

DATED 31 March 2010

THALES UK LIMITED (1)

and

THALES PENSION TRUSTEES LIMITED (2)

DEED OF AMENDMENT

relating to

the THALES UK PENSION SCHEME

(Pension Deduction)

We hereby certify that this is
a true and correct copy of
the original.

Dated this 8 day of April 2010


.....
Wragge & Co LLP

Wragge&Co

THIS DEED OF AMENDMENT is made on

31 March

2010

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 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 change the way the Active CARE Members' contribution rate is calculated and the calculation of the Pension Deduction with effect on and after 1 April 2010.
- (F) 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.
- (G) 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.

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 hereby **AMENDS** the Rules in respect of the CARE Benefits set out in clauses 2, 3 and 4 below in each of the Appendices 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 1 April 2010 (the "Effective Date").

1.2 For the purposes of the amendments made in clauses 2, 3 and 4 of this Deed, where the words “[construe in accordance with appropriate cross reference]” appear in the Rule amendments they will be construed in respect of each CARE Member as inserting the correct reference to the Scheme Section, Appendix, Schedule and Part of the Rules as apply to that CARE Member.

1.3 Clause 5 of this Deed applies to all of the provisions of this Deed.

2 Rate of Active CARE Member Contributions

2.1 Rule 3.1 of each Appendix One to each of Schedules One to Five inclusive of Part E of the Rules is deleted in its entirety and replaced with a new Rule 3.1 as set out below:

“3.1 Rate of Contributions

(a) *The rate of contributions due to Section 1 of the Scheme from each Active CARE Member is:*

(i) *6 (six) per cent of CARE Salary for that part of the CARE Salary up to and including the Contribution Limit; and*

(ii) *9 (nine) per cent of CARE Salary for that part (if any) of the CARE Salary in excess of the Contribution Limit.*

(b) *“Contribution Limit” means £40,040 (forty thousand and forty pounds) sterling (Great Britain) per annum.”*

2.2 Rule 3.1 of each Appendix One to each of Schedules One to Four inclusive of Part F of the Rules is deleted in its entirety and replaced with a new Rule 3.1 as set out below:

“3.1 Rate of Contributions

(a) *The rate of contributions due to Section 2 of the Scheme from each Active CARE Member is:*

(i) *6 (six) per cent of CARE Salary for that part of the CARE Salary up to and including the Contribution Limit; and*

(ii) *9 (nine) per cent of CARE Salary for that part (if any) of the CARE Salary in excess of the Contribution Limit.*

(b) *“Contribution Limit” means £40,040 (forty thousand and forty pounds) sterling (Great Britain) per annum.”*

3 Pension Deduction

3.1 The definition of “Pension Deduction” contained in Rule 4.2(b) of 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 Pension Deduction as set out below:

“(b) “Pension Deduction” is the aggregate of:

- (i) *in respect of Pensionable CARE Service before 1 April 2010:*
 - (A) *0.4 per cent of the aggregate of the CARE Member’s Pension Deduction Earnings; DIVIDED BY*
 - (B) *the number of complete tax years whilst he is in Pensionable CARE Service; MULTIPLIED BY*
 - (C) *the complete number of months of Pensionable CARE Service before 1 April 2010; DIVIDED BY*
 - (D) *twelve; and*
- (ii) *in respect of Pensionable CARE Service after 31 March 2010:*
 - (A) *0.45 per cent of the aggregate of the CARE Member’s Pension Deduction Earnings; DIVIDED BY*
 - (B) *the number of complete tax years whilst he is in Pensionable CARE Service; MULTIPLIED BY*
 - (C) *the complete number of months of Pensionable CARE Service after 31 March 2010; DIVIDED BY*
 - (D) *twelve.”*

3.2 The definition of **“Gross Band Earnings”** contained in Rule 4.2(c) of 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 **“Pension Deduction Earnings”** as set out below:

“(c) “Pension Deduction Earnings” means, in respect of each complete tax year the Active CARE Member is in Pensionable CARE Service, the Active CARE Member’s gross earnings from employment with his Employer which are in between:

- (i) *the lower earnings limit as defined in section 5 of the Social Security and Benefits Act 1992; and*
- (ii) *£40,040 (forty thousand and forty pounds) sterling (Great Britain) per annum;*

revalued by the Pension Deduction Earnings Revaluation Factor.

Conditions

- (A) *Any part tax year when an Active CARE Member is in Pensionable CARE Service will be ignored for these purposes.*

(B) *The Trustees may determine having obtained advice from the Actuary and with the consent of the Principal Employer that an alternative to the lower earnings limit should be used in the calculation to determine the Pension Deduction Earnings if either:*

- 1) *The lower earnings limit ceases to be published by the Government and is not replaced by a similar earnings limit; or*
- 2) *the Trustees determine having obtained advice from the Actuary that due to changes in the way the lower earnings limit is determined, it is are no longer appropriate to be used as a part of the calculation to determine the Pension Deduction Earnings."*

3.3 A new definition of "Pension Deduction Earnings Revaluation Factor" is added in a new Rule 4.2(i) of 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

as set out below:

"(i) "Pension Deduction Earnings Revaluation Factor" means the increase in the general level of earnings as published under section 148 of the Social Security Administration Act 1992 ("Section 148 Orders") between the tax year of the relevant Pension Deduction Earnings and the last complete tax year of the Active CARE Member's Pensionable CARE Service, subject to a maximum of what the Section 148 Order would provide for if the Section 148 Order was eight (8) per cent compound for each year for the period over which the Pension Deduction Earnings are revalued.

Condition:

The Trustees may determine having obtained advice from the Actuary and with the consent of the Principal Employer that an alternative increase method or index should be used to determine the Pension Deduction Earnings Revaluation Factor if ether:

- (i) *Section 148 Orders cease to be published and are not replaced by a similar annual order; or*
- (ii) *the Trustees determine having obtained advice from the Actuary that due to changes in the way Section 148 Orders are determined they are no longer appropriate to be used as the Pension Deduction Earnings Revaluation Factor."*

4 Part-Time Workers

4.1 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;
- (c) Rule 13.2(a)(iii) is deleted and Rule 13.2(a)(v) is amended by:
 - (i) the phrase "Gross Band Earnings" being replaced with "Pension Deduction Earnings" in each place where it appears in this Rule; and
 - (ii) The proviso at the end of Rule 13.2(a)(v) having the words "for the complete tax years before 1 April 2010" inserted in the first line in between the words "provided that" and " Gross Band Earnings".

5 General Conditions

- 5.1 The amendments made by this Deed will apply to all of the Active CARE Members of the Scheme 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.
- 5.2 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.
- 5.3 If (were it not for this clause 5) 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.
- 5.4 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.
- 5.5 This Deed may be entered into in the form of two or more counterparts each executed by one or more signatories but, taken together, executed by all of them and, provided each signatory 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.

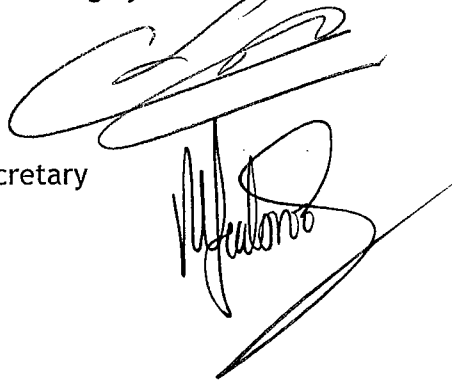
IN WITNESS of the above this deed has been executed by or on behalf of the parties and delivered on the date written at the beginning of this Deed.

SIGNED as a DEED by

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

Director

Director/Secretary

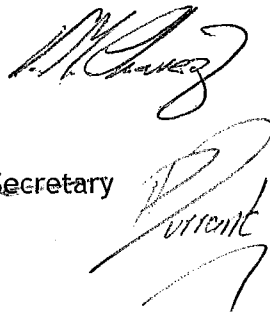
Two handwritten signatures in black ink. The top signature is a large, stylized cursive signature. The bottom signature is a smaller, more compact cursive signature.

SIGNED as a DEED by

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

Director

Director/Secretary

Two handwritten signatures in black ink. The top signature is a large, stylized cursive signature. The bottom signature is a smaller, more compact cursive signature.

SCHEDULE
LIST OF SCHEME DEEDS

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)

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

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 final draft Deed of Amendment relating to the Thales UK Pension Scheme (Pension Deduction) distributed on 29 March 2010.

For the purposes of Section 37(1) of the Pension Schemes Act 1993 (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.

Signature



Name

P R Bowers

Qualification

Fellow of the Institute of Actuaries

Date of signing

30 March 2010