

**PENSIONS CONSULTATIVE COMMITTEE
 REPORT TO MEMBERS FOLLOWING THE MEETING ON 21 NOVEMBER 2011**

A special meeting of the Pensions Consultative Committee (PCC) took place in London on 21 November 2011.

The PCC has been set up to discuss, co-ordinate, advise and represent the views of the members of the SELEX Pension Scheme. There are fourteen representatives on the Committee and their contact details are attached to this Report.

The meeting was attended by:-

Tony Kingsbury	Capability Green	Chairman
Jim Cull	Edinburgh	
James Fordyce	Edinburgh	
Christopher Guertin	Basildon	
Martin Johnson	Basildon	
Scott McMillan	Basildon	
Paul Murrell	Christchurch	
Stuart Rushworth	Capability Green	
Phil Slade	Capability Green	
Ken Thompson	Pensioner Representative	
Jim Thomson	Edinburgh	
Scott Wallace	Edinburgh	
Paul Wilton	Southampton	
Colin Wyllie	Edinburgh	
Martin Flavell	HR – Finmeccanica UK Ltd	
Andrew Letton	HR – SELEX Galileo	
Mike Nixon	Head of Pensions	
Rachael Skuse	Pensions Manager	
Helen Pass	Pensions Advisor	

The meeting was held to review the results of the 5 April 2011 Actuarial Valuation.

2011 Actuarial Valuation

The 2011 Actuarial Valuation has been completed and shows that the Scheme has moved from a deficit of £54.3 million in April 2008 to a surplus of £34.6 million at April 2011.

All parties agree that a surplus is a very positive outcome and the Company recognises the significant contribution of the Trustee and its advisers in achieving this position.

Subject to the change detailed below in relation to the contracting-out position, the Scheme will continue on its current basis and there will be no changes to benefits or member contributions.

Since 5 April 2011, market conditions have been volatile and there has been an unfavourable impact on the funding position of the Scheme.

Abolition of contracting-out of the State Second Pension on a defined contribution basis

The Main Section of the SELEX Pension Scheme is currently contracted-out of the State Second Pension (S2P) which is the earnings-related part of the State Pension benefit. It is currently contracted-out on what is known as the “defined contribution” basis. This means that Main Section members do not build up an entitlement to S2P and instead have a

protected rights account in the SELEX Pension Scheme which acts as an underpin to their pension benefits.

From April 2012 the Government has decided to cease contracting-out on a defined contribution basis. The Company therefore has to make a change to the basis on which the Main Section is contracted-out and from 6 April 2012, the Main Section will be contracted – out on the alternative “reference scheme” basis.

Further information on this change will be included in the InFocus communication to be issued shortly.

InFocus

The Company and Trustee will be issuing a special edition of InFocus before the end of the year and the PCC have provided comments on this communication. This will give more detail on the Actuarial Valuation results and the change to the Main Section contracting-out basis.

Date of the Next Meeting

The next meeting of the PCC will be held on 17 January 2012.

Contact Details

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