PARTICIPATING COMPANIES
The pension scheme is for employees of the following divisions of ITW Ltd.

Hobart UK
Hobart Manufacturing UK
Foster Refrigerator
Wilsonart
Precor (a former division of ITW Ltd)
INTRODUCTION

This newsletter provides information relating to The ITW (UK) Defined Contribution Pension Scheme (the “Scheme”) for the year from 6th April 2011 to 5th April 2012. Some of the topics covered include:

- general information about the Scheme and membership statistics,
- general investment information
- Pensions News, and
- Pension Scheme website

Even though the Scheme was closed to future contributions in April 2006 your funds remain invested and they continue to increase (or decrease) in line with investment returns.

This newsletter does not give information about any other ITW pension scheme such as the ITW Pension Fund which has 60th and 80th Defined Benefit sections and a Defined Contribution section.

TRUSTEES

<table>
<thead>
<tr>
<th>Member Nominated Trustees</th>
<th>Management Appointed Trustees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Hodges</td>
<td>Mark Cousins</td>
</tr>
<tr>
<td></td>
<td>Giles Hudson</td>
</tr>
<tr>
<td></td>
<td>Paul Howell</td>
</tr>
<tr>
<td></td>
<td>Peter Lythell (Chairman)</td>
</tr>
</tbody>
</table>

PROFESSIONAL ADVISORS

The professional advisors have remained unchanged during the year. They are:

Actuaries and Consultants: Aon Limited

Scheme Administrator: Capita Hartshead
Radio House, Thanet Way
Whitstable Kent CT5 3QP
Tel: 01227 771 445 Email: itw@capita.co.uk

Banker: Lloyds TSB Plc

Investment Manager: Legal & General

Legal Advisors: Osborne Clarke

Auditors: Blue Spire LLP, Chichester

AVCs: Aviva and Legal & General Investment Management

MEMBERSHIP

The Scheme was closed to future contributions with effect from 5 April 2006 so the Scheme membership is now made up entirely of deferred pensioner and pensioner members.

<table>
<thead>
<tr>
<th></th>
<th>5 April 2010</th>
<th>5 April 2011</th>
<th>5 April 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of deferred members</td>
<td>1,072</td>
<td>1,032</td>
<td>988</td>
</tr>
<tr>
<td>Number of pensioner members</td>
<td>407</td>
<td>437</td>
<td>460</td>
</tr>
</tbody>
</table>

FURTHER INFORMATION

Further information about the Scheme is available on request. You may inspect the Trust Deed and Rules governing the Scheme and the audited accounts. Queries should be addressed to your local pensions’ coordinator:

- Hobart UK (and general enquiries) - Peter Lythell (Peterborough)
- Hobart Manufacturing UK - Dave Collins (Barnstaple)
- Foster Refrigerator - Catherine Harvey (King’s Lynn)
- Wilsonart - Martin Snowball (Shildon)

If you move home, please remember to advise Capita Hartshead and the Company. If you do not advise the administrators and the Company of your new address, you will not receive your annual Benefits Statement nor will the administrators, on behalf of the Trustees, pay your pension at the appropriate time. In all communications with Capita Hartshead, remember to quote your name, National Insurance number and the name of the pension scheme which is:

The ITW (UK) Defined Contribution Pension Scheme.
**INVESTMENTS**

Legal & General have managed the Scheme assets since May 2002 on an index-tracking basis. This means that for each type of asset, the Scheme’s investments should move in line with each fund’s stated market. The Trustees have monitored Legal & General’s performance and are satisfied that they are tracking, within acceptable tolerance limits, the market indices.

**Valuation of the Unit Holdings (“the fund”)**

The value of the fund at the 5 April for the last 3 years was as follows:

<table>
<thead>
<tr>
<th>Investment Funds</th>
<th>5 April 2010</th>
<th>5 April 2011</th>
<th>5 April 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity 60:40 Fund</td>
<td>30,513,501</td>
<td>30,380,340</td>
<td>27,851,500</td>
</tr>
<tr>
<td>UK Equity Fund</td>
<td>310,572</td>
<td>299,364</td>
<td>251,371</td>
</tr>
<tr>
<td>Overseas Equity Consensus Index Fund</td>
<td>114,920</td>
<td>126,393</td>
<td>87,580</td>
</tr>
<tr>
<td>Over 15 Year Gilt Index Fund</td>
<td>78,310</td>
<td>69,333</td>
<td>121,622</td>
</tr>
<tr>
<td>Over 5 Year Index Linked Gilt Fund</td>
<td>547,528</td>
<td>807,889</td>
<td>617,623</td>
</tr>
<tr>
<td>Pre Retirement Fund</td>
<td>2,804,918</td>
<td>3,243,084</td>
<td>3,046,494</td>
</tr>
<tr>
<td>Cash Fund</td>
<td>1,313,872</td>
<td>983,057</td>
<td>748,986</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>£35,683,621</strong>*</td>
<td><strong>£35,909,460</strong>*</td>
<td><strong>£32,725,176</strong>*</td>
</tr>
</tbody>
</table>

*In addition to the funds shown above, the Scheme has assets consisting of AVC policies with Aviva and net current assets (including cash held at bank).

**Performance of the Unit Holdings (“the fund”) over the last 3 years**

The performance of each investment fund over each of the last 3 years (based on returns over the period running from 31 March to following 31 March) is summarised below, along with the 3-year average return and the 3-year return on the index against which each fund is compared.

<table>
<thead>
<tr>
<th>Investment Funds</th>
<th>Fund net return (%)</th>
<th>3-yr Performance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009/10</td>
<td>2010/11</td>
</tr>
<tr>
<td>Global Equity 60:40 Index Fund</td>
<td>50.3</td>
<td>8.3</td>
</tr>
<tr>
<td>UK Equity Fund</td>
<td>53.0</td>
<td>8.8</td>
</tr>
<tr>
<td>Overseas Equity Consensus Index Fund</td>
<td>49.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Over 15 Year Gilt Index Fund</td>
<td>-0.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Over 5 Year Index Linked Gilt Fund</td>
<td>10.4</td>
<td>6.8</td>
</tr>
<tr>
<td>Pre Retirement Fund</td>
<td>16.5</td>
<td>6.2</td>
</tr>
<tr>
<td>Cash Fund</td>
<td>0.5</td>
<td>0.6</td>
</tr>
</tbody>
</table>

**WHAT’S THE REALITY OF RETIREMENT**

Are you prepared for retirement? The reality in this day and age is that many people are finding themselves having to work beyond retirement age, with affordability the main reason given by 51% of over-50s, while a further 11% want to delay taking out their pension in the hope its value would increase over time.

It’s important to plan for your future. By contributing to the ITW (UK) Defined Contribution Pension Scheme, you are taking important steps towards financial security, but there are a few other steps you can take.

- **Work out what you might need.** Understanding what your outgoings might be when you retire is the first step. Will you have paid off your mortgage or have children’s education costs?
  
  Try writing a list of your outgoings now, and ticking off those that you might not have when you retire.

  It’s important to consider the type of lifestyle you’d like when you have retired - including holidays each year.

- **Check how much you’ve got.** Look out for your annual benefit statement for the latest details about your Scheme pension. Remember to also include other pensions or savings you might be relying on when you retire. You can also get more information about your state pension from:

  **[www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension](http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension)**

- **Mind the gap.** Is there a difference between what you’re likely to have and what you’ll need?
  
  If so, can you deal with this by saving more now, or will you have to consider working for longer?

  Getting to grips with your retirement planning now could mean that you still have time to make changes so that you can retire when you want, or have the lifestyle that you want when you do.
Annuity and Interest Rates

Effects of Quantitative Easing

You may also have read in the news that annuity rates are currently significantly and adversely affected by the Bank of England’s ‘Quantitative Easing’ policy and this is indeed the case. The policy has artificially depressed long term interest rates and unfortunately lower long term interest rates mean lower annuity rates.

However, there is some comfort for members who are approaching their Target Retirement Date and who have been invested under either of the Scheme’s two lifestyle investment strategy options. This is because, as retirement approaches, the lifestyle strategies switch progressively more of a member’s investments into Cash and the Pre-retirement fund. The negative impact of falling long term rates of interest is compensated for to a large extent by strong performance from this fund, as can be seen from the table on page 2.

European Court of Justice Ruling

In last year’s Newsletter we drew your attention to a European Court of Justice ruling which makes it illegal, from 21 December 2012, for insurance companies to quote premium rates and benefits which differentiate between males and females. This ruling will affect the amount of pension members get when, as most members do, they buy an annuity with their pension account.

Currently, because they are expected to live longer, a woman will buy a smaller pension annuity with her pension account than a man of the same age would with the same amount of money. After 21 December 2012, men retiring are therefore expected to receive lower pension annuities than would have been the case without the new ruling and women may receive slightly more. The difference is likely to be more for men than for women and could be 7% or more, although the effect will vary depending on the type of annuity purchased.

Members considering retirement in the near future may therefore wish to take financial advice as to whether or not it might be in their interests to bring those plans forward to before 21 December 2012 (if male) or to defer them until afterwards (if female).

Pension projections

Both of the above issues have, under rules governing statutory money purchase illustrations (“SMPIs”) affected pension projections, or will do so ahead of 21 December 2012. For this reason, the annuity rate (the cost of each £1 pa pension) used in your annual benefits statement projections and on the Scheme website may be significantly higher than previously.

State Pension Age increases

In last year’s newsletter we told you about the changes to the State Pension Age (SPA).

Under the Pensions Act 2011, the timetable for increasing the SPA to 66 years has been speeded up so that it will now be completed by 2020 rather than 2026.

As a result, this means that men’s and women’s SPAs will become equal sooner with women’s SPA reaching 65 in 2018 instead of 2020.

Pension experts have warned that as a result of recent life-expectancy calculations, the SPA could reach 68 as early as 2027.

To find out your State Pension Age (based on the current law) you can use the following calculator tool provided on the Direct.gov.uk website:


Getting rid of Protected Rights

The Scheme was contracted out of the State Second Pension until 5 April 2006. This means that, if you were contracted out as a member of the Scheme, you would have paid lower National Insurance contributions in exchange for minimum payments being made to the Scheme. This is known as being contracted out on the ‘protected rights’ basis.

The law says that protected rights must be applied in a certain way when you retire or die. For example, when you choose your pension benefits when you come to retire, the protected rights amount of your Retirement Account would have to provide a husband’s or wife’s pension if you are married when you retire.

Contracting out of the State Second Pension on a protected rights basis no longer applies from 6 April 2012 and protected rights and the restrictions on them are abolished. Going forward protected rights are classed as ordinary contributions in line with rest of your Retirement Account, with no requirement to purchase a spouse’s pension at retirement.
**PENSION SCHEME WEBSITE**

- **How do I access the Scheme website?**

  Members of the Scheme can access both the generic fund and personal information about their benefits and options via the dedicated web-site: [www.itwdcps.co.uk](http://www.itwdcps.co.uk).

  Access to the site is by secure logon and information about how to register is issued directly to members on request from the Scheme administrators.

- **What information is available on the website?**

  The three main sections of the website are called ‘Scheme Booklet’, ‘Planning’ and ‘Your Pension’.

  **The Scheme Booklet** is a useful reference point summarising important information regarding the Scheme and your options.

  **The Planning section** provides you with useful tools to assist with your retirement planning and is split into the following sub-sections:

  1. Pension Planner – provides a link to the pension planner tool in the Your Pension section (see below).

  2. Useful links – the internet is an excellent place to obtain important information regarding pensions and investments. Here we have provided a list of sites (including Legal & General) which we hope will be of use to you.

  3. Newsletters – provides downloadable pdf copies of previously issued annual newsletters for your reference.

  **The Your Pension section** contains your own personal information and comprehensive details regarding your Retirement Account and is split into the following sub-sections:

  1. Basic details – summarises your personal information (DOB, NI number etc.), and includes the current postal address we hold for you.

  2. Investments – allows you to view the current value of your retirement account, amend your self-select and lifestyle investment options, view how your account has changed since your last benefit statement and amend your selected retirement age.

  3. Contributions – allows you to view the contribution amounts received in your retirement account during your active membership.

  4. Pension Planner – provides a comprehensive projection table of annual pensions from age 55 to 65 (where applicable). Beneath the table are a set of detailed notes which confirm the assumptions used in the calculation of the pension figures summarised, which we advise you read carefully in conjunction with the projection table.

    If you are currently seeking advice from an Independent Financial Advisor (IFA) you can print the details in this section and provide them to the IFA.

  5. Nomination details – summarises the beneficiaries nominated by you in the most recent Expression of Wish form you have completed. This section will appear blank if the Scheme does not have a completed form for you on file.

  We believe the website is a valuable tool which answers many of the questions typically asked by members and we encourage you to use this service as much as possible.

  If you have lost your log-in details please contact (via email or telephone) the Scheme administrators, Capita Hartshead using the details shown elsewhere in this newsletter.

**EXPRESSION OF WISH FORM**

Have you filled in your Expression of Wish form to inform the Trustees who you want benefits to be paid to in the event of your death? If not (or if your circumstances have changed and your form is not up to date), it is advisable to complete a form as soon as possible.

You can obtain a new form from your local pensions co-ordinator or from the Scheme Administrator or by downloading one from the Scheme website.

It is very important that you fill in a form as this helps the Trustees decide to whom any death benefits should be paid. The Trustees recommend that you keep your form up to date as your circumstances change (for example, if you get married). The Trustees do not have to follow your wishes, but they will take them into account.
OTHER GENERAL INFORMATION

- **2012/13 Basic State Pension**
  Effective 6th April 2012, the single pension is £5,587.40 per annum (£107.45 per week) and the married pension is £8,936.20 per annum (£171.85 per week). You should note that you need to have paid (or to have been credited with) National Insurance contributions for 30 years to be entitled to the full Basic State Pension. If you have paid fewer National Insurance contributions than this, you will receive a smaller state pension.
  Forecasts and information on your state pension are available at: [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk).
  From April 2011, the Basic State Pension increases each year by:
  - the growth in average earnings;
  - inflation; or
  - 2.5%; whichever is higher.

- **The cost of buying a pension of £5,000 per annum is shown below.**
  This will vary and depends on many factors, in particular, your sex, health, marital status, the type of pension you choose and the market interest rate conditions at the date you retire.
  As an example and assuming you choose a pension with a 5 year guarantee and no increases whilst in payment, then based on current market conditions you would need approximately the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>Male retiring at age 60</th>
<th>Male retiring at age 65</th>
<th>Female retiring at age 60</th>
<th>Female retiring at age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Pension</td>
<td>£91,900</td>
<td>£82,100</td>
<td>£94,800</td>
<td>£85,200</td>
</tr>
<tr>
<td>Joint Pension</td>
<td>£99,900</td>
<td>£89,900</td>
<td>£99,600</td>
<td>£88,600</td>
</tr>
</tbody>
</table>

The joint pension illustrations above allow for a **fifty percent** pension payable to your spouse following your death in retirement. These figures are not guaranteed and are for illustration purposes only but they do give you a good guide as to how much your pension annuity will cost.

- **Find out more about the investment funds.**
  You can get information from the Legal & General Investment Management (L&G) client website, which you can access via the Scheme’s website [www.itwdcps.co.uk](http://www.itwdcps.co.uk). Log in, click on the “Planning” tab towards the top right of the home page then select “Useful links” down the left-hand side and click on “[www.lgim.com/clientsite](http://www.lgim.com/clientsite)”, noting the User ID and Password that the L&G website requires.

  In addition to fund summaries, unit price histories and performance statistics, the L&G website also provides general information about investment markets and investment options.

  Please note past performance cannot be relied upon as a guide to future performance. The Trustees encourage members to access the L&G website but they have no control over its content, for which L&G are solely responsible.

  The Trustees are unable to give advice to members, so if you are unsure, you should obtain appropriate financial advice from an independent financial advisor (IFA). For a list of financial advisors in your area, visit the IFA Promotions website: [www.unbiased.co.uk](http://www.unbiased.co.uk)

  Please note, if you consult an IFA you may be required to pay a fee so ask the IFA for details of their charges before you decide to take advice. You may also contact the service below although they are not able to give you independent financial advice.

  **The Pensions Advisory Service**
  11 Belgrave Road
  London SW1V 1RB

  Tel: 0845 601 2923
  Email: enquiries@pensionsadvisoryservice.org.uk
  Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)