

## The Trustee is required by law to give you information about the funding of the Scheme.

### Funding update

The Trustee board recently completed a Scheme valuation (as at 5 April 2011). The valuation showed a deficit of £117 million. This is an improvement on the £144 million deficit identified at the last valuation in 2009.

### Key figures

Assets	£667m
Liabilities	£784m
Shortfall	£117m
Funding level	85%

The deficit has reduced since the 2009 valuation as a result of favourable investment returns and additional employer contributions. However, these returns were partially offset by an increase in the value of the liabilities which was brought about by a fall in interest rates. Since the funding update in 2010, these factors have broadly balanced which means that the deficit is largely unchanged since 2010.

	5 April 2009	5 April 2010	5 April 2011
Funding level	78%	84%	85%
Deficit	£144m	£119m	£117m

The Trustee board will be seeking an annual funding update as at 5 April 2012 to ensure the Scheme's recovery plan remains on track. The next full valuation will take place as at 5 April 2014.

### What if?

The funding numbers (left) are from the "ongoing" valuation. It assumes that the Scheme will continue with the support of AgustaWestland.

In addition the Trustee is required to review the position if that support was no longer available.

The "solvency" position is what might happen if the Scheme stopped and the benefits were instead passed to an insurance company.

The solvency position is worse than the ongoing one because an insurance company would manage the money much more cautiously than the Trustee is currently able to do with the ongoing support of AgustaWestland UK. A margin is also built in for the insurance company's expenses and profit.

At the valuation date (5 April 2011) the estimated funding ratio on this measure stood at 54% (an improvement from 45% in 2009).

### The Covenant

The Trustee is able to manage the Scheme on the "ongoing" basis because of the continuing support of AgustaWestland UK. This is crucial because in a defined benefit scheme like ours, all of the money is held in a common fund and ultimately, if there is not enough money to pay the benefits, the Company is required by law to put more in. This means that we can carry on paying benefits in full while the funding level is below 100%.

As part of the research for the valuation the Trustee board reviewed the financial strength of AgustaWestland UK. To do this we reviewed information from a number of different sources. This year we have obtained independent analysis of the accounts of both AgustaWestland UK and its ultimate parent company, Finmeccanica.

For the avoidance of doubt, the Trustee has made no payments to the Company out of Scheme funds other than those required for the pension administration services provided by employees of AgustaWestland Limited.

### Worst case scenario

The "solvency" position illustrates the amount of money the Company would need to pay to the Scheme if it ever wanted to wind up the Scheme. The Scheme is also required to pay levies to the Pension Protection Fund (PPF).

In the unlikely event that the Company became insolvent, the Trustee could call upon the PPF to compensate members, which currently provides up to 90% benefit protection in most cases.

If you would like more information about the Pension Protection Fund you can visit their website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk).

The Pensions Regulator has various powers which it can exercise if it thinks that the Scheme's recovery plan is not appropriate. These powers include (1) ordering modifications to future benefits, (2) giving directions on how liabilities are measured and (3) ordering a change to the schedule of contributions. The Trustee can confirm that the Pensions Regulator has not used any of its powers in relation to the Scheme.

### Getting in touch

If you have questions about your benefits you can speak to our third party administrators, AonHewitt, direct on 0117 945 3517 or you can email them at [westland@aonhewitt.com](mailto:westland@aonhewitt.com).

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

The Scheme address is: AgustaWestland UK Pension Scheme, Lysander Road, Box 205, Yeovil, BA20 2YB