

THIS SUPPLEMENTAL DEED is made this 16th day of April 2002 between CLOACA MAXIMA LTD - Company Registration Number 3244550 - whose registered office is situate at Little Tufton House, 3, Dean Trench Street, London, SW1P 3HB (hereinafter called the "Principal Employer") of the first part HENRY DENNISTOUN STEVENSON and STUART CHAPPELL (hereinafter called the "Managing Trustees") of the second part and SUNTRUST LIMITED whose registered office is situate at 107 Cheapside, London EC2V 6DU (who, and its successors in office are hereinafter called the "Special Trustee") of the third part

The Managing Trustees and the Special Trustee shall be collectively referred to as the "Trustees".

WHEREAS

- (1) This Deed is supplemental to a trust deed dated 1st September 1997 (hereinafter referred to as "the Definitive Deed") which now governs the CLOACA MAXIMA RETIREMENT BENEFITS SCHEME (hereinafter called the "Scheme").
- (2) By Rule 13.1 of the Definitive Deed the Principal Employer and the Trustees may jointly from time to time alter, cancel, modify or add to any of the provisions of the Definitive Deed or the Rules scheduled thereto, subject as therein provided.
- (3) The parties hereto desire to modify the Rules scheduled to the Definitive Deed as hereinafter stated.
- (4) Section 67 of the Pensions Act 1995 provides that the power to modify the Scheme cannot be exercised in a manner which would or might affect any entitlement, or accrued right, of any member of the Scheme acquired before the power is exercised unless the Trustees have satisfied themselves that the certification requirements or the requirements for consent have been met.
- (5) The sole employee presently included in the Scheme is HENRY DENNISTOUN STEVENSON (hereinafter called the "Member").

NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED THAT

With effect from the date of execution hereof the Rules scheduled to the Definitive Deed shall be modified as follows:-

- (1) Rule 13.8 shall be replaced with the following:-

"13.8 All costs, charges and expenses in connection with the carrying out of the trusts and provisions of the deed annexed hereto and these Rules shall be borne by each Employer in the proportion which in the opinion of the Managing Trustees is appropriate, other than those which the Principal Employer and the Managing Trustees agree shall for the time being be paid out of the assets of the trust fund."

- (2) The Member hereby consents to the changes set out in this Deed as is evidenced by his signature hereto.

IN WITNESS WHEREOF this Deed has been executed by the Parties hereto in the form and manner hereinafter appearing the day and year first above written.

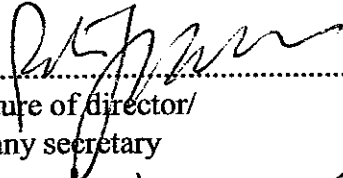
EXECUTED BY/ON BEHALF OF CLOACA MAXIMA LTD

NOTE - FOR THIS DEED TO BE VALID TWO DIRECTORS OR ONE DIRECTOR AND THE COMPANY SECRETARY MUST SIGN.



x
Signature of director

LOND HENRY DENNISTOUN STEVENSON
Full name in block capitals

x 
Signature of director/
company secretary

space above for company seal
if this is to be impressed

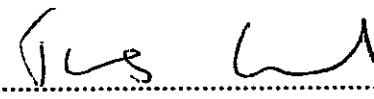
PENN DAVIS STEVENSON
Full name in block capitals

Signature of Managing Trustee/Member x 

Full name in block capitals HENRY DENNISTOUN STEVENSON

Address in block capitals LITTLE TUFTON HOUSE, 3 DEAN TRENCH ST,
LONDON, SW1P 3HB

IN THE PRESENCE OF

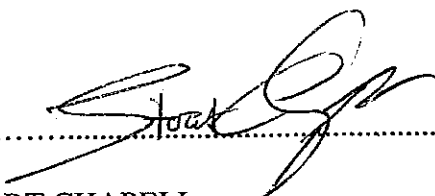
Signature of witness JAMES STANLEY ROY LONNA 

Full name in block capitals JAMES STANLEY ROY LONNA

Address in block capitals 206 KINGS HOUSE, DOBPHIN SQUARE,
LONDON, SW14 7NA

Occupation BUSINESS MANAGER, PENNIS STEVENSON

Signature of Managing Trustee



Full name in block capitals STUART CHAPELL

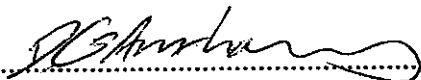
Address in block capitals

ROYEX HOUSE ALDERMANBURY

SQUARE LONDON EC2V 7NU

IN THE PRESENCE OF

Signature of witness



Full name in block capitals

DAVID ANTHONY

Address in block capitals

22 HIGH STREET, WEST MALLING

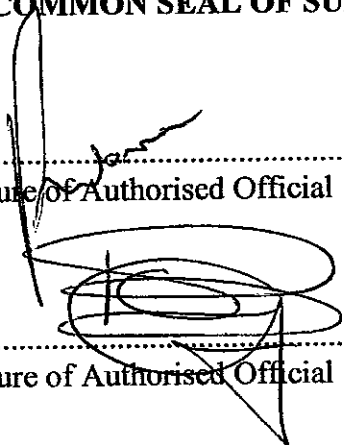
KENT ME19 6AL

Occupation

INVESTMENT ADMINISTRATOR

THE COMMON SEAL OF SUNTRUST LIMITED was hereunto affixed in the presence of

Signature of Authorised Official



Signature of Authorised Official

space above for company seal
to be impressed

(P.DOCT/10112)

SUPPLEMENTAL DEED
RE IRSAS RULES

IMPORTANT INFORMATION

FOR THE EMPLOYER AND TRUSTEES OF THE SCHEME

The attached document has been drawn up to meet the legal requirements as AXA Sun Life sees fit.

This is not Legal Advice

AXA Sun Life therefore hopes it is suitable for your purpose but you must decide whether it fulfils your requirements and is satisfactory and correct in all respects. **AXA Sun Life cannot be regarded as having provided legal advice either to the Employer or to the Trustees in providing this documentation.** We would recommend that you take your own legal advice in connection with this documentation and any other documents prepared by AXA Sun Life in connection with this Scheme.

OPRA Registration

If this scheme has more than one member it will be registered with the Pension Schemes Registry operated by the Occupational Pensions Regulatory Authority (OPRA). If the nature of this document results in a change in the registration details the Trustees must notify the Registry by completing a form coded PR1(R). This form should be included in the initial registration pack issued by the Registry if not copies can be obtained from OPRA direct at the following address:-

Occupational Pensions Regulatory Authority
Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN
Telephone: 0191 2256393/4/6/8

If a Trustee changes address please notify AXA Sun Life so we can ensure our records are updated accordingly.

THIS SUPPLEMENTAL DEED is made this 16th day of April 2002
BETWEEN CLOACA MAXIMA LTD - Company Registration Number 3244550 -
whose registered office is situate at Little Tufton House, 3 Dean Trench Street,
London SW1P 3HB (hereinafter called the "Principal Employer") of the first part
HENRY DENNISTOUN STEVENSON and **STUART CHAPELL** (hereinafter called
the "Managing Trustees") of the second part and **SUNTRUST LIMITED** whose
registered office is situate at 107 Cheapside, London EC2V 6DU (who, and its
successors in office are hereinafter called the "Special Trustee") of the third part. The
Managing Trustees and the Special Trustee shall be collectively referred to as the
"Trustees".

WHEREAS

- (1) This deed is supplemental to a Definitive Trust Deed dated 1st September 1997 (hereinafter called the Trust Instrument) which established and governs the CLOACA MAXIMA RETIREMENT BENEFITS SCHEME (hereinafter called the "Scheme").
- (2) By Rule 13.1 of the Rules scheduled to the Trust Instrument it is provided that the Principal Employer may with the consent of the Trustees from time to time without the consent of the Members alter, cancel, modify or add to any of the provisions of the deed or the Rules as therein provided.

NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED that with effect from the date of execution hereof the attached Addendum coded "Addendum 4.2000 - ST" shall be deemed to be incorporated into the Rules.

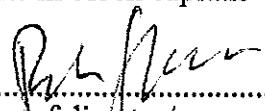
IN WITNESS WHEREOF this Deed has been executed by the Parties hereto in the form and manner hereinafter appearing the day and year first above written.

EXECUTED BY/ON BEHALF OF CLOACA MAXIMA LTD

Note - for this deed to be valid two directors or one director and the company secretary must sign.

x 
.....
Signature of director

LOND HENRY DENNISTOUN STEVENSON
.....
Full name in block capitals

x 
.....
Signature of director/
company secretary

PETER DAVID STEVENSON
.....
Full name in block capitals

space above for company seal
if this is to be impressed

THE COMMON SEAL OF SUNTRUST LIMITED was hereunto affixed in the presence of

Signature of Authorised Official

Signature of Authorised Official

space above for company seal
to be impressed

Signature of Managing Trustee

Full name

HENRY DENNISTOUN STEVENSON

Address in block capitals LITTLE TURTON HOUSE, 3 DEAN
MUNCH ST., LONDON SW1P 3HB

IN THE PRESENCE OF

Signature of witness

Full name in block capitals JAMES STANLEY ROY LONNAN

Address in block capitals 201 KEYS HOUSE, 3 DOLPHIN SQUARE
MUNCH ST LONDON, SW1V 3NA

Occupation BUSINESS MANAGER, DENNIS STEVENSON

Signature of Managing Trustee 

Full name **STUART CHAPELL**

Address in block capitals **ROYEX HOUSE ALDERMANBURY SQUARE**
LONDON EC2V 7NU

IN THE PRESENCE OF

Signature of witness 

Full name in block capitals **DAVID ANTHONY**

Address in block capitals **22 HIGH STREET, WEST MALLING**
KENT ME19 6AL

Occupation **INVESTMENT ADMINISTRATOR**

ADDENDUM TO THE PROVISIONS OF THE SCHEME RULES

1. The following provisions shall override anything to the contrary in the Scheme provisions:

- (i) All trustee decisions in relation to the Scheme shall be made only by the unanimous agreement of those of the Managing Trustees who are Members of the Scheme, except that this shall not override any provision requiring the participation of the Special Trustee in the making of particular decisions.
- (ii) Before any investment of the resources of the Scheme is made, each of the Members of the Scheme shall agree in writing to the making of that investment.

2. The existing PART TWO of the Rules entitled "APPENDIX – SMALL SELF-ADMINISTERED PENSION SCHEMES" shall be cancelled and the attached substituted therefore.

"PART TWO

APPENDIX - SMALL SELF-ADMINISTERED SCHEMES

1. Notwithstanding anything to the contrary in the Scheme provisions the following rules 2 to 8 shall have full effect except that they may not be construed as conferring powers on the Trustees which they do not otherwise have by virtue of the Definitive Trust Deed and Rules.

(1) In these rules the following expressions shall have the meanings ascribed to them:

- a. "Business" includes:
 - (i) a trade or profession, or
 - (ii) any activity other than investment carried on by a body of persons, whether corporate or unincorporate, or
 - (iii) any activity carried on by a holding company for a trading group.
- b. "Close Company" has the meaning given by sections 414 and 415 of the Act.
- c. "Company" means any body corporate or unincorporated association, but does not include a partnership.

- d. "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 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.

- e. "Ordinary Annual Contribution" means for the purpose of Rule 2 the smaller of:
- (i) the amount found -
 - (A) where the Scheme has been established for three years or more at the time of any borrowing, by dividing the amount of the contributions paid by Employers in the period of 3 years which ended at the end of the previous accounting period of the Scheme by three, or,
 - (B) where the Scheme has been established for less than 3 years at the time of any borrowing, by dividing the amount of the contributions paid by Employers in the period since the Scheme was established ending at the time of that borrowing by the number of years falling within that period (a part of a year being counted as one year), and
 - (ii) the amount of the annual contributions which, within the period of 3 years immediately preceding the date of the borrowing, an Actuary has advised in writing would be necessary to secure the benefits payable under the Scheme.
- f. "Pensioner Trustee" means a Trustee of the Scheme who:
- (i) is approved by the Board of Inland Revenue to act as such, and
 - (ii) is not connected with a Scheme Member, another Trustee or an Employer.
- g. "Private Company" means a company which is not officially listed on a recognised stock exchange within the meaning of section 841 of the Act.
- h. "Relative" means a brother, sister, ancestor or lineal descendant.
- i. "Residential Property" means property normally used, or adapted for use as one or more dwellings.
- j. "Scheme Member" means a member of the Scheme to whom benefit is currently accruing by virtue of service as an employee.

(2) For the purpose of these rules any question of whether a person is connected with another shall be determined as follows:

a. 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 of the individual or of the individual's spouse;

b. a Scheme Member is connected with an Employer if:

(i) the Employer is a partnership and the Scheme Member is connected with a partner, or

(ii) 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 an Excepted Director of the Company;

c. a Company is connected with another Company if:

(i) the same person has Control of both, or

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

(iii) a person has Control of one and that person and persons connected with that person have control over the other;

d. 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;

e. 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.

(3) For the purpose of these rules 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.

(4) For the purpose of these rules a member of the Scheme includes:

a. a Scheme Member.

b. a person in receipt of a pension from the Scheme, or

c. a person who has been a Scheme Member.

2. PROVISIONS AS TO BORROWING

Any power of the Trustees to borrow shall be restricted so that, at the time of any borrowing, the Trustees shall not have borrowed and not repaid an aggregate amount including the amount of that borrowing in excess of the total of:

- a. three times the Ordinary Annual Contribution, and
- b. three times the annual amount of contributions paid or payable as a condition of membership by Scheme Members in the year of assessment ending immediately before that time, and
- c. the amount found by the formula -

$$\frac{(A-B) \times 45}{100}$$

where -

A is the market value of the assets of the Scheme at that time, other than assets franking any pension in payment under the Rules of the Scheme where the purchase of an annuity has been deferred (including any pension that would be payable to a widow or widower of a member of the Scheme following the member's death in a case where the Rules of the Scheme limit such pension to the person to whom the member was married at retirement), and

B is the aggregate of any sums borrowed to purchase those assets which are outstanding at that time, and any other liabilities incurred by the Trustees which are outstanding at that time, other than liabilities to pay benefits under the Scheme.

3. PROVISIONS AS TO INVESTMENT

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

- a. personal chattels other than choses in action or where the Scheme is subject to the law of Scotland, moveable property other than incorporeal moveable property; or
- b. Residential Property other than that which is, or is to be, occupied:
 - (i) 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

- (ii) 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 Trustees as an investment of the Scheme; or
- c. Stock or shares in a Private Company which:
 - (i) carry more than thirty per cent of the voting power in the Company, or
 - (ii) entitle the holder to more than thirty per cent of any dividends declared by the Company in respect of shares of the class held.

For the purposes of this Rule the Trustees are not regarded as

(A) holding a Residential Property where they hold as an investment units in a unit trust scheme

- (i) which is an authorised unit trust scheme within the meaning of section 468(6) of the Act, or
- (ii) an exempt unit trust within the meaning of section 96 of the Capital Gains Tax Act 1979, and
- (iii) that unit trust scheme holds Residential Property as an investment.

(B) indirectly holding as an investment Residential Property other than that specified in paragraph b. where -

- (i) they hold as an investment subject to the trusts of the Scheme a right which confers entitlement to receive payment of any rent charge, ground annual, feu duty or other annual payment reserved in respect of, or charged on or issuing out of, that property, and
- (ii) the property is not occupied by a Scheme Member or a person connected with him.

4. The Trustees in that capacity shall not directly or indirectly lend money:

- a. 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
- b. to an Employer or a Company associated with an Employer unless the loan is:
 - (i) utilised for the purpose of the borrower's Business, and

- (ii) for a fixed term, and
 - (iii) at a commercial rate of interest, and
 - (iv) evidenced by an agreement in writing which contains all the conditions on which it is made and, in particular, the provisions specified in paragraph c. below;
- c. the provisions specified in this paragraph are that the lending shall be repaid immediately if :
- (i) the borrower is in breach of the conditions of the agreement; or
 - (ii) the borrower ceases to carry on business; or
 - (iii) 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
 - (iv) the money is required to enable the Trustees to pay benefits which have already become due under the Scheme.

5. At the time any money is lent, or any shares in the Employer or any company associated with an Employer are acquired, the aggregate of:

- (a) the amount outstanding of any lending to an Employer and/or a Company associated with an Employer made in accordance with Rule 4b and c above, and
- (b) the market value of stock and shares in an Employer and/or a Company associated with an Employer held by the Trustees in that capacity

shall not, where that time is after the end of a period of two years from that date on which the Scheme was established, exceed the amount found by the formula:-

$$\frac{(E-F) \times 50}{100}$$

where -

E is the market value at the time in question of all the assets of the Scheme, other than assets franking any pension in payment under the Rules of the Scheme where the purchase of an annuity has been deferred (including any pension that would be payable to a widow or widower of a member of the Scheme following the member's death in a case where the Rules of the Scheme limit such pension to the person to whom the member was married at retirement), and

F is the aggregate of any sums borrowed to purchase those assets which are outstanding at that time, and any other liabilities incurred by the Trustees which are outstanding at that time, other than liabilities to pay benefits under the Scheme

and shall not, where that time is during the period of two years from the date in which the Scheme was established, exceed the amount found of the formula -

$$\frac{(C-D) \times 25}{100}$$

where -

C is the market value at the time in question of the assets of the Scheme which are derived from contributions made by an Employer and by employees since the Scheme was established, other than assets franking any pension in payment under the Rules of the Scheme where the purchase of an annuity has been deferred (including any pension that would be payable to a widow or widower of a member of the Scheme following the member's death in a case where the Rules of the Scheme limit such pension to the person to whom the member was married at retirement), and

D is the aggregate of any sums borrowed to purchase those assets which are outstanding at that time, and any other liabilities incurred by the Trustees which are outstanding at that time, other than liabilities to pay benefits under the Scheme.

6. PROVISIONS AS TO TRANSACTIONS WITH MEMBERS OF THE SCHEME

The 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 Trustees.

7. PROVISIONS AS TO TRANSACTIONS WITH EMPLOYERS AND ASSOCIATED COMPANIES

The 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.

8. PROVISIONS AS TO PENSIONER TRUSTEES

One of the Trustees shall be a Pensioner Trustee and the appointment of that trustee and his obligation and entitlement to act as Pensioner Trustee, shall be incapable of termination at any time except:

- a. by the death of the trustee,
- b. by an order of the court,
- c. by virtue of section 3, 4 or 29 of the Pensions Act 1995 or Article 3, 4 or 29 of the Pensions (Northern Ireland) Order 1995 (prohibition, suspension or disqualification),
- d. by withdrawal by the Board of Inland Revenue of their approval of the trustee to act as a Pensioner Trustee, or
- e. where termination occurs by virtue of the trustee having committed a fraudulent breach of trust in relation to the Scheme,
- f. where another trustee is appointed to act as Pensioner Trustee in place of the trustee, and the appointment of the other trustee takes effect at the same time as the termination.

The appointment of a successor to the former Pensioner Trustee shall, except where f. above applies, be made no more than 30 days after the termination.

3. The following Rules entitled PART THREE – Rules for Pension Sharing on Divorce and PART FOUR - Rules for Employment with an Overseas Employer which Participates in the Scheme shall be deemed to be incorporated into the Rules

PART THREE -

RULES FOR PENSION SHARING ON DIVORCE

Rule 1

Definitions

Ex-Spouse means an individual to whom Pension Credit Rights have been or are to be allocated following a Pension Sharing Order, agreement or equivalent provision.

Insurance Company is as defined in section 659B of the Act.

Negative Deferred Pension means the amount by which the Member's pension or deferred pension under the Scheme which arose/arises from Service with the Employer(s), is reduced at the Relevant Date by section 31 of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation, following a Pension Sharing Order, agreement or equivalent provision. For this purpose, Service with the Employer(s) includes all periods of service with other employers which have been treated as if they were Service with the Employer(s) where a transfer payment has been made to the Scheme in respect of that other service.

Pension Credit means a credit under section 29(1)(b) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

Pension Credit Rights means rights to future benefits under a scheme which are attributable (directly or indirectly) to a Pension Credit.

Pension Debit means a debit under section 29(1)(a) of the Welfare Reform and Pensions Act 1999 or under corresponding Northern Ireland legislation.

Pension Debit Member means a Member whose benefits have been permanently reduced by a Pension Debit. Such a Member will either be;

- (i) a Member who is a controlling director of a company which is his/her employer if he/she is a director of the company to whom paragraph (b) of section 417(5) of the Taxes Act 1988 applies either at the date on which the marriage was dissolved or annulled, or at any time within the period of 10 years before that date or,
- (ii) a Member whose earnings at the date at which his/her marriage was dissolved or annulled exceeded $\frac{1}{4}$ of the Permitted Maximum for the year of assessment in which the dissolution or annulment occurred. Earnings for these purposes shall be taken to be the total emoluments-
 - (a) which were paid to the Member in consequence of Pensionable Service to which the Scheme relates during the year of assessment before the year of assessment in which the marriage was dissolved or annulled, and
 - (b) from which tax was deducted in accordance with the Income Tax (Employments) Regulations 1993.

Pension Sharing Order means any order or provision as is mentioned in section 28(1) of the Welfare Reform and Pensions Act 1999 or Article 25(1) of the Welfare Reform and Pensions (Northern Ireland) Order 1999.

Rule 2

Assignment

Rule 13.6 is amended to permit the assignment of part or all of the Member's retirement benefits or rights to benefits under the Scheme to his/her Ex-Spouse to the extent necessary to comply with a Pension Sharing Order, agreement or equivalent provision.

Rule 3

Notwithstanding any other provisions of the Rules, the benefits for a Pension Debit Member are additionally subject to the following limits, subject to compliance with Social Security legislation:

- (i) The pension shall not exceed the Aggregate Retirement Benefit in Rule 14 less the Negative Deferred Pension in this Scheme and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.
- (ii) The lump sum from this and any Associated Scheme shall not exceed;
 - (a) for Pension Debit Members who are Class A Members or Class B Members, an amount determined by $2.25 \times$ the initial annual pension payable
 - (b) for Pension Debit Members who are Class C Members, an amount of the greater of:
 - (I) $2.25 \times$ the initial annual pension payable or,
 - (II) an amount determined in accordance with Rule 14 as if there had been no Pension Debit, less $2.25 \times$ the Negative Deferred Pension.

For the purposes of this Rule, the initial annual pension should be calculated on the following bases;

- (aa) if the pension payable for the year changes, the initial pension payable should be taken;
- (bb) it should be assumed that the Pension Debit Member will survive for a year;
- (cc) the effect of commutation should be ignored.
- (iii) On the death of the Pension Debit Member, any pension for a Dependant shall not exceed $\frac{2}{3}$ of an amount determined in accordance with Rule 14 as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme. Where more than one pension is to be paid the total of all the pensions cannot exceed 100% of an amount determined in accordance with Rule 14 as if there had been no Pension Debit, less the Negative Deferred Pension and the Negative Deferred Pension in any Associated Scheme and, furthermore in the case of a Class A Member the Negative Deferred Pension in any Connected Scheme.

Rule 4

The Managing Trustees must give full details of the Pension Debit and a lump sum certificate specifying the maximum permissible lump sum, to the receiving scheme/arrangement where the fund underlying the benefits for Pension Debit Member is transferred to another scheme approved under Chapter I Part XIV of the Act or a scheme approved under Chapter IV Part XIV of the Act.

Rule 5

Where the Managing Trustees accept a transfer payment and are informed by the transferer of the details of a Pension Debit relating to the transfer payment, the Managing Trustees must take account of the Pension Debit, if appropriate, in the calculation of any limit on benefits for that Member. If a transfer of the fund underlying the benefits for the Member is made to a scheme approved under Chapter I Part XIV of the Act or a scheme approved under Chapter IV Part XIV of the Act, the Managing Trustees must give full details of the Pension Debit to the receiving scheme/arrangement.

Rule 6

If the Ex-Spouse dies after a Pension Sharing Order, agreement or equivalent provision is made but before it is acted upon by the Managing Trustees, the following benefits may be paid.

A lump sum death benefit may be paid to any person at the discretion of the Managing Trustees.

The lump sum is limited to 25% of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights for the Ex-Spouse. The balance of the fund may be used to provide a non-commutable pension to a Dependant of the Ex-Spouse.

The amount of pension payable to a Dependant is limited to a maximum of 2/3rds of the amount of the pension that could have been paid to the Ex-Spouse at the date of death if the whole of what would have been the cash equivalent of the fund which would have provided the Pension Credit Rights had been used to purchase an annuity at an available market rate. Where more than one pension is to be paid the total of all the pensions cannot exceed the amount of the pension that could have been paid to the Ex-Spouse.

Such pension must be payable for life, except that pensions paid to children must cease on the attainment of age 18 or, if later, on the cessation of full time education.

Such pensions may be fully commuted, however, for a lump sum on the grounds of triviality at the time such a pension becomes payable.

PART FOUR –

RULES FOR EMPLOYMENT WITH AN OVERSEAS EMPLOYER WHICH PARTICIPATES IN THE SCHEME

1. This Rule shall apply solely to employees of Participating Employers which are not resident in the United Kingdom and shall override any other provisions of the Trust Instrument and Rules which are inconsistent with it.
2. Membership of the Scheme shall be open to employees of Participating Employers that are not resident in the United Kingdom who are chargeable to United Kingdom income tax under Case I or II of Schedule E of the Act on their emoluments from the Participating Employer: But employees:-
 - a. cannot be Members in respect of a period of Service when they qualified for a deduction of 100% under section 193(1) of the Act, and
 - b. must be restricted to receiving death in Service benefits if they are in receipt of foreign emoluments as defined in Section 192(1) of the Act and are members of a scheme in respect of which they are obtaining relief under the “corresponding” provisions of section 192(3) or section 596(2)(b) of the Act. (Where any employee in receipt of foreign emoluments has become a member of a scheme in respect of which he/she is obtaining relief under the “corresponding” provisions of section 192(3) or section 596(2)(b) of the Act, his/her benefits relating to subsequent Service shall be confined to death in Service benefits or he/she shall be withdrawn from membership of the Scheme immediately.)
3. Membership of the Scheme shall also be open to employees of Participating Employers that are not resident in the United Kingdom if:
 - a) the Pension Schemes Office has explicitly approved the terms of their membership,
 - or
 - b) membership commences or continues because the following circumstances and conditions are satisfied.

The circumstances are that:

- (i) there is a definite expectation that the employee will come to the United Kingdom either to take up employment with an Employer participating in the Scheme (such an expectation should be evidenced in writing), or to retire,
- or

- (ii) the employee's earnings remain effectively chargeable because he or she only works overseas for periods which total less than 365 days in any year.

The conditions are that:

- the United Kingdom Employer or the United Kingdom branch of the overseas Employer should continue to pay to the approved scheme any Employer contributions due, but must be reimbursed by the overseas Employer for the costs, unless the Pension Schemes Office have specifically agreed otherwise;
- the prospective pension in respect of the Service abroad should be calculated and funded by reference to the rate of remuneration appropriate for similar employment in the United Kingdom; and
- the period of Service abroad should not exceed 10 years. If there has been a previous period or periods of Service abroad continuation of scheme membership is limited to an aggregate of 10 years.

For the purposes of the aggregation calculation

- (i) any period or periods of Service abroad separated from a subsequent period of Service abroad by a least one year's employment in the United Kingdom can be ignored and
 - (ii) any period of Service that arises from employees performing their duties abroad for a United Kingdom resident Employer who are provided with benefits under an approved scheme (regardless of whether they are effectively chargeable) can be ignored.
4. Benefits for any employees of the said Participating Employers shall be provided in relation only to their periods of Service with and remuneration from the Participating Employer whilst they satisfy the eligibility conditions in paragraph 2 or 3.
5. In the event of an employee of one of the said Participating Employers ceasing to satisfy the eligibility conditions in 2 or 3 above his/her benefits will be held subject to the Rules until he/she leaves Service or retires or his/her benefits are transferred out of the Scheme.



Awarded for excellence

COPY OF
ORIGINAL IR
EXEMPTION LETTER

AXA SUN LIFE
PO BOX 1810
BRISTOL
BS99 5SN

Your reference PDOCT/10112
Our reference 003/115763/000000/J
Date 7 September 1998

Dear Sir/Madam

CLOACA MAXIMA LTD

CLOACA MAXIMA RETIREMENT BENEFITS SCHEME

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

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

Yours faithfully

Controller

If telephoning please ask for A WHITE
on (0115) 9741450 (Direct Dial)

Subject to the provisions of the Special Condition in Rule 13 any remainder of the balance of the trust fund after securing the aforesaid liabilities may at the absolute discretion of the Employer be applied to secure further benefits within the limits stated in the Rules. Any further balance thereafter remaining shall with the written consent of the Board of Inland Revenue after deduction of tax at the rate notified to the Trustee be properly apportioned amongst the Principal Employer and each Participating Employer in a manner determined by the Managing Trustees on Actuarial Advice and shall be paid to each Employer in cash.

The benefits to be provided in accordance with this Rule shall be secured by appropriate policies or contracts effected with a United Kingdom branch or agency of an Authorised Assurer and shall be in the name of or otherwise for the benefit of the Beneficiary. They shall not be capable of being assigned. Furthermore, the Managing Trustees shall satisfy themselves that the provisions of each policy or contract will restrict the form and amount of the benefits payable to those which would have been approvable in respect of the said Member under the Scheme and will specify the date from which the benefits will normally be payable, the circumstances in which payment may be brought forward or deferred, the extent in monetary terms to which benefits may be taken in lump sum form in commutation or on death and the amount of pension per annum which must be deemed commuted to provide the lump sum payment.

Provided, however, that if the Managing Trustees shall, prior to the date of any notice of intention to cease paying contributions or prior to the date of determination of the trusts as referred to in this Rule, have invested the assets of the trust fund or any part thereof in policies with an Authorised Assurer, the Managing Trustees shall retain such policies or any of them and make use of them or any of them as they may think fit and make such arrangements as they may think fit in connection with such policies or any of them for, or towards, or in connection with securing or providing the benefits herein, before directed to be purchased.

If, in accordance with the provisions of Rule 3.3, the Managing Trustees shall have purchased in their names from any Authorised Assurer an annuity on the life of an individual who had become entitled to an immediate pension or contingently entitled on the death of a Member to a pension from the Scheme, the Managing Trustees may, if they so determine, assign any such annuity to the beneficiary of the said pension free from the provisions of these Rules: in which case

- (iv) such annuity shall not be capable of being further assigned; and
- (v) the provisions of the policy or contract issued in respect of the said annuity shall be such that the form and amount of the benefits payable under the policy contract are identical in all respects to the form and amount of the benefits that are payable or would be payable under the Scheme.

12. GENERAL PROVISIONS RELATING TO TRUSTEES

12.1 The Special Trustee shall be a person accepted by the Board of Inland Revenue as being suitable to give an undertaking to the said Board in relation to the disposal of the assets of the Scheme upon its termination.

12.2 The Managing Trustees shall be all the Trustees other than the Special Trustee and shall manage and administer the Scheme and shall be the Administrator of the Scheme for the purposes of Chapter I of Part XIV of the Act.

12.3 The number of Managing Trustees shall not be less than two. Where the number of Managing Trustees falls to one, the Principal Employer shall forthwith appoint an additional Managing Trustee or Managing Trustees; provided that until the appointment of such additional Managing Trustee the Principal Employer shall fill the vacancy that has occurred.

12.4 The power of appointing a new or additional Trustee shall be vested in the Principal Employer and shall be exercisable by deed. The Principal Employer shall also have power to remove by deed any Trustee from office at any time after giving four weeks' notice in writing to the Trustee. Such notice shall be deemed to be served by first class post at the Trustee's last known address. Upon the death or removal or retirement from the trusts of these presents of any Trustee, the Principal Employer shall as soon as possible appoint a new Trustee or Trustees in his place it being the intention that the number of Trustees of these presents shall never be less than three.

12.5 The Special Trustee shall inform the Board of Inland Revenue forthwith upon its removal or retirement from that role.

12.6 Any Trustee may resign their appointment as the trustee hereof by serving on the Principal Employer one month's notice in writing to that effect which shall be delivered to or sent by registered post to the Principal Employer's registered office and at the expiration of any such notice the Trustee shall be deemed to have retired from the trust and the Principal Employer shall execute such documents and do such things as may be necessary to give proper effect to such retirement. The Special Trustee shall have the additional power to retire without the consent of the Managing Trustees or the Principal Employer by executing an appropriate deed. Delivery of the deed to the registered office of the Principal Employer shall discharge the Special Trustee from the trusts of the Scheme.

12.7 Subject to the provisions of clause 3 of the deed attached hereto, whenever there shall be three or more Managing Trustees a majority of the Managing Trustees shall be competent to execute and exercise all the trusts, powers and discretions hereby vested in the Managing Trustees and any powers so exercised, whether at a meeting of the Trustees or otherwise, shall be deemed to be the acts of all the Managing Trustees and shall be binding on all parties.

12.8 Any Trustee shall be entitled to fees or remuneration for services as a Trustee at a rate to be agreed from time to time between such Trustee and the Principal Employer and unless such agreement stipulates that such fees or remuneration shall be paid by the Principal Employer in addition to the contributions payable by it to the Scheme or in the event that the Principal Employer shall commit any breach of such stipulation such Trustee shall be entitled to receive such fees or remuneration out of the income of, or the assets for the time being constituting, the trust fund. In addition to any such fees or remuneration as aforesaid any Trustee, any firm of which such Trustee is a partner, and any subsidiary or associated company of such Trustee or in which such Trustee is interested whether as an officer or shareholder shall be entitled to retain beneficially any brokerage, commission, fee, remuneration or dividend (other than a dividend payable in respect of any asset of the trust fund) payable directly or indirectly to him or it.

12.9 The Trustees shall have the powers set out in section 23 of the Trustee Act 1925. Further the Managing Trustees may exercise the following special powers in addition to all other powers vested in them by these Rules:

- (i) power to delegate any business including (but without prejudice to the generality of the foregoing) the exercise of any discretion to any one or more of their number. Any such delegation may be revoked by a majority of the Trustees other than the delegate;
- (ii) power to make such arrangements generally for the administration of the Scheme as they may think fit and in particular to employ professional advisers, nominees, agents and staff including a secretary who may be one of the Trustees to transact any business of the Scheme including the receipt and payment of money and to meet the expenses of work done on behalf of the Scheme and to pay remuneration (to be approved by the Principal Employer) to any such person or persons which remuneration shall be deemed to be part of the expenses incurred by the Trustees in connection with the Scheme;
- (iii) power to appoint any one or more of the Employers or any Authorised Assurer with which any policy has been effected in accordance with Rule 3 as their agent for the purpose of paying any pension or pensions which arises or arise under the Scheme and the payment of such pension or pensions to the person or persons entitled to receive the same under the Scheme shall be a complete discharge to the Trustees for the payment thereof;
- (iv) power in relation to these Rules to act on Actuarial Advice or on the advice or opinion (whether or not obtained by them) of any lawyer, broker, accountant, investment adviser or other professional person and the Trustees shall not be responsible for any loss occasioned by so acting;

- (v) power from time to time to authorise in writing one or more of their number for the time being or any other person or persons appointed by them to receive payments, to draw or to endorse cheques and to give receipts and discharges for any moneys or other property payable, transferable or deliverable to the Trustees and any such receipt or discharge shall be as valid and effective as if it were signed by all the Trustees.

12.10 No Trustee shall as trustee of the Scheme incur any personal responsibility or be liable for anything whatever except for breach of trust knowingly and intentionally committed by him. Each Employer which participates in the Scheme shall indemnify the Trustees against all or any claims, costs, loss, damages and expenses which they may pay or incur or which may be made against them in connection with the carrying out of the trusts of these presents or anything herein contained. Such indemnity shall include the liability of the Trustees for all or any person appointed by them for the carrying out of the purposes of the trusts of these presents.

12.11 No Trustee shall be liable for the consequences of any mistake or forgetfulness whether of law or fact of the Trustees or for acting on any professional advice or for any breach of duty or trust whatsoever whether by way of commission or of omission unless it is proved to have been made, given, done or omitted in conscious bad faith of the Trustee sought to be made liable.

13. SPECIAL CONDITIONS, ADMINISTRATION AND GENERAL PROVISIONS

Special Conditions

ALL MEMBERS – Augmentation of Benefits

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

Any provisions in this 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.

CLASS A MEMBER – Payment of Retirement Benefits

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

- (a) that the payment of a Member's retirement benefits shall not commence earlier than the Member attaining age 50, except on retirement on grounds of Incapacity, nor later than attaining age 75, and
- (b) no part of a Member's retirement benefits is to be paid in advance of actual retirement except as necessary to comply with paragraph (a) above or to the extent necessary to comply with the requirements of the Social Security Pensions Act 1975.

ALL MEMBERS – Return of Surplus Funds

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

13.1 The Principal Employer may, with the consent of a majority of the Trustees (which majority shall include the Special Trustee), from time to time without the consent of the Members by deed alter, cancel, modify or add to any of the provisions of the deed annexed hereto or these Rules; provided that if the Principal Employer is a corporate body the said alteration, modification, cancellation or addition to any of these Rules may be effected, subject to the said provisions, by memorandum under hand signed by a duly authorised director of the Principal Employer. Until such time as the deed annexed hereto or these Rules has or have been so varied, the Managing Trustees shall have the power to operate the Scheme on the basis which has been announced in writing to those Members affected by such variation.

Provided always that no such alteration, modification, cancellation or addition shall be such as to prejudice Approval.

13.2 Except to the extent specified in these Rules any pension, including personal pension, payable shall be non-commutable and non-assignable.

13.3 Notwithstanding the other provisions of these Rules, a pension of £260 per annum or less shall not be paid.

If the Scheme would otherwise provide a pension to a Member on his retirement, or (without exercise at or after a Member's death of any discretion by the Employer or Managing Trustees) to any individual following the Member's death, which, when aggregated with all other like pensions payable to the same individual under all other retirement benefits schemes of the Employer or to which the Employer has contributed, is £260 per annum or less, the Managing Trustees shall pay (subject to Rule 13.4) a lump sum in lieu of each such pension to the Member if he is then living, or otherwise to the beneficiary of each such pension or in accordance with the provisions of Rule 13.5. Payment of the lump sum shall be made on the date the Member's personal pension would have commenced to be paid or on the date of his death, whichever is the earlier.

Unless the Managing Trustees determine otherwise, this Rule shall not apply to a pension which has commenced payment and when aggregated with all like pensions, and the pension equivalent of all benefits not in pension form paid to the recipient of that pension, under this and all other retirement benefits schemes of the Employer or to which the Employer has contributed, subsequently comes within the amount of pension which may be commuted for a cash sum in accordance with the provisions of this Rule.

If an amount higher than £260 per annum shall be prescribed by regulations made under paragraph 15(4) of Schedule 16 to the Social Security Act 1973 and under section 39(1) of the Social Security Pensions Act 1975, (provided such higher amount would not prejudice Approval) then such higher amount shall forthwith be substituted for £260 above.

The amount of any lump sum payable in accordance with this Rule shall be determined on a basis certified as reasonable by an Actuary.

13.4 Tax shall be deducted from all pensions in accordance with legislation and the regulations of the Board of Inland Revenue for the time being in force when the payments are made, and if contributions are repayable to a Member during his lifetime or a cash sum is paid in commutation or in lieu of a pension any necessary tax shall be deducted therefrom. The Managing Trustees, as Administrator, shall be accountable to the Inland Revenue, for any such tax.

13.5 If a person entitled to or in receipt of any benefit under the Scheme is a minor or is in the opinion of the Managing Trustees suffering from any incapacity rendering him unable to manage his affairs or to give a proper receipt for the pension or other moneys payable hereunder, the Managing Trustees may at their discretion pay the same to any person or institution or other body supporting or caring for him or his spouse or his Dependants and the receipt of the person, institution or body for the sum or sums so paid to him or them shall be a complete discharge to the Managing Trustees for the moneys paid and they shall not be under any liability to see to the application thereof.

13.6 If an individual entitled to or in receipt of benefit under the Scheme shall or shall purport to assign, mortgage or otherwise deal with his beneficial interest under the Scheme or any part thereof or if he shall become bankrupt (or in Scotland if he shall execute a trust deed for behalf

of his creditors) or make any composition or enter into any arrangements with his creditors, then he shall forfeit all such interest which shall vest in the Managing Trustees who may apply the same or any part thereof in cases of financial hardship only for the maintenance or benefit of a Member and the Member's spouse and his Dependents or such one or more of them in such manner in all respects as the Managing Trustees in their absolute discretion think fit; provided that no payment shall be made for the benefit of any person (other than as herein stated) in favour of whom any such purported assignment, mortgage or other dealing shall be made.

13.7 The Managing Trustees shall keep or cause to be kept a complete record of all matters essential for the working of the Scheme and shall also keep accounts to show the position of, and dealings with, the trust fund and the amounts of, and dates of payment of, contributions thereto. They shall also at least once in every calendar year or at such other intervals as the Special Trustee shall direct cause to be prepared a statement of accounts of the trust fund. Every such statement of accounts shall be audited by a qualified auditor who shall have access to all relevant records, books, papers, vouchers, accounts and documents and shall report on such statement to the Trustees.

The audited accounts and a copy of any Interim Trust Deed, the deed annexed hereto and these Rules shall be available for inspection by any Member at the principal place of business of the Principal Employer.

13.8 All costs and expenses in connection with the carrying out of the trusts and provisions of the deed annexed hereto and these Rules shall be borne by each Employer in the proportion which in the opinion of the Managing Trustees is appropriate.

13.9 Class B Members and Class C Members shall have the option of requiring that the Trustees deal with the Member's benefits in the manner appropriate to a Class A Member. Such request must be made in writing before the Relevant Date and the Managing Trustees shall deal in the manner requested.

13.10 Subject to the specific approval of the Board of Inland Revenue:

Employees of the Employer who were members of an Associated Scheme may, where that membership or any part thereof falls within the periods shown below, be included in this Scheme in the Class indicated:

- | | | |
|-------|--|---------|
| (i) | Prior to 17 March 1987 | Class C |
| (ii) | From 17 March 1987 to 13 March 1989 | Class B |
| (iii) | From 14 March 1989 to 31 May 1989 where the Associated Scheme was established prior to 14 March 1989 | Class B |

13.11 The Administrator shall comply with the requirements of Regulation 5 of The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Additional Voluntary Contributions) Regulations 1993 [S1 1993 No. 3016] and where the Scheme is the 'leading scheme' in relation to a Member, with the requirements of Regulation 6 of those Regulations so far as they concern main schemes. If these Regulations are amended or replaced by any other Regulations then this Rule will have effect as if it had been amended or replaced accordingly.

14. MAXIMUM LEVEL OF BENEFITS - INLAND REVENUE LIMITS

References throughout this Schedule of Rules to Rule 14 or any part thereof shall be construed as being references to that part of Rule 14 which is appropriate to the Class of Member concerned.

CLASS A MEMBER

Subject to the remainder of this Rule the benefit to be provided shall be that secured by the Individual Benefit Fund.

Notwithstanding anything to the contrary in the Scheme provisions:

- (i) 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. The benefits so calculated may be augmented up to the maximum limits in (ii) below;
- (ii) the benefits payable to a Class A Member or his Dependants or other beneficiaries in respect of him shall not, when aggregated with all benefits of a like nature provided under all Associated Schemes, exceed the limits set out below.

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

- (a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Age on grounds of Incapacity, a pension of $\frac{1}{60}$ th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- (b) on retirement at any time before Normal Retirement Age on grounds of Incapacity a pension of the amount which could have been provided at Normal Retirement Age in accordance with Rule 14.1 (a) above; Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a pension of $\frac{1}{60}$ th of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed may be increased by 5% for each complete year or if greater, in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the pension begins to be payable. Any further increase necessary to comply with Department of Social Security requirements is also allowable;
- (d) benefits for a Class A Member are further restricted to ensure that his total retirement benefit from this Scheme and from any Associated Scheme or Connected Scheme does not exceed a pension of $\frac{1}{30}$ th of the Permitted Maximum for each year of Service, subject to a maximum of $\frac{20}{30}$ ths. For the purpose of this limit service is the aggregate of Service and any period of service which gives rise to benefits under a Connected Scheme provided that no period is to be counted more than once;
- (e) for the purpose of calculating the Aggregate Retirement Benefit or the total retirement benefit in Rule 14.1 (a) to (d) above, the pension equivalent of any Lump Sum Retirement Benefit is one twelfth of its total cash value.

CLASS A MEMBER

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

- (a) on retirement at any time between attaining age 50 and attaining age 75, except before Normal Retirement Age on grounds of Incapacity, $\frac{3}{80}$ ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- (b) on retirement at any time before the Normal Retirement Age on grounds of Incapacity the amount which could have been provided at Normal Retirement Age in accordance with Rule 14.2 (a) above; Final Remuneration being computed as at the actual date of retirement;
- (c) on leaving Pensionable Service before attaining age 75, a lump sum of $\frac{3}{80}$ ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval.

The amount computed may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

14.3 The lump sum benefit (exclusive of any refund of the 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:

- (a) £5,000, and
- (b) 4 times the Member's Total Earnings at Death less Retained Death Benefits.

14.4 Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender or allocation of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to $\frac{2}{3}$ rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death in accordance with Rule 14.1 above. Where the death of the Member occurs whilst in service before the Normal Retirement Date the maximum is that appropriate had the Member retired on grounds of Incapacity on the date of death entitled to no retained benefits from previous employments.

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

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

CLASS B OR CLASS C MEMBER

Subject to the remainder of this Rule the benefit to be provided shall be that secured by the Individual Benefit Fund.

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

CLASS B OR CLASS C MEMBER

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

- (a) on retirement at or before Normal Retirement Age, a pension of $\frac{1}{60}$ th of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- (b) on retirement on grounds of Incapacity the amount calculated in accordance with Rule 14.1 (a) above as if the Member had remained in Service until the Normal Retirement Age, Final Remuneration being computed as at the actual date of retirement;
- (c) on retirement after Normal Retirement Age, a pension of the greatest of:
 - (i) the amount calculated in accordance with Rule 14.1 (a) above on the basis that the actual date of retirement was the Member's Normal Retirement Age;
 - (ii) the amount which could have been provided at Normal Retirement Age in accordance with Rule 14.1 (a) above increased either actuarially in respect of the period of deferment or in proportion to any increase in the Index during that period, and
 - (iii) where the Member's total Service has exceeded 40 years, the aggregate of $\frac{1}{60}$ th of Final Remuneration for each year of Service before Normal Retirement Age (not exceeding 40 such years) and of a further $\frac{1}{60}$ th of Final Remuneration for each year of Service after Normal Retirement Age, with an overall maximum of 45 reckonable years.

Final Remuneration being computed in respect of Rules 14.1 (i) and 14.1 (iii) above as at the actual date of retirement, but subject always to Rule 14.5 below;

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

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

- (a) on retirement at or before Normal Retirement Age, $\frac{3}{80}$ ths of Final Remuneration for each year of Service (not exceeding 40 years) or such greater amount as will not prejudice Approval;
- (b) on retirement on grounds of Incapacity the amount calculated in accordance with Rule 14.2 (a) above as if the Member had remained in Service until the Normal Retirement Age, Final Remuneration being computed as at the actual date of retirement;
- (c) on retirement after Normal Retirement Age, the greatest of:
 - (i) the amount calculated in accordance with Rule 14.2 (a) above on the basis that the actual date of retirement was the Member's Normal Retirement Age;
 - (ii) the amount which could have been provided at Normal Retirement Age in accordance with Rule 14.2 (a) above together with an amount representing interest thereon, and
 - (iii) 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 Age (not exceeding 40 such years) and of a further $\frac{3}{80}$ ths of Final Remuneration for each year of Service after Normal Retirement Age, with an overall maximum of 45 reckonable years.

CLASS B OR CLASS C MEMBER

Final Remuneration being computed in respect of Rule 14.2 (b) (i) and Rule 14.2 (b) (iii) above as at the actual date of retirement, but subject always to Rule 14.5 below;

- (d) on leaving Pensionable Service before Normal Retirement Age, a lump sum of $\frac{3}{80}$ ths of Final Remuneration for each year of Service prior to leaving Pensionable Service (not exceeding 40 years) or such greater amount as will not prejudice Approval. The amount computed as aforesaid may be increased in proportion to any increase in the Index which has occurred between the date of termination of Pensionable Service and the date on which the benefit is first paid.

14.3 The lump sum benefit (exclusive of any refund of the 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:

- (a) £5,000, and
- (b) 4 times the Member's Total Earnings at Death less Retained Death Benefits.

14.4 Any pension for a Dependant, when aggregated with the pensions, other than those provided by surrender or allocation of the Member's own pension, payable to that Dependant under all Associated Schemes, shall not exceed an amount equal to $\frac{2}{3}$ rds of the maximum Aggregate Retirement Benefit payable to the Member immediately before death in accordance with Rule 14.1 above. Where the death of the Member occurs whilst in Service before the Normal Retirement Date the maximum is that appropriate had the Member retired on grounds of Incapacity on the date of death entitled to no retained benefits from previous employments.

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

14.5 If a Member elects under Rule 5.1 to take any part of his benefits under this Scheme in advance of actual retirement, the limits set out in Rule 14.1 and Rule 14.2 above shall apply as if he had retired at 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.

14.6 The preceding provisions of this Rule shall be modified in their application to a Member who is an Excepted Director as follows:

- (a) the amount of the maximum Aggregate Retirement Benefit in Rule 14.1 and of the maximum Lump Sum Retirement Benefit in Rule 14.2 shall be reduced, where necessary for Approval, so as to take account of any corresponding benefits under retirement annuity contracts or trust schemes approved under Chapter III Part XIV of the Act or under personal pension schemes approved under Chapter IV Part XIV of the Act;
- (b) where retirement takes place after Normal Retirement Age but not later than the Member's 70th birthday, Rule 14.1 (c) (ii) and (iii) and Rule 14.2 (c) (ii) and (iii) shall not apply, and if retirement is later than the attainment of that age, the said Rules shall apply as if the Member's 70th birthday had been specified in the Rules as his Normal Retirement Age, so as not to treat as Service after Normal Retirement Age any Service before the Member reaches the age of 70;
- (c) where Rule 14.5 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.

CLASS B OR CLASS C MEMBER

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

15. CHARGE ON MEMBER'S BENEFITS

15.1 If as a result of a criminal, negligent or fraudulent act by or omission of the Member he is under a monetary obligation to the Employer, the Managing Trustees shall at the request of the Employer pay so much of the following benefits, namely;

- (i) any cash sum payable to the Member in accordance with the provisions of Rule 5,
- (ii) any pension payable to the Member from time to time in accordance with the provisions of Rule 4,
- (iii) any pension payable to any Dependant on the Member's death in accordance with the provisions of Rule 7, and
- (iv) any lump sum payable on the Member's death in accordance with the provisions of Rule 6.4,

in whole or in part to the Employer in the order shown until such time as the aggregate of the amounts so paid to the Employer equals the amount of the said monetary obligation and only when that obligation has been so discharged shall the benefits revert to being payable as otherwise provided in these Rules.

15.2 As an alternative to the provisions of Rule 15.1 if as a result of a criminal, negligent or fraudulent act by or omission of a Member he is under a monetary obligation to the Employer, the Employer may retain out of its contributions due under these Rules or recover out of the assets of the Scheme an amount which is the lesser of that monetary obligation and the value of the actual or prospective benefits provided for, or in respect of, the Member under the Scheme as determined by the Managing Trustees in their absolute discretion acting on Actuarial Advice and may direct the Managing Trustees to correspondingly reduce or extinguish as the case may be the benefits provided for, or in respect of, the Member under the Scheme as the Managing Trustees in their absolute discretion acting on Actuarial Advice consider appropriate to the said retention of contributions or said recovery out of the assets of the Scheme as the case may be.

- 15.3 (a) Provided always that these provisions shall not apply in respect of any benefits provided under the Scheme in accordance with the provisions of Rule 10.2 except with the specific prior approval of the Occupational Pensions Board.
- (b) The Member shall be entitled to a certificate showing the amount retained or recovered and the effect thereof on the amount of benefit.
- (c) In the event of dispute as to the amount to be retained or recovered, the provisions of this Rule 15 shall not have effect until the obligation becomes enforceable on the Member by due process of law.

16. DEFINITIONS AND INTERPRETATION

16.1 Definitions

The following expressions have the following meanings except where inconsistent with the subject matter or context:

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

"Actuarial Advice" shall mean advice given by a Fellow of the Institute (or Faculty) of Actuaries.

"Actuary" shall mean a Fellow of the Institute of Actuaries or Fellow of the Faculty of Actuaries.

"Aggregate Retirement Benefit" shall mean the aggregate of:

- (i) the Member's pension under this Scheme and any Associated Scheme, and
- (ii) the pension equivalent of the Member's Lump Sum Retirement Benefit.

"Approval" shall mean approval of the Scheme by the Board of Inland Revenue under Chapter I of Part XIV of the Act.

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

"Associated Scheme" shall mean either (i) or (ii) below as is appropriate:

- (i) in respect of a Class A Member any Relevant Scheme which is a Connected Scheme or which provides benefits in respect of Service.
- (ii) in respect of a Class B or C Member any Relevant Scheme providing benefits in respect of Service.

"Authorised Assurer" shall mean a United Kingdom branch or agency of either an insurance company or insurance office 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.

"Child" shall mean a child of the Member or his spouse including any stepchild, any illegitimate child whenever born or any adopted child whether adopted before or after the creation of the Scheme or the Member's inclusion therein and "Children" shall be construed accordingly.

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

"Class B Member" shall mean any Member:

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

and, in either case, has not opted to become a Class A Member.

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

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

- (a) there is a period during which the Member has been the employee of 2 Associated Employers,
- (b) that period counts under both schemes as a period in respect of which benefits are payable, and
- (c) the period counts under one scheme for service with one employer and under the other for service with the other employer.

"Dependant" shall mean the Member's widow or widower or any Child who is under the age of 18 or, if aged 18 or over, is in full-time education or vocational training or who is in the Managing Trustees' opinion likely to be permanently incapable of self-support by reason of physical or mental disability or any other individual who is financially dependent on a Member or was so dependent at the time of the Member's death or retirement.

"Employer" shall mean the Principal Employer or a Participating Employer, as the case may be, which for the time being is employing the Member concerned and shall include successors in business which take its place for all the purposes of the Scheme. If a Member is employed simultaneously by the Principal Employer and one or more Participating Employers (or by more than one Participating Employer but not by the Principal Employer) then the expression "Employer" means each employer separately in relation to the benefits and contributions arising from employment with that employer.

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

"Final Remuneration" shall mean the greater of:

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

Provided that:

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

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

Notes: Except as in proviso (i) above, benefits in kind may be taken into account when they are assessed to income tax as emoluments under Schedule E, and will normally be regarded as Fluctuating Emoluments. If benefits are not so assessable, they may not be included as part of Final Remuneration except with the agreement of the Pension Schemes Office.

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

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

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

"Incapacity" shall mean physical or mental deterioration as a result of which a Member is precluded from following his normal occupation or his earning capacity is seriously impaired; it shall be for the Managing Trustees to decide whether or not a Member is incapacitated within this meaning.

"Index" shall mean the Government's Index of Retail Prices.

"Individual Benefit Fund" shall mean the value, as determined by the Managing Trustees, of the benefit payable under any policies effected in respect of the Member under paragraph (ii) of Rule 3.1, and that part (if any) of the remaining assets of the Scheme which the Managing Trustees consider on Actuarial Advice represents a Member's interest in the Scheme. Providing that all assets remain assets of the common trust fund against which the rights of each Member lie. Provided, however, that if a Member's pensionable employment by reference to this Scheme ceases before the date on which he attains the Normal Retirement Age and has then completed 2 years' Qualifying Service, the value of the Individual Benefit Fund shall not be less than the amount which, when aggregated with the value of all other benefits granted under these Rules on the cessation of the Member's pensionable employment by reference to this Scheme, shall to the satisfaction of the Managing Trustees exceed or compare reasonably with the amount of contributions (if any) paid by the Member and not refunded to him.

In the event that a Member's benefits are restricted in accordance with the limits set out in Rule 14, subject to the Special Condition in Rule 13, any surplus amount remaining will be paid to the Trustees for the general purposes of the Scheme or if there are no other Members the surplus shall be returned to the Employer and any Participating Employer in accordance with paragraph 3 of Rule 11.5.

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

"Managing Trustees" has the meaning attributed thereto by the deed annexed hereto.

"Member" shall mean each employee and former employee who participates in the benefits of the Scheme and who has been included in the Scheme in accordance with the provisions of Rule 1.

"Normal Retirement Age" shall mean any date on or after the date on which a Member attains his 60th birthday and, on or before the date on which he attains his 75th birthday (unless otherwise specifically approved by the Board of Inland Revenue) as determined by the Managing Trustees when the employee is first included in the Scheme as so notified to the Member.

"Participating Employer" shall mean each company or other organisation, undertaking or business (except the Principal Employer) which has agreed to participate in the Scheme and has entered into a covenant with the Principal Employer to perform and observe such provisions of the Scheme as are on its part to be performed and observed and whose participation in the Scheme has had the prior approval of the Board of Inland Revenue.

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

"Permitted Maximum" shall be defined in section 590C(2) of the Act.

"Personal Contract" shall mean a retirement annuity contract or trust scheme approved by the Board of Inland Revenue under Chapter III Part XIV of the Income and Corporation Taxes Act, 1970.

"Principal Employer" has the meaning attributed thereto by the deed annexed hereto.

"Qualifying Service" shall mean the aggregate of:

- (i) Service which at the time it was given qualified a Member for benefit payable at or after retirement under this Scheme or any other retirement benefits scheme to which the Employer contributes or has contributed, and
- (ii) any period notified under item (i) of Rule 10.2.

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

"Relevant Scheme" shall mean any other scheme approved or seeking approval under Chapter I Part XIV of the Act, and in respect of a Class A Member who is an Excepted Director also any retirement annuity contract or trust scheme approved under Chapter III Part XIV of the Act insofar as it provides benefits secured by contributions in respect of Service.

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

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

- (a) retirement benefits schemes approved or seeking approval under Chapter I Part XIV of the Act or relevant statutory schemes as defined in section 611A thereof,
- (b) funds to which section 608 of the Act applies,
- (c) retirement benefits schemes which have been accepted by the Inland Revenue as "corresponding" in respect of a claim made on behalf of the Member for the purposes of section 596(2) (b) of the Act,
- (d) retirement annuity contracts approved under section 621 of the Act,
- (e) term life provisions personal pension schemes approved under Chapter IV Part XIV of the Act, or
- (f) transfer payments from overseas schemes held in a type of arrangement defined in (a), (d) or (e) above

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

"Rules" shall mean these Rules and any alterations thereto for the time being in force.

"Scheme" shall mean the retirement benefits scheme established by the Trust Instrument and described in these Rules.

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

"Special Trustee" has the meaning attributed thereto by the deed annexed hereto.

"Target Benefits" shall mean the retirement benefits which, in the opinion of the Managing Trustees on Actuarial Advice, can be provided from the whole of the Individual Benefit Fund and shall consist of a pension payable to the Member and, if the Managing Trustees so decide, a pension or pensions under Rule 7.2 or Rule 7.3 and subsequent increases in one or more of these pensions whilst in the course of payment as permitted by these Rules; the amount of the Target Benefits shall be subject to the limits set out in Rule 14 and shall be advised to the Member in writing.

"Total Earnings at Death" shall mean the greatest of:

- (i) a Member's total earnings for any period of twelve consecutive months ending not earlier than thirty-six months prior to the date of his death increased in proportion to any increase in the Index from the last day of the selected year up to the date of his death,
- (ii) a Member's Final Remuneration, but disregarding provisos (i), (ii), (iii) and (vi) of that Definition, and

- (iii) the annual amount of a Member's basic salary or wage at the rate payable at the date of his death together with one year's average of the sum of actual fluctuating emoluments (if any) received in the year ending on the date of his death and in each of the preceding two years (if any) increased in proportion to any increase in the Index from the last day of those years up to the date of his death.

For Class A Members total earnings at death shall not exceed the Permitted Maximum.

Where a Member receives benefits in kind on which a liability to Income Tax under Schedule E arises, the value of such benefits as determined for Income Tax purposes may be included for the purposes of determining Total Earnings at Death.

If a Member is incapacitated for more than 10 years up to his death and remains in the employment of the Employer in receipt of reduced remuneration or sick pay, Total Earnings at Death may be computed on any one of the above bases as at the date his remuneration is reduced and the result increased in proportion to any increase in the Index from that date up to the date of the Member's death.

"Trustee" shall mean any one or more of the Managing Trustees and the Special Trustee for the time being of the Scheme.

"Trust Instrument" shall mean the document by which the Principal Employer established the irrevocable trusts under which the Scheme was established.

16.2 Interpretation

Unless the contract requires otherwise the deed attached hereto and these Rules shall be construed and take effect in accordance with English Law.

Any reference herein to any Statute or any section or part thereof shall be deemed to include any enactment in substitution or amendment thereof or any Statutory Regulation thereunder.

Words of the masculine gender shall include the feminine, and vice versa, unless the context otherwise requires or it is otherwise stated.

PART TWO

APPENDIX – SMALL SELF-ADMINISTERED PENSION SCHEMES

1. Notwithstanding anything to the contrary in the Scheme provisions the following rules 2 to 9 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 the Definitive Trust Deed and Rules.

(1) In these rules the following expressions shall have the meanings ascribed to them:

a. "Business" includes:

- (i) a trade or profession, or
- (ii) any activity other than investment carried on by a body of persons, whether corporate or unincorporate, or
- (iii) any activity carried on by a holding company for a trading group.

b. "Close company" has the meaning given by sections 414 and 415 of the Act.

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

d. "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 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.

e. "Employer" means an employer participating in the Scheme.

f. "Ordinary annual contribution" means for the purpose of Rule 2 the smaller of:

- (i) 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
- (ii) 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.

g. "Pensioner trustee" means a Trustee of the Scheme who:

- (i) is approved by the Board of Inland Revenue to act as such, and
- (ii) is not connected with a Scheme Member, another Trustee or an Employer.

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

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

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

k. "Scheme member" means a member of the Scheme to whom benefit is currently accruing by virtue of service as an employee.

(2) For the purpose of these rules any question of whether a person is connected with another shall be determined as follows:

- a. a person is connected with an individual if that person is the individual's spouse or is a Relative or the spouse or a Relative of the individual or of the individual's spouse;
- b. a Scheme Member is connected with an Employer if:
 - (i) the Employer is a partnership and the Scheme Member is connected with a partner, or
 - (ii) 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 an Excepted Director of the Company;
- c. a Company is connected with another company if:
 - (i) the same person has Control of both, or
 - (ii) a person has Control of one and persons connected with that person have Control of the other, or
 - (iii) a person has Control of one and that person and persons connected with that person have Control over the other;
- d. 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;
- e. any two of 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.

(3) For the purpose of these rules 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.

(4) For the purpose of these rules a member of the Scheme includes:

- a. a Scheme Member,
- b. a person in receipt of a pension from the Scheme, or
- c. a person who has been a Scheme Member.

2. PROVISIONS AS TO BORROWING

Any power of the Managing Trustees to borrow shall be restricted so 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:

- a. three times the Ordinary annual contribution, and
- b. three times the annual amount of contributions paid or payable as a condition of membership by Scheme Members in the year of assessment ending immediately before the borrowing takes place, and
- c. forty-five percent of the market value of investments held for the purposes of the Scheme.

3. PROVISIONS AS TO INVESTMENT

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

- a. personal chattels other than choses in action or where the Scheme is subject to the law of Scotland, moveable property other than incorporeal moveable property; or
- b. Residential Property other than that which is, or is to be, occupied:
 - (i) 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
 - (ii) 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 Trustees as an investment of the Scheme; or
- c. stock or shares in a Private company which:
 - (i) carry more than thirty percent of the voting power in the Company, or
 - (ii) entitle the holder to more than thirty percent of any dividends declared by the Company.

For the purposes of this rule the Managing Trustees are not regarded as holding a Residential Property where they hold as an investment units in a unit trust scheme:

- (i) which is an authorised unit trust scheme within the meaning of section 468(6) of the Act, or
- (ii) an exempt unit trust within the meaning of section 96 of the Capital Gains Tax Act 1979, and
- (iii) that unit trust scheme holds Residential Property as an investment.

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

- a. 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
- b. to an Employer or a Company associated with an Employer unless the loan is:
 - (i) utilised for the purpose of the borrower's Business, and
 - (ii) for a fixed term, and
 - (iii) at a commercial rate of interest, and
 - (iv) evidenced by an agreement in writing which contains all the conditions on which it is made and, in particular, the provisions specified in paragraph c. below:
- c. the provisions specified in this paragraph are that the lending shall be repaid immediately if:
 - (i) the borrower is in breach of the conditions of the agreement; or
 - (ii) the borrower ceases to carry on business; or
 - (iii) 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

- (iv) the money is required to enable the Trustees to pay benefits which have already become due under the Scheme.

5. The amount of the aggregate of:

- a. the amount outstanding of any lending to an Employer and/or a Company associated with an Employer made in accordance with rule 4b and c above, and
- b. the market value of stock and shares in an Employer and/or a Company associated with an Employer held by the Trustees in that capacity

shall not at the time of any lending under rule 4 or the purchase of any shares in the Employer or a company associated with an Employer exceed fifty percent 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 percent of the market value of the total assets the Scheme excluding the value of any transfer values received.

6. PROVISIONS AS TO TRANSACTIONS WITH MEMBERS OF THE SCHEME

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.

7. PROVISIONS AS TO TRANSACTIONS WITH EMPLOYERS AND ASSOCIATED COMPANIES

The 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.

8. PROVISIONS AS TO PENSIONER TRUSTEES

One of the Trustees shall be a Pensioner Trustee and should that Trustee cease to be a Trustee or cease to be qualified to act as a Pensioner Trustee the remaining Trustee or 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 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.

9. PROVISION OF INFORMATION TO INLAND REVENUE

(1) Within 90 days of any transaction by Managing Trustees such as is specified in paragraph (2) below the Administrator will furnish the Board of Inland Revenue with such information and documents as the Board requires.

(2) The transactions specified are:

- a. the acquisition or disposal of land (including buildings or other structures);
- b. the lending of money to an Employer or a Company associated with an Employer;
- c. the acquisition or disposal of shares in an Employer or a Company associated with an Employer;

- d. the acquisition or disposal of shares in a Private company;
- e. the borrowing of money; or
- f. the purchase, sale or lease from or to an Employer or a Company associated with an Employer or any investment or asset.

10. Provided however that schemes approved by the Board of Inland Revenue before the Retirement Benefit Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991 (hereinafter called the Regulations) came into effect, or to which Regulation 11 (1) of the Regulations applies, may adopt the provisions of Regulation 11 (2) of the Regulations notwithstanding anything in these rules to the contrary.

SUNTRUST
SCHEDULE OF
RULES

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SCHEDULE OF RULES



SUPPLEMENTAL DEED RB
EXPENSES

IMPORTANT INFORMATION

FOR THE EMPLOYER AND TRUSTEES OF THE SCHEME

The attached document has been drawn up to meet the legal requirements as AXA Sun Life sees them.

This is not Legal Advice

AXA Sun Life therefore hopes it is suitable for your purpose but you must decide whether it fulfils your requirements and is satisfactory and correct in all respects. **AXA Sun Life cannot be regarded as having provided legal advice either to the Employer or to the Trustees in providing this documentation.** We would recommend that you take your own legal advice in connection with this documentation and any other documents prepared by AXA Sun Life in connection with this Scheme.

OPRA Registration

If this scheme has more than one member it will be registered with the Pension Schemes Registry operated by the Occupational Pensions Regulatory Authority (OPRA). If the nature of this document results in a change in the registration details the Trustees must notify the Registry by completing a form coded PR1(R). This form should be included in the initial registration pack issued by the Registry if not copies can be obtained from OPRA direct at the following address:-

Occupational Pensions Regulatory Authority
Pension Schemes Registry
PO Box 1NN
Newcastle upon Tyne
NE99 1NN
Telephone: 0191 2256393/4/6/8

If a Trustee changes address please notify AXA Sun Life so we can ensure our records are updated accordingly.

This document must be completed by all parties to the Deed, including each Managing Trustee and one Participating Employer. Each section starts with an arrow to indicate who should complete it, following through from arrow to arrow, completing those sections which apply.

DEFINITIVE TRUST DEED



This section must be completed by the Principal Employer

THIS TRUST DEED is made the 1st day of September 1997 BETWEEN

X CLOACA MAXIMA LTD. X

(hereinafter called the "Principal Employer" which expression shall include any person firm or company limited or otherwise which shall hereinafter carry on substantially the same business as that now carried on by the Principal Employer and in succession hereto) of the first part,

(hereinafter called the "Associated Employer") of the second part,

HENRY DENNISTOUN STEVENSON AND STUART CHAPPELL

who and their successors in office are hereinafter called the "Managing Trustees") of the third part, and SUNTRUST LIMITED whose registered office is situated at 107 Cheapside, London EC2V 6DU (who, and its successors in office, are hereinafter called the "Special Trustee") of the fourth part.

WHEREAS

- (i) The Principal Employer has decided to establish a trust fund to form a retirement benefits scheme named CLOACA MAXIMA Retirement Benefits Scheme

(hereinafter called the "Scheme") to provide relevant benefits (as defined in Section 612(1) of the Income and Corporation Taxes Act 1988) for those of its directors and other employees, and the directors and other employees of any other employer admitted to participation in accordance with this deed, who are to, or may, participate in the benefits of the Scheme (hereinafter called the "Members").

- (ii) Details of the benefits to be provided under the Scheme, and the conditions (if any) to be satisfied to be eligible for such benefits, have been or will be, announced in writing to Members.

- (iii) The Principal Employer has requested the Trustees to act as Trustees of the Scheme and the Trustees have agreed so to act.

The Principal Employer has requested the Managing Trustees to be the Administrator (as defined in Section 612(1) of the Income and Corporation Taxes Act 1988) of the Scheme and the Managing Trustees have agreed so to act.

NOW THIS DEED WITNESSETH AND IT IS HEREBY DECLARED as follows:

1. The Principal Employer hereby establishes a trust fund upon irrevocable trusts to pay therefrom the benefits which may become payable in accordance with the terms and conditions of the Scheme, described in this deed and the Rules set out in the Schedule annexed hereto, of which details have already been given to Members.

The Scheme shall commence on the date of execution hereof.

The Principal Employer hereby appoints the Trustees to be the first Trustees of the Scheme and the Managing Trustees to be Administrator of the Scheme.

2. The Rules set out in the Schedule annexed hereto, subject to any modification that may be made in accordance with Rule 131, shall be deemed to be incorporated in this deed and are hereby adopted to define the terms and conditions regulating the Scheme; such Rules shall be binding upon the Trustees, the Members, the Principal Employer, any Participating Employer and all persons acting under or in trust for them respectively.

3. The Scheme shall not be wound-up or otherwise terminated, and no payment shall be made out of the assets of the Scheme otherwise than in accordance with the Schedule of Rules annexed hereto. Furthermore the consent of the Special Trustee shall always be required.

4. The Principal Employer hereby agrees to the employees of the Associated Employer being admitted to participate in the benefits of the Scheme and the Associated Employer hereby agrees to be bound by the provisions of the Rules set out in the Schedule annexed hereto.

This deed has been executed by the parties hereto in the form and manner above written on the day and year first above written.

EXECUTED BY/ON BEHALF OF THE PRINCIPAL EMPLOYER

NOTE - FOR THIS DEED TO BE VALID TWO DIRECTORS OR ONE DIRECTOR AND THE COMPANY SECRETARY MUST SIGN.

Signature of director

Signature of director/company secretary

space above for company seal if this is to be impressed

HENRY DENNISTOUN STEVENSON

full name in block capitals

ALEXANDER STEVENSON

full name in block capitals

This section should be completed by any Participating Employers. For the Deed to be valid, two directors or one director and the company secretary must sign for each Participating Employer.

EXECUTED BY/ON BEHALF OF THE ASSOCIATED EMPLOYER

NAME OF PARTICIPATING EMPLOYER

Signature of director

Signature of director/company secretary

space above for company seal if this is to be impressed

full name in block capitals

full name in block capitals

IF FURTHER ASSOCIATED EMPLOYERS ARE BEING INCLUDED PLEASE COPY THE RELEVANT PRINTED DETAILS ABOVE IN THE SPACE PROVIDED ON THE LAST PAGE WHERE THE FURTHER ASSOCIATED EMPLOYER(S) SHOULD EXECUTE THE DOCUMENT.

THE MANAGING TRUSTEES

This section must be completed by all of the Trustees named. For the appointment to be valid, each signature must be witnessed. The witness must not be a party to the Deed

To be completed
by the
Managing
Trustee

Signed and delivered by

HENRY DENNISTOUN STEVENSON
(insert name of Managing Trustee)

Signature of Trustee

In the presence of

Signature

Address

Occupation

of
witness

ALWYSON GASKIN
(insert name of witness)

Signature

SRU LTD, 78-80 ST JOHN STREET

LONDON EC1M 4HR

P.A.

To be completed
by the
Managing
Trustee

Signed and delivered by

STUART CHAPPELL
(insert name of Managing Trustee)

Signature of Trustee

Stuart Chappell

In the presence of

CAROL TROEN
(insert name of witness)

Signature

Carol Troen

Address

of

witness

53 WOODWOOD WAY, ASHINGTON
ESSEX, SS4 3AS
FINANCIAL ADVISER.

Occupation

To be completed
by the
Managing
Trustee

Signed and delivered by

(insert name of Managing Trustee)

Signature of Trustee

(insert name of witness)

In the presence of

Signature

Address

of

witness

Occupation

IF FURTHER TRUSTEES HAVE BEEN APPOINTED PLEASE COPY THE PRINTED DETAILS SET OUT ABOVE IN THE SPACE PROVIDED OVERLEAF WHERE THE FURTHER TRUSTEES SHOULD EXECUTE THE DOCUMENT.

THE COMMON SEAL OF SUNTRUST LTD.

was hereunto affixed in the presence of

Stuart Chappell

Signature of
of each
witness

Common

Seal

Carol Troen



SUN LIFE

Suntrust

Schedule of Rules

Sun Life - established 1810

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Definitions of the terms used throughout this document are shown in Rule 16.

1. MEMBERSHIP OF THE SCHEME

1.1 The benefits of the Scheme shall be available to each director of the Employer who is invited by the Employer and the Managing Trustees to join the Scheme and whose inclusion would not prejudice Approval.

1.2 Subject to the consent of the Board of Inland Revenue, the Principal Employer and the Managing Trustees shall have power to extend the benefits of the Scheme to directors of any associated or subsidiary company or business of the Principal Employer provided that such associated or subsidiary company or business shall first have entered into a covenant with the Trustees to observe and perform such of the provisions of these Rules as apply to a Participating Employer.

1.3 The benefits of the Scheme may, with the consent of the Special Trustee, be extended to other employees of the Employer.

1.4 Each individual who is invited to join the Scheme in accordance with this Rule shall become a Member when he agrees to join the Scheme.

1.5 Provided that for the purpose of providing any benefits under Rule 6.1 and/or Rule 7.1 (other than the Member's Individual Benefit Fund) inclusion for, or an increase in, such benefit shall be subject to the receipt by the Trustees of such medical or other evidence as to the employee's health as satisfies them.

2. CONTRIBUTIONS

2.1 The Employer shall contribute to the Scheme in respect of benefits for each Member arising from his employment with the Employer.

2.2 Each Member is required to contribute at such a rate as determined by the Employer and notified in writing to the Member. No rate of contribution determined under this sub-rule may be altered before the expiry of a period 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.

In addition the Member may make voluntary contributions to the Scheme to secure additional benefits for himself and/or his Dependants. In the case of a Class A Member and, where such contributions to this Scheme commence on or after 8th April 1987, in the case of a Class B or Class C Member (unless such Member was included in an Associated Scheme and was making voluntary contributions thereunder prior to that date) any retirement benefits so secured must be in the form of non-commutable pension except to the extent to which the provisions of the Scheme allow commutation of trivial pensions or on the grounds of serious ill health.

In the case of a Class A Member the contributions paid to the Scheme by the Member in a year of assessment shall not exceed either:

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

In the case of a Class B Member or a Class C Member the total contributions paid by the Member in a year of assessment to this and any Associated Scheme shall not exceed 15% of his Remuneration for that year.

2.3 At intervals not exceeding three years starting at the commencement of the Scheme, such adjustments shall be made to the contributions as shall be considered necessary by the Managing Trustees on Actuarial Advice to ensure that the limits on benefits set out in Rule 14 are not exceeded. Such adjustments shall be apportioned between each Member (if he contributes) and the Employer in such manner as is considered appropriate by the Managing Trustees on Actuarial Advice.

3. INVESTMENTS

3.1 The Managing Trustees shall effect with a United Kingdom branch or agency of an Authorised Assurer which shall be Sun Life Assurance Society plc or any company which is or becomes a subsidiary either of that company or of a holding company of that company:

- (i) a policy or policies to assure payment of such part (if any) of the benefits payable on the death of a Member as exceeds the Individual Benefit Fund; and
- (ii) a policy or policies which provide for payment of benefits on retirement of each Member or on his death after retirement, to which shall be applied not less than one-half of the remainder of the contributions to the Scheme by all Employers and Members after deduction of the premiums required to secure the policy or policies under (i) above; provided that the Special Trustee shall have power to agree that a lesser proportion shall apply in respect of a contribution or contributions.

In the event that the Managing Trustees are unable to effect an assurance policy as described in (i) above, they shall use their best endeavours to obtain such a policy or policies with a United Kingdom branch or agency of another Authorised Assurer.

3.2 Subject to clause 3 of the deed attached hereto and to Rules 3.1, 3.5 and 3.6, the Managing Trustees shall have and may from time to time exercise the power to invest or lay out that part of the trust fund not required to pay benefits falling due for payment in accordance with these Rules in the purchase of or at interest upon the security of such stocks, funds, shares, securities or other investments or property of whatsoever nature and whether involving liability or not and upon such credit with or without security as they shall in their absolute discretion think fit to the intent that they shall have the same full unrestricted powers of investing and transposing investments and laying out moneys in all respects as if they were absolutely entitled thereto beneficially; and in particular and without prejudice to the generality of the foregoing, the Managing Trustees shall have power to:

- (i) make loans to any Employer, with or without security, as the Trustees shall decide;
- (ii) place the moneys or any part thereof in a current account with any recognised Bank or on deposit with any deposit taking business excepted under section 2 of the Banking Act 1979 from the prohibition in section 1(1) of the said act;
- (iii) purchase any interest in land or property;
- (iv) purchase any stocks, shares, debenture stocks or bearer securities, whether or not involving future liability;
- (v) invest in units of any authorised unit trust;
- (vi) underwrite, sub-underwrite or guarantee the subscription of any stocks, shares, debenture stocks or other investments;
- (vii) borrow money for the purposes of the Scheme including investing such money in the purchase of any investments authorised by this Rule and to charge, burden or grant security over the assets of the trust fund or any of them for repayment of borrowed money and for payment of interest thereon; and
- (viii) give indemnities and guarantees and enter into obligations in connection with the exercise of their powers or the administration of any property in which the trust assets are for the time being invested and may charge, burden or grant security over the assets of the trust fund or any of them for the due performance thereof.

Provided that before any investment of any part of the trust fund is made which is an employer related investment as described in Schedule 4, Part 3 of Social Security Act 1990 the Trustees must obtain each Member's written agreement to the making of that investment.

Provided further that the Managing Trustees are hereby expressly prohibited from making any loan or advancement from the assets of the trust fund to any individual who is a Member or has a contingent interest under the Scheme.

3.3 The Managing Trustees shall have power to purchase in the names of the Managing Trustees from a United Kingdom branch or agency of any Authorised Assurer an annuity on the life of any individual who has become entitled to an immediate pension under the Scheme, or who is contingently entitled on the death of a Member to a pension from the Scheme, of an amount not in excess of that individual's entitlement.

The Managing Trustees shall exercise this power

- (1) in respect of any Member's personal pension, before the first payment falls due or, where the Scheme
 - (a) commenced before the 5th August 1991, or
 - (b) commenced on or after the 5th August 1991 but prior to the 4th August 1994 and, at that date and when the Member's personal pension commences is one which falls within the meaning of a small self-administered scheme as defined in The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991

before the expiry of a period of 5 years from the date of the Member's retirement, and

- (2) in respect of any pension payable as a result of a Member's death, at the same time as they exercise this power in respect of the Member's personal pension in accordance with (1) above (or at the same time as the Member's personal pension is wholly commuted under Rule 5.1) or, if not so then exercised, at the date of the Member's death.

If any pension is to increase whilst in the course of payment, each increase in pension shall be secured when such increase falls due for payment.

Provided that where the Scheme

- (A) on the date it commenced and when the Member's personal pension commences is one which falls within the meaning of a small self-administered scheme as defined in The Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-administered Schemes) Regulations 1991, or
- (B) for not less than 5 years prior to the commencement of the Member's personal pension a minimum of 25% of the trust fund has been invested outside of policies effected through a United Kingdom branch or agency of an Authorised Assurer (provided this would not prejudice Approval, such other period or circumstance as may be specifically approved by the Board of the Inland Revenue),

the Managing Trustees shall have the power in the case of

- (i) a Member who retires for whatever reason on or after the 4th February 1994, or
- (ii) a Member included in a Scheme which falls within Category (A) above who retired on or after the 4th February 1989 but whose pension has not been secured within 5 years of that retirement under this Rule,

to defer the security of the pension for such Member until no later than the date on which such Member attains age 75, so long as the following conditions are and remain satisfied:

- (a) Where all Members of the Scheme are in receipt of pensions, the Managing Trustees shall not, directly or indirectly, make any new loans to 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 first payment of pension to the last Member of the Scheme to retire. 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 to have retired.
- (b) Where the Scheme has both Members who have not retired and Members who, by virtue of these Rules, are entitled to commence receipt of their pension (hereinafter called "Pensioners") whose annuity purchase has been deferred, the Actuary shall exclude each Pensioner's Individual Benefit Fund when determining the proportion and the amount which may be lent to the Employer or any Company associated with the Employer or used to buy stock or shares in any Private company. Within 5 years of the commencement of pension to new Pensioners, the Managing Trustees shall ensure that an appropriate proportion of any loan to the Employer or any Company associated with the Employer is repaid and shall ensure an appropriate proportion of the value of any stock or shares held in any Private company is realised.
- (c) Where, during the period of deferral, investments held for the purposes of the Scheme include real 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 annuity at any time after the Member has 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 Pensioners' Individual Benefit Funds are excluded from the calculation in this Rule.
- (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) any contingent Dependants' pensions payable;
 - (ii) the income and assets of the Scheme, and in particular those liquid assets representing the Pensioner's Individual Benefit Fund.

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 Member's Individual Benefit 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.

3.4 All contributions, interest, deposits, investments and all other assets in respect of, or constituting, the Scheme and any assurance policies that have been effected for the purposes of the Scheme shall be held in the names of the Managing Trustees unless the Special Trustee requires that they be held jointly in the names of all the Trustees.

3.5 The Managing Trustees shall, unless and to the extent that the Special Trustee shall otherwise agree in writing, seek the prior agreement of the Special Trustee to any investment or laying out of the trust fund under Rule 3.2 above, but in the event of that agreement not being forthcoming the Managing Trustees may nevertheless proceed if so authorised by a majority of all the Trustees.

3.6 To assist the Special Trustee in arriving at a decision under Rule 3.5 the Managing Trustees shall supply to the Special Trustee the information in their possession and such further information as the Special Trustee may reasonably require.

3.7 The Special Trustee shall be entitled to rely on the accuracy and completeness of any statements made by the Managing Trustees or by any Employer or by any other person advising the Trustees and shall not be obliged to enquire further into such statements.

3.8 Subject to Rule 3.1, the duty to insure any property constituting the assets of the Scheme shall be on the Managing Trustees who shall always ensure that all such property is insured at all times against loss or damage.

4. MEMBER'S BENEFITS ON RETIREMENT

4.1 Subject to the limits set out in Rule 14, if a Member remains in the employment of the Employer until the date on which he attains the Normal Retirement Age, he shall be entitled at that time to that part of the Target Benefits payable to him.

4.2 If a Member leaves the employment of the Employer on or after his 50th birthday, or earlier if on account of Incapacity, he may elect to receive either

- (i) immediate benefits in lieu of the benefits under Rule 9, or
- (ii) the benefits under Rule 9 and may subsequently elect, before the date on which he attains the Normal Retirement Age, to receive immediate benefits in lieu of the benefits payable on the date on which he attains the Normal Retirement Age.

4.3 If a Class A Member remains in the employment of the Employer after Normal Retirement Age payment of his Target Benefits shall be deferred until such time as he retires or, if earlier, attains age 75. In the event of the death of a Member whilst payment of his benefits is deferred, Rule 6.1 shall apply.

If a Class B Member or a Class C Member remains in the employment of the Employer after the date on which he attains the Normal Retirement Age, he may request that his Target Benefits be payable immediately or that payment be deferred but not beyond the attainment of age 75. If payment is deferred in the case of a Class B or Class C Member, the Target Benefits shall be payable on the Member's retirement or such earlier date as the Member requests. In the event of the death of such a Member whilst payment of his benefits is deferred, Rule 6.1 shall apply except that, where the cash sum payable at the date on which the Member attains the Normal Retirement Age has been reduced in accordance with Rule 14, the limitation on the amount of lump sum benefit payable in accordance with Rule 6.1 may be ignored.

If a Member had left the employment of the Employer before the date on which he attains the Normal Retirement Age, payment of his personal pension may, at his request, be deferred but not beyond the 75th birthday.

4.4 Any pension payable to a Member shall be payable monthly in advance, or at such other interval as the Managing Trustees shall determine, the first payment being due on the appropriate due-date stated earlier in Rule 4 and the last on the due-date immediately preceding the Member's death or that on which the last guaranteed pension payment (if any) is to be made if later. The pension payments may be guaranteed for a period not exceeding ten years as so decided by the Managing Trustees. Provided that if the pension payment guarantee period is not more than five years the provisions of Rule 6.4 may apply if so decided by the Managing Trustees.

5. MEMBER'S ALTERNATIVE BENEFITS ON RETIREMENT

5.1 In the case of a Class B or Class C Member when his personal pension is due to commence (or at any time between his Normal Retirement Age and the date of commencement if payment is deferred under Rule 4.3) and provided that either no personal pension, or a personal pension of more than £260 per annum (or such other amount as the Managing Trustees may

determine), will remain payable, the Member may, subject to the agreement of the Managing Trustees, commute all or a part of his personal pension for a cash sum subject to the limits set out in Rule 14. If a Member elects to commute part of his personal pension no further personal pension may be commuted at a later date.

If at the same time as a Class B or Class C Member has elected to take a cash sum he has also requested that payment of his personal pension be deferred under Rule 4.3 and the maximum cash sum determined under Rule 14 has been reduced as provided for in Rule 14 then if such a Member dies before payment of his personal pension has commenced the amount and application of the lump sum benefit on death shall be as under Rule 6.1. If the maximum cash sum has not been reduced the amount of the lump sum benefit on death will be as under Rule 6.4.

A Class A Member shall have the option referred to in the first paragraph of this Rule only at the time his personal pension is due to commence.

If, when payment of his personal pension is about to commence, a Member is in exceptional circumstances of serious ill-health the Managing Trustees, may at his request and, subject in the case of an Excepted Director to the specific agreement of the Board of Inland Revenue, pay to him a cash sum in commutation of the whole of his pension, subject to Rule 13.4.

The ratio of cash sum to personal pension shall not exceed that determined from tables agreed for this purpose by the Board of Inland Revenue as appropriate to the circumstances of the Member concerned.

5.2 At any time within 30 days prior to the date his personal pension is due to commence a Member may elect with the consent of the Managing Trustees to surrender a portion of his personal pension to secure a pension, payable on his death after retirement to his spouse and/or one or more of his Dependants named at the time of his election, or an amount or amounts which in total will not exceed the Member's remaining personal pension before taking any cash sum in accordance with Rule 5.1. The amount of each pension shall be determined by the Managing Trustees on Actuarial Advice having regard to the portion of the Member's personal pension surrendered and the ages of the Member and each individual in whose favour the surrender is made. The pension shall commence and be payable as described in Rule 7.4.

6. LUMP SUM BENEFIT ON DEATH

6.1 In the event of the death of a Member before the first payment of his personal pension is due to be made the aggregate of the Individual Benefit Fund and any moneys available under any assurance policy effected by the Managing Trustees in accordance with the provisions of Rule 3.1(i) (and subject to the provisions of Rule 1.5) and the assets from time to time representing the same shall be applied by the Managing Trustees in accordance with the following provisions as they in their absolute discretion shall determine.

Subject to the penultimate paragraph of this section in the case of a Class B or Class C Member only the Managing Trustees shall pay an amount not exceeding that determined in accordance with Rule 14 to such one or more of the following classes in such share or shares as the Managing Trustees in their absolute discretion shall determine:

- (i) to, or applied by the Managing Trustees for the benefit of, such one or more of the Beneficiaries described in Rule 6.3 in such share or shares and for such interests as they in their absolute discretion shall determine,
- (ii) to the trustees of any settlement which is for the benefit of any one or more of the Beneficiaries described in Rule 6.3,
- (iii) to the Member's personal representatives for them to apply under the terms of the Member's will or intestacy provided that the Managing Trustees shall not pay the personal representatives if his residuary estate would belong to the Crown or to the Duchy of Lancaster or to the Duke of Cornwall as bona vacantia.

In the event of the death of a Class B or Class C Member after payment has been made to him of a cash sum under the first paragraph of Rule 5.1 and the maximum cash sum

determined under Rule 14 has not been reduced as provided in Rule 14 the amount payable by the Managing Trustees shall be the discounted value of the guaranteed personal pension that would have become payable if his personal pension had commenced on the day before the date of his death. The discounted value shall be applied by the Managing Trustees in the manner provided for in Rule 6.1.

Provided always that any lump sum payable on the death of a Class B or Class C Member while an Excepted Director in the employment of the Employer on or after his 75th birthday, and before the first payment of his personal pension has been made, shall be payable by the Managing Trustees to such a Member's personal representatives provided that he did not die in circumstances where his residuary estate would belong to the Crown or to the Duchy of Lancaster or to the Duke of Cornwall as bona vacantia; in the latter case any lump sum payable shall be retained by the Managing Trustees for the purposes of the Scheme generally.

6.2 Any balance of the moneys available which has not been paid in the form of a lump sum in accordance with Rule 6.1 shall be applied to provide a pension for any one or more of the Member's spouse and Dependants. Such pension shall be subject to the limits set out in Rule 14. Subject to the Special Condition in Rule 13 any remaining balance of the moneys shall be retained by the Managing Trustees for the purposes of the Scheme generally.

6.3 The Beneficiaries referred to in Rule 6.1 and 6.5 shall be:

- (a) the Member's widow or widower;
- (b) any former wife or husband of the Member;
- (c) the following relatives of the Member (whether by birth or adoption) born at any time namely issue, parents, issue of parents, stepchildren and issue of stepchildren;
- (d) the spouse, widow or widower of any of the said relatives;
- (e) any other person whose name has been notified to the Managing Trustees in writing by the Member prior to his death as being a person the Member wishes the Managing Trustees to consider as a possible recipient of the moneys;
- (f) any other individual who in the opinion of the Managing Trustees was dependent wholly or partially on the Member for the ordinary necessities of life suitable for an individual in his class and position;
- (g) any one or more of the persons entitled under the Member's will to any interest in his estate.

6.4 If the personal pension payment guarantee period (if any) is not more than five years, and a Member in receipt of a personal pension shall die before all the guaranteed payments of his personal pension have been made, there shall be paid in the manner described in Rule 6.1, if the Managing Trustees so determine, a lump sum determined by the Managing Trustees on Actuarial Advice in lieu of the remaining guaranteed personal pension payments.

6.5 If at the expiry of two years in the case of benefits arising on the death of a Member in the employment of the Employer, or on the death of a Member who remained in that employment until the date on which he attained the Normal Retirement Age, or at the expiry of six years in any other case, there is no Beneficiary as described in Rule 6.3 known to the Managing Trustees whom they have power to benefit under the foregoing provisions then the moneys available (as described in Rule 6.1 or Rule 6.4) or so much of them as has not been paid or applied pursuant to Rule 6 shall be retained by the Managing Trustees for the purposes of the Scheme generally.

7. PENSION BENEFIT ON DEATH

7.1 In the event of the death of a Member before the first payment of his personal pension is due to be made, the Managing Trustees may provide a pension to his surviving spouse and/or any one or more of his Dependants. Subject to the limits set out in Rule 14 the amount of any such pension shall be the aggregate of that provided (as determined by the Managing Trustees

on Actuarial Advice) by the balance of moneys (if any) available under Rule 6.2 and any specific pension provided under any assurance policy effected by the Managing Trustees in accordance with the provisions of Rule 3.1(i) and subject to the provisions of Rule 1.5.

7.2 In the event of the death of a Member on or after the date his personal pension commenced, or was due to commence and was wholly commuted under Rule 5.1, the relevant Target Benefits shall be paid to his spouse to whom he was married at the date such contingent pension was purchased in accordance with the provisions of Rule 3.3 and/or any one or more of his Dependants as determined by the Managing Trustees at that time in such proportion as the Managing Trustees in their absolute discretion shall decide.

7.3 If, on the death of a Member, there is no pension payable in accordance with Rule 7.1 and Rule 7.2 to the Member's surviving spouse and/or any one or more of his Dependants, the Managing Trustees may provide, subject to the limits set out in Rule 14, a pension to the Member's surviving spouse and/or any one or more of his Dependants.

7.4 Any pension payable under Rule 5.2 or the foregoing provisions of this Rule shall commence on the death of the Member (or the next following first of the month if so decided by the Managing Trustees); provided that if payment of the Member's personal pension has commenced and is guaranteed for a period

- (i) not exceeding five years, the Managing Trustees may determine that any one or more of these pensions may commence at the expiry of the said guaranteed payment period, or
- (ii) exceeding five years, any pension payable under Rule 7.2 or Rule 7.3 shall commence at the expiry of the said guaranteed period.

Any such pension shall be payable monthly in advance or such other interval as the Managing Trustees shall determine and shall cease on the due-date immediately preceding the death of the Beneficiary. However, if the beneficiary is a Child (other than one, who in the opinion of the Managing Trustees, is likely to be permanently incapable of self-support by reason of physical or mental disability), any such pension shall not be payable beyond the date on which the child attains age 18 or, if remaining in full-time education or vocational training after that date, the earlier of the date of cessation of such education or vocational training and the date on which he attains age 22.

7.5 Any part of the Individual Benefit Fund not applied to provide a pension in accordance with the foregoing provisions of Rule 6 or Rule 7 shall subject to the special condition in Rule 13 be retained by the Managing Trustees for the purposes of the Scheme generally.

8. TEMPORARY ABSENCE

8.1 If a Member is temporarily absent from employment before the date on which he attains the Normal Retirement Age for more than one month, the Employer may choose to treat him as

- (i) having left the employment of the Employer: in which case the provisions of Rule 9 shall apply, or
- (ii) continuing in employment: in which case the Member's benefits may remain in full force (for a period of up to 10 years only (3 years only in the case of a Member who does not remain resident in the United Kingdom) unless the absence results from an accident or sickness) provided contributions continue to be paid in respect of such such benefits, but not beyond the date on which he attains the Normal Retirement Age.

If the period of temporary absence is one month or less, (ii) above shall apply.

If a female Member is in a period of paid maternity absence (within the meaning prescribed in paragraph (5)(3)(a) of Schedule 5 of the Social Security Act 1989) from the Employer, contributions shall continue to be paid at the rate in force immediately prior to the commencement of the period of paid maternity absence (provided that any Member's contributions shall be based on contractual remuneration actually received) whilst such period continues. If the

Member does not wish to continue to contribute (if applicable) then the provisions of Rule 9 shall apply. On cessation of the period of paid maternity absence the provisions of Rule 9 shall then apply unless she has given valid notice of her intention to return to work in accordance with the Employment Protection (Consolidation) Act 1978, in which event, at the discretion of the Employer, contributions may continue to be paid (at the rate in force immediately prior to the period of paid maternity absence) until the earlier of the last day on which she would be entitled to return and the date (if any) she notifies the Employer that her intention to return is revoked. If she does not return (or so notifies the Employer before the last day on which she would be entitled to return) the provisions of Rule 9 shall apply.

If during a period of temporary absence a Member becomes a member of any other retirement benefits scheme or arrangement, this Rule shall only continue to apply in respect of that Member if prior confirmation has been received from the Board of Inland Revenue that Approval is not prejudiced. If such confirmation is not received, the Member shall be treated as having left the employment of the Employer and the provisions of Rule 9 shall apply.

9. MEMBER LEAVING EMPLOYMENT

9.1 This Rule shall not apply if a Member leaves the employment of any employer which participates in the Scheme and enters or continues in the employment of another employer which participates in the Scheme.

If a Member becomes assessed to Income Tax under Schedule D on the whole of his income from the Employer he shall be treated as having left the employment.

9.2 No further contributions shall be payable in respect of a Member who has left the employment of the Employer before the date on which he attains the Normal Retirement Age and, unless the provisions of Rule 9.3, Rule 9.4 or Rule 10.3 apply, he shall become entitled under the Scheme at the Normal Retirement Age to that part of the Target Benefits payable to him. The benefits to be provided for or in respect of him under the Scheme shall remain subject to these Rules and in particular shall be restricted in amount to the limit set out in Rule 14.

9.3 If a Member (other than a Member in respect of whom the Managing Trustees have accepted a transfer from a personal pension approved or provisionally approved under Chapter IV Part XIV of the Act) leaves the employment of the Employer before the date on which he attains the Normal Retirement Age and has not completed 2 years' Qualifying Service he may elect to receive the immediate return in respect of the value of his contributions (if any) but not exceeding the Individual Benefit Fund, except contributions which in accordance with the provisions of Rule 10.2 may not be returned.

If a Member rejoins the Scheme after having completed 2 years' Qualifying Service, he shall be entitled to the benefit described in Rule 9.2 without being required to complete any further period of Qualifying Service.

If the Member is precluded from taking a return of the value of his contributions in accordance with Rule 10.2 he shall be entitled to the benefits which were secured by the transfer payment received.

The contributions which are returned shall be paid, with or without interest as the Managing Trustees shall decide but not exceeding the Individual Benefit Fund, subject to the provisions of Rule 13.4 and the Member's benefits under the Scheme shall be extinguished or appropriately reduced as the case may be.

9.4 Instead of providing the benefits under the Scheme the Managing Trustees may purchase an assurance policy, which shall be one that is approved by the Board of Inland Revenue as satisfying the provisions of Section 591(2)(g) of the Act, in the Member's name from a United Kingdom branch or agency of an Authorised Assurer which shall be Sun Life Assurance Society plc or any company which is or becomes a subsidiary either of that company or a holding company of that company, with the then Individual Benefit Fund and the Member's benefits under the Scheme shall be extinguished.

Alternatively the Managing Trustees may decide that the policy, which provides for payment of benefits on retirement of the Member, shall be assigned to the Member free from the provisions of this Trust Instrument. That part of the Member's Individual Benefit Fund which is not represented by the above-mentioned policy shall be applied to increase the benefits being provided under that policy. The policy shall be endorsed as necessary to meet the requirements of Section 591(2)(g) of the Act.

10. TRANSFER OF BENEFITS FROM OR TO ANOTHER RETIREMENT BENEFITS SCHEME

10.1 When giving effect to this Rule the Managing Trustees shall have regard to the terms of any undertaking given at any time by the Managing Trustees to the Board of Inland Revenue.

10.2 (i) If a Member has prior to the date of joining this Scheme been a Member of another retirement benefits scheme or has Other Contracts in respect of previous membership of any fund, scheme or arrangement approved for the purposes hereof by the Board of Inland Revenue the Trustee may, with the consent of the Employer, receive any moneys or other assets available in respect of the Member upon transfer in accordance with the provisions of that other scheme or Other Contracts from the trustees thereof or other person or persons empowered to transfer such moneys and thereupon the Member shall be entitled under this Scheme to benefits having regard to the moneys or other assets received. Provided always that the acceptance of the said transfer of monies or other assets shall be conditional upon the requirements of Schedule 1A of the Social Security Pensions Act 1975 and any Regulations made thereunder being observed.

(ii) The benefits arising on retirement from a transfer or part thereof in accordance with Rule 10.2(i) shall not be capable of commutation nor shall they be paid in lump sum form if the transfer is accompanied by a certificate from the administrator of the transferring scheme to the effect that the transfer value or part thereof is not to be used to provide benefits in lump sum form.

(iii) For Class B or Class C Members pension benefits on retirement arising from a transfer in accordance with Rule 10.2(i) (other than from another scheme of the Employer or an associated employer) may be commuted only if and to the extent that a certificate has been obtained from the administrator of the transferring scheme showing the maximum lump sum payable from the transfer value. The amount so certified may be increased in proportion to any increase in the Index since the date the transfer payment was received.

10.3 If a Member leaves the employment of the Employer or contributions in respect of him cease so that the provisions of Rule 9 or Rule 11 apply and he becomes a member of any other fund, scheme or arrangement approved under the Act by the Board of Inland Revenue, or any other similar fund, scheme or arrangement specifically approved for the purposes of this Rule by the Board of Inland Revenue (hereinafter collectively referred to as the "Other Scheme"), the Managing Trustees may, subject to the provisions below and to the consent of the Employer, instead of granting the Member the benefits to which he is entitled under the Scheme, transfer to the trustees of the Other Scheme an amount not exceeding the Member's Individual Benefit Fund.

Before making such payment the Trustee shall ensure that the requirements of Schedule 1A of the Social Security Pensions Act 1975 and any Regulations made thereunder are observed.

10.4 When on or after a transfer having been made to any Other Scheme approved under Chapter 1 Part XIV of the Act, the administrator requests such a certificate as is referred to in Rule 10.2 (iii) above, the Administrator shall calculate as at the date of transfer and supply the receiving scheme with a certificate of, the maximum lump sum payable on retirement from the transfer value.

When making a transfer to any other scheme approved under Chapter IV Part XIV of the Act, the Administrator shall provide a certificate of the maximum lump sum payable on retirement from the transfer value if the transferring member:

- (a) was aged 45 or more at the time that the transfer payment was made, or
- (b) has at any time within the 10 years preceding the date on which the Member makes a written application in accordance with Rule 10.3 been, in respect of any employment to which the transfer payment or any part of it relates, either
 - (i) an Excepted Director, or
 - (ii) in receipt of annual remuneration in excess of £60,000 or, if greater, the allowable maximum (i.e. the equivalent for personal pension schemes of the permitted maximum) for the year of assessment in which the date of transfer falls, or
- (c) is entitled to benefits included in the transfer payment which arise from an occupational pension scheme under which the normal retirement age is 45 or less.

11. DISCONTINUANCE OF CONTRIBUTIONS

11.1 Any one or more of the Principal Employer and/or any Participating Employers shall give 30 days' written notice to the Managing Trustees of its intention to cease to pay contributions to the Scheme and on the expiry of the notice no further contributions shall be payable by that Employer and by the Members (if any) relating to the remuneration received from that Employer. The provisions of Rule 11.4 shall apply and the Members' benefits shall remain subject to these Rules.

Provided that if the Managing Trustees so determine, either at the date of cessation of contributions or later, in relation to the Members employed by that Employer and the remuneration received from that Employer:

- (i) the trust fund shall be dissolved;
- (ii) the trusts of these presents shall determine absolutely; and
- (iii) the provisions of Rules 11.4 and 11.5 shall apply.

11.2 In the event of the Principal Employer going into liquidation, whether voluntary or compulsory, or on the business of the Principal Employer ceasing to be carried on (unless its successors in business shall take the place of the Principal Employer for all the purposes of the Scheme):

- (i) the trust fund shall be dissolved;
- (ii) the trusts of these presents shall determine absolutely; and
- (iii) the provisions of Rules 11.4 and 11.5 shall apply.

11.3 No further contributions shall be payable by any Participating Employer and by the Members (if any) relating to remuneration received from that Participating Employer:

- (i) on that Participating Employer going into liquidation, whether voluntary or compulsory, or on the business thereof ceasing to be carried on (unless its successors in business shall take its place for all the purposes of the Scheme); or
- (ii) on that Participating Employer ceasing to stand in such a relationship to the Principal Employer as will permit its continued participation in the Scheme and the continuance of Approval;

and in relation to Members employed by that Participating Employer and the remuneration received from that Participating Employer:

- (a) the trust fund shall be dissolved;
- (b) the trusts of these presents shall determine absolutely; and
- (c) the provisions of Rules 11.4 and 11.5 shall apply.

Provided that in the case of (ii) above the Principal Employer may arrange with the Managing Trustees that the benefits relating to the remuneration received from that Participating Employer be provided under a separate retirement benefits scheme and that an amount not exceeding the Individual Benefit Funds, which are appropriate to the contributions paid to date by that Participating Employer and the Members (if any) which were related to the remuneration received from that Participating Employer as determined by the Managing Trustees on Actuarial Advice, be transferred to such new scheme.

11.4 Members who are in the employment of an Employer ceasing to pay contributions to the Scheme and who have not ceased to be in pensionable employment by reference to the Scheme shall, with effect from the date contributions to the Scheme cease, no longer be regarded as being in pensionable employment by reference to this Scheme but shall not be entitled to a return in respect of their contributions (if any) except in accordance with the provisions of Rule 9.3 on subsequently leaving the employment of the Employer before the trusts of these presents are determined.

The benefits to be granted in accordance with the foregoing provisions of this Rule shall be those secured by the Individual Benefit Funds as are appropriate to the contributions of the Employer and of the Members (if any) relating to the remuneration received from that Employer which were paid to the date of cessation of contributions as determined by the Managing Trustees on Actuarial Advice.

11.5 If the Managing Trustees so determine in accordance with the provisions of Rule 11.1 that the trust fund shall be dissolved, or on the occurrence of any one of the events described in Rules 11.2 or 11.3, a valuation shall be made of all the present and prospective liabilities and the assets of the trust fund and, if the Scheme is being fully determined, the following procedures shall apply in respect of the assets of the trust fund other than any policies effected by the Managing Trustees pursuant to Rule 3.1 hereof but otherwise the procedures shall apply to that part of the assets of the trust fund as is appropriate to the part of the Scheme being determined.

Subject to the following paragraphs there shall be provided out of the assets available (in this order of priority):

- (i) all fees, costs, charges or expenses of, or incidental to, the administration and management and winding-up of the Scheme which cannot be recovered from any Employer;
- (ii) an annuity or reversionary annuity in respect of any beneficiary
 - (a) then in receipt of, or immediately entitled to, a pension from the Scheme, or
 - (b) entitled in reversion to a pension from the Scheme upon the termination of the pension payable under (a) above.

Any Member in respect of whom payment of the pension has been postponed under Rule 4.3 and which has not commenced shall be deemed to have retired on the determination of the trusts of these presents and to be a beneficiary then in receipt of a pension; the amount of such pension and any pension in reversion shall be determined in accordance with Rule 4.3.

- (iii) Deferred annuities equal to the amount of the benefits to be granted in accordance with Rule 11.4 in respect of the remaining Members; provided that in the circumstances mentioned in Rule 13.3 the Managing Trustees may at their discretion forthwith pay in accordance with the provisions of Rule 13.3 the lump sum which would otherwise have been required to secure the annuity.

Inland Revenue

Pension Schemes
Office



Awarded for excellence

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BS99 5SN

Your reference

PD0CT/10112

Our reference

003/115763/000000/J

Date

7 September 1998

10 SEP 1998

Dear Sir/Madam

CLOACA MAXIMA LTD

CLOACA MAXIMA RETIREMENT BENEFITS SCHEME

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

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

Yours faithfully,

Controller

If telephoning please ask for A WHITE
on (0115) 9741450 (Direct Dial)