

# The Independent Trustees of the G.E.C. 1972 Plan

The Law Debenture Pension Trust Corporation p.l.c.

Burges Salmon Pension Trustees Limited

Bridge Trustees Limited

16 April 2008

## Announcement from the Independent Trustees to all members of the G.E.C. 1972 Plan

As you know, the independent trustees were appointed by the Pensions Regulator on 19 October 2007 to safeguard the interests of the members of the Plan following concerns for the future of the Plan if telent was acquired by Pension Corporation. The appointment was for 6 months and so their term of office comes to an end on 18 April 2008.

Telent was acquired by Pension Corporation on 15 November 2007, and the independent trustees, with Stanhope Pension Trust Limited (SPT) alongside, have since been in discussion with them on matters concerning the Plan. The Pensions Regulator has also been closely involved.

As a result of these discussions, we are pleased to announce that an agreement has been reached which secures the independence of the Trustee Board of the Plan for the future. Under this agreement, the trusteeship will revert to SPT acting as sole trustee of the Plan (this was the position before 19 October 2007) but with the following three important changes:

- (i) It will only be possible to change SPT as trustee if the independent directors agree;
- (ii) Of the nine directors of the Board of SPT, three will be required to be drawn from the panel of independent trustees approved by the Pension Regulator, three will be nominated by telent, and three will (as before) be member-nominated directors selected through the Pensions Consultative Committee;
- (iii) The Chairman of SPT must be chosen from among the independent directors.

Initially, the independent directors will be the same trustees who were appointed by the Pension Regulator in October, the Law Debenture Pension Trust Corporation plc, Bridge Trustees Limited and Burges Salmon Pension Trustees Limited. However, there are provisions for retirement by rotation and for re-nomination or succession.

The Pensions Regulator has also issued a formal report under section 89 of the Pensions Act which outlines the background to its recent involvement with the Plan, the issues that have arisen and how these issues will be addressed in the future. This gives further details of the trustee board structure for the future as well as details of an agreed formal conflicts of interest protocol for the effective identification and management of conflicts of interest. The link for this formal report is: <http://www.thepensionsregulator.gov.uk/pdf/Section89Telent.pdf>

We believe the new arrangements are reassuring for all the members of the Plan. They provide for a balanced board of directors, ensure continuity, and preserve independence. The reconstituted board of SPT will now be able to plan a course for the future of the Plan, keeping in mind the objective of the maximum possible security for the benefits of all members.

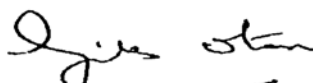
Yours sincerely



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