

Combined Nuclear Pension Plan

Chairman's Introduction

I am delighted to welcome you to the new style 2015 Combined Nuclear Pension Plan (CNPP) Pensions Bulletin.

As a major UK pension scheme the CNPP Trustee Board constantly strives to ensure that the service and information it provides to you, the members, is of the highest standard.

Good governance is at the heart of a well-run scheme.

We have therefore undertaken a full review of all our practices from the underlying investments to the day-to-day administration of the Plan, to ensure they comply with or indeed exceed the Pensions Regulators' high expectations.

During the year Dr Peter Vaughan resigned as a Trustee. We are grateful to Peter for his many years of service as a Trustee to the CNPP. I and my fellow Trustees welcome and now look forward to working alongside Peter's replacement, Nigel Lowe.

I hope that you will find this Bulletin interesting and if you want to know more about your benefits under the CNPP please contact the Plan Administrator, Aon Hewitt, at:



cnpp.mailbox@aonhewitt.com



0845 070 2863

or go to:



cnpp.org.uk

David Illingworth
Chair of the CNPP Trustee

Trustee Board

Please join us in welcoming our new Trustee, Nigel Lowe, to the Board.

Your CNPP Trustee Directors as at 1 April 2015 are:

- David Illingworth (Chairman)
- Joyce Corbett
- Ian Driver
- Jon Ford
- David Gregory
- Nigel Lowe
- Andrew Oldham
- David Vineall

Freedom and Choice – providing greater flexibility

The Government has announced major changes allowing members more freedom and choice over how they can take money from their defined contribution (DC) investment accounts at retirement.

The Trustee has been working closely with the Nuclear Decommissioning Authority (NDA) and new options will be available to Plan members from 1 October 2015.

One very important change is that on retirement you will now be able to transfer your Shift Pay Pension Plan and/or your Additional Voluntary Contributions independent of your final salary benefits.

New flexibilities at retirement available from 1 October 2015

Pension – you can still buy a pension from an insurance company, however there is no longer a requirement to do so. If you decide this is best for you, you can, with professional advice, design a package that matches your own personal circumstances.

Cash – you can still have 25% of your DC savings as tax-free cash, but the big difference is that, if you transfer, you will now be able to take the rest of your fund as cash too, but this will be taxed at your marginal rate.

Transfer – your DC investment account to an external pension provider, continue to invest it or use it to fund a drawdown arrangement. Under a drawdown arrangement your investment account stays invested in the funds you select, while you withdraw an income from it. You must also look at the charges you might pay as most investments carry charges, and the income you ultimately receive depends on the returns from investments, less any charges.

Drawdown providers are required to deduct tax, where applicable, before the withdrawals are paid. Any withdrawals being added to your income in that tax year are possibly subject to further income tax.

Irrespective of the choices you wish to make, it is always important that you consider your options carefully and seek professional advice.

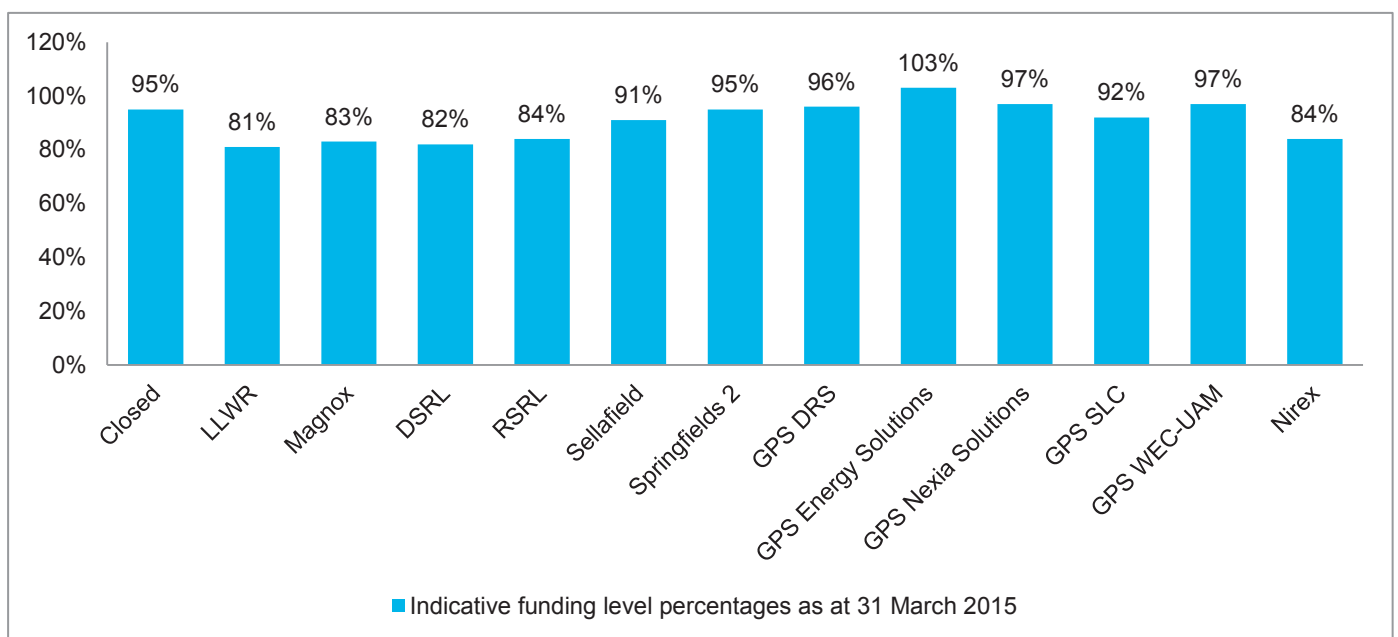


Funding of the Plan

Every three years the Scheme Actuary undertakes a financial assessment of the funding of the Pension Plan which is called an Actuarial Valuation. The next scheduled valuation will be as at 31 March 2016 during which the Scheme Actuary will compare the liabilities, i.e. the pension benefits calculated in accordance with the Plan Trust Deed and Rules, against the assets held within the Plan, to determine the current funding level of the Plan to help plan for the future.

The Scheme Actuary will then formally establish a new Schedule of Contributions which dictates the level of employer and member contributions that are required to be paid for the next three years. These contributions are invested for the long-term to steadily build up assets to pay benefits when they fall due. The cash flow remains positive because the investment income and pension contributions received currently exceed pensioner payments.

Plan assets were £1,769 million as at 31 March 2015, an increase from £1,423 million in 2014. An indicative funding position was carried out, taking account of assets and liabilities values, based on market conditions as at 31 March 2015 and is shown below:



Audited asset values are not yet available and the percentages quoted above are therefore subject to change. Funding levels are a 'snapshot' in time and may fall or rise. Investment within pension schemes must be viewed as long-term in nature and these values are indicative funding levels only for each of the individual sections of the CNPP as at 31 March 2015.

A copy of the latest triennial Actuarial Valuation is available upon written request to the Plan Administrator.

Service providers

The Trustee appoints organisations to supply services and provide specialist advice on a wide range of pension related matters, and regularly reviews those appointments.



KPMG LLP

Prudential Assurance Company Limited



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PENSION PLAN



Annual Report

The Trustees' Annual Report will be completed later in the year, and will be available on the CNPP website from November 2015. Alternatively, you can obtain a copy of the document by writing to the Plan Administrator.

Security of your benefits

Each section of the Plan is set up with its own identified assets which the Trustee uses to pay for benefits as they arise. Funds are invested with the objective of meeting all of the benefit payments and the Trustee regularly checks on the funds available through formal valuations. If any funding shortfall is discovered in a section then that section's employer may have to pay extra contributions.

Additional employer contributions

The Actuarial Valuation as at 31 March 2013 revealed a number of sections with shortfalls. For some sections with a shortfall no additional employer contributions are required to be paid into the Plan because the level of investment performance, anticipated in the future by the Trustee, is expected to meet these funding shortfalls by 1 April 2025.

Payments to the Employer

A requirement of the Pensions Act 2004 is that the Trustee informs the members of any payments made from the Plan to the Employer. No payments have been made from the Plan to the Employer since its inception and none are envisaged.

Investments

Members can read a full copy of the investment report within the published Annual Report at:



cnpp.org.uk and search for "Annual Report 2015".

Investment strategy

The Plan's Statement of Investment Principles describes how the Trustee invests the money held within the CNPP. The investment strategy is set by the Trustee, after taking appropriate advice from its professional advisers and consulting with the sponsoring employers. The Plan's investment managers are responsible then for managing the assets within the confines of the agreed investment strategy.

Investment manager changes

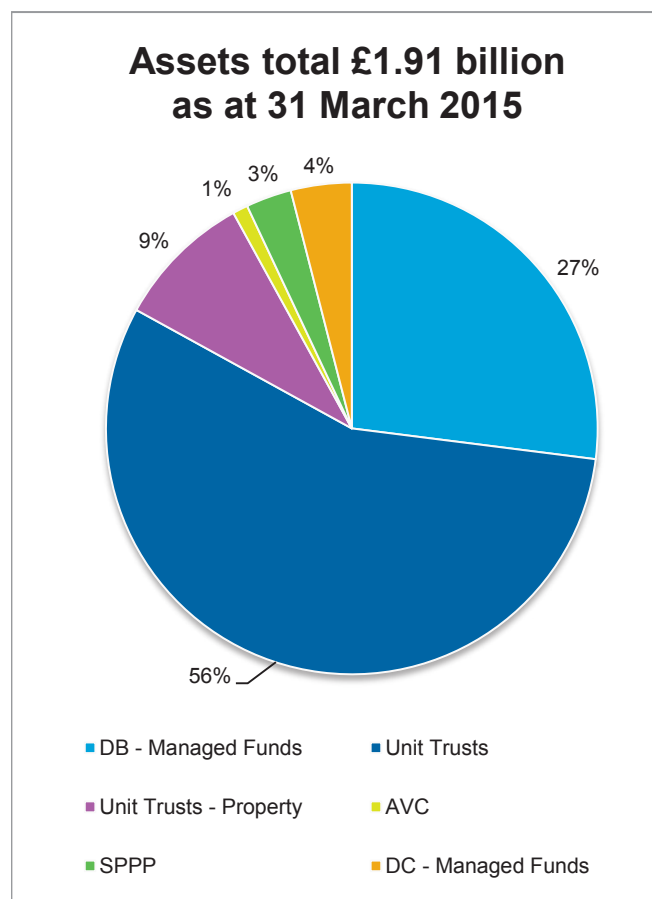
Changes occurred during the year: Partners Group was appointed to provide multi-asset credit funds and private equity; new mandates were set up with Babson Capital Limited and Legal and General Investment Management; and, all funds in Baring Asset Management Limited were divested in September 2014 and reinvested elsewhere. Further information will be available within the Annual Report.

Magnox and RSRL merger

Following merger of the Magnox Limited and RSRL Site Licence Companies, the RSRL Section was merged into the Magnox Section on 1 April 2015. Benefits were not impacted.

Plan assets

The Plan's assets are invested with a number of investment managers across a range of different types of assets, in order to obtain a diversified investment portfolio. The chart below shows the assets held as at 31 March 2015.



Audited asset values are not yet available and the figures quoted above are therefore subject to change.

Additional Voluntary Contributions and Shift Pay Pension Plan

Members making Additional Voluntary Contributions and/or who contribute to the Shift Pay Pension Plan can invest in a range of funds to save for their retirement. To help you to choose, the funds available are shown in the Investment Guides. The Investment Guides detail the funds, their objectives, level of risk and charges. Please review your fund choices from time to time to ensure they remain appropriate for your retirement plans.

Quarterly Fund Factsheets are available on the CNPP website providing up-to-date information on the performance of individual funds.

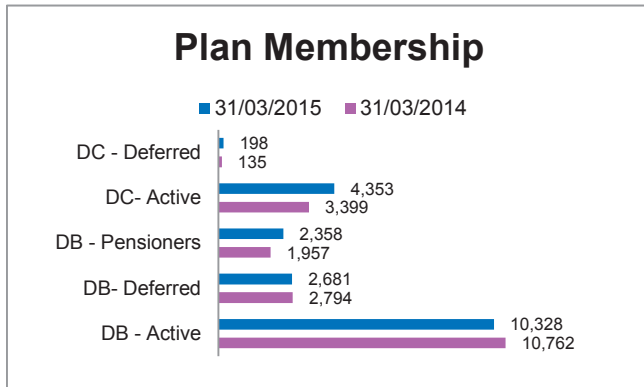


cnpp.org.uk/document-library

Membership

Membership of the CNPP on 31 March 2015 is shown below.

The Annual Report for the year ended 31 March 2015 will contain further information about the CNPP membership.



Annual Benefit Statements 2015

Annual Benefit Statements illustrate the value of your Plan benefits at 31 March 2015. Please check the personal details quoted on your benefit statements and contact your Plan Administrator with any queries you may have.

Pension Increase 2015

The increase applied in April 2015 to pensions in payment, in excess of any Guaranteed Minimum Pension element, was 2.3% for the CPS and GPS Benefit Structures and 1.6% for the Nirex Benefit Structure.

A timely reminder

Expression of Wish

Plan members have a facility, called an 'Expression of Wish', to inform the Trustee of the name of a person or persons to whom they would wish any lump sum benefit to be paid in the event of their death. You can obtain a form from the CNPP website, your Plan Administrator, or Employer Representative:



cnpp.org.uk and search for "Expression of Wish".

The Trustee does not have access to the nomination of beneficiary form you may have completed for your employer or another pension scheme.

Expression of Wish forms should be returned to the Plan Administrator.

Keep us up-to-date

Your personal circumstances may change during your lifetime so please remember to review and update your Expression of Wish from time-to-time.

If you leave the Plan, please tell the Plan Administrator if you change address to enable us to contact you about accessing your pension when you approach retirement.



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Plan Administrator

Your first point of contact is Aon Hewitt at e-mail address:



cnpp.mailbox@aonhewitt.com

Aon Hewitt, Benefits Administration, Brims House, Forss Business & Technology Park, Thurso KW14 7UZ



0845 070 2863

If you are a member of the Nirex Section of the Plan your contact will be Barnett Waddingham and you should ask for the appropriate contact details from Aon Hewitt.

Additional information for members

The CNPP Trustee has also prepared a 'Frequently Asked Questions' to provide more Information about the options for DC investment account holders as they approach retirement:



cnpp.org.uk

Be aware of



Pension scams

Please visit pension-scams.com to find out more. Be alert to any offers and scams and if in any doubt take advice from a registered adviser.

For warnings about Pension Liberation Fraud and pension scams, also impartial information and guidance, please contact the Pensions Advisory Service on 0300 123 1047 or visit: pensionsadvisoryservice.org.uk

If you think you may have been made such an offer, or may have accepted one, contact: ActionFraud on: 0300 123 2040.

Pension Wise – Your money – Your choice

The Government has introduced a free and impartial service called Pension Wise. This is aimed at helping individuals to understand their retirement choices. This help is available to members online, over the phone or face-to-face.

Members holding AVCs and/or SPPPs within the CNPP are directed to visit the government website Pension Wise at: pensionwise.gov.uk or, alternatively, you can call 0300 330 1001 to make an appointment.

If you do not have a professional adviser, you can find your own Independent Financial Adviser at: unbiased.co.uk or moneyadviceservice.org.uk/directory

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