

HADRIAN TRUSTEES LIMITED

TRUSTEE FOR THE SHIPBUILDING INDUSTRIES PENSION SCHEME

THE SHIPBUILDING INDUSTRIES PENSION SCHEME ('SIPS')

BRIEFING NOTE FOLLOWING TRUSTEE BOARD MEETING

A Meeting of the Board of Hadrian Trustees Limited took place on 23 September 2009.

The following subjects were discussed:-

1. Trustee Board

The Board approved the re-appointments of Dave Cole and Jamie Webster as Employee Trustee Directors as nominated by the CSEU.

Under the two-year rotation process, Nigel Tinsley was elected as Chairman of the Company and Dave Cole as Deputy Chairman, both to hold their respective offices until the conclusion of the Annual General Meeting in 2011.

There are currently three vacancies for Employer Trustee Directors and one for an Employee Trustee Director, which are in the process of being filled.

2. Business Plan and Administration Expenses

The Managing Director reported progress against the agreed Business Plan for 2009/2010. The Board received and noted details of administration expenses incurred in the year to 30 June 2009.

Following a review, the Board agreed to retain Dr Wollaston as Medical Adviser for a further three years.

3. Investment Matters

The Board received a report on the Investment Committee Meeting held on 18 August 2009.

As at 31 July 2009, the total fund value (excluding the US property investment in API, AVCs and current assets/liabilities) was £1,353 million.

Since the inception of the multi-manager investment arrangements in March 2001, the return on the Combined Equity and Bond Unitised Pools to 31 July 2009 was 2.9% per annum compared with the benchmark of 1.9% per annum.

4. Audit, Accounts & Administration Matters

The Board received a report on the AAA Committee Meeting held on 3 September 2009.

Details of Capita Hartshead's quarterly Administration Report were noted.

The latest edition of Viewpoint, incorporating the Popular Report & Accounts, is to be issued to members by the end of September, together with the Annual Benefit Statements and the Summary Annual Funding Statements.

5. Annual Administration Contract Review

The Board received a presentation from Capita Hartshead on their Annual Contract Review.

6. Employer Covenants

The Board received an update report from the Managing Director on Employer covenant issues.

7. 2009 Actuarial Valuations

The Board received a progress report from Hymans Robertson on the 2009 actuarial valuations. Discussions with the respective companies are ongoing.

8. Annual Valuation Updates

The Board noted the actuarial reports from Hymans Robertson as at 31 March 2009 for the individual Sections of SIPS.

9. Rathbone Training Section

The Board received a progress report on the buy-out of benefits under the Rathbone Training Section.

10. Appledore Shipbuilders Section

The Board received a progress report on the winding-up of the Appledore Shipbuilders Section.

11. Local Pensions Committee (LPC) Meetings

The Board received a report on issues arising at recent LPC Meetings. The Managing Director, the Secretary to the Trustee and Mrs E Darroch of Capita Hartshead are to carry out their annual Roadshow visits to LPCs during October, November and December.

12. A & P Falmouth Section

The Board noted details of the Company's decision to close the A & P Falmouth Section to future accrual.

13. Date for next Board Meeting

The next quarterly Trustee Board Meeting is to take place on 9 December 2009.

Distribution:-

Trustee Directors
Elaine Darroch, Capita Hartshead
Murray McDowall, Capita Hartshead
LPC Members (via Elaine Darroch)

MWB/SJK
September 2009