

TfL Pension Fund – Public Sector Section Recovery Plan

This recovery plan relates to the Public Sector Section (the “Section”) of the TfL Pension Fund (the “Fund”). It has been prepared by the Trustee of the Fund on 12 July 2007 after obtaining the advice of Richard Williams, the scheme actuary to the Fund.

Funding shortfall

The actuarial valuation of the Section as at 31 March 2006 revealed a funding shortfall (technical provisions minus value of assets) of £192 million.

Steps to be taken to ensure that the statutory funding objective is met

To eliminate this funding shortfall, the Trustee and Transport for London (“TfL”), the Principal Employer, have agreed that (after making due allowance for contributions, benefit accruals, expenses and interest since the valuation date) contributions to meet the shortfall will be paid to the Section by the employers as follows:

- contributions until 31 March 2010 equal to 1.85 times the normal Fund rule 13 contributions payable by members of the Section, and payable on the same dates as the members’ contributions are due to be remitted to the Section; plus
- contributions from 1 April 2010 until 31 March 2017 equal to 0.15 times the normal Fund rule 13 contributions payable by members of the Section, and payable on the same dates as the members’ contributions are due to be remitted to the Section.

Period within which the statutory funding objective is expected to be met

The funding shortfall is expected to be eliminated by 31 March 2017.

This expectation is based on the following assumptions:

- technical provisions calculated according to the method and assumptions set out in the statement of funding principles dated 12 July 2007;
- the investment return on existing assets and the annual return on new contributions during the period being in line with the assumed investment return set out in the statement of funding principles dated 12 July 2007 for the calculation of technical provisions.

Progress towards meeting the Statutory Funding Objective

It is expected that 50% of the above additional contributions due after 30 June 2007 will be paid within 1 year and 9 months of that date, which is by 31 March 2009.

This recovery plan has been agreed by the Trustee and TfL.

Date of recovery plan (for reference purposes): 12 July 2007

Signed on behalf of the Trustee of the TfL Pension Fund

Signed S. R. Critchley

Name S. R. CRITCHLEY

Position CHAIRMAN

Date 20 July 2007

Signed on behalf of Transport for London

Signed ~~XXXXXXXXXX~~

Name H E CARTER

Position General Counsel

Date 19 July 2007