

**Merchant Navy Officers Pension Fund – New Section
Recovery Plan following the 2009 valuation**

Status

This Recovery Plan has been prepared by the Trustee of the Merchant Navy Officers Pension Fund (the Fund) after obtaining the advice of Paul Burbidge, the Actuary to the Fund.

The actuarial valuation of the New Section of the Fund as at 31 March 2009 revealed a funding shortfall (technical provisions minus value of assets) of £740 million. The value as at 31 March 2009 of the outstanding deficit contributions arising from the 31 March 2006 valuation (as set out in the Recovery Plan dated 12 June 2007) and the 31 March 2003 valuation was £183 million, leading to an outstanding funding shortfall as at 31 March 2009 of £557 million.

Steps to be taken to ensure that the Statutory Funding Objective is met

To eliminate this funding shortfall, the Trustee has agreed that contributions in addition to those arising from the 31 March 2003 and 31 March 2006 valuations will be paid to the Fund by the participating employers over the period to 30 September 2022. These additional contributions will have a present value of £402 million as at 30 September 2010. The Trustee will decide the payment terms for each participating employer, in accordance with the Contribution Collection Policy agreed by the Trustee.

Period in which the Statutory Funding Objective should be met

The funding shortfall is expected to be eliminated by 30 September 2022. This expectation is based on the following assumptions:

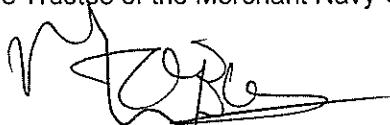
- An additional return of 12% on the assets, above the average return assumed on the calculation of the technical provisions, over the period between the valuation date and 31 December 2009.

Progress towards meeting the Statutory Funding Objective

It is expected that 50% of the above additional contributions will be paid by 30 September 2016.

This Recovery Plan was agreed by the Trustee following discussion at its meeting on 26 March 2010:

Signed on behalf of the Trustee of the Merchant Navy Officers Pension Fund



Name: P McEwen

Position: Chairman of the Trustee

Date:

26/3/10