

SCHEDULE 12

Part D

PENSION FUND

Definitions

1.1 In this Schedule the following expressions shall unless the context otherwise requires have the following meanings:

Actuarial Assumptions means the actuarial and other assumptions as adopted in the latest actuarial valuation of the Pension Fund undertaken or to be undertaken on or before the Pension Transfer Date;

AVC Fund means benefits under the Pension Fund in respect of the Transferring Pensionable Employees which are attributable to (or treated under the Pension Fund as attributable to) voluntary contributions made by the Transferring Pensionable Employees to the Pension Fund;

Company's Actuary means Gordon Bell of R. Watson & Sons or such other actuary as may be nominated by notice from the Company to the Contractor.

Consent Date means the date which is three months after the Pension Transfer Date (or such later date as the Company and the Contractor may agree in writing);

Contractor's Scheme means the retirement benefits scheme established by The General Electric Company plc and known as *the G.E.C. 1972 Plan* constituted by a Definitive Trust Deed and Rules dated 4 March 1982 as amended which is approved as an exempt approved scheme for the purposes of the Taxes Act and which is not a contracted-out scheme under Section 7(3) of the Pension Schemes Act 1993;

Past Service Reserve means subject to paragraph 7 (Additional Voluntary Contributions) of this Schedule, the actuarial value, such value to be converted to a market value based on the Actuarial Assumptions and an index initially comprising as to 85% the FT-SE Actuaries All Share Index with gross dividend income reinvested in the same Index and as to 15% the FT-Actuaries UK Gilts over 15 years Index with an adjustment for reinvestment of gross interest in the same Index (as published in the next issue of the Financial Times following the days in question) as at the day before the Transfer Date (calculated in accordance with the Actuarial Assumptions) of the benefits prospectively and contingently payable under the Pension Fund to or in respect of the Transferring Pensionable Employees and their dependants (excluding any benefits attributable to the AVC Fund) by reference to pensionable pay at and pensionable service before the Transfer Date and so that the amount of any liabilities or benefits arising under or by virtue of article 119 of the Treaty of Rome (and not already incorporated

in the Trust Deed and Rules governing the Pension Fund) and relating to transfer values, commutation factors, guaranteed minimum pensions and options for bridging pensions or any relevant directive or by virtue of any change in legislation or revenue practice after the date of this Contract shall be ignored and excluded for these purposes;

Payment Date means such date as shall be agreed by the Company and the Contractor falling on or after the Pension Transfer Date or, in default of agreement, the date which is two (2) weeks after the later of (i) two weeks after the Pension Transfer Date or, (ii) the date that the amount of the Past Service Reserve is determined and notified to the Company under paragraph 3 and (iii) the date that the conditions specified in paragraphs 2.3(a) and 2.4 of this Schedule are satisfied.

Pension Fund means the LRT Pension Fund established by an interim trust deed dated 26 November 1986 between London Regional Transport and Barry Gordon Dale, Phillip Dennis Marsden and Ian Eric King and amended by a definitive trust deed dated 31 March 1989 between London Regional Transport and LRT Pension Fund Trustee Company Limited and which is presently governed by a deed dated 16 July 1993 between London Regional Transport and LRT Pension Fund Trustee Company Limited, as such scheme is being administered at the Transfer Date;

Pension Transfer Date means the same date as the Transfer Date;

Pensionable Employees means such of the Transferring Employees of the Company at the Transfer Date as are then contributing members of the Pension Fund immediately before the Transfer Date and transfer to the employment of the Contractor on the Transfer Date as envisaged by Schedule 12, Part A;

SPT means Stanhope Pension Trust Limited or such other of the trustees for the time being of the Contractor's Scheme;

Taxes Act means the Income and Corporation Taxes Act 1988;

Timing Adjustment means in respect of each sum to which this definition applies, the proportionate change over the period specified of an index initially comprising as to 85% the FT-SE Actuaries All Share Index with gross dividend income reinvested in the same Index and as to 15% the FT-Actuaries UK Gilts over 15 years Index with an adjustment for reinvestment of gross interest in the same Index (as published in the next issue of the Financial Times following the days in question). Reinvestment in both indices to take place on the last working day of each calendar month and on the last working day preceding the Relevant Date without any allowance for the costs of reinvestment;

Transfer Amount means at a particular date (the **Relevant Date**), such amount (expressed as a sterling amount) as shall be certified by the Company's Actuary

and agreed by SPT in accordance with paragraph 3 of this Schedule as being (on the basis of the Actuarial Assumptions) an amount equal to the aggregate of the Past Service Reserve multiplied by the Timing Adjustment from the date immediately preceding the Transfer Date to the date immediately preceding the Relevant Date but after deducting an amount equal to the premiums payable under sections 55 to 60 of the Pension Schemes Act 1993 at the Payment Date in order to secure the guaranteed minimum pensions (as defined in the Pension Schemes Act 1993) under the Pension Fund to or in respect of the Transferring Pensionable Employees;

Transfer Date means the date on which the relevant employees of the Company transfer to the employment of the Contractor;

Transferring Employees mean such of the employees of the Company at the Transfer Date who transfer to the employment of the Contractor on the Transfer Date as envisaged by Schedule 12, Part A (excluding, for the avoidance of doubt, employees of the Company's Contractors);

Transferring Pensionable Employees means those Pensionable Employees who become members of the Contractor's Scheme with effect from the Pension Transfer Date pursuant to the offer of membership referred to in paragraph 2 of this Schedule and who agree before the Consent Date, in a form to be agreed by the Contractor and the Company (such agreement not to be unreasonably withheld by either party), to a payment or transfer from the Pension Fund to the Contractor's Scheme in respect of the benefits accrued in respect of pensionable service up to the Pension Transfer Date under the Pension Fund for and in respect of them and who do not withdraw such consent.

Contractor's Scheme

2.1 The Contractor shall before, and with effect from a date no later than, the Pension Transfer Date be a party to the Contractor's Scheme and shall ensure that the Contractor's Scheme is approved or capable of approval under Chapter I of Part XIV of the Taxes Act as an exempt approved scheme and to which the trustees of the Pension Fund can make a transfer of assets without prejudicing the position of the Pension Fund as approved (or capable of approval) as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act.

2.2 The Contractor shall:

- (a) use its reasonable endeavours to procure the admission to the Contractor's Scheme of the Transferring Employees who are not Pensionable Employees as at the Pension Transfer Date;
- (b) use its reasonable endeavours to procure the Pensionable Employees will be provided with an invitation at a date which is two months prior to the

Pension Transfer Date to join the Contractor's Scheme in accordance with the provisions of paragraph 2.2(c);

- (c) procure the admission to the Contractor's Scheme with effect on and from the Pension Transfer Date of the Pensionable Employees as have not attained age 65 at the Pension Transfer Date and who apply to join before the date which is one month after the Pension Transfer Date on terms complying with paragraphs 2.2(d) and 6 of this Schedule; and
- (d) procure the provision for each Pensionable Employee from Pension Transfer Date until the date which is one month after the Pension Transfer Date of death in service lump sum benefits calculated in accordance with the Rules of the Contractor's Scheme.

2.3 The Contractor shall use its best endeavours to procure that, at least seven days before the time any payment to be made under paragraphs 4 or 5 of this Schedule falls due for payment:

- (a) evidence has been produced to the satisfaction of the Company and the trustees of the Pension Fund that the making of the transfer payment to the Contractor's Scheme will not prejudice the position of the Pension Fund as approved (or capable of approval) by the Commissioners of Inland Revenue as an exempt approved scheme under Chapter I of Part XIV of the Taxes Act and either that the Contractor's Scheme is approved under Chapter I of Part XIV of the Taxes Act by the Commissioners of Inland Revenue or approval for such payment to the Contractor's Scheme has been specifically given to the Pension Fund in writing by the Commissioners of Inland Revenue;
- (b) SPT has confirmed in writing to the trustees of the Pension Fund that in relation to each Transferring Pensionable Employee the Contractor's Scheme will treat that part of any transfer payment which the Contractor's Scheme receives from the Pension Fund as may be notified by the trustees of the Pension Fund as being referable to members' contributions of a Transferring Pensionable Employee in the same way as if the relevant Transferring Pensionable Employee had made a contribution to the Contractor's Scheme of the amount notified;
- (c) the trustees of the Pension Fund have received (in form and substance satisfactory to them) any undertakings from the Contractor, any employer or SPT required by the trustees of the Pension Fund to comply with statutory, Inland Revenue or Occupational Pensions Board requirements;
- (d) the trustees of the Pension Fund have received written evidence satisfactory to them that the Contractor's Scheme will accept transfer payments from the Pension Fund in respect of the Transferring

Pensionable Employees and will grant benefits complying with paragraph 6 of this Schedule;

- (e) the trustees of the Pension Fund have received as soon as practicable after the Consent Date (and in any event at least 14 days before the Payment Date) the originals of the relevant forms of consent and indemnity referred to in the definition of *Transferring Pensionable Employee*; and
- (f) SPT has delivered to the Company and the trustees of the Pension Fund a copy of its latest actuarial valuation and a certificate to the Company from SPT giving its estimate of the past service funding level of the Contractor's Scheme as at a date not earlier than one month before the Payment Date.

2.4 Before any payment is made under this Schedule the Company's Actuary must be reasonably satisfied as to the adequacy of the funding of the Contractor's Scheme following the receipt of the documents as envisaged in paragraph 2.3(f) of this Schedule.

2.5 The Contractor undertakes to use its best endeavours to expedite the acquisition of the evidence referred to in paragraph 2.3(a) of this Schedule.

Determination of Transfer Amount

3.1 Immediately after the Transfer Date the Company and the Contractor shall respectively instruct the Company's Actuary and SPT to consult with a view to agreeing and certifying after the Pension Transfer Date the Past Service Reserve and the Transfer Amount. The Company and the Contractor shall use their reasonable endeavours to expedite the calculation of the Past Service Reserve and the Transfer Amount.

3.2 The Company undertakes to procure that all such information as SPT may reasonably request for the purpose of verifying the Past Service Reserve and the Transfer Amount shall be made available promptly to SPT and shall be complete and accurate in all material respects.

3.3 The Contractor undertakes to procure that all such information as the Company's Actuary or the trustees of the Pension Fund may reasonably request for the purpose of calculating the Past Service Reserve and the Transfer Amount or informing the Pensionable Employees or verifying the equal value calculations under paragraph 6 shall be made available to the Company's Actuary and that all such information shall be true and complete in all material respects.

3.4 The Contractor undertakes to procure that copies of all communications from the Contractor, SPT or the Contractor's Scheme to the Pensionable Employees issued prior to Payment Date relating to the benefits to be credited in exchange for any transfer payment from the Pension Fund shall be copied, at least seven days in advance of being issued, to the Company and the Company's

Actuary and shall be approved or rejected within seven days of receipt by the Company. Such communications shall not be issued without the prior written approval of the Company (not to be unreasonably withheld).

3.5 The Contractor shall do everything in its power (and co-operate with the Company and trustees of the Pension Fund as requested by them) to facilitate communication by the Company, London Regional Transport or the trustees of the Pension Fund to the Pensionable Employees, including:

- (a) providing information on the Contractor's Scheme within two months of the Transfer Date;
- (b) passing communications to Pensionable Employees; and
- (c) co-operating to allow (at the Company's option) presentations at the Contractor's premises and at the Company's expense by an independent pensions adviser nominated by the Company or London Regional Transport to give independent advice to Pensionable Employees.

Payment of Transfer Amount

4.1 Subject to the conditions set out in paragraphs 2.3 and 2.4 of this Schedule being fulfilled and the Contractor complying with its obligations under this Schedule, the Company shall use its reasonable endeavours to procure that by a date (the *Relevant Date*) which is on or before the Payment Date the trustees of the Pension Fund shall pay or transfer amounts which, multiplied by the Timing Adjustment from the date immediately preceding the actual payment date to the date immediately preceding the Relevant Date, total in aggregate the Transfer Amount (calculated at the Relevant Date) to SPT in full and final satisfaction of all interests (other than in relation to the AVC Fund or guaranteed minimum pensions as defined in the Pension Schemes Act 1993 under the Pension Fund) of or in respect of the Transferring Pensionable Employees in the Pension Fund.

4.2 The payment of the transfer payments under paragraph 4.1 of this Schedule shall be made or satisfied in cash or in such other form as the trustees of the Pension Fund and SPT may agree.

4.3 The Contractor shall use its reasonable endeavours to procure that the Transfer Amount shall, subject only to limitations of the Pension Schemes Office of the Inland Revenue be applied solely for the provision of benefits for and in respect of the Transferring Pensionable Employees.

Shortfall

5.1 In this paragraph 5, the term *shortfall* means the amount calculated as being the Transfer Amount at the Payment Date less the aggregate of the amounts actually paid on or before the Payment Date to SPT or the

Contractor's Scheme by the Pension Fund or by the Company or London Regional Transport in respect of the Transferring Pensionable Employees (together with the Timing Adjustment from the date of actual payment to the Payment Date).

5.2 If:

- (a) there is a shortfall on the Payment Date; and
- (b) the conditions set out in paragraphs 2.3 and 2.4 of this Schedule have been fulfilled and the Contractor has complied with its obligations under this Schedule,

then the Company shall pay to SPT within five working days of the Payment Date sums in cash up to the amount of the shortfall together with interest thereon at the sterling base rate plus two per cent prescribed by National Westminster Bank PLC from time to time in respect of the period from the Payment Date to the date of payment under this paragraph.

Transfer Payment to purchase benefits for Transferring Pensionable Employees

6. The Contractor shall use its best endeavours to procure that the Contractor's Scheme shall grant to each of the Transferring Pensionable Employees in respect of his or her pensionable service in (or credited in) the Pension Fund before the Pension Transfer Date pension and other benefits (excluding rights to guaranteed minimum pensions) equal in value to that part of any transfer payment received from the Pension Fund or the Company specified by the Company's Actuary as applicable to such Transferring Pensionable Employee calculated as shown in a letter dated 3 April 1995 from SPT to the Company and the trustees of the Pension Fund (a copy of which letter is attached to this Schedule).

Additional voluntary contributions

7. Any benefits or payments attributable to the AVC Fund shall be disregarded for the purpose of calculating the Transfer Amount and for the purpose of paragraph 5. The Company will nevertheless use its reasonable endeavours to procure that (subject to (a) the Contractor having complied with its obligations under this Schedule and (b) SPT having agreed to apply the realisable amount attributable to the AVC Fund in the provision of additional benefits under the Contractor's Scheme for and in respect of the Transferring Pensionable Employees who had so contributed) on or before the Payment Date the trustees of the Pension Fund pay, transfer or procure the payment or transfer to SPT of the realisable amount attributable to the AVC Fund.

Disputes

8. Any dispute between the Company's Actuary and SPT concerning the calculation or payment of the Transfer Amount or any other matter of an actuarial nature which this Schedule provides is to be agreed between them shall, in the absence of agreement between them, be referred to an independent actuary agreed by the Company and the Contractor or, failing such agreement, appointed by the President for the time being of the Institute of Actuaries to be determined in accordance with this Schedule and the Actuarial Assumptions. Such independent actuary shall act as an expert and not as an arbitrator and his decision shall be final and binding on the parties. His expenses shall be borne equally by the Company and the Contractor or as he may direct.

Stanhope Pension Trust Limited



Direct dial: (01785) 274725

To the Trustees of the LRT Pension Fund
and London Underground Limited
55 Broadway
London
SW1H 0BD

Our ref: MCWP/LDL/296/95

3 April 1995

(re: Usage Contract TT250)

Dear Sirs

The G.E.C. 1972 Plan and the LRT Pension Fund

This letter is referred to in paragraph 6 of Schedule 12 Part D of the Agreement to be entered into between (1) London Underground Limited and (2) GEC ALSTHOM NL Service Provision Limited.

The G.E.C. 1972 Plan embodies The GEC Plan and the Selected Benefit Scheme.

The GEC Plan

In consideration of individual transfer values paid in respect of those employees who agree, benefits will be provided under Clause 32 of the Trust Deed by converting the transfer values into deferred pensions using the assumptions set out below.

Pensions in payment:

Interest	Yield on FT-A index for index-linked gilts, over 5 years, assuming inflation of 5 % per annum, plus 1%. The yield will be determined as at the first working day of the month in which the Pension Transfer Date occurs.
Mortality	In accordance with a(55) ultimate tables, rated down one year for males and females.

Pensions in deferment:

Interest	As in payment.
Mortality	In accordance with A1967-70 ultimate table for males and FA1975/78 ultimate table for females, both rated down three years.

Spouses' pensions:

Interest	As in payment.
Mortality	In accordance with a(55) ultimate tables rated down three years for female dependants and one year for male dependants. Wives are assumed to be three years younger than their husbands and 90% of members are assumed to be married.
Retirement age	Pensions will be calculated and set up for men and women as at age 65. On earlier retirement the pension payable would be in accordance with the Rules of The GEC Plan. At present this would mean a reduction in the paid up pension (with increases to date) for each year that retirement precedes age 65 of 2% (1/6% per month) between ages 65 and 60 and a further 4% (1/3% per month) between ages 60 and 50.
Minimum Pension	Pension secured by member's contributions with interest.
Death in Service	Return of 150% of member's contributions with interest together with credited interest to the date of death.
Spouses' pensions	On death after retirement there would be paid a benefit as described in Rule 5.4 of The GEC Plan (spouse's pension of one half of member's pension and "five year guarantee" on member's pension).
Cash options	These are converted into pension at the SPT annuity rates prevailing at retirement.
Pension increases	Deferred pensions and pensions in payment will be increased on each 1 May having regard to the General Index of Retail Prices ("RPI") and the resources of The GEC Plan, but the minimum increase will be the smaller of 5% per annum and the RPI (see ten year review attached).

Selected Benefit Scheme (SBS)

Alternatively, at a member's option, the individual transfer value may be paid into SBS, where it will be applied for retirement credits, split between member and employer-provided benefits.

AVC transfer values will be paid into SBS and applied for retirement credits.

Retirement credits will increase with credited interest (see ten year review attached). At retirement the capital available may be used to provide a range of benefits selected by the member.

Calculation date
and estimates

For the purpose of issuing offers to the employees individual statements will be prepared by us and all calculations will be made as at the Pension Transfer Date.

Transfer agreement

It is envisaged that both parties will enter into a formal agreement between the trustees of the respective pension schemes, embodying these terms.

Yours faithfully



M C W Patterson
Director

THE GEC PLAN and SELECTED BENEFIT SCHEME

Increases in pensions and deferred pensions and rates of credited interest

Year	Rate of Plan increase with effect from 1 May	Rate of increase in the RPI (see below)	Rate of credited interest Plan year ended 5 April
	%	%	%
1985	6.0	5.0	
1986	7.0	5.5	13.25
1987	6.5	3.9	11.75
1988	5.0	3.3	12.00
1989	9.1	7.5	17.00
1990	8.5	7.7	16.50
1991	9.1	9.0	20.00
1992	4.5	4.1	17.00
1993	1.9	1.7	17.00
1994	2.5	2.5	13.25
1995			13.50
Average rate per annum over ten years	6.0	5.0	15.10

Increases to pensions

Plan deferred pensions under 'Basis 1' and from transfers in, pensions in payment and contingent pensions are increased on 1 May each year. Increases are determined by the Trustee, with the approval of the Company, having regard both to changes in the General Index of Retail Prices (RPI) and the resources of the Plan. The *minimum* increase is the smaller of 5% per annum and the increase in the RPI. Increases above these amounts are at the discretion of the Trustee and are subject to the approval of the Company.

Credited interest

Credited interest is used in the calculation of 'Basis 3' pensions at retirement, refunds of contributions on death and SBS retirement credits.

The rate of credited interest is determined by the Trustee, on the advice of the actuary, having regard to past rates of return on investments. The minimum rate of credited interest is defined as the yield on undated British Government Securities.