



In this issue of **InFocus** the Trustee directors provide you with:

- An update on the 2011 Scheme Valuation
- SELEX Pension Scheme Website Upgrade
- Information on Pension Rates for 2012/2013
- Annual SELEX Pension Scheme Summary Funding Statement

Completion of 2011 Actuarial Valuation

The actuarial valuation of the SELEX Pension Scheme as at 5 April 2011 has now been completed and the final documentation has been signed by the Trustee and the Company. Please refer to the special valuation edition of InFocus issued to members in December 2011 for details of the results of the valuation.

SELEX Pension Scheme website upgrade

We are pleased to announce the launch of the new look SELEX Pension Scheme website www.selexpensions.co.uk

The website has been upgraded with improved navigation and a fresh modern look to help you easily access the information you need for your pension and retirement planning. New sections and features will also allow the Trustee to communicate with you more efficiently.

We have added some new sections to the website, which we hope you will find useful:

- ➔ **Forms & Publications:** The Scheme forms and publications are now contained in one section and have been categorised to make it easier to access the relevant documents.
- ➔ **Pension Modeller:** This was a feature of the old website but it has been moved to this new section to make it easier to locate. The modeller allows you to see how your pension is building up and estimates what you might receive when you retire.
- ➔ **Voluntary Savings:** All forms and member guides relating to voluntary savings for the Additional Voluntary Contributions arrangement (all sections) and the Selected Benefits Scheme (2000 section) are now contained in one area.
- ➔ **Planning to Retire:** We have added a new section which provides members with information on how to obtain pension quotations and things to consider in the run-up to retirement.



News Alert Function

A new facility has been added to the website which enables you to keep up to date with pensions news through our News Alert function.

This will enable the Trustee to communicate with members more regularly and efficiently. These alerts will be sent to you via email and will cover any pensions news and/or developments that you should be aware of. They will also keep you up to date with any new tools that are added to the site.

- ➔ **Active (employed) members:** News Alerts will automatically be sent to active members' company email addresses. If you would prefer to have pensions alerts sent to a personal email address, then please contact Aon Hewitt by completing the form on the website homepage with the following information:

- ☐ Full Name
- ☐ National Insurance Number
- ☐ Personal email address

- ➔ **Deferred and Pensioner members:** Once you leave the Company, we will no longer be able to communicate with you through your company email address. Please keep us up to date by completing the form on the website homepage with the following information:

- ☐ Full Name
- ☐ National Insurance Number
- ☐ Personal email address

Rates for 2012/13:

Revaluation Factor (Main section only)

The SELEX revaluation factor for Individual Pension Accounts (IPA) for the 2012/13 Scheme Year is 3.5%

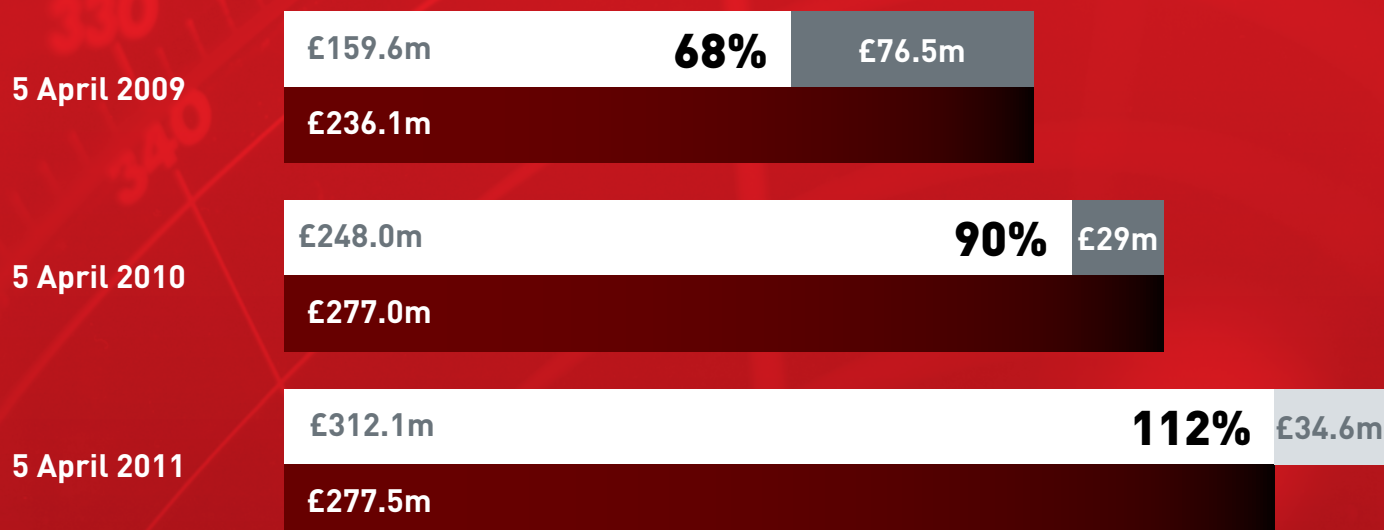
Credited Interest (2000 section only)

The SELEX Credited Interest rate for the 2012/13 Scheme Year is 5.5%

SELEX Pension Scheme Summary Funding Statement

This is your update on the funding position of the Scheme which the Trustee is required to provide you with each year.

Set out below are details of the Scheme's funding position as at 5 April 2011 (the date of the most recent formal funding valuation of the Scheme), together with interim funding valuations at 5 April 2009 and 5 April 2010. In addition you will also find information below on how the funding position changes over time.



Key ■ = Assets ■ = Liabilities % = Funding Level ■ = Deficit ■ = Surplus

Definitions

Assets: The amount of money held by the Scheme in various forms. This includes cash, equities, bonds, swaps and other investments.

Liabilities: The amount of money the Scheme is estimated to need to pay all of its future benefits.

Funding level: The relative value of the Scheme's assets and liabilities, expressed as a percentage figure.

Deficit: The shortfall between the Scheme's assets and liabilities.

Surplus: The amount by which the Scheme's assets exceed its liabilities.

Valuation results as at 5 April 2011

The improvement in the funding level has occurred largely because the Scheme's investments have over-performed relative to the benchmark over the year and the Company has also paid additional contributions to fund the shortfall.

The value of the liabilities as at 5 April 2011 (the date of the most recent formal funding valuation of the Scheme) was calculated using updated assumptions agreed by the Company and the Trustee, after taking advice from the Scheme Actuary.

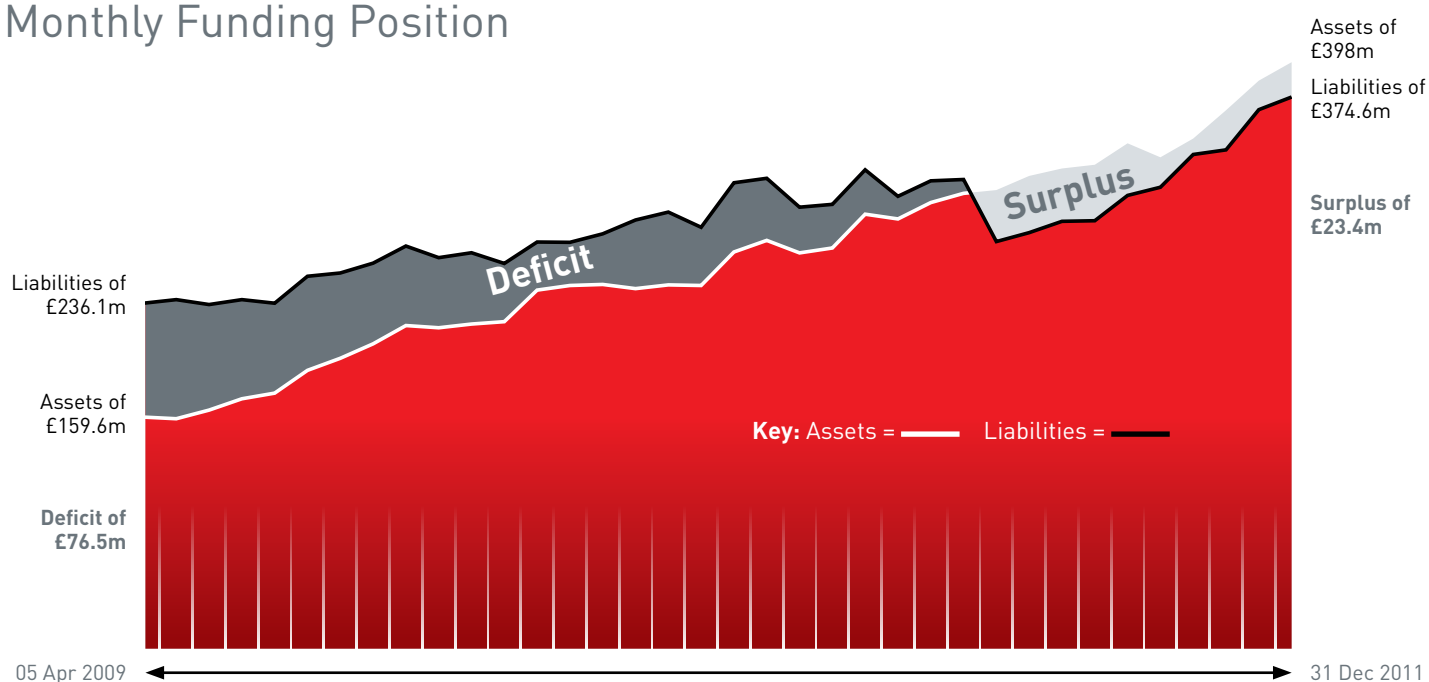
The assumptions used to value the liabilities as at 5 April 2009 and 5 April 2010 are consistent with the previous formal valuation as at 5 April 2008 but reflect changes in the relevant interest and inflation rates.



Development of funding position over time

The next detailed calculation of the Scheme's funding position will occur as part of the formal actuarial valuation as at 5 April 2014. The Trustee does, however, monitor the funding of the Scheme on a regular basis and will take action at an earlier date if necessary. The following graph shows approximately how the funding position has fluctuated between 5 April 2009 and 31 December 2011:

Monthly Funding Position



Buyout/discontinuance basis

When the valuation was carried out at 5 April 2011, the Actuary also valued the Scheme on a discontinuance basis. This is the amount of money needed to buy an insurance policy to pay your benefits. This would only be relevant if it was decided to wind up the Scheme. The Actuary valued the Scheme as 92% funded on a discontinuance basis, which is equivalent to a £19.3m increase in the deficit since the last discontinuance valuation. The main reason for this increase is that the financial assumptions used to put a value on the liabilities have strengthened in the period between 2008 and 2011. It is a legal requirement to produce these discontinuance figures and it does not mean there is any intention to wind up the Scheme.

Investing the assets of the Scheme

We anticipate that you will have questions about the funding of the Scheme. We hope the following information will answer your questions.

Q How is my pension funded?

Active members and the participating employers pay contributions to the Scheme based upon members' pensionable salaries. The Scheme holds the money in a common fund from which it pays members' pensions when they retire.

If you pay voluntary contributions to the Selected Benefits Scheme (SBS) then these contributions are also held in this common fund. Other AVCs and your Retirement Account (100+ Section) are held separately with Standard Life.

Q How is the amount of money the Scheme needs worked out?

The Trustee obtains regular valuations of the benefits earned by members. Using this information and recommendations from the Scheme Actuary, the Trustee and the Company must agree on the future contributions that must be paid to ensure there is sufficient money in the Scheme to pay the benefits.

Q Which funding basis is used?

The ongoing funding basis is used to assess the amount needed to ensure the Scheme is adequately funded and to determine how much needs to be paid into the Scheme by participating employers and members. It assumes that SELEX will continue in business and support the Scheme.

The discontinuance basis is not used as it assumes that benefits will be secured by buying insurance policies. Insurers need to make a profit and therefore charge more to insure pensions than it costs the Scheme to provide benefits. This basis would be relevant if the Scheme wound up and the benefits needed to be insured.

Q What would happen if the Scheme started to wind up?

We are legally required to tell you what would happen if the Scheme were to wind up. This does not mean that there is any intention to wind up the Scheme in the foreseeable future.

If the Scheme was to start to wind up, SELEX is required to pay enough into the Scheme to enable the members' benefits to be insured with an insurance company. If SELEX is not able to pay the deficit (if any), the Pension Protection Fund (PPF) might be able to take over the Scheme and pay some compensation to members.

The PPF's main function is to provide compensation to members of eligible defined benefit (final salary) pension schemes, when there is a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover the Pension Protection Fund level of compensation.



Other information

The law requires the Trustee to inform you that no payments have been made from the Scheme to any participating employers in the last 12 months.

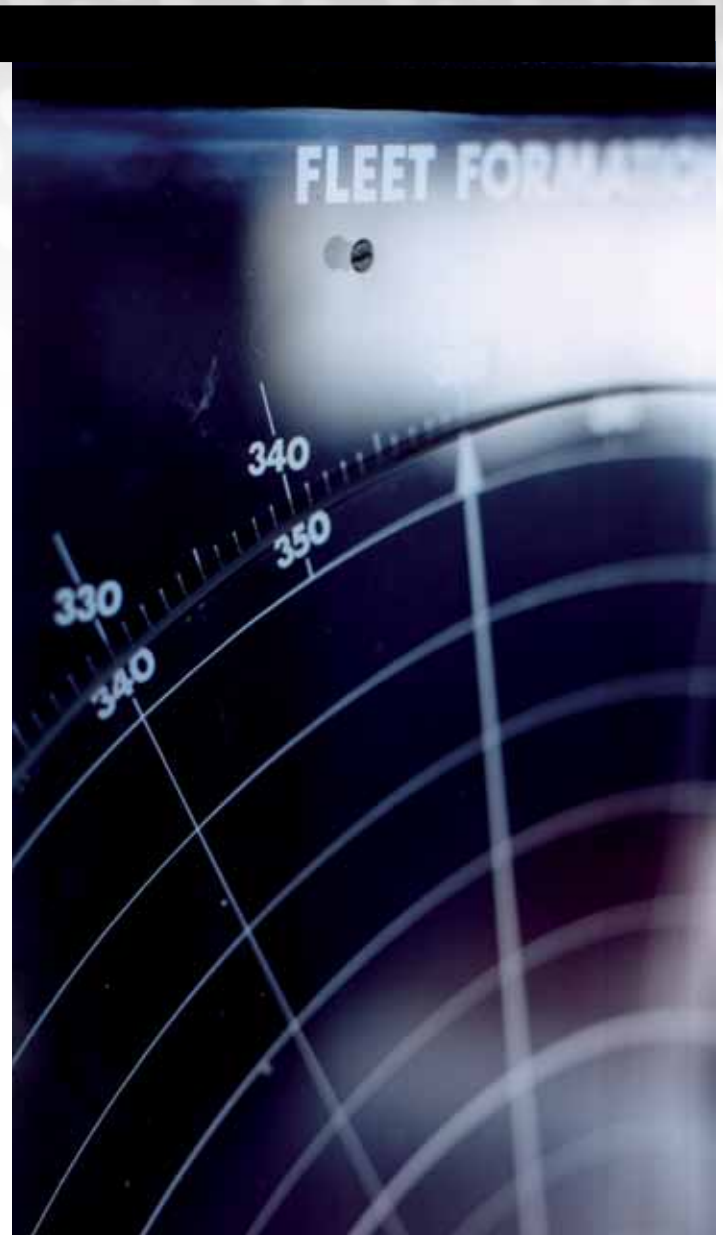
If you are thinking of leaving the Scheme for any reason, you should consult a professional adviser, such as an independent financial adviser, before taking any action.

If you require any further information about the Scheme then please contact the Pension Administrator, Aon Hewitt, using the details on the front page.

REMEMBER, IF YOU MOVE HOUSE, PLEASE KEEP THE PENSION ADMINISTRATOR INFORMED SO YOU CAN CONTINUE TO RECEIVE UP TO DATE INFORMATION.

Disclaimer

The content of this newsletter is given for the purpose of providing you with information about the Scheme only and has no legal effect. The Rules of the Scheme govern how the Trustee must act and if the Rules of the Scheme are inconsistent with the information given in this newsletter, the rules will prevail. Copies of the Rules are available from the Pension Administrator, Aon Hewitt.



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