

# Summary Funding Statement following the Actuarial Valuation as at 30 September 2005

**This Statement is for information purposes only. It does not require you to take any action.**

## Purpose of statement

This statement is issued on behalf of the Trustee of the Invensys Pension Scheme ("the Scheme"), with the aim of providing information about the Scheme's funding position. This information is now required under the Pensions Act 2004 to be provided to all members by the Trustee and in future will be sent on an annual basis.

## Latest Scheme Valuation

The latest Valuation of the Scheme was carried out as at 30 September 2005. The funding position at that date was:

|                                   | £M    |
|-----------------------------------|-------|
| Market Value of Assets            | 3,782 |
| Value of Past Service Liabilities | 4,107 |
| Past Service Shortfall            | (325) |
| Funding Level                     | 92%   |

To eliminate this shortfall Invensys plc paid a special contribution of £105m on 31 March 2006, and has agreed to pay further deficit reduction contributions as follows:

|                   |        |                   |        |                   |        |
|-------------------|--------|-------------------|--------|-------------------|--------|
| 30 September 2006 | £10.0m | 30 September 2009 | £18.5m | 30 September 2012 | £20.0m |
| 31 March 2007     | £10.0m | 31 March 2010     | £18.5m | 31 March 2013     | £20.0m |
| 30 September 2007 | £10.0m | 30 September 2010 | £19.0m | 30 September 2013 | £20.5m |
| 31 March 2008     | £10.0m | 31 March 2011     | £19.0m | 31 March 2014     | £20.5m |
| 30 September 2008 | £18.0m | 30 September 2011 | £19.5m | 30 September 2014 | £21.5m |
| 31 March 2009     | £18.0m | 31 March 2012     | £19.5m |                   |        |

There is no change in the rate of active members' contributions. A copy of the Recovery Plan has been submitted to the Pensions Regulator.

## More up-to-date information

The latest report by the Scheme Actuary showed that on 31 March 2006 the funding of the Scheme was progressing as anticipated and the funding level was estimated to be 95% with a shortfall of £203m.

## Change in funding position

The following principal factors have affected the funding position of the Scheme since the last Valuation date of 30 September 2005, by the approximate amounts shown:

|  | £M   |
|--|------|
| □ Special Company contributions              | 105  |
| □ Changes in asset values/investment returns | 108  |
| □ Change in interest rates                   | (70) |
| □ Change in expected future inflation        | (40) |
| □ Other factors                              | 19   |

Overall, it is estimated that these factors have led to an improvement in the Scheme's funding position of around £122m.

## Solvency funding position

As at 30 September 2005 it was estimated that the amount required to secure the benefits of the Scheme in full with an insurance company in the event of the Scheme winding-up was £5,560m, i.e. a shortfall of £1,778m. This figure is just an indication and does not imply that the Trustee or Invensys plc are considering winding-up the Scheme.

## Payments to Invensys plc

There has not been any payment made to Invensys plc or any of its subsidiary companies out of Scheme funds in the past 12 months.

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## NOTES

### 1) Operation of the Scheme

The Invensys Pension Scheme is a defined benefit scheme. This means that the money to pay for members' pensions is held in a common fund. It is not held in separate funds for each individual. The Trustee's objective is for the fund to be sufficient to pay pensions now and in the future.

Active members pay a fixed percentage of earnings to the Scheme (deducted from pensionable earnings) whilst Invensys plc pays the balance of the amount needed to meet the Trustee's objective. The Trustee obtains regular Valuations of the benefits earned by members, at least every three years. Using this information, the Trustee comes to an agreement with Invensys plc on the level of future contributions to be paid. Successfully achieving the Trustee's funding objective relies on Invensys plc continuing to support the Scheme.

### 2) What would happen if the Scheme started to wind up?

If the Scheme winds up in the future, you might not get the full amount of pension you have built up even if the Scheme is fully funded under our ongoing funding objective.

Invensys plc would be required to pay enough into the Scheme to enable members' benefits to be completely secured with an insurance company. If Invensys plc became insolvent and was unable to pay this amount in full, the Pension Protection Fund ("PPF") might be able to take over the Scheme and pay compensation to members. Further information and guidance is available on the PPF's website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk). Alternatively, you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

### 3) What is the Scheme invested in?

The Trustee's policy is to invest in a broad range of assets subject to asset class targets as follows:

#### Investment manager mandates

|                                |   |
|--------------------------------|---|
| <b>UK Equities</b>             | FTSE All-Share Total Return Index plus 2% pa      |
| <b>Global Equities</b>         | MSCI World (Inc UK) Index plus 3% pa              |
| <b>Absolute Return Fund</b>    | Cash plus 4.5% pa                                 |
| <b>Cashflow Matching Bonds</b> | Scheme specific liability benchmark plus 0.25% pa |
| <b>Immunisation Bonds</b>      | Scheme specific liability benchmark plus 0.75% pa |

### 4) Leaving the Scheme

If you are thinking of leaving the Scheme for any reason, you should consult a professional advisor, such as an independent financial advisor, before taking any action.

### 5) Change of address

Please keep the Scheme informed if you change your address. If you are a pensioner or a deferred member a form is available from Invensys Pensions or the website for you to complete. For active members please contact your HR department.

### 6) Further information

Further information about the Scheme is available on request from Invensys Pensions at the following address:

Higham House  
New Bridge Street West  
Newcastle upon Tyne  
NE99 1TG  
email: [enquiries@invensyspensions.co.uk](mailto:enquiries@invensyspensions.co.uk)

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