



**PENSIONS CONSULTATIVE COMMITTEE
REPORT TO MEMBERS FOLLOWING THE MEETING ON 25 JUNE 2009**

The eighteenth meeting of the Pensions Consultative Committee (PCC) took place in London on 25 June 2009.

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
Paul Murrell	Christchurch	Deputy Chairman
Christopher Guertin	Basildon	
Martin Johnson	Basildon	
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	Finmeccanica UK	
Andrew Letton	SELEX GALILEO	
Rachael Skuse	Assistant Pensions Manager	
Helen Pass	Pensions Adviser	

Apologies were received from:-

Jim Cull	Edinburgh
James Fordyce	Edinburgh
Scott McMillan	Basildon

The meeting was held to receive feedback from the Trustee meetings held on 6 May 2009 and 8 June 2009.

Administration Update

Work levels at Aon have remained high due to the increased awareness of pension issues in recent months.

Aon have received twenty member satisfaction surveys since the last meeting. Seventeen out of the twenty respondents rated Aon's service as good, very good or excellent.

Data Audit

The Pensions Regulator has issued guidance on data quality. Aon will run a data audit to help ensure that the data they hold is as accurate and up to date as possible.

New Aon Website

Work is continuing on the new online facility which will provide members with additional information on the pension benefits they may expect to receive in the future. The site is now being tested and further details will follow.

Benefit Statements 2009

Pensions Management and Aon have been working with Aon and the Actuary to update the benefit statements for 2009. The format will be very similar to last year as members have expressed a preference for a consistent format. The benefit changes arising from the actuarial valuation will not be included in the 2009 statements as the effective date is 5 April 2009 before the changes were finalised. The changes will be included in the 2010 statements.

Investment

Investment performance to 31 March 2009

- It was another difficult quarter for global markets and for the Scheme's investments with TIGS underperforming its benchmark.
- The market value of the assets within TIGS as at 31 March 2009 was £125.3 million.
- The value of the swaps as at 31 March 2009 was £35.4 million.
- There had been an underperformance on the swaps during the quarter, although the Scheme's liabilities fell in value by more than the swaps over this period. Additional funds are being held in assets which could be used as collateral for the swaps in light of the extreme moves in swap values that have been seen.

Statement of Investment Principles

Changes to the Statement of Investment Principles have been approved by the Trustee which reflect updated practices and regulation together with changes to reflect the recent actuarial valuation. The Company is now being consulted on these changes.

Actuarial

The quarterly funding update showed that using the 2008 assumptions, the estimated liabilities have increased slightly from £80 million to 31 December 2008 to £81 million at 31 March 2009.

Covenant Review

As part of the actuarial process, the Trustee has commissioned an external review of the employer covenant. The covenant review looked in particular at the strength of SELEX S&AS and Finmeccanica SpA.

The review covered a variety of areas including the industry in which the Company operates, its order books and its financial results. The results showed that the industry was a stable one to be in over the long term and the companies had strong covenants.

No changes to the valuation assumptions were made as a result of the covenant review.

Valuation

The Trustee and Company have reached agreement on the actuarial valuation assumptions and recovery plan and the resulting benefit and contribution changes. These are detailed in Valuation Bulletin 4 issued by the Company.

Communications

Edition 8 of In Focus was issued to members in the week commencing 22 June 2009.

Training

The members of the PCC received training on the 100+ Section and the benefit changes arising from the valuation.

Date of the Next Meeting

The next meeting of the PCC will be held on 3 November 2009.

Contact Details

Name	Location	Email Address	Phone Number
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Ken Thompson	Pensioner Representative	Contact via Tony Kingsbury	