

TRW Pension Scheme



Report and Accounts 2008



TRW Pension Scheme

Report and Accounts

Contents

■ Report of the Trustee	1
Trustee and Advisers	2
Constitution of the Scheme	3
Financial Review	6
Actuarial Valuation	7
Membership	9
Scheme Benefits	10
Compliance Statement	13
Investment Report	16
Statement of Trustee responsibilities	23
Conclusion	23
■ Fund Account & Net Assets Statement	25
■ Notes to the Accounts	26
■ Report of the Auditors	41
■ Summary of Contributions	43
■ Auditors statement on contributions	44
■ Report of the Actuaries	45
■ Statement of Investment Principles	46
■ Summary of Funding Statement	55

The Scheme is registered with the Pension Schemes
Registry under Registration Number 101699992

Report of the Trustee

Trustee and Advisers

Principal Employer	LucasVarity
Trustee	TRW Pensions Trust Limited
Directors of the Trustee Company	S Lunn - Chairman P Almond A Bassett S Blenkinsop* (From 31 October 2007) R Benjamin* R Bull* (From 31 October 2007) A Collinson* (Until 31 October 2007) J C Plant P Palmer* G T Plumley R Yates * (Until 31 October 2007)
Secretary	R Middleton
Investment Managers	Legal & General Investment Management Limited Capital International C B Richard Ellis Investors Limited Western Asset Management Company
Investment Advisers	Hymans Robertson LLP
Investment Performance Measurement	Mellon Analytics - for Scheme performance WM Company - for WM50 comparison
Custodian of Assets	Bank of New York Mellon
Actuaries	Hymans Robertson LLP Scheme Actuary : R Bowie
Auditors	KPMG LLP
Bankers	Barclays Bank plc
Solicitors	Allen & Overy LLP Pinsents Masons - Property
Medical Adviser	Capita Health Solutions
Property Valuer	Atisreal (until 6 May 2008) Jones Lang LaSalle (from 6 May 2008)
Administrator & address for enquiries or complaints	TRW Benefit Administration (UK) 2020 The Crescent, Birmingham Business Park, Birmingham, B37 7YE

**The Directors marked with an asterisk are member nominated directors.*

Constitution of the Scheme

The Directors of the Trustee Company are pleased to present their eighth report to Scheme members, together with the accounts of the TRW Pension Scheme and the actuarial statement, for the year ended 31 March 2008.

Trustee

The Trustee of the Scheme is TRW Pensions Trust Limited. The Trustee Company's Board has nine Directors, named on page 2. Five are Directors for the Principal Employer and those marked by an asterisk are Member Nominated Directors. The Principal Employer makes all appointments and replacements. The appointment of Member Nominated Directors is in line with Trustee's arrangements for their appointment. See page 13 for details of these arrangements.

The Directors do not receive any remuneration either from the Trustee Company or the Scheme. Contributions from Directors of the Trustee Company have been paid in accordance with the Schedule of Contributions certified by the Actuary. They all have received copies of the guidance published by the Pensions Regulator.

Principal Employer

The Principal Employer is LucasVarity, which is a wholly owned subsidiary of TRW Automotive. The major shareholder of TRW Automotive is the Blackstone Group.

Appointments to the Board

There were two changes to the Board during the year following the introduction of the Trustee's new arrangements for appointing Member Nominated Directors. Mr Robert Bull and Mr Stephen Blenkinsop were appointed from 31 October 2007 in place of Mrs Angela Collinson and Mr Robert Yates. The Board wishes to place on record its appreciation of the valuable contribution Mrs Collinson and Mr Yates made during their period in office.

Legal Status

The Scheme was established by a Trust Deed dated 30 June 1928 and is now governed by a Definitive Trust Deed dated 30 March 1993, a Deed of Amendment dated 14 July 1993, three deeds of amendment dated 14 July 1998, a Merger Deed dated 27 February 2001 and amending deeds dated 1 April 2004, 5 October 2004, 24 March 2006 and 6 April 2006, two deeds dated 27 September 2006, a deed dated 10 January 2007 and two deeds of amendment dated 31 January 2008.

All sections of the Scheme are defined benefit. One section has a defined contribution underpin.

The Scheme is a contracted out salary related scheme. It is contracted out of the State Second Pension on the basis of the 'Reference Scheme' test.

Up to 6 April 2006 the Scheme had been granted exempt approval status by the Inland Revenue for the purpose of Chapter I of part XIV of the Income and Corporation Taxes Act 1988. Due to the Scheme's previous exempt approval status it was automatically classified as a registered pension scheme under Schedule 36 of the *Finance Act 2004* with Her Majesty's Revenue and Customs (HMRC) from 6 April 2006.

The Scheme has been registered as a cross-border Scheme under the provisions of the *Pensions Act 2004* and has been granted a general authorisation to accept contributions from European employers under Section 288 of the Act. The determination order by the Pensions Regulator under Section 96(2)(d) of the Act is dated 29 June 2006.

Participating Employer

The only participating employer whose employees are entitled to be members of the Scheme is TRW Limited.

Trustee Meetings

The Board met five times during the year to consider matters relating to the administration of the Scheme. The Board has, by resolutions passed at ordinary meetings, set up a number of sub-committees to deal with specified matters.

The quorum for the transaction of the business of the Directors is five, three of whom are to be Directors for the Principal Employer, and two Member Nominated Directors. Trustee decisions are usually unanimous but they may be taken by a majority vote.

A sub-committee meets monthly which has been given delegated authority by the Board to deal with ill health early retirement applications and items of trustee discretion. On 21 June 2007 the Board, in order to improve its governance structure, appointed a specialist standing sub-committee to deal with investment matters. Since its appointment up to 31 March 2008 this committee met seventeen times. Other sub-committees meet as required to produce reports for the Board.

Trust Deed and Rules

A copy of the Trust Deed and Rules is available for examination in Human Resource Departments. Personal copies can be obtained on written application to TRW Benefit Administration (UK); the cost is £25.

External Advisers and Service Providers

The Scheme's external advisers are listed on page 2. In line with UK pension scheme best practice, the Trustee has a policy of submitting all of its external advisers and service providers to a periodic review procedure.

During the year, the following advisers and service providers were appointed:

▪ Independent Property Valuer

As part of its ongoing process of reviewing service providers, the Trustee reviewed the appointment of its independent property valuer during the year.

Following a detailed tender exercise organised by the Scheme's property investment managers, C B Richard Ellis Investors Limited, and subsequent

presentations by a short list of valuers the Board agreed to the appointment of Jones Lang LaSalle in place of Atisreal. The appointment was made on 6 May 2008 subject to satisfactory completion of the legal documentation.

▪ **Fiduciary**

At its meeting on 2 February 2007 the Board appointed a sub-committee to recommend to the Board a Fiduciary to act as an intermediary in the execution of the Board's revised investment strategy. This revised strategy would involve a program of equity derivatives (call options), interest rate and inflations swaps and a vehicle designed to generate a return equal to at least the London Inter-Bank Offered Rate on the Scheme's assets backing the swaps.

Following written submissions and subsequent presentations the appointments sub-committee recommended Legal & General Investment Management (LGIM) as the Scheme's fiduciary to implement the proposed changes to its investment strategy. The recommendation of the sub-committee was approved by the full Board, following a further presentation by LGIM on 21 June 2007.

Financial Review

Market value of the Fund

The financial statements have been prepared and audited in accordance with regulations made under Sections 41 (1) and (6) of the *Pensions Act 1995*.

The accounts show that during the year the value of the Scheme's assets that have been accumulated to meet its commitments, decreased by £200 million. At the year-end the value of the Scheme's assets was £3,340 million compared to £3,540 million at 31 March 2007.

The decrease in fund value is accounted for as follows:

▪ Excess of expenditure over income	(£168 million)
▪ Change in market value of investments	(£ 49 million)
Less	
▪ Investment income (net of expenses)	<u>£ 17 million</u>
	<u>£200 million</u>

Fund Account

Compared with the year ended 31 March 2007 there was a decrease in income of £91 million and an increase in expenditure of £1.7 million. The main reasons for these changes are as follows:

Income

- The reduction in income of £91 million is due mainly to the reduction in investment income resulting from the Board's revised investment policy designed to reduce risk. (see page 18 for more details)

Expenditure

The increase in expenditure of £1.7 million was due to two main reasons:

- Increase in benefits payable of £2.7 million
- Decrease in investment expenses £1 million

Members' Contributions

The normal contributions of members in service have all been forwarded to the Trustee in line with the timescales agreed between the Trustee and the Company.

Actuarial Valuation

The latest actuarial valuation was conducted by Hymans Robertson LLP as at 31 March 2006. The purpose of the valuation is to assess the current financial position of the Scheme and to determine what contributions need to be paid by the Company to provide for the benefits set out under the rules of the Scheme.

The Scheme Actuary reported that on an ongoing valuation basis the Scheme remains fully funded with respect to accrued service and recommended that Company contributions remain suspended until at least 1 April 2010. The next formal actuarial valuation is scheduled for 31 March 2009.

The 31 March 2006 actuarial valuation was the first valuation conducted in accordance with the new requirements of the *Pensions Act 2004*. The Act brings into UK law a new funding standard for final salary pension schemes called 'Scheme Specific Funding'. It also implements a directive of the European Union on the funding of Occupational Retirement Provision. This is called the *IORP Directive*.

Scheme Specific Funding

The new requirements brought in by the new funding standard involved four main changes to how pension schemes are valued. Schemes must now have:

- **A statutory funding objective**

This objective is usually to have sufficient and appropriate assets to - at least - meet the scheme's accrued liabilities. The Trustee's statutory funding objective is that the Scheme will have sufficient and appropriate assets to cover the expected cost of providing members' past service benefits.

- **A statement of funding principles**

This is a statement, in writing, drawn up by the Trustee of the Scheme, in which it sets out its policy on how it intends to meet the statutory funding objective. In this statement it explains the way the Scheme's liabilities will be calculated and what assumptions will be used. The Scheme Actuary provides the Trustee with advice before this statement is approved.

The Trustee has published its statement of funding principles and it is available for downloading on the Scheme's website, www.trwpensions.co.uk

- **A recovery plan**

If a scheme has insufficient assets to meet its statutory funding objective the trustee must agree with the employer a recovery plan. This sets out how they intend to meet their statutory funding objective. As the Scheme has a surplus of funding relative to its funding objective no recovery plan is required.

- **A summary funding statement**

The Trustee must provide all members and beneficiaries with an annual summary funding statement. The Trustee has published a summary funding statement during the year in accordance with *Pensions Act 2004*. The text of the most recent statement is printed on pages 56 to 59.

The actuarial statement by the Scheme Actuary, calculating the Scheme's technical provisions as at 31 March 2006, appears on page 45. The certificate is produced in accordance with regulations under section 222 of the *Pensions Act 2004*.

A copy of the latest full actuarial report is available for examination in Human Resource Departments. A personal copy can be obtained on written application to TRW Benefit Administration (UK); the cost is £5.

Membership

There were 56,540 members of the Scheme at 31 March 2008 compared with 57,643* at 31 March 2007. The change in membership during the year is as follows:

Current Members

Current members at 31 March 2007		3,366 *
Plus:	New entrants during the year	351
Less:	Left employment	136
	Refunds	136
	Deferreds	226
	Short service transfers	2
	Retirements	4
	Normal	4
	Early Voluntary	56
	Early Redundancy	96
	Ill Health	17
	Late Voluntary	3
	Died in service	2
Current members at 31 March 2008		3,175

Pensioners

Pensioners at 31 March 2007		37,267 *
Plus:	Retirements during the year	176
	Deferred pensions commencing	586
	Dependants pensions commencing during the year	486
Less:	Deaths of pensioners	1,675
	Trivial pensions fully commuted	3
	Dependants pensions ceased	49
Pensioners at 31 March 2008		36,788

Deferred Pensioners

Deferred Pensioners at 31 March 2007		17,010 *
Plus:	Current members who left the Scheme during the year and became deferred pensioners	226
	Pension sharing former spouses	2
Less:	Pensions commencing during the year	586
	Deaths of deferred pensioners	36
	Transfers to other pension arrangements	39
Deferred pensioners at 31 March 2008		16,577

Total Membership at 31 March 2008

56,540

* These figures have been adjusted from those shown in the 2007 Report of the Trustee. The adjustments reflect a more accurate assessment of the statistics at 31 March 2007 due to late notifications.

Scheme Benefits

Benefit Changes and Basic Scheme Information

The following changes in the benefit structure of the Scheme took place in the period from 1 April 2007 to 31 March 2008:

Two Deeds of amendment dated 31 January 2008

- The first deed implemented the re-instatement of cost neutral early retirement factors from 1 April 2008.

The cost neutral factors will apply to all the pensions of deferred members and of current active employees of the Closed UK and Closed Steering Systems sections of the Scheme. For the Closed Lucas and open sections of the Scheme the re-instated cost neutral factors will apply in the event of early retirement only to pension accrued after 1 April 2008.

If, however, a Closed Lucas or open section member leaves the Scheme and becomes a deferred member, and at a later date they decide to receive their pensions early, the cost neutral factors will apply to the whole of their pension.

- The second deed removed the right of members who have left employment and become entitled to a deferred pensioner to link two periods of service together if they are re-employed within five years of leaving and re-join the Scheme.

Due to pension legislation it will be 1 February 2013 before this rule change is fully operative. Those who have left with a deferred pension before 31 January 2008 will retain their right to rejoin the Scheme and link their service providing they re-join within five years. In addition members who leave after 31 January 2008 and re-join before 1 February 2013 will retain the right to link their service.

Pension Increases

The increases to pensions from 1 April 2008 were dependent on which section of the Scheme each person is a member.

For pensions in payment:

Section	Pension Element	Increase	Note
All sections excluding those named below	<i>Pension in excess of Guaranteed Minimum Pension (GMP):</i>	4.1%	(1)
	<i>Temporary Pensions:</i>	3.9%	(2)
Closed Steering Systems section	<i>Pension in excess of GMP: (pre 1 April 1992 pension)</i>	2.5%	(3)
	<i>Pension in excess of GMP: (post 1 April 1992 pension)</i>	4.1%	(4)
Closed UK section	<i>Pension in excess of GMP:</i>	4.1%	(4)
Closed 100ths (2004) And Closed SRBS A (2004)	<i>Pre 6 April 2005 pension:</i>	4.1%	(4)
	<i>Post 6 April 2005 pension:</i>	2.5%	(5)
	<i>Temporary Pensions:</i>	3.9%	(2)
Open Section (2006) And SRBS (2006)	<i>All pension:</i>	2.5%	(5)
	<i>Temporary Pensions:</i>	3.9%	(2)
Guaranteed Minimum Pensions:			
Earned between 6 April 1978 and 5 April 1988		0%	(6)
Earned between 6 April 1988 and 5 April 1997		3.0%	(7)

For pensions in deferment:

Section	Pension Element	Increase	Note
All sections excluding those named below	<i>All pension:</i>	4.1%	(1)
	<i>Temporary Pensions:</i>	3.9%	(2)
Closed Steering Systems section And Closed UK section	<i>Pre 1 January 1986 pension up to State Pension Age:</i>	0%	
	<i>Post 1 January 1986 pension Up to State Pension Age:</i>	4.1%	(4)
Closed 100ths (2004), Closed SRBS A (2004), Open Section (2006) and SRBS (2006)	<i>All pension:</i>	4.1%	(4)

Notes

- (1) Annual RPI increase (January 2008) up to a maximum of 7%
- (2) Annual RPI increase (September 2007)
- (3) Fixed 2.5% a year
- (4) Annual RPI increase (January 2008) up to a maximum of 5%
- (5) Annual RPI increase (January 2008) up to a maximum of 2.5%
- (6) All increases are provided by the State
- (7) Annual RPI increase (September 2007) up to a maximum of 3%. Additional inflationary increases are provided by the State.

Additional Voluntary Contributions (AVCs)

The actuaries have certified that the rate of interest to be applied to cash accumulation AVC balances held in the Scheme for the whole Scheme year ended 31 March 2008 is 6.1%.

For those who commenced paying AVCs after 1 April 2000 and retire, die, or transfer their AVCs from the Scheme, between 1 April 2008 and 31 March 2009 - a terminal bonus will be paid of 10%.

AVCs paid to an external provider receive the return declared by those providers.

The Scheme's AVC arrangements were closed to further contributions from 5 April 2006.

Money Purchase Underpin Account

This is applicable to members of the Closed Eightieths Section of the Scheme. Each year, twice the member's contributions are credited to the account. Interest is applied to the balance of the account on an annual basis equal to the full rate of return of the Scheme.

The full rate of return of the Scheme for the year ended 31 December 2007 was 5.3%.

Transfer payments to the Scheme

Transfer payments paid into the transfer account before 1 April 1997 received the 5.3% rate of return achieved by the Scheme for the year ended 31 December 2007.

Transfer payments received from 1 April 1998 up to 31 March 2006 provided deferred pensions. These are increased in line with standard deferred pensions on 1 April each year.

Since 1 April 2006 the Scheme does not accept transfer payments from other pension schemes or other pension providers.

Transfer payments from the Scheme

The calculation of transfer payments are made on the basis determined by the Scheme's actuaries and meets the requirements of the *Pension Schemes Act 1993* and the *Occupational Pension Schemes (Transfer Values) Regulations 1996 (SI 1996 No. 1847)*. The Trustee has directed the Actuary not to take discretionary pension increases into account in the calculation of transfer payments.

Scheme Earnings Cap

The Scheme earnings cap is a restriction on pensionable pay for members who joined the Scheme after 31 May 1989. The restriction also applies to those who joined the Scheme before that date if they have elected to become subject to the post 31 May 1989 Inland Revenue limits. The Scheme earnings cap for the year commencing 1 April 2008 is £117,600. The Scheme earnings cap is set at a level agreed by the Company and the Trustee.

Compliance Statement

Pensions Act 1995 and 2004

Appointment of advisers

The Pensions Act 1995 ('the 1995 Act') requires the Trustee to appoint its own advisers. All the advisers have formally accepted the appointments and confirmed that they will notify the Trustee should any conflicts of interest arise in relation to the Scheme. The advisers are listed on page 2.

Member Nominated Directors

The *Pensions Act 2004* required trustees of pension schemes to implement their own arrangements for appointing Member-Nominated Directors (MNDs) by 31 October 2007.

The new arrangements involved inviting nominations for the positions from active, deferred or pensioner members. Widow(ers), dependant members and pension sharing spouses were ineligible for nomination.

The nominations were then reviewed by the Board's appointments committee and a shortlist created. Short-listed candidates were then interviewed by a Trustee sub-committee.

The four successful candidates were appointed with effect from 1 November 2007. Two of the successful candidates were existing MNDs and they will serve out their original period of office. The two new MNDs have been appointed for a period of four years.

Internal Disputes Resolution Procedure

The Board has in place an Internal Disputes Resolution Procedure. Full information on how to refer a query/complaint to the Internal Disputes Resolution Procedure is available by writing to the Secretary to the Trustee at TRW Benefit Administration (UK).

Statement of Investment Principles

On 13 March 2008, the Trustee Board revised its Statement of Investment Principles. See pages 46 to 54 for a copy of the revised statement.

Statement of Funding Principles

The Board approved its Statement of Funding Principles on 16 March 2007. Printed copies are available for download from the Scheme website, www.trwpensions.co.uk, or upon request from TRW Benefit Administration (UK).

Member contributions

The Principal Employer has put in place procedures that seek to ensure the Trustee receives member contributions by the nineteenth day of the month following the month in which they were deducted from salaries.

Internal Controls

A formal compliance statement is produced annually by TRW Benefit Administration (UK) for the Trustee, to provide information to the Board regarding the administration of the Scheme. The compliance statement outlines the statutory requirements along with non-statutory best practice. It details any breaches that have occurred during the year. In response to the Pension Regulators code on internal controls the Board has prepared a schedule of risks faced by the Scheme. The contents of the risk register have been taken into account when the Board set its goals, as part of its annual Business Plan. A copy of the Business Plan is available from the Scheme website, www.trwpensions.co.uk.

Myners Compliance

On 6 February 2003 the Board approved its response to the ten Myners principles. This response is contained in a document called *Principles of Investment Decision Making*.

This document which is available for downloading on the Scheme's website www.trwpensions.co.uk has become significantly out of date due to the extensive changes that have been place in the last five years.

In 2007 the Government asked the National Association of Pensions Funds (NAPF) to assess the extent to which pensions fund trustees are applying these principles. Following the NAPF's recommendations the Government issued a consultation paper outlining six simplified high-level principles.

At the Board meeting on 2 June 2008 it was decided that it would only update the Scheme's 2003 document once the Government consultation procedure was complete and its final proposals have been published.

In Notes 17 & 18 to the Accounts are detailed the transaction costs of the equity portfolios and the full management costs of the property portfolio. This is in line with the requirements of the original Myners principles.

Corporate Governance and Shareholder Activism

The policy of the lead investment manager is as follows:

- Legal & General Investment Management's (LGIM) activity in all facets of corporate governance is integral to their investment process. They apply all the principles set out in the Institutional Shareholders' Committee's "*Responsibilities of Institutional Shareholders' and Agents – Statement of Principles*" which was updated in September 2005. Specifically, they focus on the effectiveness of a company's board of management and its remuneration policy, business strategy and business practices, taking into account social, ethical and environmental business issues.

- By voting on all UK company resolutions and maintaining regular dialogue with company management, the necessity for active intervention is minimized, but not eliminated. LGIM actively intervenes when they believe that this intervention would result in a substantial benefit to shareholders.
- The governance activity of their fund managers/analysts is supported by a manager dedicated to corporate governance and socially responsible investment issues. LGIM also plays a leading role in assisting the Association of British Insurers (ABI) to identify issues and in facilitating discussion with companies.
- A document detailing LGIM's policies on Activism, Voting and Socially Responsible Investment is available on their website www.lgim.com.

Investment Report

Investment Managers

From 2 March 2007 Legal & General Investment Management became the Scheme's lead investment manager. The emerging market investment manager is Capital International, the corporate bond manager is Western Asset Management Company and the property investment manager is CB Richard Ellis Investors. The Financial Services Authority (FSA) regulates all of these investment managers. In addition, CB Richard Ellis Investors is a member of the Royal Institution of Chartered Surveyors. All the managers are authorised under the *Financial Services and Markets Act 2000* to undertake investment business.

The investment management costs are borne by the Scheme and detailed in the accounts.

Custody of Investments

Since 2 March 2007, the majority of the Scheme's investments are being managed by Legal & General Investment Management (LGIM) to be invested within pooled fund arrangements. The underlying assets of the pooled funds are beneficially owned by Legal & General Assurance (Pensions Management) Limited and held in safe custody by their Custodians, HSBC Global Investor Services and Citibank. Custodians are selected and monitored to ensure securities are properly protected through Custodians registering and segregating each fund's securities. Cash is held securely in separate accounts with approved Counterparties.

Bank of New York Mellon are the Scheme's external independent custodian of non-property assets that are not managed by LGIM. A custodian agreement between Bank of New York Mellon and TRW Pensions Trust Limited details the terms on which the custodian would hold the Scheme's assets and the respective responsibilities of the custodian and the Trustee. All of the title documents of the Scheme's assets were held by the custodian under the control of the Trustee. Physical documents are held in a strong room and access is limited by the custodian's own strict security procedures. Regular reconciliations of the holdings are carried out and a copy of the custodian's report on internal controls is kept and reviewed by the Scheme Administrator.

The Scheme's investments held by the custodian are registered as follows:

- United Kingdom investments are in the name of a nominee of the custodian with the designation account 'TRW Pensions Trust Limited' or some other account designation specifying they are the assets of TRW Pensions Trust Limited.
- United States investments are in the name of a nominee with the designation on the books and records of the custodian which is specific to TRW Pensions Trust Limited added to the nominee's name.
- Other investments are in the name of either the custodian or a nominee with a designation to make clear the registered holder is not the beneficial owner.

The custodian will only release title documents after a series of security checks have taken place. These include:

- A dual electronic instruction to the custodian involving the use of passwords.
- The custodian has received payment.

Cash is placed on short-term deposit with banks in the name of the Trustee Company.

Pinsent Masons provide custody services for the property documentation relating to the property investments of TRW Pensions Trust Limited. They have secure deeds rooms and operate a computerised deeds record system. No deed can be removed from the deeds room except by specific request from the relevant fee earner or their secretary on behalf of the fee earner. Access to such secure deeds rooms is only by authorised Pinsent Mason's personnel.

Internal Controls

The Trustee has received and reviewed an internal controls SAS70 report dealing with the internal control of investment custodians from Bank of New York Mellon covering the period ended 31 December 2007. The Trustee has also received from Capital International a SAS 70 report on controls and tests on operational effectiveness dated 5 October 2007. In addition, the Trustee has received an AAF 01/06 Report on Internal Controls from CB Richard Ellis Investors for the year ending 31 March 2007 and a similar document from Legal & General Investment Management Limited covering the year ended 31 December 2007. These reports have been reviewed to ensure that the controls are appropriate to the requirements of the Board.

Asset Allocation

The Trustee considers the asset allocation benchmark detailed below is appropriate for the Scheme. The purpose of the asset allocation benchmark is to establish a notional portfolio distribution for the medium to long term. The actual investment of the Scheme's assets needs, however, to be more flexible to take account of changes in asset values. Accordingly, the Trustee has authorised the lead investment manager to manage the fund within specified limits. The benchmarks and specified limits are detailed below:

Asset Class	Investment Benchmark		Actual allocation on 31 March 2008 %
	Benchmark %	Range %	
Total Equities	51	47 to 55	49
UK Equities	30	27 to 33	29
Overseas Equities			
• North America	7	6 to 8	7
• Japan	5	4 to 6	5
• Europe – ex UK	6	5 to 7	5.5
• Asia Pacific – Japan	1	0.75 to 1.25	1
• Emerging markets	1	0.75 to 1.25	1
Equity call options	1	0.75 to 1.25	0.5
Collateral Pool	41	36 to 44	44
Assets backing swaps	29	23 to 35	32
Corporate bonds (Western)	6	0 to 9	6
Synthetic corporate bonds	6	0 to 9	6
Property	8	6 to 10	7

At the year end £76.6 million was held in cash outside the asset allocation benchmark. This cash sub-fund is invested by Legal & General Investment Management and is allocated to meet the Scheme's monthly requirement to pay benefits and meet any other cash commitments in the short term.

Revision of investment strategy

In order to reduce investment risk, and following the advice of its investment sub-committee, the Trustee has authorised a further reduction in the Scheme's equity allocation.

With the assets from the reduction of the equity portfolio the Trustee has increased the portion of the Scheme's assets that are designed to match the Scheme's liabilities.

Analysis of the Scheme Investments at year end

Analysis of UK equities by sector		
	Market Value	% Market Value of the Total Fund
	£'million	
Financials	246	7.4
Oil and gas	158	4.8
Consumer services	109	3.3
Consumer goods	99	3.0
Industrials	93	2.8
Basic materials	69	2.1
Healthcare	60	1.8
Telecommunications	60	1.8
Utilities	40	1.2
Technology	9	0.3
	943	28.5

Largest Twenty Holdings		
	Market value £'million	% of total Investment assets
HSBC Holdings	42.6	1.3
Royal Dutch Shell	37.3	1.1
BP	37.3	1.1
GlaxoSmithKline	34.6	1.0
Rio Tinto	34.0	1.0
Vodafone Group	33.3	1.0
Anglo American	26.1	0.8
BG Group	25.5	0.8
Royal Bank of Scotland	22.1	0.7
BHP Billiton	21.4	0.6
HBOS (Floating Rate Note)	19.9	0.6
Tesco	19.4	0.6
Barclays	19.2	0.6
British American Tobacco	18.6	0.6
AstraZeneca	17.8	0.5
Permanent Finance (Floating Rate Note)	17.8	0.5
Diageo	16.9	0.5
Xstrata	16.7	0.5
Lloyds TSB Group	16.5	0.5
Standard Chartered	15.6	0.5
	492.6	14.8

Employer related investments

At the year-end the Scheme had no investment in TRW Automotive, and no direct investments in any connected employer.

Member contributions due from the employer amounted to £30,674 (2007: £186,384). On 31 March 2008 this represented less than 0.001% of the Scheme's assets. This was considerably below the maximum permitted by Section 40 of *Pensions Act 1995*.

Stock Lending

As at 31 March 2008, the majority of Scheme assets were managed by Legal & General Investment Management in pooled funds. Legal & General Assurance (Pensions Management) Limited engages in stock lending within Europe (ex UK) Equity Index Fund and the Japan Equity Index Fund as follows:

- Stock lending is subject to a maximum of 15% of the fund value, and normally 75%, but no more than 95% of any one stock. All profits are credited to the Fund.
- The maximum value of stock loaned to any one borrower is currently within the range of £60 million to £100 million for Japanese Equities and £500 million for European Equities.
- The approved borrowers are Morgan Stanley, Merrill Lynch, Goldman Sachs, Citigroup, UBS Warburgs, Deutsche Bank, ING Baring, and Barclays Capital.
- The loaned stock is secured by collateral of G7 Bonds to a value of 105% of the stock loaned, this collateral being secured from a range of separately approved counterparties.
- The operation of the stock lending programme and the management of collateral is delegated to the custodian, Citibank.
- All profits from stock lending in the above sector funds are credited to those specific sector funds.
- The pooled funds that the Scheme invests in that engage in stock lending are Legal & General's Europe (ex UK) equity index fund and Japanese equity index fund. The Scheme's holding in these two funds equated to having £402 million on loan at the year end.

Investment principles

The statement of investment principles deals with the following topics:

- Introduction
- Fund managers
- Investment management fees
- Investment adviser
- Investment objectives
- The kind and balance of investments
- Risk
- Expected return on investments
- Mandates to the investment managers
- Realisation of investments
- Statutory funding objective
- Socially responsible investment
- Exercise of voting rights
- Custodian

The current statement, implemented from 13 March 2008, is included on pages 46 to 54. A separate copy of the statement can be obtained by writing to TRW Benefit Administration (UK).

Review of Investments

During the year the Trustee, with the help of its professional advisers, has carefully considered the Scheme's investments. They are satisfied that the investments conform to all the statutory criteria.

Investment Performance

Independent performance measurement is provided to the Scheme by Mellon Analytics. Universe comparison is provided by the WM Company through their WM 50 statistics.

Benchmark

The Trustee has instructed its performance measurers to compare the fund's performance with a specific performance policy benchmark. The benchmark at 31 March 2008 is based on the indices detailed in the table on the following page.

Asset class	Index	Weight
UK Equities (passive)	FTSE All Share ¹	30%
Overseas Equities		
• North America	FTSE World Index North America	7%
• Europe ex-UK	FTSE World Index Europe ex-UK	6%
• Japan	FTSE World Index Japan	5%
• Asia Pacific ex-Japan	FTSE World Index Asia Pacific	1%
	(Developed) ex-Japan	
• Emerging markets	MSCI Emerging Markets Free	1%
Equity call options	Basket of FTSE local indices	1%
Collateral pool	LIBOR	41%
Corporate Bonds	iBoxx Sterling non-gilts all stocks index	12%
Property	Retail Prices Index	8%

Returns

The Scheme return measured against specific policy over one, three, five and ten years are detailed below.

Period to 31 December 2007	£ Benchmark % Annual Return	£ Fund % Annual Return
Last year	5.6	5.3
Last 3 years	11.7	11.8
Last 5 years	12.8	12.8
Last 10 years	6.9	6.8

WM50

The WM Company compares the 50 largest pension funds that it measures. These represent the assets of almost all the largest UK pension schemes. The returns of the WM50 are as follows:

Period to 31 December 2007	WM50 % Annual return	Fund % Annual return
Last year	7.3	5.3
Last 3 years	12.6	11.8
Last 5 years	13.2	12.8

¹ The index used is based on the FTSE All Share Index with the weighting of any one stock capped to 4% of its market capitalisation. Rebalancing normally takes place at three monthly intervals

Statement of Trustee responsibilities for the financial statements

The audited financial statements, which are to be prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), are the responsibility of the trustee. Pension scheme regulations require the Trustee to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each scheme year which:

- Show a true and fair view, of the financial transactions of the scheme during the scheme year and of the amount and disposition at the end of the scheme year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the scheme year; and
- Contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the accounts have been prepared in accordance with the Statement of Recommended Practice, 'Financial Reports of Pension Schemes'.

The Trustee has supervised the preparation of the financial statements and has agreed suitable accounting policies, to be applied consistently, making estimates and judgments on a reasonable and prudent basis. It is also responsible for making available each year, commonly in the form of a Trustee's annual report, information about the Scheme prescribed by pensions legislation, which it should ensure is consistent with the financial statements it accompanies.

The Trustee also has certain responsibilities in respect of contributions which are set out in the statement of Trustee's responsibilities accompanying the Trustee's summary of contributions.

The Trustee has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of appropriate internal controls.

Conclusion

The Directors acknowledge with thanks the help and support they have received from everyone associated with the administration of the Scheme.

If a member has any queries about the operation of the Scheme or about their benefits, they should raise them with their local Human Resources Department or with the Secretary to the Trustee at TRW Benefit Administration (UK).

By order of the Directors of TRW Pensions Trust Limited.

Roy Middleton
Secretary

Fund Account & Net Assets Statement

Fund Account

Contributions and Benefits	Note	2008 £'000	2007 £'000
Contributions receivable	3	2,370	2,515
Transfers in	4	0	16
		2,370	2,531
Benefits payable	5	(164,357)	(161,205)
Payments to and on account of leavers	6	(3,112)	(3,780)
Administration expenses	14	(1,852)	(1,774)
Professional adviser fees and levies	15 & 16	(1,404)	(1,272)
		(170,725)	(168,031)
Net withdrawals from dealings with members		(168,355)	(165,500)
Returns on investments			
Investment income	7	21,502	112,770
Change in market value of investments	13	(48,631)	106,776
Investment management expenses	18 & 19	(4,134)	(5,169)
Net returns on investments		(31,263)	214,377
Net increase in the fund during the year		(199,618)	48,877
Net assets of the Scheme at 1 April 2007		3,539,820	3,490,943
Net assets of the Scheme at 31 March 2008		3,340,202	3,539,820

Net Assets Statement

Investments			
Equities	9 & 13	459	816
Fixed interest securities	8 & 13	191,088	63,477
Property	11 & 13	223,669	242,152
Pooled investment vehicles – non LDI	10a & 13	1,869,933	3,185,544
Pooled investment vehicles – LDI	10b & 13	1,052,655	0
External Additional Voluntary Contributions	12 & 13	1,676	1,821
Other current investment assets	13 & 22	1,730	1,849
Cash deposits	13	4,029	47,004
Futures		(468)	0
Foreign exchange		(1,068)	0
		3,343,703	3,542,663
Net current liabilities	21	(3,501)	(2,843)
Net assets of the scheme at 31 March 2008		3,340,202	3,539,820

Approved by the Directors of the Trustee Company	Director	Stephen Blenkinsop
Date: 27 October 2008	Director	Steve Lunn

Notes to the Accounts

Note 1 Basis of preparation

The financial statements have been prepared and audited in accordance with the *Occupational Pension Schemes (requirement to obtain audited accounts and a statement from the auditor regulations 1996)* and with the guidelines set out in the revised *Statement of Recommended Practice, Financial Reports of Pension Schemes November 2002*.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the statement by the actuary on page 45 of the annual report and these financial statements should be read in conjunction with it.

Note 2 Accounting policies

The Principal accounting policies of the Scheme are as follows:

- Income from equity investments is brought into account at the ex-dividend date. Income from pooled investment vehicles is re-invested and reflected in the unit price. Property income is earned in accordance with the terms of the lease. Income from fixed interest securities, index linked securities and cash is recognised as the interest accrues.
- Employee contributions are accounted for at the date they are deducted from member's pensionable pay.
- Expenses are dealt with on an accruals basis.
- Benefits are accounted for in the period in which the member notifies the Trustee of his decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving.
- Transfer payments in respect of members transferred to and from the Scheme during the year are included in the accounts on the basis of sums advised by the actuary at the time the accounts for the year are finalised.
- Listed investments (including Pooled Investment Vehicles) are stated at the last quoted price on 31 March. Unlisted investments are priced using quotes provided by external brokers.
- Foreign currency investments are translated into sterling at the rates of exchange ruling at the net assets statement date. Foreign currency investment income is recorded at the rate ruling at the date of the transaction.
- Derivatives are stated at market value. All gains and losses on derivative contracts are reported within the change in market value of investments.
- Where forward sales or purchases of foreign currency have been made as a hedge against exposure on foreign currency investments, held or expected to be acquired, any unrealised profit or loss at the year end is measured by the difference between the spot rate and the contract rate and accounted for in the change in market value of investments during the year.
- The property investments of the Scheme are included in the accounts at open market value at the net assets statement date. This value is determined by independent external valuers in accordance with the Appraisal and Valuation Manual issued by the Royal Institute of Chartered Surveyors. The properties have been valued by the Scheme's property valuer (see page 2). No depreciation is provided on property assets in accordance with SSAP19: Accounting for Investment Properties.
- Purchases and sales of properties are recognised in the accounts upon unconditional exchange of contracts. Property rental income is recognised on an accruals basis.

Note 3 Contributions receivable	2008	2007
	£'000	£'000
Member's contributions	2,370	2,494
Members external additional voluntary contributions	0	21
Company contributions ¹	0	0
	<u>2,370</u>	<u>2,515</u>

¹A two year cessation of Company contributions commenced on 1 August 1985, and has been extended, subsequently following each successive actuarial valuation.

Note 4 Transfers in	2008	2007
	£'000	£'000
Transfers from other schemes – individual	0	16
	<u>0</u>	<u>16</u>

Note 5 Benefits payable	2008	2007
	£'000	£'000
Pensions	148,992	145,395
Commutated lump sums	14,769	15,053
Death benefits	346	484
Child allowances	250	273
	<u>164,357</u>	<u>161,205</u>

Note 6 Payments to and on account of leavers	2008	2007
	£'000	£'000
Transfers to other schemes – Individual	2,999	3,734
Transfers to State Scheme	86	26
Refunds to leavers	27	20
	<u>3,112</u>	<u>3,780</u>

Note 7 Investment income	2008 £'000	2007 £'000
Net rents from property	13,010	13,209
Income from fixed interest securities	7,459	33,079
Interest on cash account	814	3,609
Income from pooled investment vehicles	127	173
Dividends from equities	13	60,589
Foreign exchange gains less losses	28	(768)
Income from index linked securities	54	3,940
Stock lending	22	261
Tax reimbursement	0	16
Other investment expenses less income	(15)	5
Write-off of non recoverable withholding tax	(10)	(1,343)
	<hr/> 21,502	<hr/> 112,770

Note 8 Fixed interest and index linked securities

Fixed Interest	2008 £'000	2007 £'000
UK Quoted		
Government	0	0
Corporate – Western Asset Management Company	145,527	69,785
Corporate – Other	0	0
Overseas		
Corporate – Western Asset Management Company	45,554 ¹	(6,317)
Corporate – Other	7	9
	<hr/> 191,088	<hr/> 63,477

Note 9 Equities

	2008 £'000	2007 £'000
Overseas	334	314
UK	125	502
	<hr/> 459	<hr/> 816

All the equity investments held by the Scheme are quoted.

¹ Included within this total is £470,000 index-linked securities

Note 10a Pooled investment vehicles – non liability driven investments

UK registered	2008		2007	
	£'000	£'000	£'000	£'000
Legal & General				
Equities:				
UK/Equity Index Fund	943,052		1,413,909	
North America Fund	221,230		236,417	
Europe Fund	195,855		229,033	
Japan Fund	157,913		175,366	
Asia Pacific Fund	30,507		42,956	
Bonds:				
Gilts Index Fund	0		605,691	
Over 5 years Gilts Index Fund	0		232,887	
Corporate Bonds Fund	0		34,380	
CS Unitised Fund 2007	0		24,343	
Cash:				
Money Markets & Cash Instruments	286,140		146,395	
		1,834,697		3,141,377
Fidelity		1,262		1,414
Montanaro Smaller Euro Co Fund		681		731
Merrill Lynch Unquoted Units Fund		0		5
Overseas registered				
Capital International Emerging Markets Fund		33,293		42,017
		1,869,933		3,185,544

Note 10b Pooled investment vehicles – liability driven investments

UK registered	2008	2007
	£'000	£'000
Cash	694,940	0
Bonds – UK Government Fixed Interest	158,407	0
Bonds – UK Corporate	150,788	0
Options	23,298	0
Swaps	20,003	0
Accrued Income	5,219	0
	1,052,655	0

Note 11 Market value of property investments

	2008	2007		2008	2007
Sector	£'000	£'000	Geographical	£'000	£'000
Industrials	77,945	102,460	South East	108,630	132,370
Offices	43,150	48,825	European Unit Trusts	30,116	0
Retail Warehouses	42,400	52,900	Scotland	28,200	31,875
European Unit Trusts	30,116	0	Yorkshire	16,575	20,750
Motor dealerships	10,225	12,210	East Midlands	13,950	18,650
Retail	15,334	20,269	North West	9,275	11,800
UK Unit Trusts	4,333	5,307	West Midlands	9,140	10,375
Residential	166	181	UK Unit Trusts	4,333	5,307
			South West	3,450	4,300
			Wales	0	6,725
Total	223,669	242,152		223,669	242,152

See page 28 for details of the valuation basis.

Note 12 External additional voluntary contributions

The Trustee holds assets invested separately from the main fund in the form of individual insurance policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in these arrangements each receive an annual statement confirming the amounts held in their account and the movements in the year.

	2008	2007
	£'000	£'000
Clerical Medical	707	713
Scottish Life	488	569
Standard Life	342	396
Fidelity	119	124
Phoenix Alba Life	14	13
Phoenix Century Life	6	6
	1,676	1,821

Note 13 Change in market value of investments

	Value at 31 March 2007	Reclassify opening balances	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in Market Value	Value at 31 March 2008
	£'000	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles - non LDI ¹	3,185,544	0	1,493,729	(2,755,900)	(53,440)	1,869,933
Pooled investment vehicles – LDI	0	0	1,056,896	(72,000)	67,759	1,052,655
Derivative assets:						
- <i>Futures</i>	0	325	974	(325)	(1,442)	(468)
- <i>Foreign Exchange</i>	0	(189)	6,507	(4,345)	(3,041)	(1,068)
Property	242,152	0	27,427	(5,030)	(40,880)	223,669
Fixed Interest securities	63,477	36,009	310,152	(200,868)	(17,682)	191,088
Equities	816	0	937	(1,332)	38	459
External Additional Voluntary Contributions	1,821	0	0	(202)	57	1,676
	<u>3,493,810</u>	<u>36,145</u>	<u>2,896,622</u>	<u>(3,040,002)</u>	<u>(48,631)</u>	<u>3,337,944</u>
Cash deposits	47,004	(35,820)				4,029
Other current investment assets and liabilities (See note 22).	1,849	(325)				1,730
	<u>3,542,663</u>	<u>0</u>				<u>3,343,703</u>

¹ LDI means liability driven investments.

Note 14 Administration expenses	2008 £'000	2007 £'000
Administration	1,177	1,144
Computing costs	620	577
Web Site	47	44
Mortality Verification	8	9
	<hr/> 1,852	<hr/> 1,774

Note 15 Professional adviser fees	2008 £'000	2007 £'000
Hymans Robertson - Investment Adviser fees	234	144
Allen & Overy - Legal fees	228	159
Hymans Robertson - Actuarial fees	141	265
KPMG – Audit fees 2008	77	0
Capita Health Solutions - Medical fees	72	41
KPMG – Audit fees 2007	68	20
Ernst & Young – Audit and tax fees	3	45
Elkins/McSherry – Transaction costs analysis	0	10
Kroll LLP – Investigating accountant	0	25
Other advisers	2	4
	<hr/> 825	<hr/> 713

Note 16 Regulatory levies	2008 £'000	2007 £'000
Pension Protection Fund (Scheme based)	447	439
The Pensions Regulator	108	90
Pension Protection Fund (Risk based)	23	29
Financial Reporting Council	1	1
	<hr/> 579	<hr/> 559

Note 17 Transaction Costs

	2008 £'000	2007 ¹ £'000
Equities		
UK	1,492	442
Overseas	186	85
Bonds		
Government	112	71
Corporate	86	0
Money Market	53	0
	<hr/>	<hr/>
	1,929	598

The transaction fees listed above are in respect of assets managed by Legal & General.

¹ The transactions costs for 2007 were only the period from 25 October 2006 to 31 March 2007

Note 18 Property transaction and management costs

	2008		2007	
	£'000	£'000	£'000	£'000
Purchases during the year		0		12,200
Costs associated with purchase				
Stamp Duty	0		488	
CB Richard Ellis Investors – transaction fees	0		122	
Ashworth Sibal Welch	0		122	
Pinsent Curtis – transaction fees	0		33	
Other purchase costs	0		5	
				770
Total purchase costs		0		12,970
Sales during the year		(5,030)		
Costs associated with sales				
CB Richard Ellis – transaction fees	50		0	
Pinsent Curtis – transaction fees	11		0	
		61		0
Total sales proceeds less costs		(4,969)		0
Net purchases and sales at cost		(4,969)		12,970
Total property transaction and management costs				
Property management costs (see note 19)		1,965		1,525
Costs associated with property purchases		0		770
		1,965		2,295

Note 19 Investment Management Expenses

Non-property Management Expenses	2008 £'000	2007 £'000
Legal & General Investment Management	1,634	275
Western Asset Management Company	413	259
TRW Investment Management Company Ltd	61	2,821
Bank of New York Mellon (ABN-AMRO Mellon)	61	233
State Street Bank and Trust Company	0	56
	2,169	3,644

Property Management Expenses

	2008 £'000	2007 £'000
CB Richard Ellis	583	591
Atisreal	116	142
Pinsent Curtis	106	87
Property Management Costs:		
Building & refurbishment	485	145
Marketing & letting	328	217
Head rent & rates	210	(21)
Vacant unit costs	107	243
Other	30	21
Lease capital contribution	0	100
	1,160	705
	1,965	1,525

Note 20 Total Investment Management

	2008 £'000	2007 £'000
Non-property Management expenses (See note 19)	2,169	3,644
Property Management expenses (See Note 19)	1,965	1,525
	4,134	5,169

Note 21 Current assets and liabilities

	2008	2007
	£'000	£'000
Current Assets		
Cash at Bank	832	1,917
Other debtors	96	43
Administration VAT receivable	54	41
Employee contributions ¹	30	186
Prepayments	0	707
	<u>1,012</u>	<u>2,894</u>
Current liabilities		
Unpaid benefits	(2,474)	(2,666)
Investment expenses	(1,070)	(1,069)
Payable to TRW Limited	(765)	(1,920)
Advisers fees	(189)	(70)
Accrual and deferred income	(15)	(2)
HM Revenue & Customs	0	(10)
	<u>(4,513)</u>	<u>(5,737)</u>
Net current liabilities	<u>(3,501)</u>	<u>(2,843)</u>

¹ These employee contributions outstanding at the year end were subsequently paid within the required timescales

Note 22 Other current investment assets and liabilities

	2008	2007
	£'000	£'000
Current Assets		
Interest receivable – bonds	3,736	1,578
Rent receivable	1,517	1,141
Dividends receivable	404	2,868
Balances due from brokers	521	85
	<u>6,178</u>	<u>5,672</u>
Current liabilities		
Deferred rental income	(2,638)	(2,744)
Property creditors	(889)	(228)
Provision for property bad debts	(572)	(572)
Rental deposits	(349)	(276)
Other creditors	0	(3)
	<u>(4,448)</u>	<u>(3,823)</u>
Net other current investment balances	<u>1,730</u>	<u>1,849</u>

Note 23 Related party transactions

Transactions with related parties of the Scheme have been disclosed in the Trustee report as follows:

- Contributions in respect of Board members who are active members of the Scheme have been made in accordance with the Trust Deed and Rules.
- The Scheme is administered by TRW Benefit Administration (UK), which is part of TRW Limited. Fees payable in respect of administration and processing are detailed in Note 14 of the accounts.

Reports of the Auditors and the Actuaries

Independent Auditors' Report to the Trustee of the TRW Pension Scheme

We have audited the financial statements of the TRW Pension Scheme for the year ended 31 March 2008 which comprise the fund account, the net assets statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Scheme Trustee in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme Trustee those matters we are required to state to it in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme Trustee, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described in the Statement of Trustee's responsibilities on page 23, the Scheme Trustee is responsible for obtaining an annual report, including audited financial statements prepared in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements show a true and fair view and contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. We also report to you if, in our opinion, we have not received all the information and explanations we require for our audit.

We read the Trustee's report and other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the Trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Scheme's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

Show a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the financial transactions of the scheme during the scheme year ended 31 March 2008 and of the amount and disposition at that date of its assets and liabilities (other than liabilities to pay pensions and benefits after the end of the scheme year); and

Contain the information specified in Regulation 3 of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.

KPMG LLP

Chartered Accountants

Registered Auditor

27 October 2008
2 Cornwall Street
Birmingham
B3 2DL

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Statement of Trustee's responsibilities in respect of contributions

The Scheme's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions showing the rates of contributions payable towards the scheme by or on behalf of the employer and the active members of the scheme and the dates on or before which such contributions are to be paid. The Scheme's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the scheme in accordance with the schedule.

Summary of Contributions payable under the schedule in respect of the Scheme year ended 31 March 2008

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the employer and member contributions payable to the scheme under the schedule of contributions certified by the actuary on 21 March 2007 in respect of the Scheme year ended 31 March 2008. The scheme auditor reports on contributions payable under the schedule in the Auditors' Statement about Contributions.

During the year ended 31 March 2008 the contributions payable to the Scheme under the Schedule of Contributions were as follows:

	£'000
Employer normal contributions	0
Employee normal contributions	<u>2,370</u>
Contributions payable under the schedule (as reported on by the Scheme auditors) And reported in the account	<u>2,370</u>

Approved by the Board

Stephen Blenkinsop
Steve Lunn

Date: 27 October 2008

Information about contributions

Contributions by the Company remain suspended until the next actuarial valuation, which will be based on data as at 31 March 2009. Members' normal contributions are at the rates specified in the Scheme rules for the different sections of the Scheme.

Independent Auditors' Statement about Contributions, made under Regulation 4 of The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, to the Trustee of the TRW Pension Scheme.

We have examined the summary of contributions payable under the schedule of contributions to the TRW Pension Scheme in respect of the scheme year ended 31 March 2008 which is set out on page 43.

This statement is made solely to the Scheme's Trustee, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our work has been undertaken so that we might state to the scheme's Trustee those matters we are required to state to it in an auditors' statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustee and auditors

As described on page 43, the Scheme's Trustee is responsible, under the Pensions Act 2004, for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions which sets out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustee has a general responsibility for procuring that contributions are made to the Scheme in accordance with the schedule of contributions.

It is our responsibility to provide a statement about contributions paid to the Scheme and to report our opinion to you.

We read the Trustee's report and other information in the annual report and consider whether it is consistent with the summary of contributions. We consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the summary of contributions.

Basis of statement about contributions

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to give reasonable assurance that contributions reported in the summary of contributions have in all material respects been paid at least in accordance with the relevant requirements. For this purpose, the work that we carried out included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments. Our statement about contributions is required to refer to those exceptions which come to our attention in the course of our work.

Statement about contributions payable under the schedule

In our opinion contributions for the Scheme year ended 31 March 2008 as reported in the summary of contributions and payable under the schedule have in all material respects been paid at least in accordance with the schedule of contributions certified by the actuary on 21 March 2007.

Chartered Accountants

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

27 October 2008

Actuarial Certification of the calculation of technical provisions as required by regulation 7(4) (a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

My certification of the calculation of the estimated cost of past service benefits ('technical provisions') is included below. I am also required to certify the adequacy of the contribution rates set out in the schedule of contributions, that certificate will be appended to the contribution schedule.

Actuarial Certification of the calculation of technical provisions as required by regulation 7(4) (a) of the Occupational Pension Scheme Funding Regulations 2005.

Name of Scheme: TRW Pension Scheme

Calculation of technical provisions

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 March 2006 is made in accordance with regulations under Section 222 of the Pensions Act 2004. the Calculation uses a method and assumptions determined by the Trustee of the Scheme and set out in the Statement of Funding Principles dated 16 March 2007.

Ronald S Bowie
Fellow of Faculty of Actuaries
Hymans Robertson LLP, 20 Waterloo Street Glasgow, G2 6DB

21 March 2007

Actuarial Certification of the Schedule of Contributions as required by Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: TRW Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to continue to be met for the period for which the schedule is to be in force.

I also certify that the rates of contributions shown in this schedule are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to Statement of Funding Principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 16 March 2007.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Name	Ronald S Bowie
Qualification	Fellow of the Faculty of Actuaries
Name of Employer	Hymans Robertson LLP, 20 Waterloo Street, Glasgow, G2 6DB

27 March 2007

Statement of Investment Principles

Introduction

This statement sets out the principles, which the Trustee of the TRW Pension Scheme will follow in determining its investment policy for the purposes of the Scheme. It has been prepared in accordance with the requirements of Section 35 of the *Pensions Act 1995 as amended by section 244 of the Pensions Act 2004*. The statement is subject to periodic review by the trustee, at least every three years and without delay after any significant changes in investment policy.

This revised statement was approved at a meeting of the Trustee Board held on 13 March 2008. The Principal Employer has been consulted. The investment principles set out in this statement will be reviewed periodically and revised as necessary. Prior to the preparation of this statement the Trustee has obtained and considered written advice from Hymans Robertson LLP who are qualified to provide such advice in connection with the investment of the Scheme.

Fund managers

The Trustee does not take day to day investment decisions; the Board considers investment management to be a specialist activity that is most appropriately undertaken by professional managers. It has delegated responsibility for the selection and management of the Scheme's assets to the following professional investment managers:

- Legal & General Investment Management (the lead investment manager): This investment manager is currently responsible for all Scheme assets except the emerging markets, corporate bond and the property portfolios and some Additional Voluntary Contributions. They are also responsible for keeping the overall mix of assets within the agreed control ranges and for managing the Scheme's portfolio of risk reducing swaps and derivatives and for managing most of the collateral pool of assets backing these instruments.
- Capital International - Emerging markets equity portfolio
- Western Asset Management – Corporate bond portfolio
- CB Richard Ellis Investors – Property
- Phoenix Life – Insured Additional Voluntary Contributions
- Clerical Medical – Insured Additional Voluntary Contributions
- Fidelity – Additional Voluntary Contributions
- Scottish Life – Insured Additional Voluntary Contributions
- Standard Life – Insured Additional Voluntary Contributions

All the above organisations are regulated by the Financial Services Authority (FSA). They are all authorised under the Financial Services and Markets Act 2000 to undertake investment business. The appointments are reviewed periodically. The lead investment manager, the emerging market manager and the corporate bond manager are responsible for the day to day investment of their mandates (including the treatment of income) and are responsible for investing additional funds allocated to them or for disinvesting assets as required.

The final five managers listed, responsible for the investment of external Additional Voluntary Contributions, were the appointed managers of legacy pension arrangements transferred into the TRW Pension Scheme.

Investment management fees

The holdings with Legal & General Investment Management are invested in pooled funds. The fee structure is set out in the policy documentation and is based on the asset class and the amount invested within each asset class.

The fee structure of the property investment manager is in two parts; a base management fee and a fee on the completion of each purchase or sale. This fee structure was chosen in order to compensate the manager appropriately in relation to the work undertaken on behalf of the Trustee.

The basis of fees agreed with the corporate bond manager is based on a percentage of the value of the portfolio controlled by the manager. This fee structure was chosen in order to compensate the manager appropriately in relation to the work undertaken on behalf of the Trustee.

The emerging market portfolio is a holding in a pooled vehicle. The charging structure is detailed in the prospectus of the fund and is reflected in the share price of the holding. The Board has no control over this fee structure.

The charging structures of the managers responsible for external Additional Voluntary Contributions are built into the historical group policy terms for each arrangement, and are reflected in the value of individual members' Additional Voluntary Contributions account.

Investment Adviser

The Trustee has appointed an Investment Adviser, Hymans Robertson LLP, to assist it in determining and reviewing its ongoing investment policy. The Investment Adviser provides routine advice on the suitability of the Trustee's investments relative to its liabilities, and also assists the Trustee in reviewing the performance of its lead investment manager and specialist investment managers. This is a separate appointment to that of Hymans Robertson LLP as actuaries to the Scheme.

Investment objectives

The Trustee's investment objectives are:

- The acquisition of suitable assets of appropriate liquidity which will generate income and capital growth to meet, together with contributions, the cost of current and future scheme benefits as set out in the *Trust Deed and Rules*.
- To limit the risk of the assets failing to meet the liabilities over the long term.
- To minimise the long term cost of the Scheme by maximising the return on the assets whilst having regard to the above objectives.

The kind and balance of investments

The Trustee, acting on the basis of asset liability studies and subsequent advice provided to it by both the Scheme Actuary, and Hymans Robertson have set an asset allocation benchmark as appropriate to the Scheme. The purpose of the asset allocation benchmark is to establish a notional portfolio distribution which would be an appropriate allocation of the Scheme's assets in the medium, to long term. However, the actual investment of the Scheme's assets needs to be more flexible to take account of shorter term investment decisions and changes in asset values. Accordingly the Trustee has authorised the investment managers to manage the fund within specified limits.

The asset allocation benchmark and rebalancing ranges are agreed by the Trustee after taking such investment advice as they consider appropriate and after consulting the employer. The asset allocation benchmark and the specified limits are as follows:

Asset Class	Benchmark %	Minimum %	Maximum %
Total Equities	51	47	55
UK Equities	30	27	33
Overseas Equities			
• North America	7	6	8
• Japan	5	4	6
• Europe – ex UK	6	5	7
• Asia Pacific – Japan	1	0.75	1.25
• Emerging Markets	1	0.75	1.25
Equity call options	1	0.75	1.25
Collateral Pool	41	36	44
Assets backing swaps	29	23	35
Corporate bonds (Western)	6	0	9
Synthetic corporate bonds	6	0	9
Property	8	6	10

In addition, the Trustee holds some cash in a unitised fund to meet ongoing payments from the Fund. This cash will be topped up from time to time, as required.

The proportion of the portfolio calculated at current market values shall be within the ranges shown above unless the Board agree otherwise. If these limits are exceeded because of movements in market values or because of transfers by the Board to or from the Portfolio the lead manager will take such action as is practicable and prudent, to bring the proportions within the specified limits. It has been agreed in principle how the lead manager will tackle any required rebalancing.

The Trustee considers that due to the indexed nature of approximately 50% of the assets and the spread among different asset classes, a sufficient degree of diversification has been obtained. The Trustee also considers the investments to be suitable to the Scheme's liabilities. Overall the Trustee considers the investment structure and management style adopted will enable the control of risk in a manner appropriate to the circumstances of the Fund.

Risk

The Trustee's policy regarding risk is set out in detail in Appendix 8 to its *Principles of Investment decision making*. This document is the Board's response to the Myners principles and is available from the Secretary to the Board. It can also be downloaded at the Scheme's website www.trwpensions.co.uk. A summary of the Board's attitude to risk is as follows:

- Diversification among the selected asset classes is designed to reduce the risk that after taking account of the ongoing long term liability there will be insufficient assets to meet its Statutory Funding Objective and to cover its liability on an ongoing basis.
- In order to control risk the Trustee has imposed the following restrictions:
 - The maximum actively held percentage in one investment will not exceed the limits set down by the Trustee for each investment manager in writing.
 - Stock Lending is only permitted in circumstances where the loan is fully collateralised and the collateral meets strict acceptability requirements.
 - Constraints are placed on the use of derivatives, which may not be used for speculative purposes.
 - Certain types of investment are not permitted. These include commodities, works of art and precious metals.

Expected return on investments

In the long term the investments are expected to deliver a return which either matches or exceeds the real rate of return assumed by the actuary in assessing the funding of the Scheme. The Trustee will monitor the returns of each fund manager and asset class against an appropriate benchmark. The individual benchmarks will be constructed using data provided by external index providers and will be independently verified by a recognised pension fund performance measurement company on behalf of the Trustee. The projected investment returns are relative to the appropriate index benchmark for each asset class. The projected returns and index benchmarks are as follows:

Asset class	Index	Target return over the index
UK Equities (passive)	FTSE All Share ¹	0%
Overseas Equities		
• North America	FTSE World Index North America	0%
• Europe ex-UK	FTSE World Index Europe ex-UK	0%
• Japan	FTSE World Index Japan	0%
• Asia Pacific	FTSE World Index Asia Pacific (Developed)	0%
• ex-Japan	- ex-Japan	
• Emerging markets	MSCI Emerging markets free	2%
Collateral pool	LIBOR	0%
Corporate Bonds	iBoxx Sterling non-gilts all stocks index	1.25%
Property	Retail Prices Index	5%

The target returns are goals and neither the lead investment manager nor the specialist managers guarantee they will be achieved.

¹ The index used is based on the FTSE All Share Index with the weighting of any one stock capped to 4% of its market capitalisation.

Mandates to the Investment managers

The Board has explicit written mandates with its investment managers. The managers are to invest the assets in accordance with the asset allocation benchmark and the Board's guidelines on risk control. The lead investment manager is authorised to manage the assets within specified limits.

Realisation of investments

Over 90% of the assets are directly or indirectly invested in securities traded on major recognised investment exchanges. These investments can therefore be realised quickly, if necessary. The Trustee's policy is that there should be sufficient investments in liquid or readily realisable assets to meet cash flow requirements in the majority of foreseeable circumstances.

Statutory Funding Objective

In arriving at its investment principles account has been taken by the Trustee of the liabilities of the Scheme in respect of pensioners, deferred pensioners and active members together with the Scheme's funding position. This has been done in relationship to the Scheme's Statutory Funding Objective, which is that the Scheme must have 'sufficient and appropriate' assets to cover the expected cost of providing members' past service benefits.

Details of the Schemes Statutory Funding Objective and its policy for securing that the objective will be met along with the Scheme's funding method and actuarial assumptions are contained in the Scheme's *Statement of Funding Principles*. This document is available from the Secretary to the Board. It can also be downloaded at the Scheme's website www.trwpensions.co.uk

Socially responsible investment

The Trustee has examined the extent to which social, environmental and ethical issues should influence the purchase, holding and realisation of investments in the actively managed portions of the portfolio. In order to ensure that their duty of acting in the best interests of Scheme members is fulfilled, the Trustee considers that the principal concern of their investment managers should be to ensure that, when taking investment decisions, they are in the long term financial interest of members. Social environmental or ethical issues may be considered where this principal concern is not compromised.

The purpose of the passively managed portion of the portfolio is to track a specific index. Accordingly, on this portion of the portfolio, social, environmental and ethical issues form no part of the investment manager's mandate. However, the Trustee notes that Legal & General take very seriously voting and engagement with companies.

Exercise of voting rights

The Trustee has delegated the exercise of voting rights to the Scheme's investment managers on the basis that voting rights should be exercised with the aim of preserving and enhancing long-term shareholder value. The investment managers provide reports on votes cast to the Trustee on a quarterly basis.

Custodian

The segregated assets of the Scheme are held by Bank of New York Mellon under the control of the Trustee. Pooled investments are held by the investment managers' custodian. The Scheme custodian, Bank of New York Mellon has been appointed by the Trustee. The appointment is reviewed periodically.

Summary of Funding Statement

TRW Pension Scheme

Summary Funding Statement

TRW Pension Trust Limited is the Trustee of the Scheme and is responsible for its administration.

This is our third annual summary funding statement and it is based on a formal actuarial valuation carried out as at 31 March 2006 with an estimate of the Scheme's funding position up to 31 March 2007. The formal valuation has been conducted in accordance with scheme funding requirements of *Pensions Act 2004*.

Funding level

The ongoing funding valuation of the TRW Pension Scheme

	2007	2006
Assets	£3,519 million	£3,472 million
Amount needed to provide benefits	£3,006 million	£3,041 million
Excess	£513 million	£431 million
Funding level	117%	114%

The company is not required to pay contributions into the Scheme until at least 1 April 2010. There is no change in the rate of active members' contributions.

Change in the funding position since the 31 March 2006 valuation

Since the formal actuarial valuation took place, the funding level is estimated to have improved from 114% to 117%, with an excess of £513 million.

The main reasons for the change have been positive investment returns and favourable movements in bond yields between 2006 and 2007.

Payments to the Company

There has not been any payment to the Company out of Scheme funds in the previous twelve months, and no such payments are anticipated.

Your questions answered

How does the Scheme operate?

The TRW Pension Scheme is a final salary pension scheme. With this type of scheme, employee members and the Company pay contributions (although the Company has not been required to pay contributions into this Scheme for some time). These contributions are then invested in funds that are expected to provide income, and to increase in value. The combination of contributions, investment income and growth is then used to pay members' pensions. The money to pay for members' pensions is held in a common fund. It is not held in separate individual funds for each member.

How is the amount of funding that the Scheme needs worked out?

Every three years the Scheme's actuary carries out a financial review of the Scheme – this is called an actuarial valuation. The actuary estimates the amount of each member's future pension payments and how long the each pension is likely to be in payment. These future payments are then added up and compared with the value of the fund and its expected future investment returns. The result indicates how much money is needed to pay members' benefits.

Using this information, along with the advice provided by the Scheme's Actuary, the Trustee comes to an agreement with the Company on its future rate of contributions.

Why is the Company's support important?

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future. However, success of the Scheme relies on the Company's continuing support as more money may be needed in the Scheme if:

- Due to the funding level fluctuating there was a funding shortfall.
- The target funding level did not turn out to be enough.

What would happen if the Company could not continue to support the Scheme?

The current financial position assumes that the Scheme will continue, with the Company's support. In the event that the Scheme was to close (this is called winding up), the Scheme Actuary has estimated that, as at 31 March 2006, the Scheme would have needed £4,158 million to ensure that all members' benefits could be paid in full. This suggests a shortfall of around £686 million compared with the amount of money actually in the Scheme at that date.

The reason this amount differs from the ongoing funding valuation, which shows a surplus, is because if the Scheme winds up it is assumed that the money will be used to buy a policy from an insurance company that will then be used to pay the pensions promised. Such insurance policies are very expensive.

If the Company could not continue to support the Scheme, an alternative to buying insurance policies would be for the Scheme to run on as a closed fund. This means that no further benefits would be granted and the Scheme would continue to meet benefit payments as it does now. This would avoid the need to purchase expensive insurance policies. In this event it is likely that the Trustee would transfer Scheme funds into more secure investments such as bonds. It was estimated that at 28 February 2007, the Scheme had sufficient assets to invest largely in Government Stock with a small proportion in high quality corporate bonds and meet the cost of all benefits earned to date in full.

Would I still receive my pension if the Company did not or could not support the Scheme and it was not run on as a closed fund?

Whilst the Scheme remains ongoing, benefits will continue to be paid in full. If, however, the Company could not support the Scheme you might not get the full amount of pension you have built up, even if the Scheme is fully funded on an ongoing actuarial basis.

If the Scheme were to start to wind up, the Company is required to pay enough into the Scheme to enable the members' benefits to be completely secured with an insurance company. It may be, however, that the Company would not be able to pay this full amount and become insolvent. If this happened the *Pension Protection Fund* might be able to take over the Scheme and pay compensation to members.

What is the Pension Protection Fund?

The Pension Protection Fund (PPF) became operational on 6 April 2005. The purpose of the PPF is to ensure that those who are members of schemes similar to the TRW Pension Scheme receive pensions even if their company goes out of business. The PPF is not intended to replicate a member's pension, but ensures that if a Scheme gets into difficulties members will receive the majority of their pension. This is, currently, around 90% of the pension earned for most members still in employment and a 100% for pensioners. The actual amount a member receives will depend on when they retire and how much benefit they have earned. In addition, benefits will increase on a basis set down by the PPF which may be less than those provided by the Scheme

Further information and guidance is available on the Pension Protection Fund's website at www.ppf.gov.uk. Alternatively you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.

Why does the funding plan not call for full solvency at all times?

The full solvency position assumes that benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The Scheme's funding plan assumes that the Company will continue in business and support the Scheme. It also assumes that the Scheme would continue to be run as a non-profit entity.

Why have pensions become more expensive?

The main reasons are as follows:

- People are, on average, living longer than before. This means that pensions are paid for longer and cost considerably more to provide.
- In recent years the expectation of the future returns from the Scheme's investments has been reduced. This increases the cost of providing pensions.
- The Government has made many changes to the laws governing pension schemes. This has significantly increased costs.

How are the Scheme's assets invested?

The Scheme's investment managers invest the Scheme's assets with the aim of increasing their value and providing income that can be used to pay the promised benefits. The Trustee policy as at 31 March 2007 was to invest broadly in line with the following benchmark:

Asset Class	Benchmark %
UK Equities	40
Overseas Equities	20
Fixed interest bonds	20
Index linked bonds	8
Corporate bonds	3
Property	7
Cash	2

Further information

If you have any other questions, or would like any more information, please contact us at the address on the bottom of this leaflet. A list of more detailed documents which provide further information is shown below. Most of these documents are available on the Scheme's website www.trwpensions.co.uk

Important

If you are thinking of leaving the scheme for any reason, you should consult a professional advisor, such as an independent financial advisor (IFA), before taking any action. For a list of IFAs local to you call the IFA promotion helpline on 0800 0853250 or go to www.unbiased.co.uk.

The Scheme's website also contains useful links to Government's own consumer information on financial advice.

Additional documents available on request

Annual Benefit Statements

All Scheme members – employees, pensioners and deferred pensioners (whose addresses we know) receive statements of their pension entitlements.

Summary of Benefits leaflets

You should have been given a copy when you joined the Scheme of the *Summary of Benefits leaflet* appropriate to the section of the Scheme of which you are a member. The details of all the sections are also on the Scheme's website.

Report and Accounts of the TRW Pension Scheme

These show the Scheme's income and expenditure in the year. The Report and Accounts for the year ending 31 March 2007 are available on the Scheme website.

Statement of Investment Principles

This explains how the trustees invest the money paid into the scheme. The Statement is included in the Report and Accounts.

Statement of Funding Principles

This explains the Trustee's policy to ensure the Scheme is sufficiently well funded to be able to meet all its current liabilities. It is also available on the Scheme's website.

Actuarial Valuation

Every three years the Scheme Actuary does a full valuation of the Scheme. Copies of this are available at a cost of £5.

Schedule of Contributions

This shows how much money is being paid into the Scheme. It is updated following each actuarial valuation.

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