

DATED 5 APRIL 2012

THALES UK LIMITED (1)

and

THALES PENSION TRUSTEES LIMITED (2)

DEED OF AMENDMENT

relating to

the THALES UK PENSION SCHEME

(CARE Salary/DC Salary, part-timers, death
benefits and trivial commutation)

THIS DEED OF AMENDMENT is made on 5 APRIL

2012

BETWEEN:

- (1) **THALES UK LIMITED** (No. 868273) whose registered office is at 2 Dashwood Lang Road, The Bourne Business Park, Addlestone, Weybridge, Surrey KT15 2NX (“the Principal Employer”); and
- (2) **THALES PENSION TRUSTEES LIMITED** (No. 6466974) whose registered office is at 2 Dashwood Lang Road, The Bourne Business Park, Addlestone, Weybridge, Surrey, KT15 2NX (“the Trustees”).

INTRODUCTION

- (A) The Thales UK Pension Scheme (the “Scheme”) was established by a Definitive Deed and Rules dated 9 January 2008 and it is now administered in accordance with the Second Definitive Deed and Rules dated 30 June 2008 (as amended from time to time in accordance with the Schedule attached to this Deed) (“the Rules”).
- (B) The Trustees are the current trustees of the Scheme.
- (C) The Principal Employer is the current principal employer of the Scheme.
- (D) Under the terms of Rule 5 of Part A of the Rules, the Principal Employer, with the consent of the Trustees, may by deed change all or any of the provisions of the Scheme.
- (E) The Principal Employer and the Trustees have agreed to amend all of the Schedules to Part E and Part F of the Rules to clarify that increases in basic salary that are agreed after 1 April but contractually backdated to 1 April or before will be included in the definition of CARE Salary, clarify the part-timer rule in relation to CARE Benefits and to change the date for calculating CARE Salary and DC Salary for the purposes of lump sum death in service benefits from the preceding 1 April to the date of death and therefore to bring the Rules in to line with current practice.
- (F) The Principal Employer and the Trustees have also agreed to amend Rule 88.4 and Rule 88.6 of Part G of the Rules to reflect changes introduced by the Finance Act 2011 to commutation limits for trivial commutation lump sums and trivial commutation lump sum death benefits.
- (G) None of the amendments made by this Deed offend the restrictions to the powers to amend the Scheme contained in Parts A, B or C of the Rules or require the execution of this Deed by the Section 1 Trustees and / or the Section 2 Trustees.
- (H) None of the amendments made by this Deed are regulated, protected or detrimental modifications for the purposes of sections 67 to 67I of the Pensions Act 1995.
- (I) The Scheme actuary has given a confirmation pursuant to section 37 of the Pension Schemes Act 1993 which is appended as appendix 1 to this deed.

LEGAL EFFECT OF THIS DEED

1 Amendments made by this Deed

- 1.1 By this Deed, the Principal Employer, with the consent of the Trustees, pursuant to

the power to amend the Scheme under Rule 5 and any other enabling power **AMENDS** the Rules as set out in the remainder of this deed for each Appendix One to each of:

- (a) Schedules One to Five inclusive of Part E of the Rules; and
- (b) Schedules One to Four inclusive of Part F of the Rules

with effect on and from the date of this deed (the "**Effective Date**").

1.2 Clause 5 amends Rule 88.4 and Rule 88.6 of Part G of the Rules with effect on and from the Effective Date.

1.3 Clause 6 of this Deed applies to all of the provisions of this Deed.

2 Definition of CARE Salary and DC Salary

2.1 The definition of CARE Salary in Rule 15.1 in each Appendix One to each of:

- (a) Schedules One to Five inclusive of Part E of the Rules; and
- (b) Schedules One to Four inclusive of Part F of the Rules

is amended by adding the following new sentence at the end of condition (i) of the Conditions to that definition:

"For the avoidance of doubt, any increase in an Employee's basic salary or other component of CARE Salary that is agreed (including (but not limited to) as part of a union negotiation) after 1 April in any year and which is backdated contractually to a date on or before that 1 April will be included as part of the CARE Salary at that 1 April."

2.2 The definition of DC Salary in Rule 15.1 in each Appendix One to each of:

- (a) Schedules One to Five inclusive of Part E of the Rules; and
- (b) Schedules One to Four inclusive of Part F of the Rules

is amended by adding the following new sentence at the end of condition (i) of the Conditions to that definition:

"For the avoidance of doubt, any increase in an Employee's basic salary or other component of DC Salary that is agreed (including (but not limited to) as part of a union negotiation) after 1 April in any year and which is backdated contractually to a date on or before that 1 April will be included as part of the DC Salary at that 1 April."

3 Part-Timer Benefits

3.1 Rule 13 in each Appendix One to each of:

- (a) Schedules One to Five inclusive of Part E of the Rules; and
- (b) Schedules One to Four inclusive of Part F of the Rules

is deleted in its entirety and replaced with a new Rule 13 as set out below:

“13 Part-Time Workers

13.1 Application of this Rule

- (a) This Rule applies to any Active CARE Member who is in Part-Time Employment for any period of Pensionable CARE Service.
- (b) This Rule overrides the rest of the Rules contained in this Appendix One to Schedule [*insert appropriate number*] of Part [*insert E or F as appropriate*] of the Rules in respect of periods of Part-Time Employment relating to the calculation of all CARE Benefits held in the Scheme.

13.2 Adjustment of Part-Time Active CARE Member's CARE Benefits

- (a) If an Active CARE Member is in Part-Time Employment for any period of Pensionable CARE Service the following definitions will be amended in order to calculate the Active CARE Member's benefits for the period of Part-Time Employment.

- (i) CARE Salary will be adjusted for the purposes of calculating his CARE Pension in respect of each period of Part-Time Employment using the following formula:

$$\text{CARE Salary} \times \frac{\text{Standard Weekly Hours}}{\text{Average Weekly Contractual Hours}}$$

The Salary Cap will be applied to CARE Salary after it has been adjusted under this rule 13.2(a)(i).

- (ii) Pensionable CARE Service will be adjusted for the purposes of calculating his CARE Pension in respect of each period of Part-Time Employment using the following formula:

$$\frac{\text{Average Weekly Contractual Hours}}{\text{Standard Weekly Hours}} \times \text{Period of Part-Time Pensionable CARE Service}$$

- (iii) With effect on and from 1 April 2009 for Pensionable CARE Service earned after that date an Active CARE Member's Pension Deduction Earnings for the purposes of calculating his CARE Pension in respect of each period of Part-Time Employment will be adjusted using the following formula:

$$\text{Pension Deduction Earnings} \times \frac{\text{Standard Weekly Hours}}{\text{Average Weekly Contractual Hours}}$$

Provided that for the complete tax years before 1 April 2010 Pension Deduction Earnings in all cases will not be greater than £40,040.

- (iv) Salary Cap for the purposes of calculating the level of an Active CARE Member's contributions or rate at which salary should be sacrificed from his pay under pension salary sacrifice arrangements under Rule 3.2 of this Appendix One to Schedule [*insert appropriate number*] of Part [*insert E or F as appropriate*] of the Rules in respect of each period of Part-Time Employment, will be adjusted using the following formula:

$$\text{Salary Cap} \quad \times \quad \frac{\text{Average Weekly Contractual Hours}}{\text{Standard Weekly Hours}}$$

- (v) The application of Final Remuneration for the purposes of Rule 1.3(b)(ii) of this Appendix One to Schedule [insert appropriate number] of Part [insert E or F as appropriate] of the Rules in respect of each period of Part-Time Employment will be interpreted by reference to the definition of Final Remuneration contained in Part G of the Rules and Remuneration in respect of each period of Part-Time Employment, will be adjusted using the following formula:

$$\text{Remuneration} \quad \times \quad \frac{\text{Standard Weekly Hours}}{\text{Average Weekly Contractual Hours}}$$

- (b) If an Active CARE Member has more than one period of Service which is Part-Time Employment and / or Full-Time Employment, each one will be treated separately.
- (c) The Trustees will determine all questions of doubt in respect of the calculation of an Active CARE Member's CARE Benefits for periods of Part-Time Employment if there is an inadequacy in the data provided to them.

13.3 The Meaning of Words used in this Rule 13

"Average Weekly Contractual Hours" is the average number of hours in each standard working week for which an Active CARE Member is contracted to work for an Employer.

"Standard Weekly Hours" is the number of hours during a standard working week which an Active CARE Member would be contracted to work for an Employer if he was contracted to work on a full-time basis.

"Part-Time Employment" is any period of Pensionable CARE Service during which an Active CARE Member is contracted to work for a lower number of weekly hours of work than those applicable to an Active CARE Member who is contracted to work on a full-time basis."

4 Definition of Lump Sum Benefit

- 4.1 The definition of **"Lump Sum Benefit"** contained in Rule 8.1(c) in each Appendix One to each of:
- (a) Schedules One to Five inclusive of Part E of the Rules; and
- (b) Schedules One to Four inclusive of Part F of the Rules

is deleted in its entirety and replaced with a new definition of Lump Sum Benefit as set out below:

"(c) "Lump Sum Benefit" means subject to the terms of Rule 16 of this Appendix One to Schedule [insert appropriate number] of Part [insert E or F as appropriate] of the Rules, four (4) times the Active CARE Member's CARE Salary or DC Scheme Life Assurance Member's DC Salary (as applicable), such salary definitions being calculated, for this purpose, as at the date of his death rather than as at the 1 April immediately preceding the date of his death."

5 Trivial Commutation

- 5.1 Rule 88.4 of Part G of the Rules is deleted in its entirety and replaced with a new Rule 88.4 as set out below:

“Trivial Commutation

- (a) Where the total value of a Member's pension under this Scheme and any other Registered Pension Scheme is no more than the commutation limit specified in paragraph 7(4) of Schedule 29 to the FA2004 (or such larger amount specified in an order made by the Treasury), the pension may be commuted by the Trustee for a cash payment.
- (b) Any such cash payment made under Rule 88.4(a) must satisfy all the conditions for it to be a trivial commutation lump sum as described in paragraph 7 of Schedule 29 to the FA2004.”

- 5.2 Rule 88.6 of Part G of the Rules is deleted in its entirety and replaced with a new Rule 88.6 as set out below:

“Trivial Commutation Lump Sum Death Benefit

- (a) Where the value of a Dependant's pension is no more than the limit specified in paragraph 20(2) of Schedule 29 to the FA2004 (or such larger amount specified in an order made by the Treasury) on the date the lump sum is paid, the pension may be commuted by the Trustee for a cash payment.
- (b) Such payment under Rule 88.6(a) must satisfy all the conditions for it to be a trivial commutation lump sum death benefit as described in paragraph 20 of Schedule 29 to the FA2004.”

6 General Conditions

- 6.1 The amendments made by this Deed will apply to:

- (a) in the case of clauses 2 to 4 (inclusive), all of the Active CARE Members of the Scheme;
- (b) in the case of clauses 2 and 4, all of the DC Scheme Life Assurance Members; and
- (c) in the case of clause 5, all Members of the Scheme with Final Salary Benefits and/or CARE Benefits under Section 1 or Section 2 of the Scheme

in either case with effect on and from the Effective Date. For the avoidance of doubt, this Deed does not apply to any Former TPP Category 1 Beneficiaries of the Scheme entitled to GAD Benefits (unless the Trustees and the Principal Employer agree otherwise in writing).

- 6.2 Words and phrases used in this Deed which are not defined in this Deed have the same meanings in this Deed as they have in the Rules.

- 6.3 If (were it not for this clause 6) any amendment or addition to the Rules set out in this Deed would adversely affect any Member or Beneficiary of the Scheme in respect of his subsisting rights (as defined in section 67A(6) of the Pensions Act 1995) acquired before the Effective Date, such amendment or addition to the Rules

will not apply to such a Beneficiary or Member but only to the extent that it would have such an adverse effect.

- 6.4 If any part of this Deed is held to be invalid or unenforceable, the rest of this Deed will be construed (to the maximum extent possible after making suitable grammatical and other minor consequential changes) as if it had been executed omitting the invalid or unenforceable words and will remain in full force and effect.
- 6.5 This Deed may be entered into in the form of two or more counterparts each executed by one or more parties but, taken together, executed by all of them and, provided each party duly executes such a counterpart, each of the executed counterparts, when duly exchanged or delivered, shall be deemed to be an original, but taken together, they will constitute one instrument.

IN WITNESS of the above this deed has been executed by or on behalf of the parties and delivered on the date written at the beginning of this Deed.

SIGNED as a DEED by

THALES UK LIMITED acting by a Director and its Secretary (or two Directors)

Director



Director/Secretary



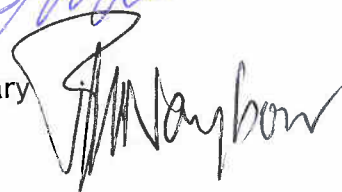
SIGNED as a DEED by

THALES PENSION TRUSTEES LIMITED acting by a Director and its Secretary (or two Directors)

Director



Director/Secretary



SCHEDULE

LIST OF SCHEME DEFINITIVE DEED AND RULES AND DEEDS OF AMENDMENT

9 January 2008	First Definitive Deed and Rules
30 June 2008	Second Definitive Deed and Rules
18 June 2009	Deed of Amendment (Upper Earnings Limit)
18 June 2009	Deed of Amendment (Former Racial Members: dependants' pensions and enhanced revaluation)
31 March 2010	Deed of Amendment (Pension Deduction)

Appendix 1

Actuarial Confirmation - section 37 of the Pension Schemes Act 1993

Actuarial Certificate

Effect of Scheme Amendment

Actuarial Certificate given for the purposes of Regulation 42, The Occupational Pension Schemes (Contracting-Out) Regulations 1996

Name of Scheme

Thales UK Pension Scheme

To: The Trustees of the Thales UK Pension Scheme ("the Scheme")

As actuary to the Scheme, appointed under Section 47 of the Pensions Act 1995, I am required under Regulation 42 of the Occupational Pension Schemes (Contracting-Out) Regulations 1996 to confirm in writing the effect on the Scheme of the amendment described in the draft deed of amendment (CARE Salary/DC Salary, part-timers, death benefits and trivial commutation).

For the purposes of Section 37(1) of the Pension Schemes Act 1993 ("the 1993 Act") (prohibition on alteration of rules of contracted-out schemes unless the alteration is of a prescribed description), I can confirm the following:

- 1 In respect of all previous rule amendments, the Scheme has satisfied the statutory standard in accordance with section 12A of the 1993 Act and will continue to do so if the alterations are made.
- 2 The Scheme has satisfied the conditions of section 9(2B) of the 1993 Act and the alteration does not otherwise prevent the Scheme from satisfying those conditions.

I have based this certification on the following information, data and documents:

- Draft Deed of Amendment ref Legal01#20927498v8[IDC1]/[ALB4]
- Second Definitive Deed and Rules relating to the Thales UK Pension Scheme dated 30 June 2008
- Deed of Amendment relating to the Thales UK Pension Scheme (Pension Deduction) dated 31 March 2010

Signature



Name

Mark Condron

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

29 March 2012