

Dear Member

Welcome to a special Pensions Update. In this edition we focus on the acquisition of **telent** by Pension Corporation, and what this has meant for the GEC 1972 Plan, and the trustee(s). Below you will find a joint statement from **telent** and Stanhope Pension Trust Limited. Overleaf you will find further clarification and brief details of the members of the Board of SPT, the team with the responsibility for ensuring that your benefits are paid when they fall due.

Pete Harris - Director of Pensions, **telent**

STATEMENT FROM **telent** AND SPT

As you are probably aware, on 19 October 2007 the Pensions Regulator (TPR) appointed three independent trustees to the GEC 1972 Plan for a six month period. This was the result of an application to TPR from the existing trustee, Stanhope Pension Trust Ltd (SPT), following the announcement of the bid by Pension Corporation (PC) to acquire **telent**.

SPT was concerned in particular that **telent** held powers to change SPT as trustee and to change the directors of SPT. With uncertainty arising from the potential change of ownership of **telent**, SPT believed that there was a risk that these powers could be used in ways which would reduce its independence, possibly contrary to the interests of members. While SPT continued alongside the three new appointees, responsibility and authority for operating the Plan was placed in the hands of the independent trustees.

PCs acquisition of **telent** and the appointment of the independent trustees alongside SPT led to discussions involving all four parties, regarding the future management of the Plan. TPR was also closely involved.

We are pleased that as a result of these discussions, an agreement has been reached such that, with effect from April 18th 2008, the powers and duties exercisable by the independent trustees reverted to SPT, which resumed its role as sole trustee of the Plan.

The agreement is supported by all parties. The agreement addressed the concerns which lead to SPT's original approach to TPR and established a Board structure which **telent** and its owners, PC, believe to be the right one for taking the Plan forward.

- The Board of SPT consists of nine directors, three drawn from the panel of independent trustees approved by TPR, three nominated by **telent**, and three, as before, member-nominated directors selected through the Pensions Consultative Committee.
- The independent trustees who were appointed by TPR in October 2007, the Law Debenture Pension Trust Corporation plc, Bridge Trustees Limited and Burges Salmon Pension Trustees Limited, have become the three independent directors of SPT.
- Any reselection or replacement of the independent directors will be determined by the independent directors.
- Of the nine directors of the Board of SPT, the chairman of SPT must be chosen by the Board from among the independent directors.
- It will only be possible to change SPT as trustee if the independent directors agree.

It is the responsibility of SPT and its directors to operate the Plan in the interests of beneficiaries and, as a result of this agreement, a well-balanced Board is in place which can now concentrate on fulfilling this vital role.

Chris Holden - Chairman, SPT
Representative of Bridge Trustees Limited

Heather Green - Chief Financial Officer,
telent

TIMELINE

- **25th September 2007**
Announcement of bid by Pension Corporation to acquire **telent** plc.
- **19th October 2007**
The Pensions Regulator, following a request from SPT, appoints three independent trustees to the plan for a period of 6 months.
- **7th November 2007**
The Pensions Regulator's Determinations Panel upholds the decision to appoint the ITs
- **8th November 2007**
Pensions Corporation announces it has sufficient shareholder acceptance for the bid for **telent** to proceed.
- **15th November 2007**
The Pension Corporation bid becomes unconditional, it is now effectively **telent's** owner.
- **11th April 2008**
Agreement regarding the future management of the Plan is announced.
- **18th April 2008**
The tenure of the independent trustees ends, SPT resumes its role as sole trustee.

DIRECTORS OF STANHOPE PENSION TRUST LTD (SPT)

SPT is (since April 18th 2008), the sole trustee of the GEC 1972 Plan. The Board of SPT has nine directors, in three categories.

INDEPENDENT DIRECTORS

The independent directors are selected from a Register compiled by the Pensions Regulator. Any re-appointment or replacement is at the discretion of the remaining independent directors, with the Member Nominated Directors having the casting vote in the event of a split. The initial independent directors are Bridge Trustees, Law Debenture and Burges Salmon. To provide continuity on the Board of SPT for an initial period, Bridge Trustees will be represented by Chris Holden, and Burges Salmon by Jon Chaplin.

Bridge Trustees Ltd. (represented by Chris Holden) – Chair

Chris was appointed to the Board of SPT in June 2005, when the Board selected him as chair for a period of six months. At the end of this period the Board unanimously elected to continue his appointment as chair. Chris left the employment of Marconi in August 2005, prior to which he held a number of senior finance roles. Before joining Marconi he was an Audit partner with Arthur Andersen for 22 years.

The Law Debenture Pension Trust Corporation plc. (Represented by Eddie Thomas) – Vice Chair

Lawdeb joined the Board of SPT in June 2005. Eddie Thomas is an Actuary, an Associate of the Pensions Management Institute, and an Associate of the Chartered Insurance Institute. Before joining Law Debenture, he was Chief Executive and Finance Director of a national charity. Prior to that he was a partner at Bacon & Woodrow responsible for wide ranging advice to pension clients in the public and private sectors.

Burges Salmon Pension Trustees Limited (Represented by Jon Chaplin)

Jon Chaplin, a barrister, was Company Secretary of GEC from April 1980 until he retired in April 1991. He was appointed to the Board in 1980, and is now a pensioner of The GEC Plan. He also currently acts as an outside trustee of other occupational pension schemes.

MEMBER NOMINATED DIRECTORS

The MNDs are appointed by the process, laid out in Pensions Update in June 2007, involving members of the Plan via the Pensions Consultative Committee (PCC). In October 2007, following the announcement of the Pension Corporation bid for **telent**, the PCC voted to continue the appointment of the sitting MNDs for a 12 month period.

Vic Webster Prior to his retirement, Vic had over 30 years' experience as a Senior Technologist at Marconi Networks MVS Group in Liverpool. He became a Pension Consultative Committee member in 1991, serving as the Secretary of the West PCC from 1992 to 1997. He was appointed to the Board in 1997.

Pat Moloney joined Plessey in 1983 and was a Senior Technologist at Marconi's Liverpool site until September 2005. He is now a deferred pensioner of the Plan. He has been a member of the PCC since 1999 and he was appointed to the Board in November 2003.

John Leaney joined Plessey in 1973 and is a home-based field engineer. He has been a member of the PCC for a number of years and was appointed to the Board in April 2004.

COMPANY NOMINATED DIRECTORS

Mike Surrey qualified as a chartered accountant in 1991. He joined GPT in 1992, working in various finance positions within GPT, Marconi and **telent**. Mike is currently Head of Business Development for **telent**, but will shortly be leaving to pursue other opportunities. He will remain as a director of SPT.

Dennis Badman joined GEC in 1992 and has since held a number of management positions across the Defence and Telecommunications divisions. Following a period outside of the company working for a US telecommunications business Dennis re-joined Marconi in 2004. He has recently been appointed as head of **telent's** Operations Group. He joined the Board in May 2006.

Ross Reason. Ross is the newest member of the Board having been appointed by **telent** at the beginning of June 2008. A Chartered Accountant, he is currently Finance Bursar at Robinson College in Cambridge where he also works with a number of pension schemes.. He has an extensive background in asset management having held senior investment banking positions in both London and Hong Kong.

CLARIFICATION

Q. Does Pension Corporation now own the GEC 1972 Plan?

A. No, the assets of the GEC 1972 Plan are held in trust by SPT Ltd.

Q. Does telent or PC own SPT?

A. No SPT is a separate company with its own Board of Directors. The recent agreement determines the make up of that Board, including the requirement to have three independent directors.

Q. What is the role of the Trustee?

A. The role of the Trustee is to operate the GEC 1972 Plan in the interests of beneficiaries, primarily to pay benefits when they fall due.

Q. What is telent's role?

A **telent** is the sponsoring employer of the GEC 1972 Plan. This gives **telent** certain responsibilities and authorities including, agreeing the valuation with the trustee, agreeing how any shortfall in funding will be corrected, and paying contributions to the plan (which can potentially include additional contributions as part of correcting any shortfall).

CONTACT **telent**

If you have any queries about any of the content in this newsletter then please contact us at:

telent Pensions Office

The Hollies
Newport Road
Stafford
ST16 1BY

Tel: +44 (0)1785 785400

Fax: +44 (0)1785 785401

www.telentpensions.co.uk