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In this issue of  we provide you with:

- Details of our new Scheme administration service
- Results of the member nominated director elections
- An investment update
- Information about your benefit statement and pension rates for 2008/9

New Pension Administrator

The Trustee is pleased to announce that it has appointed Aon to provide administration services to the Scheme. Amongst other things, Aon will deal with day-to-day member queries, provide retirement quotes, prepare benefit statements, pay pensions on behalf of the Scheme and other matters involved with administering the Scheme.



Aon will replace the Pensions Service Centre at Xchanging as the provider of these services for the SELEX Pension Scheme.

New contact details

If you have any queries about your SELEX pension, please contact the new SELEX pension administrator, Aon.

Email:
selex.pensions@aonconsulting.co.uk

Telephone:
0117 945 3544

Address:
**SELEX Pension Scheme
Aon Consulting Limited
25 Marsh Street
Bristol
BS1 4AQ**



More information about the new Pension Administrator

The Trustee has appointed Aon to act as the administrator of the Scheme.

About Aon

Aon is one of the largest insurance brokerages in the world employing 43,000 people worldwide.

Aon Consulting, winner of Global Pension's "Pension Administrator of the Year Award" in 2006, is the Human Resources consulting and outsourcing division of Aon with 9,000 employees worldwide.

Aon Consulting operates throughout the UK and has offices from Bristol in the south west to Glasgow and Edinburgh in Scotland. It is the Bristol office that the SELEX Pension Scheme will primarily use.

Aon employ approximately 160 staff in their Bristol offices of which approximately 50 are involved in the provision of administration to pension schemes like the SELEX Pension Scheme.

Aon also have pension administration offices in Farnborough, Redhill, Manchester, Leeds, Sheffield and Glasgow (who will manage our pensioner payroll).

Aon's SELEX team

The SELEX team, which will deal with your queries, will include Hannah Ashton (1), Jon Bowden (2), Richard Care (3), Charlotte Hand (4) and Sam Bennett (5). Collectively they have in excess of 50 years' experience in the administration of pension schemes.



Please Note

- Xchanging HR Services will continue to provide human resources and payroll services to SELEX employees and therefore you may continue to hear from them on these matters.
- The Pensions Service Centre at Xchanging remain the administrator for the BAE Systems pension schemes. Therefore, you will need to contact the Pensions Service Centre about your BAE Systems pension benefits.


Thank you to Xchanging

Aon will replace the Pensions Service Centre at Xchanging for all SELEX pension matters. The Trustee wishes to thank the Pensions Service Centre at Xchanging, the outgoing Scheme administration provider, for all its work on the Scheme since inception.

Pensions Management

The Trustee would like to welcome Kate Webber of the Pensions Management team back from maternity leave. The Pensions Management team, which is headed by Mike Nixon, oversees the day-to-day management of the Finmeccanica pension schemes, including providing support to the Trustee of the SELEX Pension Scheme.

Results of Member Nominated Trustee Director Elections

You may recall that in edition 5 of  FOCUS (September 2007) we explained that the Pensions Act 2004 introduced changes to the way in which member-nominated trustee directors (MNDs) are elected. In September 2007, the Pensions Consultative Committee (PCC) held elections to elect the four representatives to stand as MNDs.

The existing MNDs were re-elected to continue their roles and will serve as trustee directors with effect from 31 October 2007 for a further three year term of office.

Jim Cull, Martin Johnson, Stuart Rushworth and Jim Thomson will continue to serve as trustee directors, alongside the company nominated trustee directors Dave Evans, Martin Flavell, Geoff Munday and Rob Shorrick.



Welcome to our new Scheme Actuary



Danny Vassiliades has been appointed by the Trustee as the new Scheme Actuary.

The Scheme Actuary is responsible for advising the Trustee on the financial status of the Scheme and for identifying the funding level necessary to sustain the Scheme.

Danny works for Punter Southall. Danny has 18 years of experience consulting to pension schemes, both in the UK and in Europe, and has held a number of scheme actuary appointments. Danny will be assisted by Donna Cuff who has worked with the Scheme since inception.

The Trustee wishes to thank Caroline Pearson, the outgoing Scheme Actuary, for all her work on the Scheme. Caroline has chosen to cease working as an actuary to spend time with her young family.

Benefit Statements

All active members of the Scheme will receive or have received a benefit statement for 2006/7 this month. The Trustee would like to apologise that these have been issued later than expected.

If you were a member of a BAE Systems pension scheme immediately before becoming a member of the SELEX Pension Scheme, we understand that you will also receive a benefit statement from the trustees of the relevant BAE Systems pension scheme setting out details of your deferred benefits in that scheme. Please note that the benefits set out in your SELEX benefit statement **include** an estimate of the benefits payable from the BAE Systems pension scheme. Therefore the BAE Systems statement shows you what proportion will be paid by the BAE Systems pension scheme – it is **not** payable in addition to the amount indicated in the SELEX benefit statement. Please read the notes on your benefit statement carefully.

Investment update

Overview

As reported in previous editions of  FOCUS the Scheme's investment strategy consists of two parts:

- first, the Trustee has taken steps to reduce the risks that the pension scheme faces due to adverse changes in inflation and interest rates by entering into "swaps"; and
- second, the Trustee has invested the Scheme's assets in a diverse range of investments through an investment vehicle called Total Investment Governance Solutions (TIGS).

Regular monitoring of investments

We measure our investment manager's performance regularly and receive detailed reports on our investments, which show how each of our investments have performed and whether our manager has met our benchmarks. The results up to the end of 2007 show that TIGS has outperformed the target set by the Trustee and the investments have a current value of £87.7 million.

In addition there is a regular review of the swaps arrangement to ensure it remains appropriate and fulfils its objective. The swaps arrangement has been refined three times since it was put in place, most recently in December 2007.

Further detail about the investment strategy is set out in our Statement of Investment Principles, a copy of which is available on request from the pension administrator.

Rates for 2008/9

Pension Increases


Pensions in payment will be increased from 1 May 2008. For pension relating to pre April 2006 service the rate will be 4.07% and for pension relating to post April 2006 service the rate will be 2.50%.

Credited Interest (2000 Section only)

The Credited Interest rate for the 2008/9 Scheme Year is 6%.

Revaluation factors (Main Section only)

The revaluation factors for Individual Pension Accounts and Protected Rights Accounts for the 2008/9 Scheme Year are 8.2%.



Forthcoming Scheme valuation

The Scheme will be carrying out its three year actuarial valuation on 5 April 2008. The results of this valuation are expected to be known in the latter part of 2008.

Company consultation

The Trustee is aware that the Company is consulting employees about its proposal to close the Scheme to new joiners.

The Trustee understands that you can give any comments or questions you have to your trade union, employee or Pensions Consultative Committee representatives or, alternatively, you may send any comments or questions directly to the Company by:

Emailing: pensions@finmeccanica.com

or by writing to: **Pensions Management**
Finmeccanica UK
Box 205
Lysander Road
Yeovil
BA20 2YB

It is understood that all feedback received will be considered at meetings between the Company and the Pensions Review Consultative Committee (PRCC).

The PRCC representatives' contact details are set out in the letter sent to employees by the Company.

Changes to income tax

In March 2007 the Chancellor of the Exchequer announced a number of tax changes that will come into effect on 6 April 2008. From 6 April 2008, basic-rate income tax is cut from 22% to 20% (although the current 10% starting rate of tax will be abolished). Higher-rate income tax at 40% will apply to earnings of £41,435 and over.

The changes to income tax rates will not have an effect on your member contributions paid to the Scheme. However if you pay AVCs, there could be an effect on your AVC contributions. In any event, your take home pay is likely to be different due to this change in tax rates. The Standard Life website has a section designed to help you understand the changes and what they could mean to you. Go to <http://www.standardlife.co.uk/taxchanges/index.html> for more information. The site also includes an interactive calculator.

Increased contributions reminder

Members of the 100+ Section who were previously members of the BAE Systems Pension Scheme and transferred to the SELEX Pension Scheme on 29 April 2005 only.

You are reminded that your pension contributions will increase with effect from 1 May 2008 from 4% to 6% of your basic salary.

You were notified of this change in April 2006. A copy of the newsflash that was issued at the time remains on the Scheme website should you wish to read it again: <http://www.selexpensions.co.uk/pages.php?id=215>

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.

Expression of wish form

Reminder!

It is important that you ensure your family and dependants are provided for in case something unfortunate should happen to you. Your pension scheme provides that a lump sum is paid upon your death in certain circumstances. If you would like further details about your benefits you should check your Scheme booklet which is available on the pension scheme website, www.selexpensions.co.uk.

The rules of the pension scheme provide that the Trustee Directors have the discretion to decide who the lump sum is paid to after your death. However, you can help the Trustee Directors in making their decision by completing an expression of wish form. They would refer to the information contained in your expression of wish form for guidance when making a decision.

If:

- you have not yet completed and returned an expression of wish form to the SELEX trustee; or
- your personal circumstances have changed, please complete and return an expression of wish form. A copy of the form can be downloaded from the website, at www.selexpensions.co.uk.

In addition, if you were a former BAE Systems employee you may wish to update your expression of wish form for the BAE Systems pension scheme which you participated in. The BAE Systems expression of wish form can be obtained from the BAE Systems website, at www.baesystemspensions.com.

Contact details

Telephone: 0117 945 3544

Email: selex.pensions@aonconsulting.co.uk

Pensions Website: www.selexpensions.co.uk

Address: SELEX Pension Scheme
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