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SCHEDULE 1

The New Provisions

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APPENDIX 3—RULES OF THE NATS SECTION

PART 1:

ADMINISTRATIVE PROVISIONS

20.

PARTIAL WINDING-UP OF THE NATS SECTION

Partial winding-up of the NATS Section

20.2 If an Employer ceases to participate in the NATS Section as described in Rule 20.1 or if a part of the undertaking of any of the Employers shall be assigned to or vested in any other company or body (other than in circumstances where the Trustees make arrangements under Rule 17), then:

- (a) if at the date of the relevant event it shall appear to the Trustees after taking advice from the Actuary that the appropriate part of the NATS Section is insolvent with regard to the benefits of persons then in receipt of pensions from the NATS Section and to the then value of benefits which have accrued to Members at that date (being respectively persons and Members whose benefits from the NATS Section derive from employment with the relevant Employer) the relevant Employer shall pay to the Trustees within a period of seven days an amount calculated by the Actuary as being sufficient to restore the solvency of the appropriate part of the NATS Section; and
- (b) the Trustees shall ascertain the Relevant Fund Assets (as defined in paragraph (c) below) in respect of such Employer and shall, with the necessary alterations in point of detail, apply the provisions of Rule 19 (or, if they so determine and subject to any requirements of the Board of Inland Revenue, Rule 18.2) but in relation only to the Relevant Fund Assets in respect of such Employer and to the Members in relation to whom such Relevant Fund Assets have been calculated, provided always that a transfer as in paragraph (b) of Rule 19.5 may be made without the Member's consent only where this is permissible under the Preservation Regulations and subject always to the provisions of such Regulations;
- (c) for the purposes of this Rule, Relevant Fund Assets means in respect of an Employer, subject as provided below, that part of the Section Assets which in the opinion of the Trustees in consultation with the Sponsoring Section Employer and with the advice of the Actuary can be related to the Members whose membership of the NATS Section derives from employment with such Employer (or, as appropriate, with the relevant part of the undertaking of such Employer) and to the Spouses, Qualifying Children and Dependents of such Members. That part of the Section Assets shall be calculated on whichever of the following bases the Trustees, after consultation with the Sponsoring Section Employer and the Actuary, shall determine:
 - (i) the aggregate of the Cash Values as at the date on which the Employer ceased to participate in the NATS Section of the benefits to which the said Members are entitled from the NATS Section or, in the case of Current Members, of the benefits to which they would have been entitled from the NATS Section if they had left Service at such date;
 - (ii) the aggregate of the Cash Values of the benefits described in (i) above but including, for the purposes of calculation in respect of Current Members, increases which the Trustees with the advice of the Actuary consider would be made to such Members' remuneration between the effective date of the calculation and the relevant Members' Normal Pension Dates;

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- (iii) the proportion of the total Section Assets which, in the opinion of the Trustees, with the advice of the Actuary relates to that Employer;
- (iv) some other basis recommended by the Actuary,

provided that if the Trustees with the advice of the Actuary shall so determine the amount calculated in accordance with (i) or (ii) above shall not exceed the amount which could be calculated in accordance with (iii) above.

Alternatively the Relevant Fund Assets may, if the Trustees after consultation with the Sponsoring Section Employer and the Actuary so determine, be calculated as described above but in relation only to Members who are currently in service and to the Spouses, Qualifying Children and Dependants of such Members.