ARQIVA DEFINED BENEFIT PENSION PLAN

NGW Section

Members’ Booklet

Contents

1. Introduction

1.1. For your benefit

The purpose of this booklet is to summarise the main features of the Arqiva Defined Benefit Pension Plan – NGW section (the "Scheme"), and to provide answers to the most common questions that members have about the Scheme and its benefits.

The Scheme is a defined benefit occupational pension scheme and is contracted out of the State Second Pension (S2P).

The Scheme is designed to provide a retirement pension.

Throughout the guide certain phrases have defined meanings, these are described in section 3: “Understanding the terms”.

Although every effort has been made to ensure that this booklet is an accurate summary of benefits provided under the terms of the Scheme, the formal legal documents – the Trust Deed and Rules – which describe the Scheme and its benefits in detail will always be used to decide any conflict of interpretation. The formal documents are available for inspection on application to the Trustee.

Members are provided with precise details of their benefits and options on retirement or leaving service. This booklet provides only an outline of those benefits.

Pension schemes are governed by complex tax and legal requirements and these may change at any time. This booklet is based on our understanding of tax and pensions legislation as at July 2012.

If you have any questions about the Scheme, please contact the administrators at the address given on page 18.

2. Summary

2.1. Membership

The Scheme was established with effect from 28 January 2005 for those Company employees who had been members of the ntl defined benefit pension plans as at 27 January 2005.

The NGW section was established from 30 December 2009 on the merger of the Arqiva Services Limited Pension Scheme into the Arqiva Defined Benefit Pension Plan.

2.2. How it works

You make contributions of 9% of Pensionable Salary into the Scheme. The Company also makes contributions.

At retirement you receive a pension which is linked to your Final Pensionable Salary for Pensionable Service up to 30 June 2003 and your Pensionable Salary and Pensionable Service in individual years after 1 July 2003.

2.3. In unexpected circumstances

If you die in service, a cash sum of four times your gross earnings in the 12 months prior to your death will be paid under a separate arrangement at the discretion of the Trustee (normally to a nominated beneficiary). Your Spouse will receive a pension payable for life. Pensions may also be payable to your children.

If you have to stop work due to ill health, you may be able to remain a member of the Scheme for as long as you remain unable to work or your pension may be paid early, subject to certain conditions being met.

2.4. If you leave

If you leave the Scheme, you may be able to transfer the value of your benefits to your new pension arrangement.

3. Understanding the terms

Several specific terms are used in this booklet to describe your benefits. They are defined here.

Annual Allowance means the amount of tax-free pension benefit you can earn in a tax year, set at £50,000 for the tax year 2012/13. This is broadly calculated by looking at the difference between your accrued pension at the beginning of the Scheme year (adjusted by inflation) and your accrued pension at the end of the Scheme year. The amount of pension earned in the year is multiplied by a factor determined by HMRC, currently 16, in order to determine the value of benefits earned. Money purchase AVC contributions paid over the Scheme year must also be taken into account.

Company means Arqiva Limited.

Earnings Cap is the maximum amount of earnings that may count in determining pension benefits and contributions. It applies to high earning members who joined the BBC Pension Scheme after 31 May 1989 and was set by the Government up to the 2010/11 tax year and subsequently reviewed annually by the Company.

Final Pensionable Salary is your Pensionable Salary earned in the year to 30 June 2003 or earlier date of leaving.

GMP is the Guaranteed Minimum Pension you would have earned under what was the State Earnings Related Pension Scheme (SERPS) if you had not been contracted out during your membership of the scheme (and possibly of a previous pension plan) before 6 April 1997.

Index is the general index of retail prices (all items) published by the Office for National Statistics or any substituted index published by that office or any replacement body.

Normal Retirement Date is your 60th birthday.

Pensionable Salary is your annual basic salary plus certain taxable elements as determined by the Company.

Pensionable Service is your period of service in years and days while you are paying contributions to the Scheme plus the period of pensionable service from the Arqiva Services Limited Pension Scheme transferred into the scheme at 30 December 2009, including any AVC added years purchased.

Qualifying Service means Pensionable Service in the Scheme. A month's full-time or part-time service is one month's qualifying service.

Scheme means the Arqiva Defined Benefit Pension Plan.

Scheme Year means period 1 April to 31 March, although note that for Annual

Allowance purposes, the Scheme year is 1 July to 30 June.

Spouse is the person to whom you are legally married or in a civil partnership with (although if your Spouse is your civil partner only your service from 5 December 2005 will count towards provision of the dependant's pension as of right to the extent that benefits exceed GMP and reference scheme test benefits). If you are not married or in a civil partnership you may be able to nominate a dependant to be entitled to the benefits that would otherwise be payable to your Spouse. For more information about nominating a dependant please contact the Scheme Administrator at the address provided on page 18.

State Pension Age is currently 65 for men. For women, it is being increased from 60 so that it will be equalised with that for men by November 2018. It will then increase to 66 for both men and women from December 2018 to April 2020.

Trustee means Arqiva Defined Benefit Pension Plan Trustees Limited.

4. Making contributions

4.1. How much does membership cost?

While you are an active member of the Scheme you pay contributions of 9% of Pensionable Salary under a salary sacrifice arrangement. Your contributions will be deducted from your pay before tax, giving you tax relief at your highest rate. The Company also makes contributions. As a member of the Scheme you will pay lower National Insurance Contributions (see page 16 for more information).

4.2. How do I pay my contributions?

Your contributions will be deducted automatically from your pay.

4.3. Can I choose to pay more?

Yes. You have the option to make extra contributions known as Additional Voluntary Contributions (AVCs) under a salary sacrifice arrangement. See page 7 for more information.

4.4. How much does the Company pay?

The contributions paid by the Company are based on the advice given by the Scheme Actuary and may vary from time to time. The Scheme Actuary carries out regular valuations of the Scheme to determine the contributions which are likely to be sufficient to be able to pay all the benefits to which you are entitled.

5. Paying AVCs

5.1. How do AVCs work?

Additional Voluntary Contributions (AVCs) are extra contributions you can make on top of your normal contributions to the Scheme with the aim of increasing your retirement benefits. Just like your normal contributions to the Scheme, AVCs qualify for tax relief at your highest rate.

5.2. How much can I pay in AVCs?

Her Majesty's Revenue & Customs do not place a restriction on the amount you can pay into pension plans. However, there are limits on the amount of tax relief you can receive on contributions. The total amount you can earn from or pay into all your pension arrangements each year is currently limited to the Annual Allowance. Further details can be found on www.hmrc.gov.uk.

5.3. Where do AVCs get paid?

The Trustees have selected a number of investment funds in which you can invest your AVCs. The Trustees will monitor these funds on a regular basis and they may be changed from time to time. Details of the funds available are shown on Connect.

5.4. What can my AVCs be used for?

Your AVCs can be used to purchase additional pension for you and/or your spouse at retirement or they can be transferred into another pension arrangement outside the Scheme at any time.

5.5. How do I start contributing?

If you are interested in making AVCs, further information and an application form is available on Connect.

6. Receiving a pension

6.1. *When will I receive my pension?*

The Scheme's Normal Retirement Age is 60. However, you may be able to retire earlier than this (see page 10).

6.2. *How will my pension be paid?*

Your pension will be paid in monthly instalments, directly to your bank or building society account. It will be taxed under the PAYE system and is payable for life.

6.3. *How much will my pension be?*

Your pension at Normal Retirement Date will be:

For Pensionable Service before 1 July 2003

1/60 x Final Pensionable Salary x Pensionable Service to 30 June 2003. This is increased by the Index in each April.

For Pensionable Service after 30 June 2003

1/60 x Pensionable Salary received in each year or part year to 31 March increased by the Index in each April.

For example: the pension based on Pensionable Service during 2003/04 will be increased each April from 2005 onwards.

The pension put into payment will be the total of each of the individual years, together with the pre June 2003 pension, including the growth in the Index until retirement or earlier leaving.

Example

Chris retires at age 60 having completed 6 years' service prior to 30 June 2003 and 5 years pensionable service from 1 July 2003. Index -2.5%

For Pensionable Service before 1 July 2003:
Pensionable salary £25,000.

6/60 x £25,000 = £2,500 revalued by the Index = £2,760
(2.5% for each year from age 55 to 60 yrs on cumulative basis)

For Pensionable Service after 30 June 2003, and assuming 4% salary growth:

Year	Salary	Pension: 1/60th x Salary	Index increase for each year to retirement
2003	25.000	417	460
2004	26,000	433	467
2005	27,040	451	474
2006	28,122	469	480
2007	29.246	487	487
			2,368

Total Pension : £2,760 + £2,368 = £5,128

6.4. Can I take a cash sum?

Yes. You can normally choose to exchange part of your pension for a cash sum when you retire, which under current legislation will be paid free of tax. The maximum cash sum you can normally take is by exchanging 25% of the value of your pension.

The formula for exchanging pension is that for each £1 pa of pension surrendered you will receive £15 cash. The formula for exchanging pension for cash is complicated but is set by HMRC such that it results in 25% of the value of the pension being commuted for cash. For these purposes HMRC currently values £1 of pension as £20 of cash.

The amount of cash you can take may have to be restricted to meet legislative requirements.

Exchanging pension for cash does not affect the amount of Spouse's pension payable if you die after retirement. In addition you retain the pension increases on any pension that you commute.

6.5. Can I provide a higher pension for my Spouse or dependant?

Yes. Shortly before you retire, you may surrender part of your own pension to provide additional pension for your Spouse or a pension for another dependant on your death, provided the Trustee agrees and subject to limits set out in the Scheme rules. You should contact the Scheme administrators at the address provided on page 18 if you want more information about this option. (See page 12 for the spouse's entitlement.)

6.6. Will my pension be increased?

Yes. Pensions in payment are increased each year by the increase in the Index to a maximum of 10%.

7. Retiring early or late

7.1. *Can I retire earlier than age 60?*

Yes, you may be able to retire early from service from age 55 with Company consent. If early retirement is agreed your pension will be reduced by the factors in the following table (for Pensionable Service before 30 June 2003).

Age	Pre 30 June 2003
59	0%
58	1%
57	2%
56	3%
55	4%

For information about the factors that are currently applied for Pensionable Service after 30 June 2003, please contact the Scheme administrator.

If you retire at the Company's request or are made redundant and you are aged 55 or over, then you may have the option to take an unreduced pension if you fund the cost of this from your compensation/severance payment.

7.2. *Can I retire later than age 60?*

Yes. Your pension will be calculated in the same way as at Normal Retirement Date (see page 8) using Pensionable Salary and Pensionable Service up to your date of retirement.

You can also leave Pensionable Service at Normal Retirement Date while continuing to work for the Company. In this case your pension would be increased by a late retirement factor for the period up to your actual retirement.

8. What if I become seriously ill?

If you become seriously ill you will be eligible to be covered by the Company's Income Protection Insurance Plan.

In the event of you being unable to perform the material and substantial duties of your normal occupation you will be covered for 75% of your salary* less an amount equal to the long term State incapacity benefit.

The benefit is payable as salary and is subject to normal PAYE and National Insurance deductions. It is payable until you are fit enough to return to work or for a maximum of five years or up to the age of 65 if earlier.

After two years of receiving the benefit, the definition of disability is extended to being unable by reason of illness or injury to follow any occupation for which you are reasonably fitted by reason of training, education or experience.

All cover is subject to the terms and conditions of the policy and acceptance by the insurer.

Under this type of arrangement, you remain an employee of the Company and therefore will remain covered for life assurance benefits. You will also have the opportunity to remain in the Scheme and continue to accrue benefits. (Your contributions will be based on Pensionable Salary immediately before moving on to the Income Protection Plan and will be deducted from the payments received.)

* Salary for the purpose of the Income Protection Plan means your basic annual salary plus the following where applicable; shift pay plus London weighting plus OTE (subject to a maximum of 20% of basic salary).

9. Death benefits

9.1. *What happens to my pension if I die before retirement?*

If you die in Pensionable Service before Normal Retirement Date, the following benefits will be paid:

- A tax-free cash sum equal to four times your gross earnings in the 12 months prior to your death. This benefit is underwritten by a separate insurance policy held by the Trustee under a separate arrangement. Cover is held subject to the terms and conditions of the insurance in force at the date of death.

- A pension to your Spouse equal to two-thirds of the pension you would have received if you had continued working until Normal Retirement Age. This would be based on your pensionable salary at your date of death (with no allowances for any changes in the Index between the date of death and your Normal Retirement Age).

  If you are not legally married or in a civil partnership at the date of your death, the Trustee may, at its discretion, pay a pension to another adult who had been financially dependent on you. If a child's pension is being paid, the dependant's pension will be halved whilst that pension is in payment (less any GMP being paid to a widow/widower)

  Should your Spouse be more than 10 years younger, the pension will be reduced by not more than 2.5% for each year over which the Spouse is more than 10 years younger.

- A children's pension equal to one-third of the pension you would have received if you had continued working until Normal Retirement Age. Where there is no Spouse this is increased to two-thirds or (if lower) the whole of your pension calculated as above less any widow or widower's GMP. If there is more than one dependent child then the pension is shared equally between any children entitled to the benefit.

9.2. *What happens to my pension if I die after retirement?*

If you die after you have retired, the following benefits will be payable:

- A Spouse's pension of two-thirds of the pension you were receiving at the date of your death (before any reduction for taking a cash sum at retirement).

  Should your Spouse be more than 10 years younger, the pension will be reduced by not more than 2.5% for each year over which the Spouse is more than 10 years younger.

- A children's pension equal to one-third of the member's pension. Where there is no Spouse this is increased to two-thirds or (if lower) the whole of your pension calculated as above less any widow or widower's GMP. If there is more than one dependent child then the pension is shared equally between any children entitled to the benefit.

A pension may be paid to a dependant if no Spouse's pension is payable at the discretion of the Trustee (halved until any child's pension payable ceases).

Should you die during the first five years after you retire, a lump sum would be paid equal to the value of further pension payments you would have received had you lived for five years in retirement, based on the amount of your pension at your date of death.

9.3. Who will receive any cash sum paid on death?

The Trustee will decide who will receive any cash sums payable from the Scheme. This currently means that payments can be made free of inheritance tax.

You can help the Trustee in making their decision by completing an Expression of Wish Form on which you state the people you would like to receive the benefit (the beneficiaries). The beneficiaries will normally be your spouse or close family, although you are free to nominate other people if you wish. The Trustee will consider following your wishes but are not legally bound by them.

An Expression of Wish Form is available from the administrators at the address on page 18. If you have never completed a form or if you wish to change your nominated beneficiary, you should complete and return it as soon as possible.

10. Leaving the Scheme

10.1. Can I leave the Scheme before I retire?

Yes. You may leave the Scheme at any time. The options open to you are described on this page. If you leave, you will not be able to rejoin in the future.

With Company consent, you may also take early retirement from the Scheme. Your pension would be reduced in line with the Post June 2003 factors shown in section 7.1.

10.2. Can I take a refund of contributions?

Yes. If you have less than two years' Qualifying Service, you have the option of having the contributions you have made to the Scheme being refunded. Deductions will be made for the cost of reinstating you in the State Second Pension (S2P) and tax, currently at the rate of 20%.

10.3. Can I leave my benefits in the Scheme until retirement?

Yes, you can leave your benefits in the Scheme until you reach retirement age. Your pension on leaving will be calculated in the same way as at normal retirement (see page 8) but based on Pensionable Service you had actually completed and your Pensionable Salary at your date of leaving. It will be revalued each April up to your Normal Retirement Age, in line with the rise in the Index, subject to a maximum of 10% per annum compound. You will have the same options open to you at retirement as described on page 8.

10.4. Can I transfer my benefits to another pension arrangement?

Yes. You may choose to transfer the value of your benefits to your new employer's pension scheme or to another approved pension arrangement which is able and willing to accept a transfer payment. You would then give up all entitlement to benefits from the Scheme. The transfer does not have to be made as soon as you leave the Scheme. You may decide to transfer at a later date.

Transfer values are calculated as the amount of money which, if invested, should be sufficient to provide the deferred benefits being given up, based on assumptions which comply with the relevant legislation.

You may request a transfer value calculation at any time but the Trustee reserve the right to refuse such a request if it is within one year of a previous calculation. The transfer value must by law be calculated within three months of your request and will be advised to you within ten working days of the calculation date. It will be calculated on market rates that apply at the date of calculation but will then be guaranteed for a period of three months from that date.

10.5. If I leave my benefits in the Scheme what happens to them if I die before retirement?

If you die before retirement and you have left your benefits in the Scheme your Spouse would receive two thirds of your leaving service pension, increased to the date of your death in line with statutory requirements.

A children's pension equal to one-third of your deferred pension. Where there is no Spouse this is increased to two-thirds or (if lower) the whole of your pension calculated as above less any widow or widower's GMP.

If you do not leave a Spouse or an eligible child, a pension may be paid to a Nominated Dependant which is equal to two-thirds of your deferred pension revalued to date of death. However, if a child's pension is being paid, the dependant's pension will be halved until the child's pension ceases. The dependant's pension will be reduced by the GMP being paid to a widow or widower. A lump sum equal to the value of your contributions including interest of 2.5% per annum plus the value of any money purchase AVCs will be payable to your estate.

A cash sum equal to five times your deferred pension will be payable if no pensions are paid.

11. Your State pension

NOTE: The information provided in this section is subject to the Government's proposals to reform State Pension provisions.

11.1. Will I still get a State pension?

Yes. You will normally receive the Basic State Pension but you will not receive a full pension from the State Second Pension (S2P). This is explained below.

The State Scheme is in two parts – the Basic State Pension and S2P. Both are paid from State Pension Age.

The Basic State Pension is the amount of the single person's basic pension payable if you have a full National Insurance history. You will receive a Basic State Pension in addition to your pension from the Scheme provided your National Insurance Contributions record is sufficient. If you do not have a full National Insurance history a reduced Basic State Pension may be paid.

S2P is an earnings-related pension which is based on the level of National Insurance Contributions paid during your working life. The Scheme is contracted-out of S2P and as a result, the Scheme has to pay a pension which satisfies certain minimum standards. The Scheme pension replaces S2P, so you do not earn any S2P whilst you are in Pensionable Service.

As a result of contracting-out you pay reduced rate National Insurance Contributions, but this does not affect the level of your Basic State Pension.

In January 2013 the Government published proposals to reform state pensions by introducing a single-tier state pension, which will replace the current Basic State Pension and State Second Pension with a flat-rate payment from April 2017 (to apply to retirements from that date). If the Government's proposals go ahead, the reduced rate from National Insurance contributions will no longer apply and the information provided above will change.

12. Further points to note

12.1. Who runs the Scheme?

The Scheme has been established under trust and the assets are held quite separately from those of the Company. The Scheme is run by the Trustee who is responsible for ensuring that it is run in accordance with the Rules. The Trustee employs several independent professional advisers to assist them with their task.

12.2. What are the tax advantages of the Scheme?

When it was established, the Scheme was approved by the Inland Revenue (now HMRC) under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988. This means that, with effect from 6 April 2006, the Scheme automatically became a registered pension scheme for the purposes of the Finance Act 2004. At present, this status results in the following tax advantages:

- You receive full income tax relief on your contributions, including any AVCs (provided the benefit you earn in any year does not exceed the Annual Allowance).
- The cash sums payable on retirement or death are usually free of tax.
- The Scheme benefits from tax advantages in respect of its investment income and capital gains.

In return for these valuable tax concessions, the HMRC imposes limits on the amounts of benefits earned and contributions paid in any year. The Scheme rules also impose limits on the benefits paid out.

For members who joined the ntl Pension Plan after 31 May 1989, pension benefits and contributions are additionally restricted by the Earnings Cap.

12.3. What happens if I work part-time?

If you are a part time employee and have worked part-time whilst a member of the Scheme, that part of your Pensionable Service will be calculated as a proportion of your normal hours worked to the standard hours.

12.4. What happens if I am temporarily absent from work for any period?

If you are temporarily absent, your membership of the Scheme will continue for so long as you continue to be paid or if the Company so directs. For any period of unpaid absence to count as Pensionable Service you will be required to pay contributions at the required level upon your return to work.

This may change if you are absent for more than three years. If you leave the Company and rejoin it at a later date, you will only be able to rejoin the Scheme with the consent of the Company and the Trustee.

If you are absent on maternity leave, contributions will continue to be paid for as long as you are in receipt of maternity pay. Your contributions will be calculated using the maternity pay which you actually receive, but your benefit will be calculated using the full rate of your Pensionable Salary before your absence. If you take extended maternity leave and are not receiving any pay, your employee contributions only will continue under the salary sacrifice arrangement.

If you do not return to work during the period when you have a statutory right to return, you will be treated as leaving service from the date you ceased pension contributions and benefits will be payable as on page 14.

12.5. Is the Scheme permanent?

Although it has no plans to do so at the moment, the Company reserves the right to amend or discontinue the Scheme at any time. If the Scheme were to be terminated, your benefits would be secured out of the Scheme's assets in accordance with the Rules.

12.6. Can I use my benefits to guarantee a loan?

No. You must not promise your benefits to anyone else or use them as security for a loan. This is strictly forbidden and any attempt to do so may result in a loss of benefit.

12.7. Can I transfer benefits into the Scheme?

No. The Scheme rules do not permit transfers in from other approved pension arrangements.

12.8. Where can I get further information?

You will receive an annual benefit statement to keep you in touch with how your benefits are building up. Members can request to see certain Scheme documents such as the Statement of Investment Principles, the latest valuation report and the annual report and accounts. A shorter version of the full report and accounts will be sent to you every year.

If at any time you have questions about the Scheme or queries about your benefits the administrators will be pleased to help. They can be contacted at the following address:

Contact name = Daniel Bell
KPMG, Arlington Business Park, Theale, Reading, BERKSHIRE RG7 4SD

Telephone: 0118 373 1354
Email: Daniel.Bell@kpmg.co.uk

12.9. *Pension Tracing Service*

The Pensions Tracing Service will in due course have access to details of the Scheme. It acts as a central tracing agency to help individuals keep track of their former pension arrangements as they move jobs.

If you wish to use their service, please write to:

The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Telephone: 0845 6002 537
Internet: www.gov.uk/find-lost-pension

12.10. *Data Protection Act*

The Data Protection Act requires pension Schemes and employers to protect all personal information from unauthorised and improper access. Under the Act, the Trustee must also inform members:

- that they hold personal information on each member;
- that this information is processed for the calculation and provision of benefits; and
- that the processing of this information is undertaken by the employer and the Scheme's advisors such as the administrator.

As a member of the Scheme, you are treated as having consented to the Trustee holding this information.

Scheme members are required to notify the Trustee of any changes to their personal information they have previously supplied.

If you have any questions regarding data held by the Scheme, or you need to update the Trustee on any changes to your personal circumstances, please write to the administrator at the address shown on page 18.

13. Disputes procedure

If you have a query about the Scheme, the administrators will normally be able to resolve it. However, in the unlikely event of you being dissatisfied with the response you receive, the Scheme has a formal procedure in place for resolving disputes. You may request a copy of the full formal disputes procedure (the "IDR Procedure") from the administrators at the address given on page 18.

If you are dissatisfied with the outcome of the IDR Procedure, the following external organisations are available to investigate complaints.

13.1. TPAS (The Pensions Advisory Service)

TPAS is an independent voluntary organisation with local advisers who are experts in pension matters.

TPAS is available to assist members and other beneficiaries with difficulties they have failed to resolve through internal dispute procedures. There is no charge for their services.

TPAS can be contacted at:
11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 601 2923
Internet: www.pensionsadvisoryservice.org.uk
Emails can be sent via the website

13.2. The Pensions Ombudsman

If the Trustee and TPAS fail to solve your problem you can contact the Pensions Ombudsman who will investigate and determine any complaint or dispute of fact or law.

The Ombudsman can be contacted at the same address as TPAS.

Telephone: 020 7630 2200
Internet: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk

13.3. The Pensions Regulator

The Scheme is regulated by the Pensions Regulator (previously OPRA) who is empowered to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0845 600 0707
Internet: www.thepensionsregulator.gov.uk
Email: customersupport@tpr.gov.uk

February 2013