

## MEMBERSHIP

The Scheme membership up to 31 March 2007 is shown below:

	2007	2006
<b>Active members</b>		
-final salary section	208	227
-money purchase section	279	253
<b>Deferred members</b>		
-final salary section	910	939
-money purchase section	210	213
Pensioners	1,365	1,347
<b>TOTAL MEMBERSHIP</b>	<b>2,972</b>	<b>2,979</b>

## APPOINTMENT OF MEMBER NOMINATED TRUSTEES (MNTS)

The Pensions Act 2004 introduced revised requirements with regard to Member Nominated Trustees ('MNTs').

In accordance with this in June 2007 the Trustees issued a communication to members outlining the process and arrangements for appointing new trustees.

The Trustees proposed the following arrangements which met the new requirements:

Number and constitution of Trustees

- There will be up to eight Trustees of which three will be MNTs. The Company will appoint the other Trustees.

- The three MNTs will either be Active Members or Pensioner Members.
- The Active Members will be selected from each of the main manufacturing sites in the UK.

Four applications were received including three from existing MNTs who were subsequently reappointed. The Trustees would like to thank those who expressed an interest in becoming a Trustee.

## SUMMARY FUNDING STATEMENT

The Scheme's Summary Funding Statement was issued to all members holding Defined Benefits in September 2007. Summary Statements will be issued annually each September.

## COMBINED PENSION FORECASTS

The latest Combined Pension Forecast (which encompasses both Scheme and State Pension benefits), was included within the Annual Benefit Statements issued in April 2007.

Whilst it is the Trustee's intention to continue to provide this information on an annual basis, the Pensions Service, (the government department responsible for providing state forecasts) has advised the Trustees that it will not be able to provide their information from July 2007. This is due to changes in the rules governing State Pensions which require IT systems reprogramming at the Pension Service, estimated to take around twelve months to complete. The Trustees are currently in contact with the Pensions Service to agree how to

proceed during the intervening period. For further information please speak to your Local Pension Contact.

## STATE PENSION REFORM

As a reminder:

- Annual increases in the Basic State Pension will be linked to increases in earnings rather than retail prices from 2012.
- There will be an increase in State Pension Age to 66 years from 2024, 67 years from 2034 and 68 years from 2044.
- For those reaching state pension age on or after 6 April 2010 the number of qualifying years needed for a full basic State Pension is to be decreased to 30 years (currently 44 years for men and 39 years for women).

## NOMINATION FORMS

It is important that consideration is given to completing a new Nomination Form whenever your personal circumstances change. Nomination Forms may be obtained from your local Pension Contact or the Pension Scheme Administrators.

## SCHEME ADVISERS

### Scheme Actuary

John Burns,  
PricewaterhouseCoopers, Leeds

### Administrator

Capita Hartshead, Edinburgh

### Investment Adviser

Hewitt Bacon & Woodrow,  
London

### Investment Managers

Legal & General Assurance  
(Pensions Management) Limited

Schroder Investment  
Management (UK) Limited

Henderson Equity Partners  
(from January 2007)

Capital International  
(from 31 March 2004 to  
December 2007)

### Auditor

PricewaterhouseCoopers, Hull

### Legal Adviser

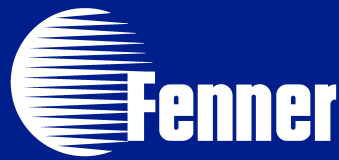
Hammonds, Leeds

### Banker

Natwest Bank, Sheffield

## DATA PROCESSING

The Trustees and their advisers control and process personal data about you and other individuals on your behalf, both for the Scheme's administration and for other purposes related to the Scheme. You should note that as a Scheme member you are consenting to that data processing.



# PENSIONS UPDATE

NEWS FOR MEMBERS OF THE FENNER PENSION SCHEME

JANUARY 2008 - ISSUE 14

The financial information shown is for the year ended 31 March 2007. If you would like to receive a full copy of the Trustees' Report and Accounts for the Fenner Pension Scheme ('Scheme'), please speak to your Local Pension Contact.

## INTRODUCTION

Welcome to the 14th issue of the Pensions Update newsletter.

During the second half of 2007 a considerable amount of time has been spent reviewing Scheme documentation in light of legislation changes, the amalgamation of the Wellington Pension Fund and providing 'user-friendly' information.

The Scheme's governing Trust Deed and Rules have been updated as have member booklets, which all members will receive shortly. It is hoped the revised booklets will provide members with simplified guidance of the Scheme's administration and answer many of the common questions raised.

All Scheme Trustees have received training on legislative changes and always seek to ensure that their knowledge and understanding meets that required by the Pensions Regulator.

If you have any questions about the Scheme or your benefits, please contact your Local Pension Contact or the Scheme Administrators Capita, detailed below.

## ANALYSIS OF INVESTMENTS

As at 31 March 2007	%
Equities	70.9
Bonds	14.2
PFI	7.8
Cash	7.1
<b>Total</b>	<b>100.00</b>

The Scheme's investments policy is agreed by the Trustees with advice from the Scheme's Investment Adviser. Performance levels of the Investment Managers are also set and reviewed by the Trustees.

During the year Scheme funds held with PSolve were redeemed and used to purchase a holding in a Secondary Fund with Henderson PFI. This holding was specifically acquired for a retention period of 10 to 12 years on the basis that the expected return of the fund is closely linked to the Scheme's own requirements.

Investment manager Capital International, although producing a positive return over the last three years, failed to achieve its targets set by the Trustees and in December 2007 the decision was taken to redeem all funds held by them. These funds, totalling £14.3 million, are being held in cash until a suitable investment vehicle is identified.

The Trustees consider that with the exception of the Henderson PFI Fund the assets are readily marketable.

The investment return for the year ended 31 March 2007 of 8.4% compared to a composite benchmark return of 9.6%. Nevertheless over the last three years, the return was 15.9% p.a. compared to a composite benchmark return of 15.1% p.a., representing outperformance of 0.8%

## INCOME AND EXPENDITURE

The table below shows the financial position of the Fenner Pension Scheme as at 31 March 2007. Over the year, the value of the fund has risen from £110,908,545 to £116,189,421.

	£000s
<b>Fund Value at 31 March 2006</b>	<b>110,908</b>
<b>INCOME</b>	
Members' and employers' contributions	3,448
Investment income	1,285
Transfers-in	16
Other income	76
<b>TOTAL</b>	<b>4,825</b>
<b>EXPENDITURE</b>	
Pensions and other benefits	(5,237)
Transfers-out, leavers, life assurance	(193)
Administration and investment expenses	(1,303)
<b>TOTAL</b>	<b>(6,733)</b>
<b>INVESTMENTS</b>	
Increase in market value of investments	7,189
<b>Fund Value at 31 March 2007</b>	<b>116,189</b>

## YOUR TRUSTEES

Debby Bradbury (Chairman)

Mark Abrahams

Ken Bryant

Chris Hibbs

Peter Howell

Richard Morello

Huan Quayle  
(Secretary to the Trustees)



Debby Bradbury



Huan Quayle

## PENSION CONTACTS

If you have any questions about the Scheme or your individual benefits you should contact the following:

### Whilst you are working with the Company:

Head Office - Huan Quayle  
Fenner Precision - Jessica David  
Fenner Drives - Pam Kane  
James Dawson - Allen Faulkner  
Fenner Dunlop - Diane Quigley  
Hallite - John Thomalla

### If you are retired or have left the Company, you should contact:

Moray McArthur  
Capita Hartshead  
4th Floor, Erskine House  
68-73 Queen Street, Edinburgh, EH2 4NR  
Tel: 0131 240 4846  
Fax: 0131 240 4884  
Email: moray.mcarthur@capita.co.uk