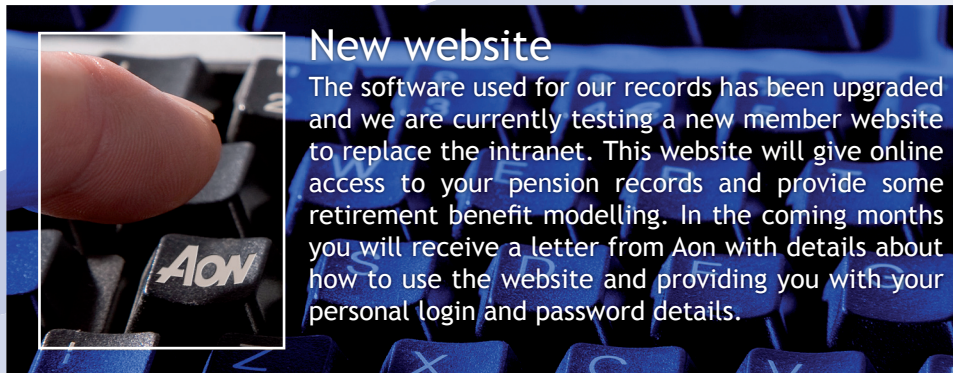


Westland Pension Scheme

Latest News



New website

The software used for our records has been upgraded and we are currently testing a new member website to replace the intranet. This website will give online access to your pension records and provide some retirement benefit modelling. In the coming months you will receive a letter from Aon with details about how to use the website and providing you with your personal login and password details.

Benefits statements

You should have received your annual benefits statement, prepared by Aon, in September.

Trustees' Report and Accounts

The annual Report and Accounts was signed in October 2009. This edition of **intouch** contains highlights from that report.

Trustees

We would like to say thank you to our departing Trustee, Wayne Speake, for his services to the Scheme for the last three years.

New advisers

We are pleased to announce that the Trustees have appointed:

- a new Scheme secretary, Kate Webber, who has worked at AgustaWestland for four years and previously managed the SELEX Pension Scheme; and
- new legal advisers, Burges Salmon, who are a local Bristol firm with a strong pensions specialism.

Early retirement

The law states that from 6 April 2010 the youngest age that you can retire is 55. If you are aged between 49½ and 55 and intend to retire before age 55 you should contact Aon as soon as possible. The contact details can be found on the back page.

Actuarial valuation

The Scheme's triennial valuation commenced on 5 April 2009. The Trustees are now in the middle of the exercise to determine with the Company what the appropriate assumptions are and then to set a new recovery plan to deal with our deficit. We are expecting that the deficit will have increased from the £80m calculated in 2006 (and the £152m estimated in April 2008). The Trustees understand that the Company will consult with employees through the Pensions Council over its proposals over the coming months and you will be kept informed as these discussions develop. The process is scheduled to be completed by 5 July 2010.

Inside you can find:

- A summary of the latest Trustees' Report and Accounts, including:
 - The year in figures - the key information from the Scheme accounts for the year
 - Investment report - how the investments have performed
- Information about Scheme limits - If you think you may be affected by the Scheme's limits on benefits, turn to page 4 to find out more.

The year in figures

The table below is taken from the Scheme accounts for the year to 5 April 2009, which have been audited by Ernst & Young LLP.

	05-Apr-09 £m	05-Apr-08 £m
Value of Scheme at year start	548.1	508.5
+ Income		
Company contributions	23.9	32.5
Member contributions	0.2	0.3
smart	11.0	10.4
Other contributions	4.4	3.8
	39.5	47.0
- Outgoings		
Pensions	9.4	8
Lump sums	7.1	5.2
Other benefits	1.3	0.9
Administration expenses	1.1	1.0
Pension Protection Fund	1.0	0.8
Death benefit insurance	0.5	
	20.4	15.9
+ Net return on investments		
Investment income and change in market value	-62.3	9.8
Less investment expenses	0.8	1.3
	-63.1	8.5
Value of Scheme at year end	504.1	548.1

In particular the Trustees would like to highlight:

- **Your benefits:** The Scheme continues to mature, with more benefits being earned by members and more pensions being paid.
 - Income appears to be down but this is due to the timing of the Company deficit contributions paid during the prior year. All deficit payments agreed at the 5 April 2006 valuation have been paid in accordance with the agreed schedule of contributions.
 - Outgoings have increased due to the Scheme maturing and the number of pensioners increasing.
- **Scheme assets:** There was a significant net loss on the investments. This was expected given that investment conditions were extremely difficult last year. The Trustees, however, are pleased to report that the Scheme's new investment strategy is progressing satisfactorily - the assets of the Scheme have fared better than they would under the old investment strategy and under other peer group arrangements. However, there was simply no acceptable strategy available that could have generated the returns we needed. Further information is set out in the Investment Report.

If you would like to see a copy of the full annual Report and Accounts, please contact Aon. The contact details are on the back page.

Investment Report

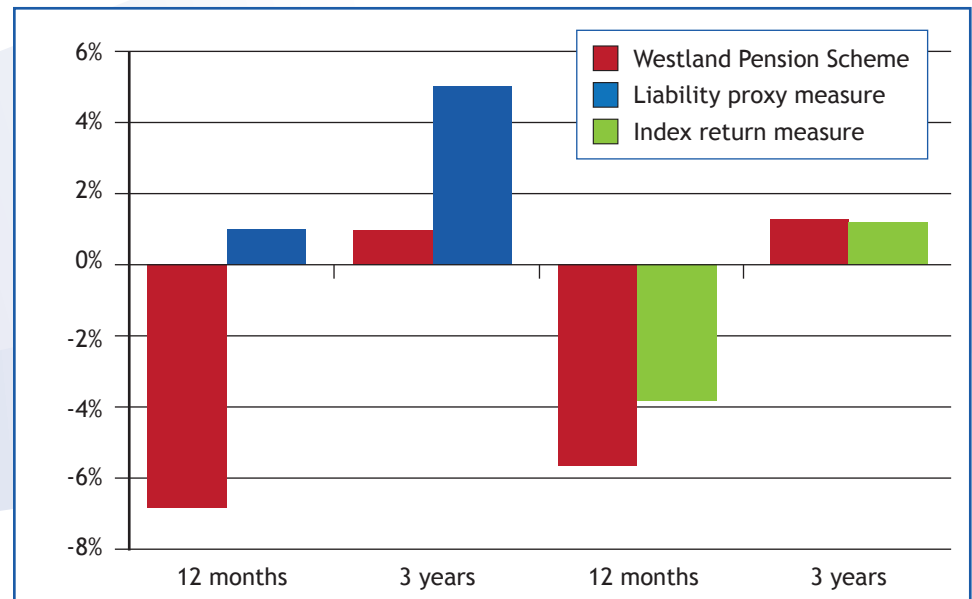
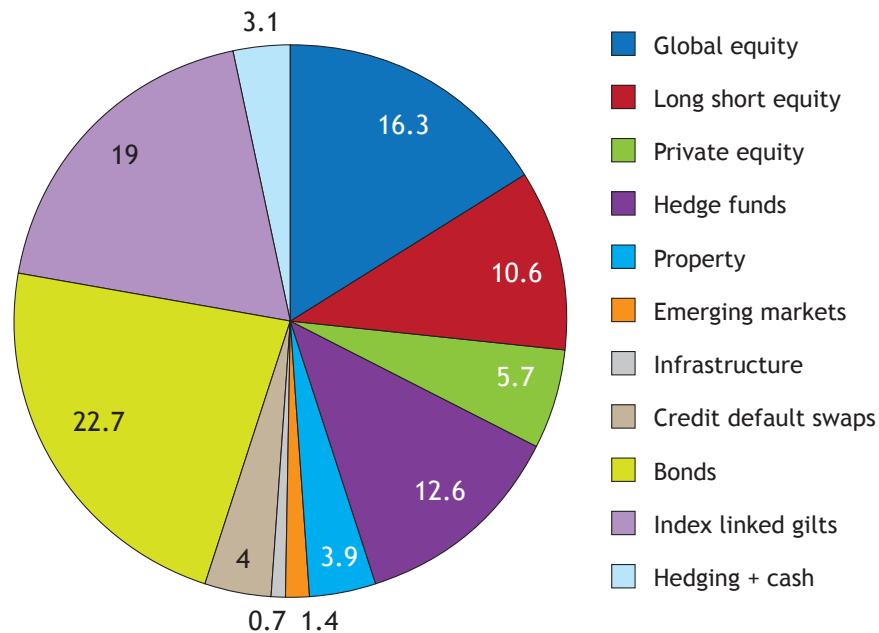
One of the most important things the Trustees have to do is invest the assets of the Scheme. We seek to achieve the best investment returns we can without taking unnecessary risks with the assets of the Scheme.

How are assets invested?

In 2007/08 we made very significant changes to lower the risk profile of the investment strategy. This consisted of allocating 60% of our assets to “return-seeking” assets i.e. assets which make money. The remaining assets were used to purchase “matching” assets i.e. assets whose value is linked to interest rates and inflation rates and therefore change in value in a similar way to the Scheme’s liabilities.

This year we have only made minor adjustments to this strategy. The pie chart shows how the Scheme’s assets are allocated.

Asset allocation at 5 April 2009



How have the assets of the Scheme performed?

We use two benchmarks to evaluate our success.

- The “liability proxy” measure tells us if the assets have grown faster than the liabilities. From the graph, you can see that our assets have not grown as fast as our liabilities. Therefore the deficit of the Scheme has increased over the last year.

However, the Trustees can report that the Scheme’s performance was better than the average performance of peer group funds and virtually all asset classes. In addition, our return is well ahead of the estimated performance of our prior investment strategy.

- The “index return” measure tells us how good our investment managers are. From the graph, you can see that our assets have underperformed our targets in the last year. However, in the last three years our investment managers have outperformed their targets.

Investment conditions were extremely difficult last year. However, the Trustees feel that these figures demonstrate that the new investment strategy is robust in difficult economic conditions.

Benefits statements

The Trustees continue to work with Aon to ensure that your benefits are provided as efficiently and accurately as possible. The Trustees assess their overall performance at an acceptable level.

However, this year it was discovered that there were a number of benefits statements issued which contained errors. These incorrect statements have been identified and correct benefits statements have been re-issued to anyone affected. We would like to take this opportunity to apologise to anyone affected for the inconvenience caused by these errors.

Scheme Limits

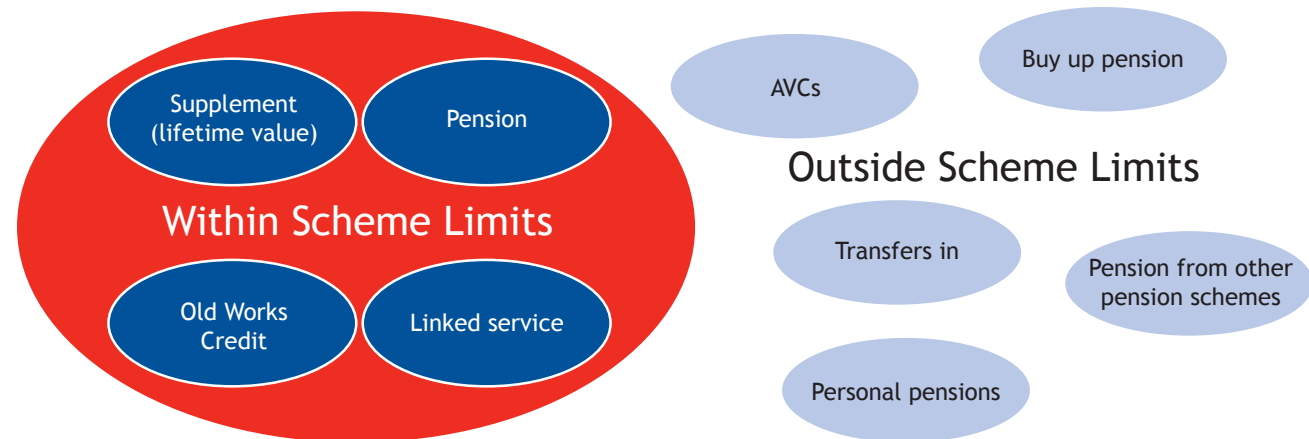
The Westland Pension Scheme has limits in its Rules which may cap your pension benefits. If it is forecast that you may be affected by Scheme Limits it will have been highlighted in your latest benefits statement.

Scheme Limits apply to everything in the red circle.

If the value of your benefits (pension, supplement, linked service and Old Works Credit) is higher than your Scheme Limit, your benefits will be limited to the size of your Scheme Limit.

If you would like further information about Scheme Limits, you can request an information sheet from Aon. The contact details are in the box below.

If you believe that you may be affected by Scheme limits you should review your benefits carefully as you approach retirement. Aon will be able to assist you in understanding how your benefit calculations work.



Getting in touch

There are a number of ways you can contact the Scheme.

If you have questions about your benefits you can speak to our third party administrators, Aon, direct on 0117 945 3517 or you can email them at westland@aonconsulting.co.uk.

Alternatively for questions to the Trustees or other matters you can contact the Pensions Department on 01935 705353, by email pensions@agustawestland.com or on the Yeovil site in building 212.

The Scheme address is: Westland Pension Scheme, Box 205, Westland Works, Yeovil, BA20 2YB