

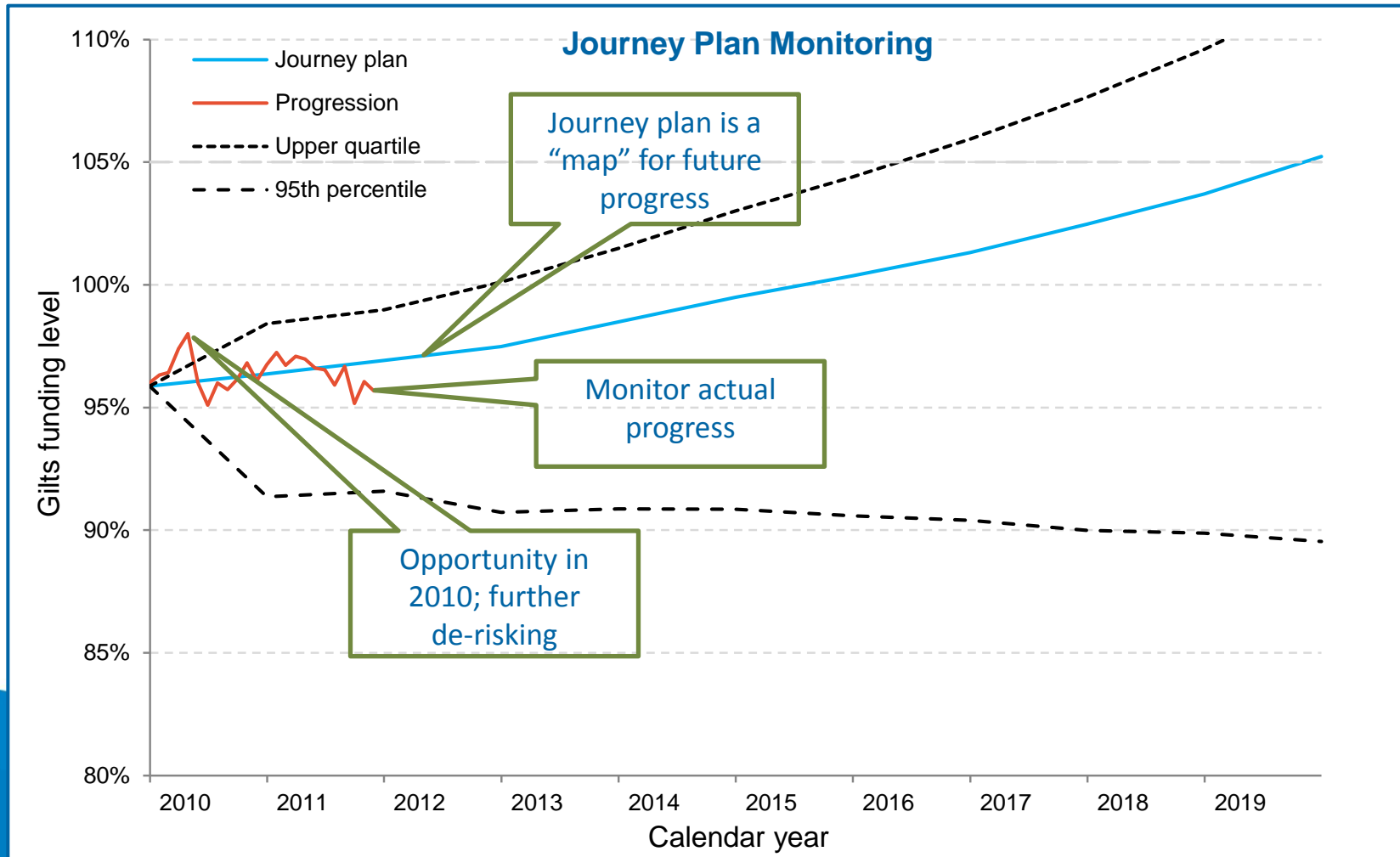


- Old Section De-Risking
- New Section Longevity
- Section 75 Debts
- Fund Governance
- Progress with Deficit Collection



Peter McEwen MBE MNM, Chairman
Andrew Waring FIA, Chief Executive

Old Section – Journey Plan & De-Risking



Old Section – Future De-Risking



Incremental de-risking

- Continued monitoring to identify opportunities
- De-risking process to take opportunities
- “Homing in” on the journey plan target

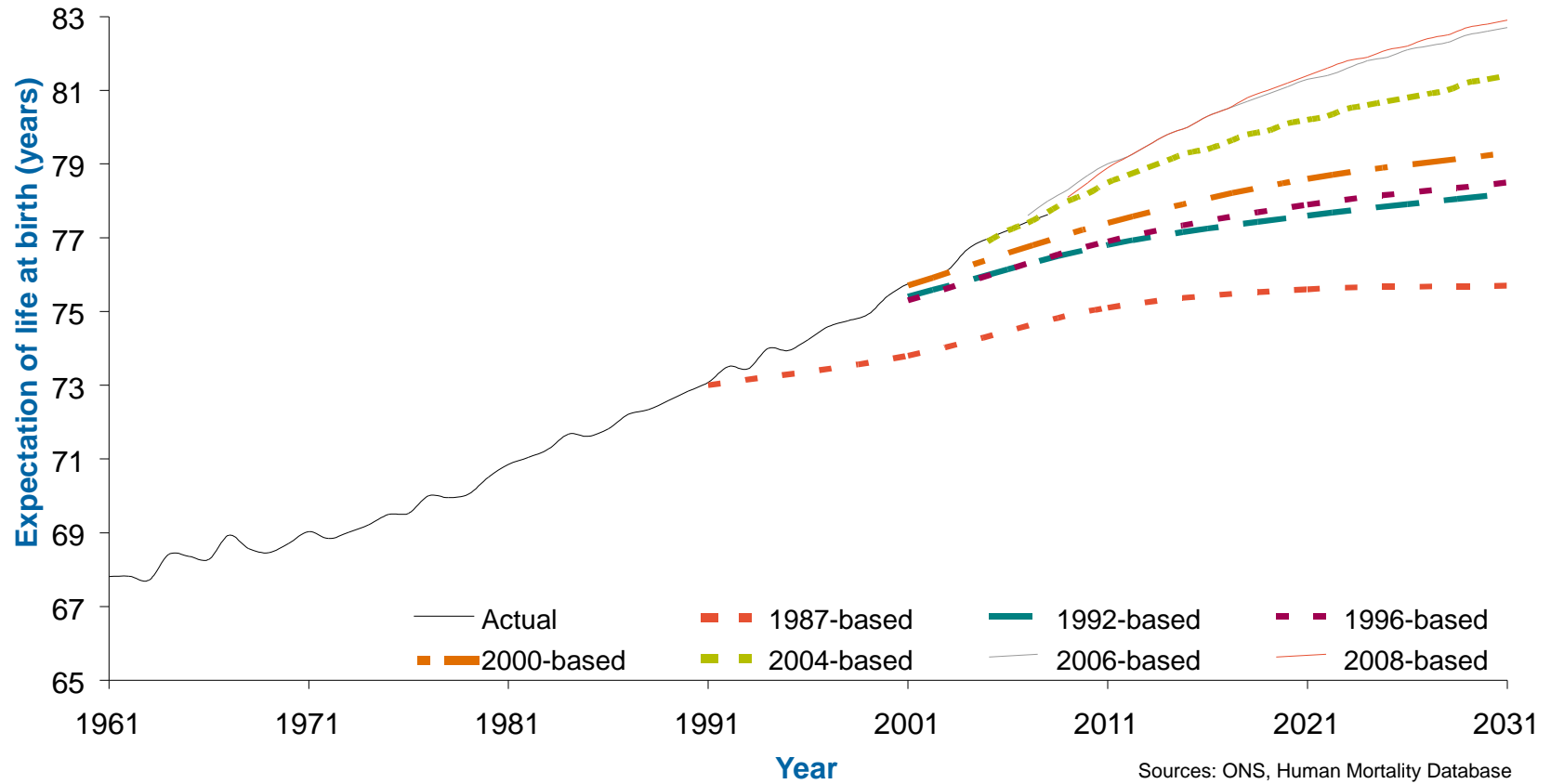
Buy-in of the whole section

- An opportunity to secure all the liabilities?
- Monthly pricing reviews to understand full buy-in cost
- May be achievable before the end of the journey plan

New Section – Longevity Risk

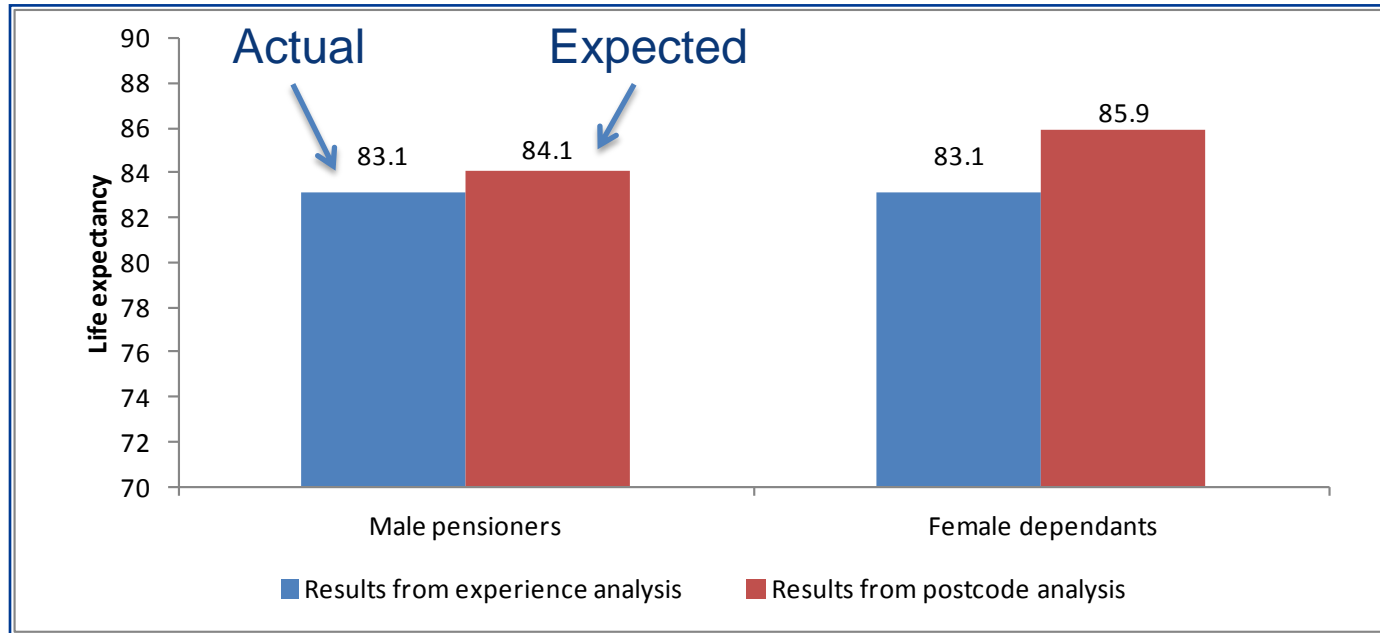


Actual and projected period life expectancy at birth, males, 1961-2031



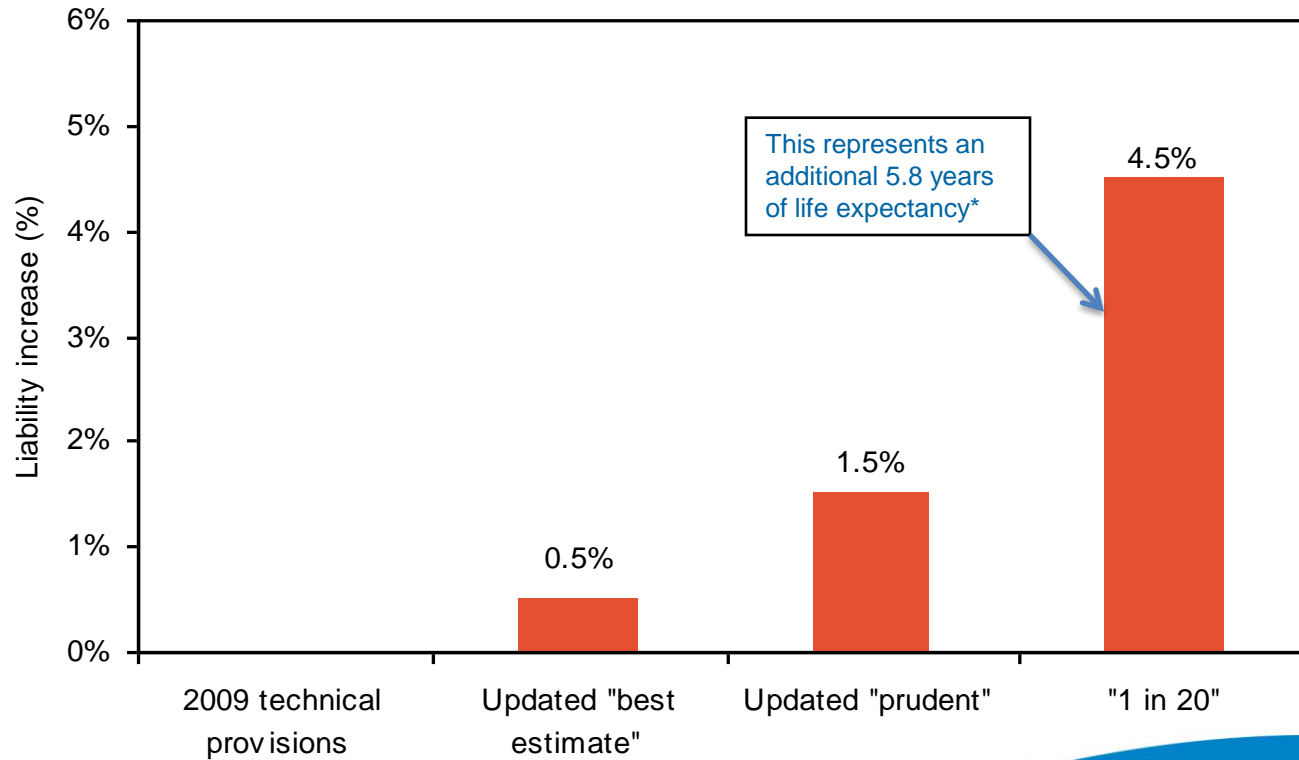
Sources: ONS, Human Mortality Database

New Section – Longevity Analysis



Analysis based on three year period to 2009
Life expectancies are for those who have reached age 61

Rates of future improvements are very uncertain



Analysis based on 2009 data

*The additional years of life expectancy are relative to making no allowance for future improvements

Longevity Risk Management Options



The key longevity risks for the New Section are:

- Longevity improves towards that expected (based on postcodes)
- The rate of improvements seen in the past continue into the future

The Trustee is considering how these risks could be managed.

Section 75 Debts



- **Affects the New Section only**
- **When is a Section 75 debt triggered?**
- **How are Section 75 debts calculated?**
- **What are we doing to help employers?**

When is a Section 75 debt triggered?



Debt payable under Section 75 of the Pensions Act 1995 where:

- an “employment cessation event” (ECE) occurs
- an Insolvency Event or MVL occurs
- the MNO PF (or the New Section) is wound-up

How are Section 75 debts calculated?



- **Calculated by reference to the buy-out basis of calculation**
- **Apportioned only amongst employers of active members**
- **Therefore Section 75 debt likely much larger than % of liability**

S75 – How are we helping employers?



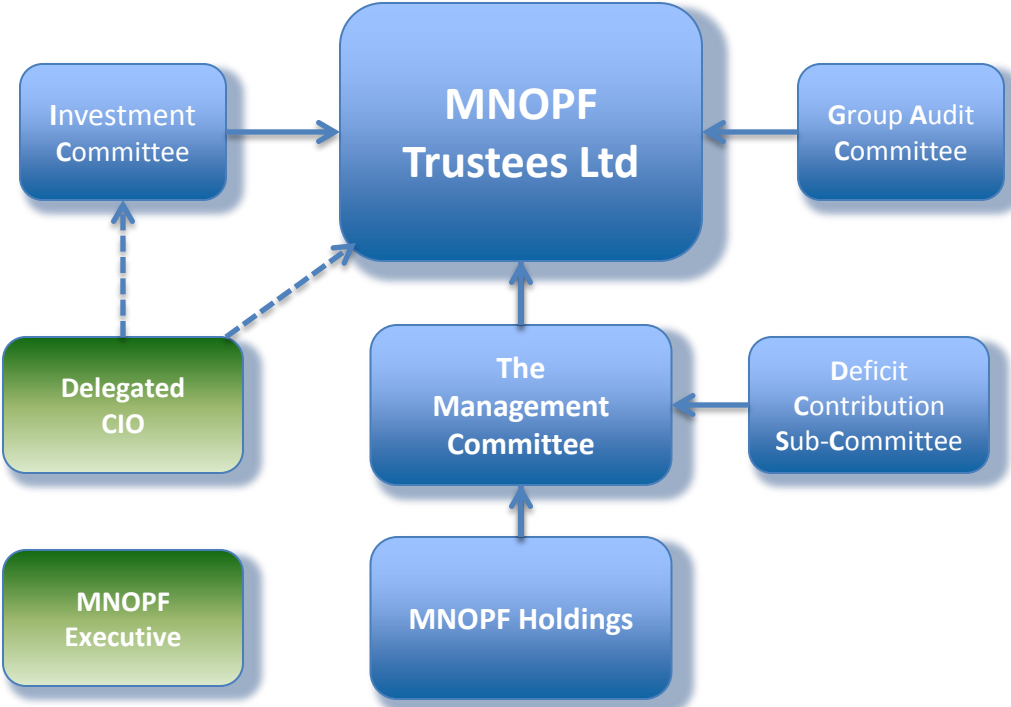
Current Position?

- **Notify employers in writing once they employ a minimum of 4 active members**
- **2011 Section 75 exercise (post Cemex judgement):**
 - 40 employers triggered a S75 debt
 - 16 employers who continue to employ eligible members (no current actives)

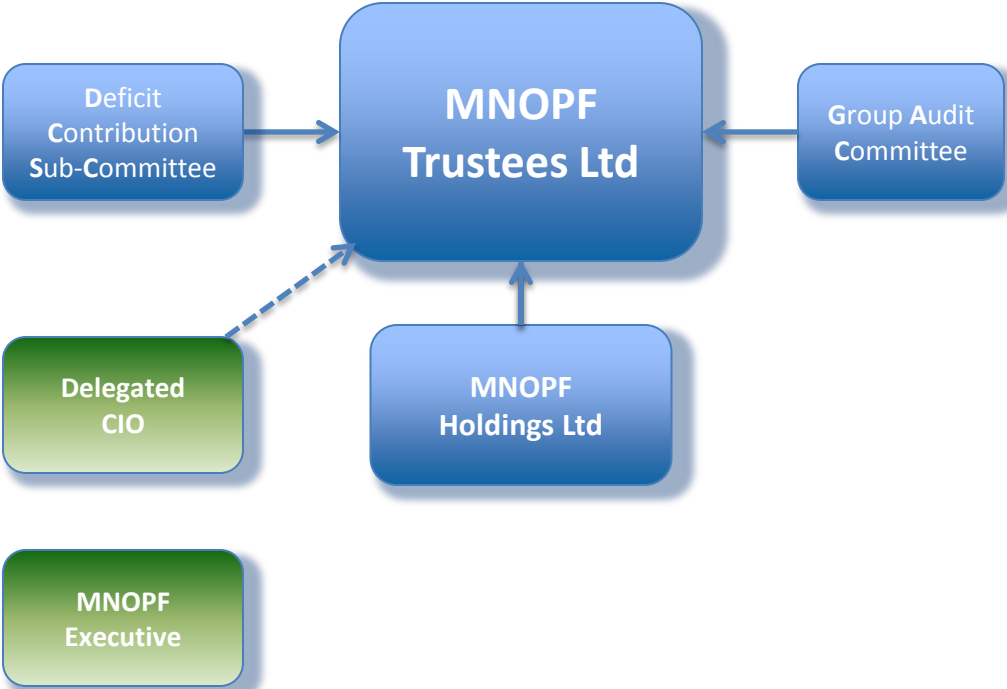
Longer Term?

- Trustee exploring feasibility of introducing a DC option in New Section

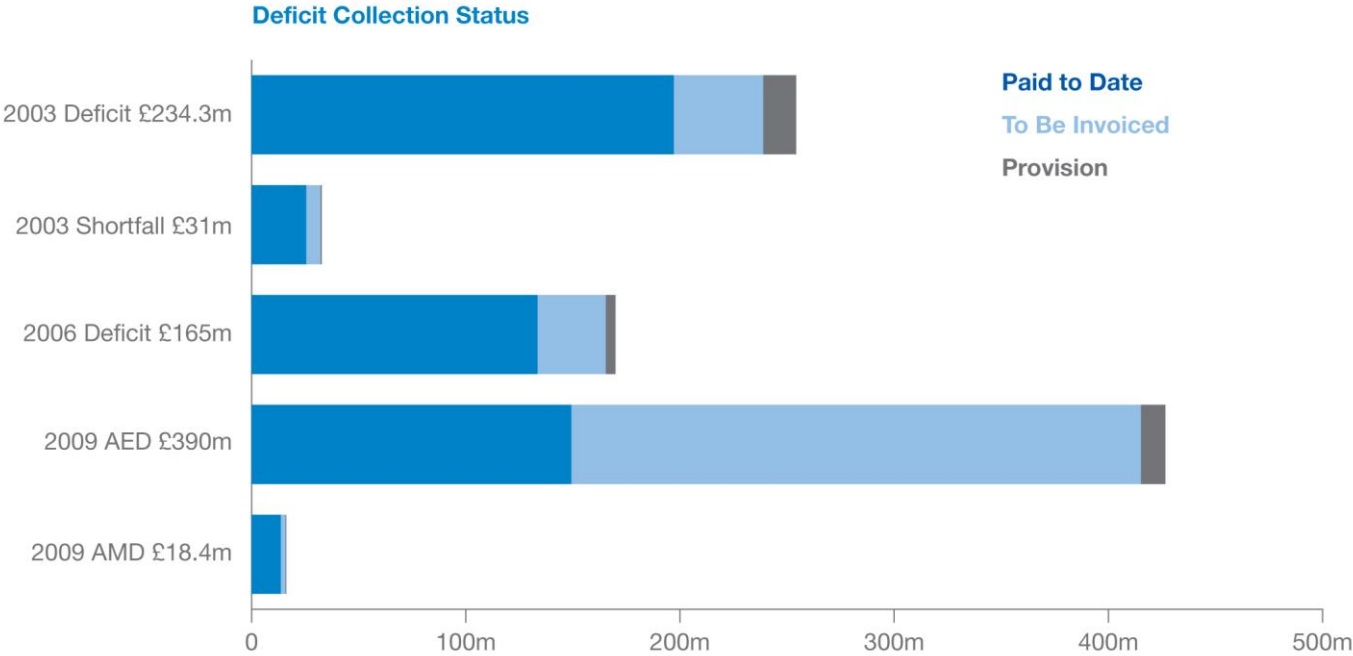
MNOPF Governance – current



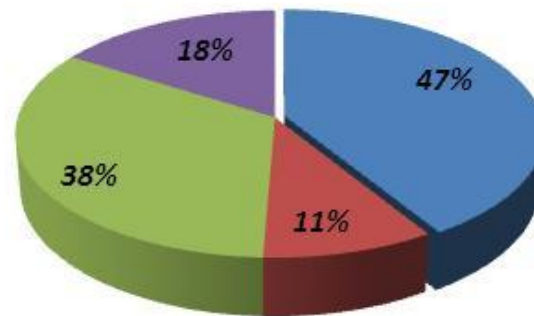
MNOFP Governance – proposed?



Deficit Collection Update



2009 Deficit Credit Risk Mitigation



- Payment Plan being put into place
- Payment Plan and Credit Support being implemented
- Payment Plan and Credit Support in place
- Credit analysis ongoing

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