

The Trustee of the Invensys Pension Scheme (the Scheme) is pleased to announce that it has completed an agreement with Invensys plc (the Company) that provides a future funding plan and revised investment strategy for the Scheme that it believes will lead to greater security for the future payment of members benefits.

A full Valuation of the Scheme was undertaken by the Scheme's Actuary as at 30 September 2005 using the new powers of the 2004 Pensions Act as soon as these were available. This Valuation has resulted in an actuarial funding deficit of £325m compared to the Valuation at 31 March 2003 where the deficit was £415m. This improvement reflects the impact of good investment returns, substantial employer contributions, offset by lower interest rates and increased longevity.

The Company has agreed to make an immediate funding of £105m into the Scheme and will make further special contributions at 6 monthly intervals with the intention of recovering the current deficit within 9 years. The Trustee is especially pleased that the new funding plan promises to pay into the Scheme, special contributions totalling £163m within 3 years, equivalent to half the current deficit. These special contributions will be in addition to the Company's regular contributions of 24.3% of payroll in respect of the active members.

As part of the arrangement the restrictions on the Trustee's investment powers have been removed enabling the Trustee to invest the Scheme's assets in line with the new funding plan. As a result the Trustee has agreed that it will no longer need to seek the guidance of the Court with regard to its investment powers.

The agreement has been reached after the Trustee has taken significant advice from the Scheme Actuary and its legal and investment advisers. It has also received independent financial advice from PricewaterhouseCoopers.

The Trustee understands that this agreement meets the criteria set out in the Pension Regulator's guidance notes regarding the funding of defined benefit schemes.

Based on the advice received the Trustee believes that this agreement is in the best interests of all members.

Further details will be circulated to all members in an edition of IPS Pension News in the next few weeks.

29 March 2006