferred Pensioner, Postponed Pensioner or Pensioner or

## PART IV - BENEFITS - continued

7.1.2 any child of the Member, Deferred Pensioner, Postponed Pensioner or Pensioner or

7.1.3 any Dependant of the Member, Deferred Pensioner, Postponed Pensioner or Pensioner.

7.2 Such annuities shall be subject to the following conditions:-

7.2.1 the full amount of such annuity or annuities shall not exceed the amount of the reduced pension payable to the applicant after such application.

7.2.2 the terms and conditions of such annuity or annuities shall be determined by the Managing Trustees after taking the advice of the Actuary.

### 8. Cost of Living Increase

All pensions and annuities under the Scheme will be reviewed annually by the Managing Trustees and increases may be awarded at their discretion, and after taking Actuarial advice, to allow, in whole or in part, for inflation equivalent to any increase in the Index since commencement or award of the pension or if later the last such increase provided that Approval is not withdrawn.

### BENEFITS PAYABLE ON DEATH

#### 9.1 Death Benefits

On the death of a Member, Deferred Pensioner or Postponed Pensioner the following benefits shall become payable (references to a Member in this Clause include a Deferred Pensioner and Postponed Pensioner):-

##### 9.1.1 Return of Contributions

The Member's Contributions and any Member's Transferred Contributions together with interest as determined as reasonable by the Scheme Actuary shall be held by the Managing Trustees upon the Discretionary Trusts defined in sub-clause 9.2 of this Clause.

##### 9.1.2 Lump Sum

After deducting the aggregate of the sums referred to in sub-clause 9.1.1 of this sub-clause the balance of the Member's Accumulated Sub Fund shall subject to sub-clause 9.1.4 of this sub-clause be held by the Managing Trustees upon the Discretionary Trusts defined in sub-clause 9.2 of this Clause.

9.1.3 Dependant's, Widow or Widower's Pension

After payment of the benefits referred to above in sub-clauses 9.1.1 and 9.1.2 of this sub-clause the Managing Trustees, and on the advice of the Actuary, shall apply the balance (if any) of the Member's Accumulated Sub Fund towards providing an annuity for life for the Member's widow or widower being the Member's wife or husband respectively at the date of the Member's death and/or in accordance with the provisions of Clause 5 (Dependant's Pension) of this Part of the Principal Deed.

9.1.4 Revenue Limits and Surplus Funds

No benefits payable under this sub-clause shall exceed the limits set out in Part V (Inland Revenue Limits) of the Principal Deed and the balance (if any) of the Accumulated Sub Fund in respect of a Member, Deferred Pensioner or Postponed Pensioner not ultimately expended in providing benefits pursuant to this sub-clause, on the occasion of the death of a Member, Deferred Pensioner or Postponed Pensioner shall be held by the Managing Trustees for the general purposes of the Scheme.

PROVIDED THAT to the extent that such balance is attributable to Additional Voluntary Contributions made by the Member it shall be refunded to the Member or to the Member's Personal Representatives subject to deduction of tax pursuant to Section 599A of the Income and Corporation Taxes Act 1988 and subject to the provisions of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993.

In the case of a Postponed Pensioner any payment of death benefit under this Clause shall be appropriately reduced, as advised by the Actuary, having regard to any retirement benefits already paid to the Postponed Pensioner prior to his actual retirement date in accordance with Clause 2 (Late Retirement) of this Part or the Principal Deed.

The benefits payable on the death of a Pensioner shall be dependant on the terms of the pension secured for him at his actual retirement date in accordance with the provisions of the Scheme. Any sum which shall be payable which represents the capitalised value of unpaid instalments of a guaranteed pension paid in respect of the deceased pensioner shall be held upon the discretionary trusts referred to in sub-clause 9.2 of this Clause.

9.2 Discretionary Trusts

Any sum or sums which the Managing Trustees are required to hold upon Discretionary Trusts in accordance with the provisions of the Scheme, and in particular sub-clause 9.1 of this Clause in respect of a deceased Member,

PART IV - BENEFITS - continued

Deferred Pensioner, Postponed Pensioner or Pensioner shall be held upon the following trusts and with the following powers:-

9.2.1 The Managing Trustees shall have power to pay or apply the whole or any part of such sum to or for the benefit of all or any of the following who shall be living or en ventre sa mere at the date of the deceased's death in such shares and proportions as the Managing Trustees shall in their absolute discretion decide but the Managing Trustees shall not be bound by any nomination or request of the deceased to them by him:-

9.2.1.1 The deceased's widow or widower.

9.2.1.2 Any former wife or husband of the deceased.

9.2.1.3 The following relatives of the deceased (whether by birth or adoption) born at any time namely issue, parents, issue of parents, step-children and issue of step-children.

9.2.1.4 The spouse, widow or widower of any of the said relatives.

9.2.1.5 Any other person whose name has been notified to the Managing Trustees in writing by the deceased prior to his death as being a person the Member wishes the Managing Trustees to consider as a possible recipient of the moneys.

9.2.1.6 Any other person who, in the opinion of the Managing Trustees, was one of the deceased's Dependants.

9.2.1.7 Any one or more of the persons entitled under the deceased's will to any interest to his estate.

9.2.1.8 Any natural person or persons whom the deceased in the reasonable opinion of the Managing Trustees might reasonably have wished to benefit.

9.2.2 If the Managing Trustees do not, or to the extent that the Managing Trustees do not, or do not intend, to exercise such power within twenty four months of the death of the deceased the Managing Trustees shall hold such sum on trust for the Personal Representatives of the deceased absolutely unless the deceased died wholly or partially intestate and such sum would by operation of law pass to the Crown the Duchy of Lancaster or the Duchy of Cornwall as bona vacantia, in which case the Discretionary Trusts shall determine at the expiration of twenty four months from the date of the deceased's death and the Managing



## PART IV - BENEFITS - continued

Trustees shall thereupon hold such sum or its unexpended balance as an accretion to the Common Fund and for the benefit of such Members as the Principal Employer shall direct.

PROVIDED THAT the Managing Trustees shall not retain in the Scheme any sum directed to be held on Discretionary Trusts for more than twenty four months from the date on which such Discretionary Trusts commenced.

### ADDITIONAL BENEFITS

#### 10. Augmentation of Benefits - Contributions to Common Fund

The Principal Employer (and any Participating Employer with the consent of the Principal Employer) may, acting on the advice of the Actuary, at any time pay contributions to the Scheme in order to augment the benefits of its Employees, their Widows, Dependants and beneficiaries or former Employees, their Widows, Dependants and beneficiaries either generally or in any particular case and the Managing Trustees shall provide such additional benefits as the Principal Employer shall direct and the Actuary confirms is appropriate having regard to the additional contributions made to the Scheme PROVIDED THAT the maximum benefits permitted by the Inland Revenue as described in Part V (Inland Revenue Limits) of the Principal Deed shall not be exceeded.

#### 11. Existing Annuity/Pension Payments

Any of the Employers may by resolution of its Board of Directors with the written consent of the Principal Employer and the Managing Trustees, direct that any person who is for the time being entitled to receive from it a pension or annuity payable by it out of its own resources shall, as from the date mentioned in such resolution, receive such pension or annuity out of the Common Fund and shall be notified accordingly and such person shall, as from the date so mentioned, be entitled to be paid such pension or annuity from the Common Fund PROVIDED THAT the Employer shall make such contributions to the Common Fund as the Actuary shall recommend and that the accrued benefits of the other Members of the Scheme shall not be reduced or prejudiced and that any provision for the payment of such pension or annuity shall not be such as would affect Approval.

### LEAVING PENSIONABLE SERVICE

#### 12. Entitlement to Short Service Benefit

A Member who leaves Pensionable Service before Normal Retirement Date will be entitled to preserved benefits designated in the Principal Deed as Short Service Benefits.

13. Payment of Short Service Benefit

Short Service Benefit shall be payable at the Normal Retirement Date of the Deferred Pensioner (or later if he elects to become a Postponed Pensioner) and his Accumulated Sub Fund shall be applied as if the Deferred Pensioner were a Member at his Normal Retirement Date and in accordance with the provisions of the Scheme particularly Clause 1 (Normal and Early Retirement) of this Part of the Principal Deed. The benefits shall be such as are appropriate to each and every period of Relevant Employment and the Accumulated Sub Fund in respect of the Member at the date on which the Member left Pensionable Service increased as determined by the Actuary, together with any additional or augmentation of benefits under the Scheme awarded by the Employer apportioned where necessary on the advice of the Actuary applicable to each and every particular period of Relevant Employment PROVIDED ALWAYS that the aggregate so determined shall not be less than the total to which the Member is entitled by application of the Revaluation Provision.

14. Death of Deferred Pensioner

On the death of a Deferred Pensioner there will be payable benefits equal in value to his Accumulated Sub Fund in accordance with Clause 9 (Death Benefits and Discretionary Trusts) of this Part of the Principal Deed.

15. Notification to the Leaving Pensionable Member

At the termination of any period of Pensionable Service the Member shall be notified that benefits will be based on the value of his Accumulated Sub Fund.

16. Time of Payment of Short Service Benefit

A Deferred Pensioner who is entitled to Short Service Benefit or a deferred pension may apply to the Managing Trustees to receive benefits appropriate to his Accumulated Sub Fund, as advised by the Actuary:-

16.1 At a date not earlier than age 50; or

16.2 On incapacity at any age; or

16.3 At a date after Normal Retirement Date and at either:-

16.3.1 the normal retirement date under his last employer's pension scheme; or

16.3.2 at a later date but not later than his attainment of age 70 or, if the Inland Revenue have confirmed that this will not affect Approval, not later than age 75.

### 17. Members Statutory Right

If, in the event of a Members termination of Pensionable Service (as defined in the Social Security Act 1973), he shall be entitled to a Cash Equivalent (as defined in the Social Security Pensions Act 1975) ("the Pensions Act") in respect of his Pensionable Service in the Scheme the Managing Trustees shall have regard to and comply with the statutory requirements contained in the Pensions Act relating to the transfer of such Members Cash Equivalent to another occupational pension scheme, Buy Out Policy or Personal Pension Scheme.

### 18. Common Law Transfers to other Schemes (including Personal Pension Schemes) and Buy Out Policies

Where for any reason a Member's Pensionable Service has terminated and he becomes or is entitled to Short Service Benefits but has not acquired a statutory right to a Cash Equivalent the Managing Trustees, may provided that Approval of the Scheme will not be prejudiced, in their absolute discretion, treat such Member or Deferred Pensioner as if he had acquired a right to a Cash Equivalent on the date his Pensionable Service terminated and if they do the statutory provisions referred to in Clause 17 (Members Statutory Rights) of this Part of the Principal Deed shall be adopted and apply mutatis mutandis so as to create corresponding common law provisions in the Scheme to permit the transfer of a cash sum (equivalent to the value of the Member's or Deferred Pensioner's accrued benefits (plus any discretionary augmentation thereof) provided that it shall not be less than the amount of his notional Cash Equivalent) to another occupational pension scheme, Personal Pension Scheme or Buy Out Policy in accordance with his application to the Managing Trustees.

#### 18.1 Additional Requirements

The Managing Trustees may impose such conditions as they reasonably consider appropriate before granting a common law transfer to another occupational pension scheme, Personal Pension Scheme or common law transfer to purchase a Buy Out Policy.

#### 18.2 Discharge

Upon a transfer to another occupational pension scheme, Personal Pension Scheme or to purchase a Buy Out Policy all the Member's or Deferred Pensioner's rights in the Scheme (and those of any Contingent Beneficiaries claiming under him) shall cease and the Managing Trustees shall be discharged from any liability under the Scheme in respect of such Member or Deferred Pensioner or Contingent Beneficiaries claiming under him.

## PART IV - BENEFITS - continued

### 19. Transfers Received

#### 19.1 From Another Scheme

After confirmation by the Inland Revenue of the Approval of the Scheme the Managing Trustees may accept a transfer payment from the trustees of a scheme of which a Member was formerly a member ("the Transferring Scheme") and grant Transferred Benefits in the Scheme of an amount as may be advised by the Actuary as appropriate to the transfer received PROVIDED THAT:-

19.1.1 The Managing Trustees shall obtain a certificate from the trustees of the Transferring Scheme stating:-

19.1.1.1 the amount (if any) which is to be regarded as relating to the Member's contributions to the Transferring Scheme and treated as Member's Transferred Contributions, for the purposes of any transfers out, the equivalent of the amount so certified.

19.1.1.2 the periods of employment which are or may become Linked Qualifying Service.

19.1.2 If the trustees of the Transferring Scheme inform the Managing Trustees that the Member was prohibited by reason of the level of his remuneration from receiving a refund of his Member's Transferred Contributions on leaving the Transferring Scheme, otherwise than on death, the Managing Trustees, in the event of a transfer out of the Scheme, will ensure that the trustees of the recipient scheme are made aware of this prohibition which shall apply equally to the appropriate Member's Transferred Contributions transferred out.

19.1.3 The Managing Trustees shall obtain a certificate from the trustees of the Transferring Scheme stating the amount (if any) of the benefit derived from the Transferred Benefits which may be paid in the form of a lump sum and the Managing Trustees will restrict the benefit from this Scheme in accordance with the certificate.

19.1.4 If the Managing Trustees so wish they may receive in lieu of the whole or part of the cash transfer, assets of equivalent value including the assignment to them of policies of insurance or annuity contracts (including Ear Marked Policies).

#### 19.2 In Respect of a Buy Out Type Policy

The Managing Trustees may accept, subject to Inland Revenue Approval, in respect of a Member of the Scheme, an assignment to them of a Buy Out type Policy on his life (or cash sum representing the cash value of such a Policy upon

PART IV - BENEFITS - continued

its surrender) which was, with Inland Revenue Approval, issued in his name in respect of his previous membership of an occupational pension scheme, approved under Chapter I of Part XIV of the Act and the Managing Trustees shall provide such Transferred Benefits in the Scheme as the Managing Trustees, acting upon the reasonable advice of the Actuary, reasonably consider to be commensurate with the value of the said Buy Out type Policy.

## PART V - INLAND REVENUE LIMITS

### CLASS A MEMBERS

Notwithstanding anything to the contrary in the Scheme provisions:-

A. any term used in the Scheme as a measure of the annual earnings of a Class A Member for the purpose of calculating benefits is to be interpreted as though those earnings are no greater than the permitted maximum as defined in Section 590C(2) of the Act. The benefits so calculated may be augmented up to the maximum limits in 2 below.

B. 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 Relevant Schemes providing benefits in respect of Service, exceed the limits set out below.

#### 1. Member's Aggregate Retirement Benefit

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

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 of the Scheme; or

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 sub-clause 1.1 above; Final Remuneration being computed as at the actual date of retirement; or

1.3 on leaving Pensionable Service before attaining age 75, 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 of the Scheme. The amount computed as aforesaid 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 the requirements of the Department of Social Security is also allowable.

#### 2. Member's Lump Sum Retirement Benefit

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

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 of the Scheme; or

2.2 on retirement at any time on grounds of Incapacity, the amount which could have been provided at Normal Retirement Date in accordance with sub-clause 2.1 above; Final Remuneration being computed as at the actual date of retirement; or

2.3 on leaving Pensionable Service before attaining age 75, a lump sum of 3/80ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval of the Scheme. 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 his pension begins to be payable but only if and to the same extent as the total benefits have been increased under sub-clause 1.3 above.

### 3. Lump sum benefit on death of Member in Service or Deferred Pensioner

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

3.1 £5,000, and

3.2 4 times the annual rate of the Member's remuneration from the Employer at the date of his death or his Final Remuneration

less

(1) any lump sum (other than a refund of his own contributions and any interest thereon) payable on the death of the Member under all Relevant Schemes in respect of service with previous employers, and

(2) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Act or a personal pension scheme approved under Chapter IV of Part XIV of the Act,

if the aggregate of such lump sums exceed £2,500.

4. Dependant's Pension

Any pension for a Dependant when aggregated with the pensions, other than those provided by surrender 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 Aggregate Retirement Benefit:-

4.1 being paid to the Member at the date of his death (including any pension increases), or

4.2 being a deferred benefit payable to the Member at any time between attaining age 50 and attaining age 75, or

4.3 prospectively payable to the Member, if he dies in Service, had he remained in Service up to the Normal Retirement Date at the rate of pay in force immediately before his death, or

4.4 prospectively payable to him if he dies in Service after Normal Retirement Date on the basis that he had retired on the day before he died,

or such greater amount as will not prejudice Approval of the Scheme.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependents' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of whichever is the appropriate Aggregate Retirement Benefit under sub-clauses 4.1, 4.2, 4.3 and 4.4 of this Clause or such greater sum as will not prejudice Approval of the Scheme.

5. Pension Increases

The maximum amount of a pension ascertained in accordance with this clause, less any pension which has been commuted for a lump sum, or surrendered to provide a Dependant's pension may be increased by 3% for each complete year or, in proportion to the increase in the Index which has occurred since the pension commenced to be paid.

6. Special Director or Controlling Director

The preceding provisions of this Part of the Principal Deed shall be modified in their application to a Member who is or has been a Special Director or Controlling Director as follows:-

the amount of the maximum Aggregate Retirement Benefit in Clause 1 above and of the maximum Lump Sum Retirement Benefit in Clause 2 above shall be reduced, where necessary for continuance of Approval of the Scheme, so as to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under



PART V - INLAND REVENUE LIMITS - continued

Section 620 Income and Corporation Taxes Act 1988 or a personal pension scheme approved under Section 631 of the Act.

CLASS B OR C MEMBERS

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

1. Member's Aggregate Retirement Benefit

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

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 of the Scheme; or

1.2 on retirement after Normal Retirement Date, a pension of the greatest of:-

1.2.1 the amount calculated in accordance with sub-clause 1.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date,

1.2.2 the amount which could have been provided at Normal Retirement Date in accordance with sub-clause 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

1.2.3 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 sub-clauses 1.2.1 and 1.2.3 above as at the actual date of retirement, but subject always to Clause 6 below;

1.3 on leaving Pensionable Service 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 of the Scheme. The amount computed as aforesaid may be increased by 5% for each complete year or, if greater, in proportion to

## PART V - INLAND REVENUE LIMITS - continued

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 the requirements of the Department of Social Security is also allowable.

### 2. Member's Lump Sum Retirement Benefit

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

2.1 on retirement at or before Normal Retirement Date,  $\frac{3}{80}$ ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval of the Scheme; or

2.2 on retirement after Normal Retirement Date, the greatest of:-

2.2.1 the amount calculated in accordance with sub-clause 2.1 above on the basis that the actual date of retirement was the Member's Normal Retirement Date,

2.2.2 the amount which could have been provided at Normal Retirement Date in accordance with sub-clause 2.1 above together with an amount representing interest thereon,

2.2.3 where the Member's total Service has exceeded 40 years, the aggregate of  $\frac{3}{80}$ ths of Final Remuneration for each year of Service before Normal Retirement Date (not exceeding 40 such years) and of a further  $\frac{3}{80}$ ths 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 sub-clauses 2.1.1 and 2.1.3 above as at the actual date of retirement, but subject always to Clause 6 below;

2.3 on leaving Pensionable Service before Normal Retirement Date, a lump sum of  $\frac{3}{80}$ ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval of the Scheme. 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 his pension begins to be payable but only if and to the same extent as the total benefits have been increased under sub-clause 1.3 above.

### 3. Lump sum benefit on death of Member in Service or Deferred Pensioner

The lump sum benefit (exclusive of any refund of a Member's own contributions and any interest thereon), payable on the death of a Member while in Service or (having left Service with a deferred pension) before the commencement of his

## PART V - INLAND REVENUE LIMITS - continued

pension shall not, when aggregated with all like benefits under Associated Schemes, exceed the greater of:-

3.1 £5,000, and

3.2 4 times the annual rate of the Member's remuneration from the Employer at the date of his death or his Final Remuneration

less

(1) any lump sum (other than a refund of his own contributions and any interest thereon) payable on the death of the Member under all Relevant Schemes in respect of service with previous employers, and

(2) any lump sum life assurance benefit payable on the death of the Member under a retirement annuity contract or trust scheme approved under Chapter III of Part XIV of the Act or a personal pension scheme approved under Chapter IV of Part XIV of the Act,

if the aggregate of such lump sums exceed £2,500.

### 4. Dependant's Pension

Any pension for a Dependant when aggregated with the pensions, other than those provided by surrender 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 Aggregate Retirement Benefit:-

4.1 being paid to the Member at the date of his death (including any pension increases), or

4.2 being a deferred benefit payable to the Member at Normal Retirement Date, or

4.3 prospectively payable to the Member, if he dies in Service, had he remained in Service up to the Normal Retirement Date at the rate of pay in force immediately before his death, or

4.4 prospectively payable to him if he dies in Service after Normal Retirement Date on the basis that he had retired on the day before he died,

or such greater amount as will not prejudice Approval of the Scheme.

If pensions are payable to more than one Dependant of a Member, the aggregate of all Dependents' pensions payable in respect of him under this and all Associated Schemes shall not exceed the full amount of whichever is the

## PART V - INLAND REVENUE LIMITS - continued

appropriate Aggregate Retirement Benefit under sub-clauses 4.1, 4.2, 4.3 and 4.4 of this Clause or such greater sum as will not prejudice Approval of the Scheme.

### 5. Pension Increases

The maximum amount of a pension ascertained in accordance with this clause, less any pension which has been commuted for a lump sum, or surrendered to provide a Dependant's pension may be increased by 3% for each complete year or, in proportion to the increase in the Index which has occurred since the pension commenced to be paid.

### 6. Member's Pension before retirement

If a Member elects under Clause 2 of Part IV (Benefits) of this Principal Deed to take any part of his benefits under the Scheme in advance of actual retirement, the limits set out in Clauses 1 and 2 above shall apply as if he had retired on the date of the election as aforesaid, no account being taken of subsequent Service, save that the maximum amount of any uncommuted 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.

### 7. Special Director and Controlling Director

The preceding provisions of this Part of the Principal Deed shall be modified in their application to a Member who is or has been a Special Director or Controlling Director as follows:-

7.1 the amount of the maximum Aggregate Retirement Benefit in Clause 1 and of the maximum Lump Sum Retirement Benefit in Clause 2 shall be reduced, where necessary for Approval of the Scheme, so as to take account of any corresponding benefits under either a retirement annuity contract or trust scheme approved under Section 620 of the Act or a personal pension scheme approved under Section 631 of the Act and in relation to a Member who is a Special Director at his Normal Retirement Date, as follows:-

7.1.1 where retirement takes place after Normal Retirement Date but not later than the Member's 70th birthday, sub-clauses 1.2.2 and 1.2.3 and sub-clauses 2.2.2 and 2.2.3 of this Part of the Principal Deed shall not apply, and if retirement is later than the attainment of that age, the said clauses shall apply as if the Member's 70th birthday had been specified in the provisions of the Scheme 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;

7.1.2 where Clause 6 of this Part of the Principal Deed applies to him, the rate of the actuarial increase referred to therein 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.

7.3 where a Controlling Director remains in Pensionable Service over age 75 any lump sum death benefits will be paid to his spouse or (if he leaves no spouse) to his personal representatives.

## 8. Special Conditions

### 8.1 All Members - Augmentation of Benefits

Where in addition to being a Member of the Scheme the Member is also a member of an approved scheme (the "voluntary scheme") which provides additional benefits to supplement those provided by the Scheme and to which no contributions are made by his Employer the provisions of the following paragraph shall apply in relation to any augmentation of the benefits provided for him by the Scheme after he has ceased to participate in it.

Any provisions in the Scheme imposing a limit on the amount of a benefit provided for the Member shall have effect (notwithstanding anything in them to the contrary) as if they provided for the limit to be reduced by the amount of any like benefit provided for the Member by the voluntary scheme.

### 8.2 Class A Members - Payment of Benefits

The Scheme provisions shall have effect (notwithstanding anything in them to the contrary) as if they provided:-

8.2.1 that a Member's retirement benefit shall be paid no later than the date on which he attains age 75, and

8.2.2 subject to 8.2.1 above that no part of a Member's retirement benefit shall be paid in advance of actual retirement or leaving Service except to the extent necessary to comply with the requirements of the Department of Social Security.

### 8.3 All Members - Return of Surplus Funds

Any provisions in the Scheme permitting the Member to make voluntary contributions to secure additional benefits for himself and his Dependents shall (notwithstanding anything in them to the contrary) be subject to the provisions of Part III of Schedule 6 Finance Act 1989 and The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 concerning the return of surplus funds.

PART V - INLAND REVENUE LIMITS - continued

8.4 Class B and Class C Members - Alternative Maxima

A Class B or Class C Member may at any time before the Relevant Date give written notice to the Managing Trustees in such form as the Board of Inland Revenue may prescribe that the provisions of Part II Schedule 6 of the Finance Act 1989 shall apply to him in which event he shall be deemed to be a Class A Member.

## PART VI - MANAGING AND PENSIONER TRUSTEES

### 1. Type of Trust

Subject to the saving provisions stated in sub-clauses 10.3.2 and 10.3.3 of sub-clause 10.3 (Alteration of Deeds) of this Part of the Principal Deed the Common Fund shall be held by the Managing Trustees as joint tenants upon IRREVOCABLE TRUSTS in or towards providing Relevant Benefits in accordance with the Scheme's objects.

### INVESTMENT AND OTHER POWERS

### 2. Investments

2.1 All investments and moneys for the time being constituting the Common Fund shall be held by or under the control of the Managing Trustees as joint tenants PROVIDED THAT such investments and moneys may be placed by the Managing Trustees in the name of such body corporate as nominee for them as they shall from time to time select.

### 2.2 Managing Trustees' Powers of Investment

2.2.1 No power of investment contained in this clause shall be exercised by the Managing Trustees unless they have first notified the Pensioner Trustee in writing of the proposed investment(s) (which for the purposes of this clause shall include the sale for cash or by way of exchange of any Scheme asset comprised in the Common Fund) and have provided the Pensioner Trustee with such details of the proposed investment(s) as he shall reasonably request and received a reply from the Pensioner Trustee as required below. The Pensioner Trustee shall be reasonably entitled to rely on the accuracy and completeness of such information and upon receipt the Pensioner Trustee shall, as quickly as is reasonably practicable in the circumstances, provide written advice to the Managing Trustees as to the suitability of the proposed investment(s) having regard solely to the provisions of Paragraph 20 of the Practice Notes issued by the Board of Inland Revenue and the said Board's general practice from time to time in exercise of their discretion under Section 591 of the Act with the intent that the Managing Trustees shall be advised if the proposed investment may or would prejudice Approval. The Pensioner Trustee shall also advise the Managing Trustees of any investments already comprised in the Common Fund, the continued retention of which may or would prejudice Approval.

2.2.2 The Pensioner Trustee may, in his absolute discretion, from time to time or at any time, solely for the purpose of ease of administration, notify the Managing Trustees of certain investments which they may make which should not prejudice Approval ("the Approved Investments"). The Pensioner Trustee shall ensure that the Approved Investments are sufficiently described for identification purposes by the Managing Trustees and shall further ensure that the list of Approved Investments from time to time is consistent with Approval as aforesaid and for this purpose shall, in writing, add to, vary or cancel the list of Approved Investments as may be required from time to time. The duty of the Managing Trustees to advise the Pensioner Trustee of proposed investments as aforesaid shall not apply to any investment on the current list of Approved Investments, although the Managing Trustees shall notify the Pensioner

## PART VI - MANAGING AND PENSIONER TRUSTEES - continued

Trustee as soon as reasonably practicable of any acquisition or disposal of any Approved Investments.

2.2.3 Provided that the Managing Trustees have observed the foregoing provisions of this clause they shall not be bound to observe the advice of the Pensioner Trustee and the powers of investment below may be exercised without fetter provided always that the Pensioner Trustee shall not be accountable to any of the Employers, beneficiaries of the Scheme or the Managing Trustees in respect of any loss arising out of the non Approval or withdrawal of Approval of the Scheme caused directly or indirectly from any investment made by the Managing Trustees which was not approved by the Pensioner Trustee for the purposes of this Clause.

2.2.4 The Managing Trustees shall provide the Pensioner Trustee, on each Scheme Anniversary, with a schedule of the investments comprised in the Common Fund. Subject as aforesaid the Managing Trustees may retain in any bank account such moneys as are considered proper and subject thereto shall invest all moneys received on account of the Common Fund in or upon the security of such stocks, shares, debentures, debenture stocks or other investments (including any interest in land) whatsoever and wheresoever situate, whether income producing or not, whether involving liability or not, and whether or not authorised by law for the investment of trust moneys or upon such credit [subject to sub-clause 13.5 (Dealings with Fund and Members) of this Part of the Principal Deed] (with or without security) as the Managing Trustees think fit to the intent that the Managing Trustees shall have the same full and unrestricted powers of investment and of varying and transposing investments in all respects as if they were absolutely entitled to the Common Fund beneficially.

2.2.5 Any land or any interest in land acquired hereunder shall, if and so far as the lex situs allows, and unless the Managing Trustees otherwise decide, be held upon trust for sale with power at their discretion to postpone such sale.

### 2.3 Annuities, Life Assurance and Underwriting

Without prejudice to the generality of the foregoing provisions trust moneys may be invested or applied:-

2.3.1 in the purchase from a Life Office of any annuity or annuities for the life or lives of any person or persons who are beneficiaries under the provisions of the Scheme or for any period or periods whether depending upon or calculated by reference to life or not.

2.3.2 in effecting and paying premiums in respect of any policy or policies of life insurance on the life or lives of any person or persons who are beneficiaries under the provisions of the Scheme and

2.3.3 in the underwriting or sub-underwriting or guaranteeing the subscription of any funds securities bonds debenture stocks or shares



which may from time to time be investments authorised by or pursuant to the foregoing provisions of this Clause.

#### 2.4 Restrictions on Investments

Notwithstanding anything to the contrary in the Scheme provisions the following clauses shall have full effect except that they may not be construed as conferring powers on the Managing Trustees which they do not otherwise have by virtue of this Principal Deed.

The Managing Trustees' power of investment shall be restricted to preclude investment either directly or indirectly in:-

2.4.1 personal chattels other than choses in action; or

2.4.2 Residential Property other than that which is, or is to be, occupied:-

2.4.2.1 by an employee who is not connected with his or her Employer and who is required as a condition of employment to occupy that property, or

2.4.2.2 by a person other than a Scheme Member or a person connected with a Scheme Member where that person also occupies connected business premises which are also held by the Managing Trustees as an investment of the Scheme; or

2.4.3 stock or shares in a Private Company which:-

2.4.3.1 carry more than thirty per cent of the voting power in the Company, or

2.4.3.2 entitle the holder to more than thirty per cent of any dividends declared by the Company.

For the purposes of sub-clause 2.4.2 above the Managing Trustees are not regarded as holding a Residential Property where they hold as an investment units in a unit trust scheme:-

(A) which is an authorised unit trust scheme within the meaning of Section 468(6) of the Act, or

(B) an exempt unit trust within the meaning of Section 96 of the Capital Gains Tax Act 1979, and

(C) that unit trust scheme holds Residential Property as an investment.

Notwithstanding any provisions to the contrary in the Trust Deeds, the word "member" shall for the purposes of this paragraph mean a person who is in Pensionable Service for the purposes of the Scheme or, as the case may be, a person who qualifies for benefits under the Scheme by reason of his Pensionable Service. At any time when the Scheme has less than twelve members and each of the members is a trustee of the Scheme, no investment of the resources of the Scheme shall be made in any Employer-Related Investment unless each member agrees in writing to the making of that investment.

## 2.5 Lending

The Managing Trustees in that capacity shall not directly or indirectly lend money:-

2.5.1 to a Member of the Scheme or to a person who is connected with a Member of the Scheme other than an Employer or any Company associated with an Employer; or

2.5.2 to an Employer or a Company associated with an Employer unless the loan is:-

2.5.2.1 utilised for the purpose of the borrower's Business, and

2.5.2.2 for a fixed term, and

2.5.2.3 at a commercial rate of interest, and

2.5.2.4 evidenced by an agreement in writing which contains all the conditions on which it is made and, in particular, the provisions specified in paragraph 2.5.3 below;

2.5.3 the provisions specified in this paragraph are that the lending shall be repaid immediately if:-

2.5.3.1 the borrower is in breach of the conditions of the agreement; or

2.5.3.2 the borrower ceases to carry on business; or

2.5.3.3 the borrower becomes insolvent within the meaning defined for the purposes of Regulation 6 of the Retirement Benefit Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991; or

2.5.3.4 the money is required to enable the Managing Trustees to pay benefits which have already become due under the Scheme.

## 2.6 Maximum Lending

The amount of the aggregate of:-

2.6.1 the amount outstanding of any lending to an Employer and/or a Company associated with an Employer made in accordance with sub-clauses 2.5.2 and 2.5.3 above, and

2.6.2 the market value of stock and shares in an Employer and/or a Company associated with an Employer held by the Managing Trustees in that capacity

shall not at the time of any lending under sub-clause 2.5 or the purchase of any shares in the Employer or a company associated with an Employer exceed fifty per cent of the market value of the total assets of the Scheme. If the lending or purchase takes place within 2 years of the establishment of the Scheme the amount shall not exceed twenty-five per cent of the market value of the total assets of the Scheme excluding the value of any transfer values received.

## 2.7 Transactions with Scheme Members

The Managing Trustees in that capacity shall not directly or indirectly purchase, sell or lease any investment or asset from or to a Member of the Scheme or a person (other than an Employer or a company associated with an Employer) connected with a Member. A purchase will not be construed as being an indirect purchase from a Member of the Scheme or a connected person if at the time of purchase 3 or more years have elapsed since the investment or asset was owned by the Member or connected person. A sale will not be construed as an indirect sale to a Member of the Scheme or a connected person if the purchase by the Member or connected person takes place 3 years or more after the sale by the Managing Trustees.

## 2.8 Transactions with Employers and associated companies

The Managing Trustees in that capacity shall not directly or indirectly purchase, sell or lease any investment or asset from or to an Employer or a Company associated with an Employer except in accordance with independent professional advice obtained in writing.

## 2.9 Connected Persons

For the purpose of this Clause 2 any question of whether a person is connected with another shall be determined as follows:-

2.9.1 a person is connected with an individual if that person is the individual's spouse or is a Relative or the spouse of a Relative or of the individual's spouse;

2.9.2 a Scheme Member is connected with an Employer if:-

## PART VI - MANAGING AND PENSIONER TRUSTEES - continued

2.9.2.1 the Employer is a partnership and the Scheme Member is connected with a partner, or

2.9.2.2 the Employer is a Company and the Scheme Member or any person connected with him or her is, or has been during the last 10 years a Controlling Director of the Company;

2.9.3 a Company is connected with another Company if:-

2.9.3.1 the same person has Control of both, or

2.9.3.2 a person has Control of one and persons connected with that person have Control of the other, or

2.9.3.3 a person has Control of one and that person and persons connected with that person have Control of the other;

2.9.4 a Company is connected with another person if that person has Control of it or if that person and a person or persons connected with him or her together have control of it;

2.9.5 any two or more persons acting together to secure or exercise Control of a Company shall be treated in relation to that Company as connected one with another and with any person acting on the directions of any of them to secure or exercise Control of the Company.

### 2.10 Associated Companies

For the purposes of this Clause 2 a company is associated with an Employer if directly or indirectly) the Employer controls that company or that company controls the Employer or if both are controlled by a third person.

### 2.11 Scheme Members

For the purposes of this Clause 2 a Member of the Scheme includes:-

2.11.1 a Scheme Member,

2.11.2 a person in receipt of a pension from the Scheme, or

2.11.3 a person who has been a Scheme Member.

### 2.12 Provision of Information to Inland Revenue

2.12.1 Within 90 days of any transaction by the Managing Trustees as is specified in sub-clause 2.12.2 below the Administrator will furnish the Board of Inland Revenue with such information and documents as the Board requires.

2.12.2 The transactions specified are:-

- 2.12.2.1 the acquisition or disposal of land (including buildings and other structures);
- 2.12.2.2 the lending of money to an Employer or a Company associated with an Employer;
- 2.12.2.3 the acquisition or disposal of shares in an Employer or a Company associated with an Employer;
- 2.12.2.4 the acquisition or disposal of shares in a Private Company;
- 2.12.2.5 the borrowing of money; or
- 2.12.2.6 the purchase, sale or lease from or to an Employer or a Company associated with an Employer of any investment or asset.

3. Employment of Agents

The Managing Trustees shall have power to employ such agents as they think fit in the transaction of any business of the Scheme including the payment of pensions and other benefits and any valid receipt therefor given to such agents shall be a good and sufficient discharge to the Managing Trustees.

4. Borrowing - Managing Trustees' Powers

The Managing Trustees shall have power to retain, invest, or vary the investment of the Scheme's assets comprising the Common Fund or to borrow money on the security thereof or to borrow or raise money on such terms as they may think fit for the purpose of purchasing or otherwise acquiring property or assets of any nature or any interest therein and the Managing Trustees shall have power to charge such property or assets as security for such borrowing or money raised as though they were absolutely and beneficially entitled thereto PROVIDED THAT:-

At the time of any borrowing the Managing Trustees shall not have borrowed and not repaid an aggregate amount including the amount of that borrowing in excess of the total of:-

- 4.1 three times the Ordinary Annual Contribution, and
- 4.2 three times the annual amount of contributions paid or payable as a condition of membership by the Scheme Members in the year of assessment ending immediately before the borrowing took place, and
- 4.3 forty-five per cent of the market value of investments held for the

purposes of the Scheme.

#### 5. Additional Powers of the Managing Trustees

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

##### 5.1 Delegation

Save as provided in sub-clause 13.2 (Managing Trustees - Decision Making Process) of this Part of the Principal Deed to delegate (by power of attorney or otherwise) to any person or persons or fluctuating body of persons (whether or not a trustee hereof) all or any of the powers duties and discretions vested in them hereunder and any such delegation may be on such terms and conditions as the Managing Trustees think fit (including the power to sub-delegate) and the Managing Trustees shall not be bound to supervise the proceedings of or be in any way responsible for any loss incurred as a result of any such delegation or sub-delegation or the negligence or default of any delegate or sub-delegate.

##### 5.2 Dealings with Land

To lease, mortgage, exchange, sell, insure or otherwise deal with any interest in land forming part of the Common Fund in like manner as if they were absolutely and beneficially entitled thereto.

##### 5.3 Transactions with Employers and Other Trusts - Managing Trustees' Fiduciary Duties

To enter into any transaction affecting all or any part of the Common Fund with any one or more of the Employers or with the trustees of any other trusts notwithstanding that the trustees or the directors of any body corporate being a trustee hereof (or any of them) may be or be included amongst the trustees or the directors of any body corporate being a trustee of such other trust PROVIDED THAT the approval of the Scheme is not thereby jeopardised.

##### 5.4 Insurance of Scheme Assets

5.4.1 to insure any asset comprised in the Common Fund on such terms as they shall think fit.

5.4.2 to pay premiums out of income or capital.

5.4.3 to use any insurance money received to restore the asset or if this is not possible to apply it as if it were the proceeds of the sale of the asset.

6. New and Additional Managing and Pensioner Trustees

The powers of appointing new and additional trustees shall be vested in the Managing Trustees who shall, notwithstanding, have a power to remove any one or more of the Managing Trustees and/or the Pensioner Trustee and a power to appoint a new or additional Managing Trustee or Pensioner Trustee which powers shall be exercised by Deed executed by a majority of the Trustees and it is hereby declared that any body corporate (whether or not being a Trust Corporation as defined in the Law of Property Act 1925) may be appointed to act as sole Managing Trustee and/or Pensioner Trustee of the Scheme and the Common Fund.

Any Managing Trustee (but not the Pensioner Trustee (as hereinafter defined)) may retire from the trusts hereof under the powers conferred by Section 39 of the Trustee Act 1925.

7. Fiduciary Duties of Trustees who are Members

Any Member may retain for his own absolute benefit any moneys accruing to him as a Member of the Scheme notwithstanding that he may from time to time be a Managing Trustee or a director employee or member of a body corporate which is a Managing Trustee for the time being.

If the Pensioner Trustee or any other professional adviser in which the Pensioner Trustee has a financial interest or connection is consulted by the Managing Trustees for investment advice, the adviser may charge the Managing Trustees a reasonable fee for such advice and/or shall be entitled to retain any procuration commissions received as a result of any investment made by the Managing Trustees through his or their agencies.

8. Managing and Pensioner Trustees' Indemnities

The Managing Trustees and the Pensioner Trustee shall be entitled to all the indemnities conferred on them by law and no Managing Trustee or Pensioner Trustee or director or employee of a body corporate being a Managing Trustee and/or Pensioner Trustee for the time being shall be liable for any acts or omissions not due to its or his own wilful neglect or default. In particular the Principal Employer and Managing Trustees hereby declare that the Pensioner Trustee has only been appointed to satisfy the requirements of the Board of Inland Revenue to obtain and maintain Approval having regard particularly to the provisions of Paragraph 20 of the Practice Notes issued by the Board of Inland Revenue, and it is intended that the duties and obligations of the Pensioner Trustee shall be limited and circumscribed as provided in the Principal Deed and that, insofar as the law will permit, any provisions of the common law (including principles of Equity) or any Statute which place obligations or duties upon trustees generally (other than those regarding probity) shall be of no effect unless they are expressly reproduced in the Principal Deed and stated to apply to the Pensioner Trustee.

## PART VI - MANAGING AND PENSIONER TRUSTEES - continued

Further, but subject as aforesaid, the Principal Employer shall keep the Managing Trustees and the Pensioner Trustee indemnified against all costs, expenses and disbursements howsoever arising from the exercise of their powers and discretions but if the Principal Employer shall default such costs, expenses and disbursements may be recovered from the Common Fund.

### 9. Scheme Administrator

The Managing Trustees may from time to time appoint and may from time to time remove a person or persons (who may also be a Managing Trustee hereof) to act as Administrator of the Scheme in order to meet the requirements of the Board of Inland Revenue under the terms of Section 590(2)(c) of the Act.

Such appointment and removal shall be made in writing.

### 10. Managing Trustees Powers

The Managing Trustees shall have the power:-

#### 10.1 Seeking Professional Advice

To act on the advice or opinion (whether or not obtained by them or on their behalf) of any lawyer broker Actuary (being a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries in Scotland or a firm of such Fellows or corporate body having a director or employee who is a Fellow of the Institute of Actuaries or Fellow of the Faculty of Actuaries in Scotland) pensions consultant, accountant, investment adviser or other professional person and shall not be responsible for any loss occasioned by so acting).

#### 10.2 Settlement of Claims

To settle compromise or submit to arbitration any claim or matter relating to the Scheme or the trusts thereof.

#### 10.3 Alteration of Deeds

Subject to notifying the Pensioner Trustee of their intention to do so from time to time, or at any time, with the consent of the Principal Employer (except as provided below) by deed, executed by the Principal Employer (except as provided below) and the Managing Trustees to add, alter or modify all or any of the trusts, powers or provisions of the Trust Deeds and any deed which has been executed pursuant to the power herein referred to and such addition, alteration or modification may take effect retrospectively, immediately or prospectively and the power shall not determine (in particular with regard to additions, alterations or modifications to Clause 12 (Winding Up - Common Fund) of Part VII (General) of the Principal Deed) notwithstanding that an event has occurred which may or should give rise to a winding up of the Scheme pursuant to the said Clause 12.



## PART VI - MANAGING AND PENSIONER TRUSTEES - continued

The powers contained in this Clause shall be exercisable by the Managing Trustees acting alone (but subject to prior notification to the Pensioner Trustee as aforesaid) if the Principal Employer is placed in the hands of a Receiver or Liquidator or is wound up and a new Principal Employer has not assumed the responsibilities of the Principal Employer pursuant to Clause 10 (Reconstruction or Winding Up of the Principal Employer) of Part VII (General) of the Principal Deed.

No addition, alteration or modification effected pursuant to the powers contained in this Clause shall:-

10.3.1 prejudicially affect the preservation of benefits in accordance with the requirements of Section 63 of the Social Security Act 1973 and Part 4 of Schedule 16 to that Act and the provisions of the Social Security Act 1985.

10.3.2 diminish the rights of a Member or former Member unless such diminution is necessary to preserve Approval or is approved in writing by the Member or former Member. For the avoidance of doubt the rights of any Contingent Beneficiaries claiming under a Member or former Member may (so far as is legally permitted) be reduced or extinguished pursuant to the powers contained in this Clause and any such reduction or extinguishment shall not be regarded as being inconsistent with or contrary to the irrevocability of the trusts hereby declared.

10.3.3 cause any monies to be paid or become payable to the Employer save:-

10.3.3.1 insofar as they are a surplus remaining after the termination of the Scheme; or

10.3.3.2 where such payments would not cause loss of Approval and such payments shall not be regarded as being inconsistent with or contrary to the irrevocability of the trusts hereby declared.

The powers contained in this clause shall not be exercised in respect of Clause 20 (Expenses) of this Part of the Principal Deed and neither shall such powers be used to abrogate the provisions of this paragraph.

### 11. Preservation of Benefits

11.1 The Managing Trustees may make any determination for the purposes of ensuring that the Scheme complies with the preservation requirements of the Social Security Act 1973 and the Social Security Act 1985 or any modification or re-enactment thereof for the time being in force and/or any related purpose and may subject to compliance with those requirements revoke or vary such determination and every such determination revocation and variation shall have effect according to its terms.

11.2 The provisions of any such determination revocation or variation shall be deemed to be incorporated in the Trust Deeds with effect from the date of establishment of the Scheme and shall (to the extent that they are inconsistent therewith) override other provisions of the Trust Deeds.

## 12. Exempt Approval - Managing Trustees' Determinations

12.1 The Managing Trustees shall make any determination which in their opinion is necessary for the purpose of ensuring that the Scheme complies with the requirements of the Board of Inland Revenue for approval and treatment as an exempt approved Scheme under Sections 591 and 592 respectively of the Act and may for such purpose revoke or vary any such determination.

12.2 Every such determination, variation or revocation thereof shall have effect according to its terms and from such time as may be specified thereby and such time may be the date thereof or any reasonable time previous or subsequent thereto so as to give the determination, variation or revocation immediate, retrospective or future effect and in particular so long as the Scheme shall not have received such approval as aforesaid as an exempt approved scheme any such determination, variation or revocation thereof may have effect from the date of establishment of the Scheme and shall be deemed to be incorporated in the Trust Deeds.

## 13. Miscellaneous

### 13.1 Pensioner Trustee

13.1.1 There shall at all times (save as hereinafter appears) be a person or corporate body acting in respect of the Scheme as a Pensioner Trustee as required by and to the satisfaction of the requirements of the Board of Inland Revenue in accordance with Paragraph 20 of the Practice Notes issued by the Board of Inland Revenue PROVIDED THAT the Pensioner Trustee may resign from the trusts hereof not less than twenty eight days after giving written notice of such resignation in the manner hereinafter appearing:-

13.1.1.1 such notice shall be in writing and shall be given to the Managing Trustees and the Principal Employer.

13.1.1.2 notice may be given by sending the same through the post in a letter addressed to the recipient at his last known place of abode (or in the case of a corporation to its registered office) and any notice so sent shall be deemed to be served on the day following that on which it is posted.

13.1.1.3 the Pensioner Trustee shall furnish a copy of such notice or notices to the Board of Inland Revenue.

13.1.1.4 in relation to the Pensioner Trustee the

provisions of Section 39 of the Trustees Act 1925 shall apply as if the words

"and if his co-trustees and such other person if any as is empowered to appoint trustees by deed consent to the discharge of the trustee and to the vesting in the co-trustees alone of the trust property".

were omitted from sub-section (1) thereof.

13.1.2 In the event that the Pensioner Trustee ceases to act as a trustee of the Scheme or ceases to be qualified to act as a Pensioner Trustee the Managing Trustees shall within 30 days notify the Board of Inland Revenue in writing and within 60 days appoint a successor who is a Pensioner Trustee. The Managing Trustees shall within 30 days of the appointment of the successor notify the Board of Inland Revenue in writing of the name of the successor.

### 13.2 Managing Trustees - Decision Making Process

All powers conferred on the Managing Trustees (whether by the Trust Deeds or by statute or general law) shall (where there are more than two Managing Trustees) be exercisable by a majority of the Managing Trustees acting jointly EXCEPT THAT no exercise of the power of investment which gives rise or may give rise to a liability of the Managing Trustees or any of them or to the power of delegation contained in sub-clause 5.1 (Additional Powers of the Managing Trustees - Delegation) of this Part of the Principal Deed shall take place except by unanimous decision in writing of all the Managing Trustees. Further, notwithstanding the foregoing, no exercise of any power contained in this Principal Deed or in any statute relating to the termination and winding up of the Scheme or the termination of these trusts and disposal of the Common Fund of the Scheme pursuant to the general Common Law shall take place unless a resolution is agreed and signed by all of the Managing Trustees present and the Pensioner Trustee.

### 13.3 Securing of Pensions by Annuities

13.3.1 In this sub-clause "annuity" means an annuity in the name of the Managing Trustees purchased from a Life Office and "pension date" means the date when a Member's pension first becomes payable.

13.3.2 In the case of (i) a Member who retires for whatever reason on or after 4 February 1994 or (ii) a Member who retired on or after 4 February 1989 but whose pension has not been secured within five years of that retirement the Managing Trustees may purchase an annuity for such Member in accordance with Clause 8 of Part VII.

Where a prospective widow's/widower's reversionary pension is payable, the Managing Trustees shall purchase such a contingent

annuity at the same time as the Member's own pension is so secured. If, however, the widow's/widower's pension is payable to whichever person is the Member's spouse when the Member dies, its purchase may be deferred until the death of the Member.

The Managing Trustees shall, however, have the power to defer the purchase of an annuity for such Member or for any dependant (subject always to the above conditions for purchasing a widow's/widower's pension) of a Member who dies while in Service or after retirement until in the case of the Member's pension no later than the date on which such Member attains age 75 or, in the case of a dependant's pension until the earlier of the attaining by the dependant of age 75 or the date on which the deceased Member would have attained age 75, so long as the following conditions are and remain satisfied:-

- (a) Where all Members of the Scheme and all dependants are in receipt of pensions (contingent widow's/widower's of Pensioners whose pensions must be secured at the same time as the Pensioners in accordance with Clause 13.3.2 above being regarded as in receipt of pension), the Managing Trustees shall not, directly or indirectly, make any new loans to, or share purchase in, the Employer or a Company associated with the Employer or make any new investments in any stock or shares in any Private Company following the later of the first payment of pension to the last Member of the Scheme to retire and the first payment of pension to the last dependant. The Managing Trustees shall ensure the repayment of any existing loan made to the Employer or to any Company associated with the Employer and shall realise the value of any stock or shares held in any Private Company within five years of the commencement of pension in respect of the last Member or dependant or on attainment by that Member or dependant of age 70 if earlier. Where the Member or dependant has already attained age 70 when payment of pension commences, the repayment of any existing loan or realisation of any stock or shares held in any Private Company shall take place immediately.
- (b) Where the Scheme has both Members or prospective dependants whose pensions are not yet in payment and Pensioners or dependants with pensions in payment whose annuity purchase has been deferred (prospective widow's/widower's of Pensioners whose pensions must be secured at the same time as the Pensioner's in accordance with Clause 13.3.2 being regarded as in receipt of pension), the Actuary shall exclude each Pensioner's Accumulated Sub-Fund or dependant's actuarial interest in the Common Fund when determining the proportion and the amount which may be lent to, or used to buy shares in, the Employer or any Company associated with the Employer or used to buy stock or shares in any Private Company. Within five years of the

commencement of pension to new Pensioners or dependants or on attainment by the Pensioner or dependant of age 70 if earlier, the Managing Trustees shall ensure that an appropriate proportion of any loan to or shares in the Employer or any Company associated with the Employer is repaid or sold and shall ensure an appropriate proportion of the value of any stock or shares held in any Private Company is realised. Where the Member or dependant has already attained age 70 when payment of pension commences, the repayment of any existing loan or realisation of any stock or shares held in any Private Company shall take place immediately.

- (c) Where, during the period of deferral, investments held for the purposes of the Scheme include real or heritable property, the Managing Trustees shall ensure that there are sufficient other readily realisable assets so as to be in a position to purchase a Member's or dependant's annuity at any time after the Member or dependants have attained age 70.
- (d) The amount of any new borrowing by the Managing Trustees during any period of deferral shall be restricted so that the Pensioner's Accumulated Sub-Fund and dependants' actuarial interest in the Common Fund are excluded from the calculation in Clause 4 of Part VI. The Managing Trustees shall ensure that the reduction of any borrowing in existence when a Member retires or when a dependant's benefits come into payment so as to comply with the levels set out in Clause 4 of Part VI within 5 years of those events or on attainment by the retired Member or dependant of age 70 if earlier. Where the Member or dependant has already attained age 70 when payment of pension commences, any reduction in borrowing to comply with the levels set out in Clause 4 of Part VI shall take place immediately.
- (e) During the period of deferral, and whilst the pension is paid by the Managing Trustees, the Actuary shall certify the amount of pension which can be maintained by the Managing Trustees taking account of:-
  - (i) in the case of a Member's pension, any contingent dependants' pensions payable;
  - (ii) the income and assets of the Scheme, and in particular those liquid assets representing the Pensioner's Accumulated Sub-Fund or dependant's actuarial interest in the Common Fund.

In the case of a Member's pension, the certificate shall compare the pension with the amount of an annuity which could, at that time and on the same terms, be secured with the Members'

Accumulated Sub-Fund. In the case of a dependant's pension, the initial certificate shall compare the pension with an annuity that could have been secured at the Member's death. Subsequent renewal certificates shall compare the dependant's pension with the amount of an annuity which could, at that time and on the same terms, be secured with the dependant's actuarial interest in the Common Fund. Where the pension and annuity differ by 10% or more, the certificate shall include a full explanation.

- (f) A copy of the initial actuarial certificate shall be provided to the Pension Schemes Office with the next actuarial valuation report of the Scheme or earlier on request by the Pension Schemes Office.
- (g) A formal review of the amount of pension payable shall thereafter form part of the Scheme's triennial actuarial reviews; and the renewal certificate shall be supplied to the Pension Schemes Office with the actuarial valuation report.
- (h) The Managing Trustees shall review the suitability of annuity purchase at least on an annual basis and in connection with significant changes in available annuity rates.

#### 13.4 Insurance of Death in Service Benefits

All benefits hereunder prospectively payable on or by reason of the death of a Member whilst in the Service of any one or more of the Employers shall be insured with a Life Office to the extent that such benefits are likely to exceed the value of the Member's Accumulated Sub Fund immediately preceding his or her death.

#### 13.5 Dealings with Fund and Members

No part of the Common Fund shall be lent to or borrowed by any Member ex-member or any individual who has a contingent interest in or under the Scheme.

#### 13.6 Ill Health and Commutation of Pension

No pension payable hereunder shall be commuted on the grounds of the Member or ex-member being in exceptional circumstances of serious ill health until the Managing Trustees or Administrator shall have obtained written confirmation from the Board of Inland Revenue that such commutation will not affect the approval of the Scheme.

14. Administration and Management

The administration and management of the Scheme shall be vested in the Managing Trustees in accordance with the powers expressed in the Trust Deeds.

15. Determination of Matters of Doubt by the Managing Trustees

Subject to the powers conferred on the Employers by the provisions of the Scheme the Managing Trustees may determine, as they consider just all questions and matters of doubt arising under the provisions of the Scheme and relating to the benefits payable or contributions payable thereunder and any such determination whether made upon a question actually raised or implied in the acts or proceedings of the Managing Trustees shall so far as the law permits be conclusive of this Part of the Principal Deed neither the Managing Trustees nor the Employer shall be liable for or for the consequences of any act done or statement made or omitted to be done or made or any payment made or omitted to be made in pursuance or purported pursuance of any such determination notwithstanding that it is subsequently held to have been wrongly made.

16. Appointment of Actuaries and Auditors

The Managing Trustees shall from time to time appoint and may from time to time remove:-

16.1 One or more Actuaries

16.2 One or more Auditors

upon such terms as to their tenures of office duties and remuneration as the Managing Trustees may think fit.

Such appointment or removal shall be in writing.

17. Accounts

The Managing Trustees shall cause true and full accounts to be kept of all moneys passing through their hands and also a record of all persons receiving benefits and of all other matters proper to be recorded so as to show the full facts relating to the Scheme.

18. Audit and Inspection of Accounts

The Managing Trustees shall cause the accounts of the Scheme to be audited annually by the Auditor appointed as hereinbefore mentioned and once in every year shall make and sign a report on such accounts which shall be open to inspection by any person entitled to benefit from the Scheme at the registered office for the time being of the Principal Employer. The Managing Trustees shall also forward an audited copy of each annual set of accounts to the Pensioner

Trustee as soon as reasonably practicable.

19. Operation of Bank Account

The Managing Trustees may from time to time in writing authorise not less than two persons (both of whom shall either be a Managing Trustee or a director of a body corporate being such a Managing Trustee whether solely or jointly) to draw cheques on any banking account or to endorse cheques or to give receipts and discharges for any moneys or other property payable transferable or deliverable to the Managing Trustees and every such receipt or discharge shall be as valid and effectual as if it were given by the Managing Trustees.

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

PROVIDED THAT no payments shall be made whether directly or indirectly to any person having an interest under the Scheme (whether or not contingent) save on the written authority of all the Managing Trustees for the time being hereof.

20. Expenses

All expenses in connection with the establishment of the Scheme shall be paid by the Principal Employer.

All expenses of administration and management (including fees payable to any professional Managing Trustees, the Pensioner Trustee or Scheme Actuary) shall (subject to Clause 11 (Cessation of Principal Employer) of Part VII (General) of the Principal Deed) be paid by the Employer and by the Managing Trustees (from the Common Fund) in such shares as shall be mutually agreed except that the reasonable expenses and professional fees of any professional Managing Trustee, the Pensioner Trustee or Scheme Actuary shall be paid by the Managing Trustees from the Common Fund if the Employer and the Managing Trustees fail to agree or if it is agreed that the Employer shall pay and the Employer has failed to do so within a reasonable time.

21. Proceedings of Managing Trustees

21.1 The following provisions shall have effect so long as there is more than one trustee that is to say:-

21.1.1 the Managing Trustees shall meet at such times and at such places as they decide and may make such regulations (not being inconsistent with the Trust Deeds) for the conduct of their business, the summoning of meetings, the recording of resolutions and all other



matters in connection with their work as they from time to time determine.

21.1.2 two Managing Trustees present at any meeting shall be a quorum except where the business of the meeting includes any matter connected with the termination and winding up of the Scheme pursuant to the provisions of this Principal Deed or any statute or the termination of these trusts and disposal of the Common Fund pursuant to the general Common Law when the meeting shall only be quorate if the Pensioner Trustee is also present.

21.1.3 any question arising at a meeting shall be decided by the votes of the Managing Trustees present and voting by a simple majority. Such votes shall be taken by a show of hands and in the case of equality of votes the person presiding over the meeting (if more than three Managing Trustees are present) shall have a casting vote save that in the event of there being only two Managing Trustees all decisions shall be unanimous EXCEPT THAT where, pursuant to sub-clause 21.1.2 of this sub-clause, the Pensioner Trustee is required to form a quorum, any decision on the termination of the trusts of the Scheme as described in the said sub clause must be a unanimous decision of all Managing Trustees present and the Pensioner Trustee.

21.1.4 all powers discretions and duties vested in the Managing Trustees shall be exercisable by resolutions passed at meetings of the Managing Trustees PROVIDED THAT a resolution in (except a resolution to terminate the Scheme as described in sub-clause 21.1.2 of this sub-clause) writing signed by all the Managing Trustees shall be as effectual as if it had been passed at a meeting of the Managing Trustees and may consist of one or more documents in a similar form each signed by one or more of the Managing Trustees.

21.2 The Managing Trustees shall cause minutes of all proceedings and of all resolutions of the Managing Trustees or joint resolutions of the Managing Trustees and Pensioner Trustee to be entered in books to be kept for the purpose and any such minute if purporting to be signed by the person who presided over the meeting at which the proceeding took place or who presides over the next following meeting shall be sufficient evidence of the matters to which it relates. Copies of all the said minutes and resolutions shall be sent to the Pensioner Trustee as soon as reasonably practicable.

21.3 A body corporate which is a trustee hereof may act by a director or duly authorised representative.

## 22. Charging Clause

Any Managing Trustee(s) and/or Pensioner Trustee for the time being hereof engaged in any profession or business shall be entitled to charge and be paid all usual professional or other charges for business done by him or his firm in

PART VI - MANAGING AND PENSIONER TRUSTEES - continued

relation to the trusts hereof and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in the premises including matters which might or could have been attended to by a Managing Trustee or Pensioner Trustee not being engaged in a profession or business.

## PART VII - GENERAL

### 1. Participation of Subsidiary and Associated Companies

Any employer which is a subsidiary company of the Principal Employer (within the meaning of Section 736 of the Companies Act 1985) or which is associated in business with the Principal Employer by a permanent community of interest or which the Inland Revenue will permit to participate in the Scheme and which desires to participate in the Scheme at any time after the date of the Principal Deed may with the consent of the Principal Employer and the Managing Trustees and the prior approval of the Board of Inland Revenue enter into an agreement with the Principal Employer and the Managing Trustees, by deed supplemental hereto, covenanting inter alia to observe and perform the provisions of the Trust Deeds (as from time to time lawfully amended) insofar as they are or ought to be performed or observed by that employer and shall thereby participate in the Scheme as from the date specified in such agreement.

### 2. Notices

2.1 For the purpose hereof any notice to any person in receipt of any pension or annuity or entitled to any other benefit under the Scheme may be given by sending the same through the post in a letter addressed to him at his last known place of abode and any notice so sent shall be deemed to be served on the day following that on which it is posted.

2.2 Any notice to be given to the Managing Trustees including notice of the exercise of any option under the Scheme shall be in writing.

### 3. Notice of Place of Residence

Every person shall give notice in writing to the Managing Trustees of his place of residence at the time he becomes entitled to a pension or annuity out of the Common Fund and thereafter shall give immediate notice of any change of residence.

### 4. Evidence Required - Payments

Before making or sanctioning any payment out of the Common Fund the Managing Trustees may require the production of a certificate (or such other evidence as they may think fit) of the birth, marriage, continued survival, or death of a Member, Member's Widow, Widower, Dependant or any other person entitled to benefit from the Scheme.

### 5. Error in Statement

If any person shall make any mis-statement as to any of the matters referred to in the preceding Clause the Managing Trustees on discovering such mis-statement shall have power acting on the advice of the Actuary to make such arrangement as they shall consider equitable by way of adjustment or cancellation of any pension annuity or other moneys payable out of the Common Fund and shall have power to sue for the repayment of any moneys to which the recipient had not valid entitlement.

6. Actuarial Investigations

An Actuarial investigation into the financial state of the Scheme and the Common Fund shall be made by the Actuary on or as soon as reasonably practicable after the commencement of the Scheme and thereafter at intervals of not more than three years. In the event of the Actuary advising that any alteration in the Principal Deed is desirable then the Managing Trustees in consultation with the Principal Employer shall take such steps as they shall consider appropriate.

A copy of each and every report prepared by the Actuary shall be forwarded to the Pensioner Trustee as soon as reasonably practicable.

7. Disclosure of Information

The Managing Trustees shall provide such information to Members as shall be required by trust law and, when any benefit becomes due from the Scheme to any person the Managing Trustees shall advise such person in writing at their last known address. Further, the Managing Trustees shall have regard to and observe the provisions of Sections 56A-E of the Pensions Act and the Occupational Pension Schemes (Disclosure of Information) Regulations 1986 (S.I. 1986 No. 1046) ("the Disclosure Regulations"), as amended from time to time.

Persons with a statutory right to information about the Scheme are listed in the Disclosure Regulations and the Managing Trustees shall make available or provide information to or for such persons as is prescribed in the Disclosure Regulations regarding

- 7.1 Documentation relating to the constitution of the Scheme.
- 7.2 Basic information about the Scheme.
- 7.3 Information about Scheme Benefits.
- 7.4 Audited accounts, actuarial valuations and statements which shall be obtained by the Managing Trustees when required, and drawn up as required, by the Disclosure Regulations.
- 7.5 Annual Report in respect of the Scheme (including a financial development review of the Scheme and an investment report) in the form prescribed by the Disclosure Regulations.

8. Purchase of Annuity Contract or Insurance Policy

The Managing Trustees may, if the circumstances appear to them to be appropriate and shall if the provisions of the Scheme require them to do so, and acting under the advice of the Actuary, have power to arrange with a Life Office an annuity contract or policy of insurance on the life of a person entitled to

benefit under the Scheme providing non assignable benefits by way of immediate, deferred or contingent annuities payable to such person not exceeding the amount of Pension Benefits which would otherwise have been payable to him out of the Common Fund and such annuity contract or policy of insurance shall to that extent be in substitution for such benefits.

## 9. Discontinuance of the Scheme

### 9.1 Discontinuance of Contributions

The Scheme shall be terminated on the expiration of a period of three months immediately following the receipt of the Managing Trustees from the Principal Employer of written notice of discontinuance of its contributions to the Scheme (except that if the Principal Employer shall be under the control or in the hands of a Receiver or Liquidator the Managing Trustees may administer the Scheme as if there had been a cessation of the Principal Employer in accordance with Clause 11 (Cessation of Principal Employer) of this Part of the Principal Deed) and in any event, unless the law will otherwise permit its continuation at the expiry of eighty years from the date of this Principal Deed which shall be the perpetuity period applicable to the Scheme.

### 9.2 Partial Discontinuance

The participation in the Scheme of a Participating Employer shall cease and the relevant part of the Common Fund (determined by the Managing Trustees on the advice of the Actuary) as appropriate to Members employed by such Participating Employer shall be realized and applied in accordance with Clause 12 (Winding-Up - Common Fund) of this Part of the Principal Deed (which shall apply mutatis mutandis) on the happening of whichever of the following events first occurs:

- 9.2.1 if an order shall be made or effective resolution passed for the winding up or dissolution of such Participating Employer otherwise than for the purpose of reconstruction or amalgamation with any other of the Employers.
- 9.2.2 if such Participating Employer terminates its liability to contribute to the Scheme in accordance with Clause 2 (Employer's Contributions) of Part III (Contributions) of the Principal Deed.
- 9.2.3 if such Participating Employer fails to:-
  - 9.2.3.1 observe or perform any of its duties and obligations under the Scheme or
  - 9.2.3.2 if it is found that such Participating Employer's continued participation is impractical or inexpedient or otherwise would prejudice Approval,

Provided that if such Participating Employer and the Managing Trustees so agree benefits attributable to all or any of such relevant part of the Common Fund may subject to the agreement of the Board of Inland Revenue and subject to such amendments to the Scheme or other conditions as may be required by the said Board to be preserved within the Scheme.

10. Reconstruction or Winding Up of The Principal Employer

If an order or effective resolution is passed for the winding up for the purpose of reconstruction of the Principal Employer or the Principal Employer is absorbed by another corporation or the Principal Employer has ceased to contribute to the Scheme the Managing Trustees may make such arrangements as they think fit for the continuance of the Scheme in connection with such reconstructed or amalgamated Principal Employer or other corporation and the Trust Deeds shall thereafter take effect in all respects as if such company instead of the Principal Employer had been a party to the Principal Deed and such successor firm or corporation shall become the Principal Employer for the purposes of the Trust Deeds.

11. Cessation of Principal Employer

If circumstances arise in which there is no Principal Employer in relation to the Trust Deeds or the Scheme is discontinued it shall, subject to the prior agreement of the Board of Inland Revenue, be administered by the Managing Trustees for the benefit of the persons entitled or prospectively entitled to benefits under the Scheme on such terms as the Actuary advises and for such period as the Managing Trustees may think fit subject to a Pensioner Trustee continuing to act in respect of the Scheme as required by sub-clause 13.1 (Miscellaneous - Pensioner Trustee) of Part VI of this Principal Deed.

PROVIDED THAT:-

11.1 The Scheme shall remain capable of Approval.

11.2 The Managing Trustees and the Pensioner Trustee may resolve at any time to terminate and wind up the Scheme whereupon the trusts of the Scheme shall determine in accordance with Clause 12 (Winding Up - Common Fund) of this Part of the Principal Deed.

If the Scheme is administered pursuant to this Clause all the reasonable administrative expenses of the Scheme (including Actuarial and Pensioner Trustee fees or the fees of any professional Managing Trustees) shall be paid from the Common Fund.

12. Winding Up - Common Fund

If the Scheme is terminated an actuarial valuation shall be made of the Common Fund and it shall then be realised and the moneys then in hand shall, subject to payment out of such moneys of all costs, charges and expenses of and in connection with the termination of such trusts which may not be recoverable from any of the Employers, be applied so far as they permit by the Managing Trustees, subject to the consent of the Pensioner Trustee, and following the advice of the Actuary for the following purposes and with the respective priorities indicated.

FIRST

12.1 In the purchase from a Life Office in accordance with Clause 8 (Purchase of Annuity Contract or Insurance Policy) of this Part of the Principal Deed of non-commutable non-assignable immediate annuities payable under the same conditions as payments receivable hereunder for those Pensioners (which for the purpose of this Clause includes Postponed Pensioners who shall be assumed to have retired on the day before the effective date of termination) then entitled to pensions out of the Common Fund except to the extent that annuities have already been purchased such annuities including contingent pensions to a widow, widowers and/or Dependants in the event of the Pensioner predeceasing such person to be of amounts equal to the pensions to which those persons are then entitled.

SECONDLY

12.2 In securing deferred Pension Benefits for those Members, Deferred Pensioners, Widows, Widowers and Dependants prospectively entitled to Pension Benefits out of the Common Fund.

Such deferred Pension Benefits shall (subject to the following paragraph) be secured by an annuity contract or policy of insurance of the type described in Clause 8 of this Part of the Principal Deed or a Buy Out Policy which will satisfy the requirements of Clause 17 or 18 of Part (IV) (Benefits) of the Principal Deed. Alternatively Pension Benefits may be secured by a transfer to another occupational pension scheme or Personal Pension Scheme in accordance with the said Clauses 17 or 18.

PROVIDED THAT:-

(1) as far as the assets of the Common Fund permit all

(1.1) deferred annuities or Buy Out Policies of Members shall be at least equal in value to the benefits to which they would have been entitled had they left Service on the date on which the Scheme is terminated.

(1.2) deferred annuities or Buy Out Policies of Deferred

PART VII - GENERAL - continued

Pensioners shall be at least equal in value to their Short Service Benefit.

(2) in exceptional circumstances of serious ill-health of the Member or where the annuity from this and all other retirement benefit schemes of the Employer in the aggregate do not exceed £260 per annum (or such greater amount as the Inland Revenue and the Occupational Pensions Board permit) a lump sum may be paid in lieu of the provision of any annuity PROVIDED THAT a deduction may be made for any tax which would otherwise be payable by the Administrator.

THIRDLY

12.3 In providing an equitable increase in the benefits of those persons entitled or prospectively entitled under provisos (1) and (2) of this Clause up to the maximum consistent with Approval by the Board of Inland Revenue.

FOURTHLY

12.4 In Payment to the Employers in such proportions as the Actuary advises is equitable (subject to the prior agreement of the Board of Inland Revenue and a charge to tax under Section 601 of the Act).

The Managing Trustees, subject to the consent of the Pensioner Trustee, may in substitution for the provision of annuities as directed in provisos (1) and (2) of this Clause apply (provided always that such application shall not offend against the law as regards perpetuities) any part of the Common Fund attributable to the interest of anyone or more of the persons concerned by transferring the same to the trustees of another retirement benefits scheme approved for this purpose by the Board of Inland Revenue. Such transfers shall be subject to the provisions mutatis mutandis of Clause 18 (Common Law Transfers) of the Principal Deed notwithstanding that the Pensionable Service of the person or persons to whom the transfer relates ceased after 31st December 1985.

13. Jurisdiction

The Trust Deeds shall be interpreted in accordance with and subject to the Laws of England.

IN WITNESS whereof the parties hereto have executed this instrument as their deed.



PART VII - GENERAL - continued

**SIGNED** as a deed by **FIRTHGLOW LIMITED** acting by two directors or one director and the secretary, and delivered when dated:

**Director**

Signature :

Name :



GEOFFREY BERNARD TURNER

**Director/Secretary**

Signature :

Name :



LINDA CATHERINE O'REGAN

**SIGNED** as a deed, and delivered when dated, by **GEOFFREY BERNARD TURNER** in the presence of:

MRS. LINDA C. O'REGAN



**Witness**

Signature :

Name :

Occupation :

Address :



L. C. O'REGAN

OFFICE MANAGER

27 MAIN ST

TINWELL

NR. STAMFORD

PE9 3UD

PART VII - GENERAL - continued

**SIGNED** as a deed, and delivered  
when dated, by **JACQUELINE**  
**TURNER** in the presence of:

J. Tu —

**Witness**

Signature  
Name  
Occupation  
Address

: *Winda C. O'Regan*  
: WINDA C. O'REGAN  
: OFFICE MANAGER  
: 27 MAIN ST  
: TINWELL  
: NR. STAMFORD  
: PE9 3UD.

**SIGNED** as a deed by **KPMG**  
**PENSION TRUSTEES LIMITED**  
acting by two directors, and  
delivered when dated:

**Director**

Signature  
Name

*[Signature]*

FJ Macnamara

**Director**

Signature  
Name

*[Signature]*

ADMcleish