

**THE PILKINGTON SUPERANNUATION SCHEME**

**ANNUAL REPORT – YEAR ENDED 31 DECEMBER 2009**

# THE PILKINGTON SUPERANNUATION SCHEME

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# THE PILKINGTON SUPERANNUATION SCHEME

## I Trustee and Advisers

Trustee Company Pilkington Brothers Superannuation Trustee Limited

Registered Office Prescott Road, St. Helens, Merseyside WA10 3TT

The Trustee is not a subsidiary of the Principal Employer (see below) or any of its subsidiaries. The shares in the Trustee are registered in the names of various directors of the Trustee.

In accordance with the provisions of paragraph 1(1)(a) of Schedule 36 of the Finance Act 2004, the Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004. Its Pension Scheme Tax Reference number is 00274753RW and Pension Schemes Registry number is 10110999.

The Principal Employer ("the Company") is Pilkington Group Limited.

At 31 December 2009 the Allied Companies with employees contributing to the Scheme were:-

Pilkington Automotive Limited  
Pilkington Retirement Services Limited  
Pilkington Special Glass Limited  
Pilkington Technology Management Limited  
Pilkington United Kingdom Limited  
Ruskin Leisure Limited  
Waterside Training Limited

The addresses of the above employers are available on request from the Secretary.

### Directors of the Trustee (as at 31 December 2009):

#### Employer Directors

A.M. Robb (Chairman) 3  
S.M. Gange ^  
J.K. Gillespie\*1  
P.H. Grunwell\*  
R.P. Hemingway ^1,2  
T.R.J. Izzett  
B.J. Kay ^ 3  
Miss A.M. Kelleher ^ 1  
J. McKenna\* 1,2  
G. Nightingale\* 2,3  
The Law Debenture Pension Trust  
Corporation plc 3

#### Member Nominated Directors

##### Employee Directors

P.A. Daley 1, 3  
P.R. Edholm 1, 2, 3  
D.P. Gilchrist 1, 3  
T.R.B. Hague 3  
Mrs. J. Mafi 1  
K.W. McKenna 2,3

##### Pensioner Directors

S.J. Beesley\* 2  
D. Corf\*

Secretary to the Trustee Company J.P. Halligan

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The Directors asterisked are in receipt of pensions from the Scheme calculated in accordance with the Rules. All the Employee Directors and those Employer Directors marked ^ are contributors accruing pension in accordance with the Scheme Rules.

The suffix '1' denotes the Director was a member of the Ill Health Committee; '2' a member of the Audit Committee; and '3' a member of the Investment Committee, in each case at the year end. Any two or more Directors (being at least one Employer and one Member Nominated) can constitute a Death Benefit Committee.

The Trustee's Articles of Association provide that the Trustee Board is to comprise Employer Directors, Employee Directors and Pensioner Directors. The Employee Directors are elected by the Scheme's contributory membership and the two Pensioner Directors by the Scheme's pensioners. Employer Directors are elected by the existing Employer Directors and there are no provisions for removal.

### Retirements

During the course of 2009 three Employee Directors resigned from the Board upon leaving employment. Mr. Abbott, Mr. Cunliffe and Mrs. Wakefield, each of whom had served for a significant period of time as an Employee Director, retired and were obliged under the provisions of the Articles of Association of the Trustee, to resign as directors.

As at 31 December 2009 there remains one vacancy for an Employer and four vacancies for Employee Directors. There have been no changes to the Trustee Board since the year end.

Consulting Actuaries Hewitt Associates Limited

Appointed Actuary I. Watson FIA of Hewitt Associates Limited (retired  
28 February 2009)  
J. Curtis FIA of Hewitt Associates Limited  
(appointed 1 March 2009)

Investment Consultant Towers Watson Limited (formerly known as Watson Wyatt Limited)

Investment Managers Nomura Asset Management (UK) Limited (until 21 July 2009)  
State Street Global Advisors Limited  
UOB Global Capital (Dublin) Limited  
Rogge Global Partners plc  
PIMCO Europe Limited  
CB Richard Ellis Investors Limited  
Legal & General Investment Management Limited  
(from 21 July 2009)

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Henderson Global Investors Limited (from 23 July 2009)  
JP Morgan Alternative Asset Management Inc (from 1 November 2009)

**Investment Advisers** J. Gibbon  
H. Smart (from 1 November 2009)

**Legal Advisers** Lovells LLP

**Auditors** PricewaterhouseCoopers LLP

**Bankers** National Westminster Bank plc

**Custodian** J P Morgan Chase Bank

**Enquiries** about the Scheme should be addressed to:

Group Pensions Department  
Pilkington Group Limited  
Prescot Road  
St Helens, WA10 3TT

Fax 01744 737336

### **Election**

Elections will be held during the first half of 2010 to seek candidates for the Employee Director vacancies. The persons elected will take up their office from 1 July 2010 for a term of three years.

### **Meetings**

The Trustee Board met five times during 2009. A record is kept of the attendance of Directors at Board meetings.

At the July and December Board meetings there was a presentation of the Company Results for the year end and half-year respectively. This practice will continue with a representative of the Company presenting the Company's results to the Trustee at the earliest Board meeting following the publication of the year-end and half-year results.

An actuarial valuation of the Scheme as at 31 December 2008 ("the Valuation") was carried out during 2009 and completed after the end of the year. In order to facilitate discussions and negotiations with the Company, the Trustee established a committee known as the Valuation Committee comprising A.M. Robb, C. Morgan (representing Law Debenture Pension Trust Corporation plc), G. Nightingale, D. Corf and R. Abbott who was replaced by Mrs. J. Mafi after his retirement. This Committee met with the Trustee's advisers many times during 2009 and it met four times with representatives of the Company.

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PricewaterhouseCoopers LLP (PwC) were instructed by the Trustee to carry out a review of the strength of the employer covenant in the context of the Valuation. This was considered in terms of the overall financial position of the sponsoring employers and with particular regard to the capacity of the sponsoring employers to make additional contributions under the Recovery Plan following the outcome of the Valuation.

PwC reported to the Trustee that the employer's covenant had weakened over the period since the 2008 review. However, PwC did assure the Trustee that the actions taken by the Company to secure its financial strength were to be recognised as significant for the Company's future stability.

Following these lengthy discussions with the Company, the Committee, acting with advice from Towers Watson, PwC, Lovells and the Scheme Actuary reached a position which it recommended to the Trustee Board for acceptance as an appropriate basis for the Valuation and recovery plan to bring the Scheme back to a fully funded position. The additional payments due under the recovery plan are detailed on page 8.

The Audit Committee met on three occasions in 2009 (one of which was by telephone) to consider the Annual Report, including the Financial Statements, and reports from each of the Auditors and the Pilkington Internal Audit Department and to consider the audit plan for 2010 together with the Risk Review Profile.

The Investment Committee of the Board met on eight occasions during the year to review and monitor investment performance and to consider and implement certain aspects of the investment strategy for the Scheme's funds. During 2009 the terms of reference of the Investment Committee were reviewed and expanded in order to give it greater scope to implement in a more timely way the investment strategy decided upon by the Trustee Board.

The Trustee Board's Ill Health Committee met twice in 2009.

The Trustee has a training programme for the Trustee Directors. In 2009 this comprised sessions run by the Trustee's professional advisers to cover legal, investment and valuation matters. A similar series of training sessions will be undertaken by the Trustee Directors in 2010 and all are encouraged to enrol in the Pension Regulator's 'e'learning facility. The Investment Committee members undertook several sessions of training about matters of specific interest in considering investment strategy. Additional training will be provided for any new Employee Directors who are elected in 2010.

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### II Membership

	Active	Deferred	Member Pensioners	Dependent Pensioners
31 December 2008	2,544	3,209	8,557	3,063
Adjustment for late notifications	(1)	-	-	-
	2,543	3,209	8,557	3,063
New beneficiaries	-	-	487	156
Deaths	(1)	(6)	(299)	(157)
Retirements	(340)	(143)	-	-
Transfers out/Refunds	-	(17)	-	-
Members leaving pensionable service prior to retirement	(206)	206	-	-
31 December 2009	1,996	3,249	8,745	3,062

Total membership = 17,052

### III Amendments to the Trust Deed and Rules or Articles of Association of the Trustee

No amendments were made to the Trust Deed and Rules during 2009.

An amendment relating to treatment of conflicts of interest was made to the Articles of Association of the Trustee setting out the terms on which the Board of Directors may authorise any matter which would otherwise result in any Director breaching his duty to avoid conflicts of interest. The conditions and restrictions which operate in this regard are set out in the Articles of Association of the Trustee.

During early 2010 a further amendment has been made to the Articles of Association to provide for the terms of office of member nominated directors to be no less than three years.

### IV Valuation of the Scheme as at 31 December 2008

The Valuation of the Scheme as at 31 December 2008 was carried out on the customary three year cycle and was completed after the end of 2009. The Valuation showed technical provisions of £1,320m without any allowance for non-statutory increases to pensions in payment. The value attributed to the assets at the same date was £1,035m which means a deficit of £285m and a funding level of 78% as at the valuation date.

“Technical provisions” is the term used to refer to the level of assets agreed by the Trustee and the Company to be appropriate to meet member benefits accrued up to the valuation date, assuming that the Scheme continues as a going concern.

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The Valuation also calculates the solvency position of the Scheme which looks at the position if the Scheme were discontinued at the Valuation date, member benefits were crystallised and, for active members, were based on their pensionable service and pensionable salaries at the Valuation date, discretionary benefits were suspended permanently, and the assets were used to buy immediate and deferred annuities from an insurance company and to meet the expenses incurred in winding up the Scheme. The shortfall of assets relative to the estimated solvency cost as at 31 December 2008 was calculated to be £478m which corresponds to an estimated solvency ratio of 68% (at the 2005 Valuation the estimated solvency ratio was 78%).

A revised Schedule of Contributions, effective from 1 January 2009, was signed on 2 February 2009. This schedule reflected the changes to contribution rates from January 2009 which depended upon the level of accrual selected by individual active members. The Schedule also set out the obligation of the participating employers to pay additional contributions to the extent necessary in 2009, 2010 and 2011 to bring their total contribution to a minimum of 10.5% of pensionable salaries plus £4m. A payment was made to the Scheme under this provision in respect of 2009.

In the light of the Valuation and the Recovery Plan agreed in order to address the deficit revealed by it, a further Schedule of Contributions was signed by the Trustee and the Company on 1 March 2010 with effect from that date. It covers the period to 31 December 2018 although the Trustee retains responsibility for the preparation of a revised schedule no later than 31 March 2013. Under the terms of the Trust Deed there is no right of access to any surplus for the Company or any other employer and the Schedule of Contributions sets forth the contributions to be made by the participating employer being:-

### Regular Contributions

16% of pensionable salaries for higher accrual members (i.e. those accruing on a  $\frac{1}{60}$  basis)\*

12.5% of pensionable salaries for lower accrual members (i.e. those accruing on a  $\frac{1}{80}$  basis)\*

together with the supplement to fund the benefits of members of the former Pilkington Executive Pension Scheme.

### Additional Contributions under the Recovery Plan

From 1 January 2009 to 31 December 2011 a series of payments has been or will be made as follows:-

▪ 5 October 2009	£4.7m
▪ 5 March 2010 / 1 April 2010	£40.3m
▪ 1 October 2010	£15m
▪ 1 April 2011	£20m
▪ 1 October 2011	£20m



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From 1 January 2012 to 31 December 2018 £23m per annum will be payable in equal half-yearly instalments on 1 April and 1 October each year. The funding will be reviewed on a regular basis and will cease once a full valuation has been carried out and has shown that the Scheme has been restored to a fully funded status.

In addition to the regular contributions set out above and marked \* the participating employers will pay such additional contributions as are required in each of the calendar years 2009, 2010 and 2011 in order to bring the total of the said contributions up to a minimum of 10.5% of pensionable salaries plus £4m.

Finally, a contribution of £0.3m was paid on 5 March 2010 in respect of the agreement reached following the withdrawal of K McAnallen Limited from participation in the Scheme with effect from 30 September 2007

The Scheme Actuary has certified the adequacy of these contributions and a copy of the certificate is at page 26.

### Changes since the previous valuation

The previous valuation was as at 31 December 2005 and was completed in March 2007. The key financial assumptions agreed between the Trustee and the Company and used in the 2008 valuation are set out below:-

Pre-retirement Discount rate	5.4% p.a.
Post-retirement Discount rate	4.4% p.a.
Rate of pay increases (including promotional increases)	3.0% p.a.
Rate of price inflation	2.5% p.a.
Rate of pension increases (on benefits in excess of GMPs accrued before 6 April 1997)	0.0% p.a.
Rate of pension increases (on benefits accrued after 5 April 1997 and before 6 April 2005)	2.5% p.a.
Rate of pension increases (on benefits accrued after 5 April 2005)	1.9% p.a.
Rate of pension increases on post-5 April 1988 GMPs	2.1% p.a.
Rate of deferred pension increases	2.5% p.a.
Average rate of GMP increases in deferment	6.9% p.a.

The assumptions used for the Valuation differ from those used for the previous valuation:-

- The inflation and pension increase assumptions have been updated to reflect movements in fixed interest and index-linked gilt yields, and modified to better reflect the duration of the liabilities within the Scheme.
- The discount rate used has been determined relative to fixed interest gilt yields at the valuation date, with additional margins added for the periods before and after retirement. This contrasts with the approach used at the previous valuation where the yield on AA corporate bonds was used.

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- The mortality assumption has been changed to allow for research that suggests people are living longer and reflects the results of a review of the Scheme's pensioner mortality experience over the period since the last valuation.
- The assumption regarding the proportion married has been reduced from 100% to 70% to better reflect the results of a review of the Scheme's experience over the period since the last valuation.
- The assumed incidence of early retirements from the active and deferred pensioner populations has been amended to reflect the increase in the minimum early retirement age to 55 on 6 April 2010, and to better reflect the results of a review of the Scheme's experience over the period since the last valuation.
- The assumed incidence of withdrawal from active membership has also been modified to better reflect actual experience over the period since the last valuation.

Overall, these changes result in broadly the same technical provisions, i.e. they do not materially change the value placed on the Scheme's liabilities compared with the previous valuation.

The total Fund asset value as at 31 December 2009 had increased to £1,149m (compared with £1,035m as at 31 December 2008) whereas the liabilities calculated on a basis consistent with the basis of the Valuation were £1,249m (or, if calculated on a gilts + 0.5% discount rate throughout, the liabilities were £1,296m). Whilst this discloses an improvement in the overall position, the recovery plan is based on the 2008 valuation report and payments by the Company will continue to be made in accordance with the recovery plan.

### V Increases in pensions

During 2009 only post-5 April 1988 guaranteed minimum pensions ('GMPs') were increased in payment, as required by legislation. The increase in 2009 was 3%.

The only other pension elements which attract statutory increases in payment are those earned after 5 April 1997. They generally increase by reference to the annual increase in the Retail Prices Index (RPI) measured at March each year. In 2009 this was a negative value. Therefore elements of pension which were earned after 5 April 1997 and attract a statutory increase received a nil increase.

Apart from post-5 April 1988 GMPs, pensions accrued before 6 April 1997 are awarded a non-statutory increase under the Rules of the Plan only where "in the opinion of the Actuary the financial state of the Scheme so permits ...." Where the financial state of the Scheme does so permit the increase applied is also

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generally increased by reference to the annual increase in the RPI at March each year and thus (quite apart from the implications of the Plan's deficit) no decision was required of the Actuary in 2009.

Paid up pensions, when becoming payable, are revalued as required by legislation. This is generally by reference to the increase in the RPI up to a maximum of 5% for each complete year of deferment for pension accrued up to 5 April 2009 and up to a maximum of 2.5% for each complete year of deferment for pension accrued after 5 April 2009.

### **VI Transfer Payments**

Transfer payments made to other occupational schemes, qualifying registered overseas pension schemes, deferred annuity policies or personal pension contracts on behalf of members withdrawing from the Scheme during 2009 were calculated in accordance with factors agreed by the Actuary as being consistent with the requirements of Section 97 of the Pension Schemes Act 1993. The factors used since 1 July 2003 do not include an allowance for discretionary pension increases in payment. Inasmuch as pension increases on benefit accrued before 6 April 1997 are subject to the Actuary certifying the Scheme has an adequacy of resources, this constitutes a discretionary benefit.

### **VII Pensions Act Compliance and Governance**

A copy of the Actuarial Certificate dated 1 March 2010 confirming the adequacy of the contribution rates is included at page 26.

The Financial Statements forming part of this Report (at pages 35 to 46) have been prepared and audited in accordance with regulations made under Sections 41(1) and 41(6) of the Pensions Act 1995.

The Trustee has a formal Internal Disputes Resolution Procedure, which is available on request, and on the website ([www.superpilk.com](http://www.superpilk.com)).

The Trustee has produced a Statement of Investment Principles ('SIP') as required by Section 35 of the Pensions Act 1995 (as amended by the Pensions Act 2004) and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee reviewed its SIP several times during the year and consulted with the Company in relation to the various changes made. The SIP in force at year end was approved by the Trustee Board in October 2009. The SIP is regularly reviewed by the Investment Committee throughout the year and changes approved by the Board and notified to the Company.

A copy of the SIP is posted at [www.superpilk.com](http://www.superpilk.com) and is available on request from the Group Pensions Department, Pilkington Group Limited.

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Amongst other issues considered in the SIP are the Trustee's approaches to socially responsible investment and corporate governance. The Trustee has delegated decisions on both such issues to its investment managers. Social, environmental and ethical considerations are among the factors evaluated when an investment manager is making decisions on the purchase, retention or sale of holdings.

With a large proportion of the Scheme (approx 87%) being in pooled funds, the ability of the Trustee to influence the investment managers about socially responsible investment and related matters has been greatly reduced. The investment managers who manage segregated funds for the Trustee, being Rogge Global Partners plc and State Street Global Advisers Limited, have been asked to comply with the approach agreed by the Trustee to socially responsible investment and corporate governance.

The Trustee expects its investment managers to vote the Scheme's holdings, where practical, and to advise it, quarterly, of issues on which they have voted against companies' managements.

The Trustee has adopted and implemented a Governance Policy together with a Business Plan as recommended by the Pensions Regulator. It regularly assesses the performance of its advisers and of itself and makes changes where this is considered appropriate.

The Trustee has a Conflict of Interests Policy and Register which are reviewed at least annually and has adopted a policy to identify and deal with any notifiable events or reportable breaches that might need to be reported to the Pensions Regulator.

The Trustee has developed and continues to review and update a Risk Register. Responsibility for this Register has been delegated to the Audit Committee which reviews it regularly with each of Group Internal Audit and PwC, the Scheme's external auditors.

A full pensioner existence check is carried out at the time of each formal valuation with additional interim checks carried out where necessary. Such an exercise will be commissioned in 2010 now the valuation has been completed.

### **VIII Investment Management**

As at 31 December 2009 the investments were managed as follows:-

- i) UK equities (except venture capital/private equity – see below); US equities; European (ex UK) equities; Index Linked Gilts, Network Rail Corporate Bonds and Sterling Corporate Bonds by State Street Global Advisers Limited ('SSgA') on a passive basis.
- ii) Japanese and Asia Pacific (ex Japan) equities by Legal & General Investment Management Limited ('LGIM') on a passive basis.

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- iii) Global equities by UOB Global Capital (Dublin) Limited ('UOB') on an active basis.
- iv) Global bonds together with derivative contracts by Rogge Global Partners plc ('Rogge') and PIMCO Europe Limited ('PIMCO') on an active basis.
- v) Long dated sterling corporate bonds by Henderson Global Investors Limited ('Henderson') on an active basis.
- vi) Strategic currency hedging by SSgA on a passive basis.
- vii) European property via property funds by CB Richard Ellis Investors Limited ('CBREI') on an active basis.
- viii) A Fund of Hedge Funds via a pooled fund by JP Morgan Alternative Asset Management Inc ('JPMAAM') on an active basis.

A small amount of equity and venture capital investments previously managed by the in-house team and with negligible book value are still in the course of being liquidated.

Towers Watson Limited, formerly known as Watson Wyatt Limited, is the investment consultant of the Trustee. The Scheme benchmark was 47.5% return seeking and 52.5% liability matching investments at the Scheme year end but since then the benchmark has been altered first to 42% and then to 38% return seeking and 58% and then 62% liability matching investments. This took place under a de-risking plan agreed with the Company as one of the outcomes of the Valuation. It coincided with, and took advantage of, a period of favourable investment market conditions.

The Scheme was within the permitted deviation from the benchmark weightings at 31 December 2009.

### Equities

The passive index tracking equity funds managed by SSgA and LGIM each have a target return equivalent to the relevant FTSE index (before fees).

### Global absolute return equities

UOB has entered into an agreement with Kinetics Asset Management to jointly develop and market Kinetics' investment management products outside of the USA. As such, the investment with UOB is managed by Kinetics Asset Management in its UOB Kinetics Paradigm Fund. The Trustee measures its performance against a benchmark return of RPI + 6% pa over rolling 5 year periods. The Paradigm Fund is invested in a relatively concentrated portfolio which is particularly focussed on financial exchanges, utilities and oil sands companies.

### Bonds

The bonds managed by SSgA are in passive index tracking funds with a target return equivalent to the relevant indices (before fees), with the exception of the Network Rail bonds, which are held in a segregated portfolio.

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The active global bond portfolios are managed by Rogge, which operates a segregated fund of global bonds with use of derivative contracts, and PIMCO with whom the Scheme is invested in a pooled fund of global bonds with use of derivative contracts. The target return for each of PIMCO and Rogge is to outperform the Merrill Lynch Sterling Non-Gilts (All Stocks) index by 1.5% pa over rolling 3 year periods (before fees).

The bonds which are actively managed by Henderson form part of their Long Dated Credit Fund which is a pooled fund. The target return is to outperform the iBoxxSterling Non-Gilts 15+ years index by 1% pa (before fees).

### **Property**

The Trustee entered into a mandate with CBREI in April 2008 to create and manage a pan-European portfolio of pooled property funds. The target return for CBREI is to outperform RPI +5% over a rolling 3 year period net of all fees, expenses, costs and taxes.

### **Fund of Hedge Funds**

The investment in the Fund of Hedge Funds managed by JPMAAM is in a pooled vehicle and targets a return of 3 months US Treasury Bills plus 5-7% pa over a market cycle.

### **General**

There was no direct employer-related investment during the year although certain of the pooled funds may hold NSG shares.

The majority of the equity holdings, government bonds and corporate bonds are currently quoted on the main world-wide stock exchanges and are easily bought or sold. The unitised vehicles in which the Scheme invests, with the exception of certain property funds, deal regularly and are easily bought or sold. The property funds are recognised as being less liquid.

The Scheme bears the cost of purchasing and realising assets within the portfolio. Net investment manager and custodial fees charged to the Scheme in 2009 were £365,000 (2008: £1,264,000). This figure includes the payments for the past year to the investment managers, which are largely calculated on the value of funds under management for the Trustee. The principal reasons that the expenses have fallen during the year are the movement of equity holdings to passive tracker funds and the disinvestment during 2008 from the active currency portfolio managed by Goldman Sachs Asset Management Ltd. The figure also includes the fees for custodial services from JP Morgan Chase Bank. A contribution towards administration costs is paid by the Company.

The review of investment performance in 2009 is set out on pages 17 to 25.

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### IX Additional Voluntary Contributions

The Scheme offered contributory members the following choices regarding the payment of additional voluntary contributions during 2009:-

- to purchase additional service according to a formula determined in accordance with the provisions of Rule 21(a) of the Scheme's Rules, and/or
- to have contributions invested in with profits and/or unit linked funds offered by Prudential.

As at 31 December 2009 the number of contributors to each of the AVC options was:-

- |                                       |     |
|---------------------------------------|-----|
| • Additional service                  | 119 |
| • Prudential with profits and deposit | 3   |
| • Prudential unit linked              | 12  |

From 6 April 2006 the maximum contribution to the Scheme AVC option, whichever is selected, has been 10% of pensionable salary.

Some members retain an investment with Equitable Life but this is no longer offered as an option for those investing in AVCs.

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### X Scheme developments

This table records the movements in various key Scheme values in the period from 2005-2009, to illustrate the Scheme's development.

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
<b>Contributions and benefits</b>					
Contributions receivable	32,695	16,977	20,396	18,208	14,378
Transfers in	34	124	6	42	180
Other income	1	7	9	5	6
	32,730	17,108	20,411	18,255	14,564
<b>Benefits payable</b>					
Payments to and on account of leavers	90,458	69,776	78,084	72,633	62,108
	591	851	1,403	2,340	174
	91,049	70,627	79,487	74,973	62,282
<b>Net withdrawals from dealings with members</b>	(58,319)	(53,519)	(59,076)	(56,718)	(47,718)
<b>Returns on investments</b>					
Investment income*	7,956	8,371	11,163	5,626	1,742
Change in market value of investments	164,754	(266,521)	65,031	83,522	194,243
Net investment management expenses†	(639)	(1,402)	(1,400)	(1,203)	(1,345)
<b>Net returns on investments</b>	172,071	(259,552)	74,794	87,945	194,640
<b>Net change in the Scheme value during the year</b>	113,752	(313,071)	15,718	31,227	146,922
<b>Net assets of the Scheme brought forward</b>	1,035,295	1,348,366	1,332,648	1,301,421	1,154,499
<b>Net assets of the Scheme carried forward</b>	1,149,047	1,035,295	1,348,366	1,332,648	1,301,421

The significant increase in contributions in 2009 against prior years is a result of augmentations as a consequence of significant numbers of redundancies during the year, deficit funding received and the increase in the rate of normal contributions. The significant increase in benefits payable is due to the large number of retirements and associated commutations during the year.

\* No income is received from those funds invested in the managed funds held with SSgA, UOB, GSAM, PIMCO, LGIM or JPMAAM. Investment returns from these funds are included in the change in market value of those funds.

† In addition to the net investment management expenses disclosed above, UOB, PIMCO and JPMAAM receive management fees deducted from the pooled funds they hold. These fees, amounting to £1,327,000 are reflected in the change in market value of the relevant funds.



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## Investment Report

### I Update

The Statement of Investment Principles sets out the asset allocation of the fund. The allocation as at 31 December 2009 together with the benchmark indices and target returns are set out at pages 23-24. At the year end the overall return-seeking and liability-matching assets were within the permitted deviation from the allocation.

During the course of 2009 a general trend towards de-risking was adopted and one of the outcomes of the Valuation was a formal de-risking plan which has already been implemented to some extent while the Trustee remains in discussion with the Company about some of the details. The Trustee and the Company agree that some de-risking is the appropriate strategy following such a major reduction in asset values as was experienced in 2008/9 and the limited capacity of the Company (particularly in the current economic environment) to afford substantial additional deficit contributions. However the Trustee is mindful of the balance to be struck between this approach reflecting the need to provide security for accrued benefits while retaining a sufficient proportion of the fund in return-seeking assets to offer the possibility of granting non-statutory increases at some point in the future.

Performance overall in 2009 was positive at 15.9% return against the benchmark return of 14.8%. These returns reflect the change in the markets from 2008. The value of the fund increased from £1,035m at 31 December 2008 to £1,149m a year later. Within these figures are the cash withdrawals from the Fund to meet benefit payments during the year.

The five-year performance figure shows a Fund return of 6.2% per annum against a benchmark return of 6.8% per annum for the same period, a shortfall of 0.6% per annum. The Trustee, and its Investment Committee in particular, continue to concentrate much time and effort to strike the right balance between ensuring the maximum potential return from the portfolio whilst having particular regard to the level of risk to which the fund is exposed and to the overall security of the portfolio.

Last year, 2009, was a very active year in terms of movement within the portfolio. The Investment Committee met on eight occasions during the year and the monthly movements in assets and liabilities were monitored very closely.

The Trustee accepted early in 2009 that the investment into the CBREI property fund was likely to continue to be very slow, as it had been in 2008, and communicated to CBREI that this was indeed preferred by the Trustee. As opportunities arose, CBREI evaluated them and proceeded if value was evident to them but the Trustee did not put any time pressure on to CBREI to draw down the allocation more quickly than they believed appropriate. In the meantime the balance of the funds to be invested with CBREI is held in UK equities by SSgA.

January 2009 saw a move from gilts to corporate bonds of £50m in order to take advantage of the broader spreads available on corporate bonds. As part of the Investment Committee's examination of how to achieve a closer match of the assets to

## THE PILKINGTON SUPERANNUATION SCHEME

the liabilities, the decision was taken to appoint an additional active manager to manage long duration corporate bonds. Several managers were interviewed and Henderson Global Investors Limited was selected. Assets totalling £107.5m were transferred from SSgA's passively managed UK (over 15 years) Conventional Gilts Fund and Sterling Corporate Bond (Over 15 year) Index Fund to be managed actively by Henderson in its Long Dated Credit Fund. The transition costs were minimised by the use of "crossing" opportunities and by Henderson accepting corporate bonds which do not form part of their fund to 'hold and sell'. These have since been sold down over time.

Early in 2009 the Trustee, having monitored the performance of Nomura Asset Management (UK) Limited ('Nomura') for some time, decided to terminate Nomura's active Pacific Basin including Japan equity mandate, which had been held since 2003 in favour of passive management by Legal and General Investment Management Limited ('LGIM'). The transfer took place 'in specie' where possible and Nomura sold those remaining stocks which could not be so transferred due to local market restrictions. Cash was transferred to LGIM who then invested that in accordance with the benchmark allocation. The stocks are held in LGIM's Japan Equity Index Fund, Japan Equity Index Fund – GBP Hedged and its Asia Pacific ex Japan Equity Index Fund.

During 2009, an opportunity arose to invest in Network Rail Corporate Bonds. These bonds are being issued gradually and with three durations – maturing in 2027, 2037 and 2047 and would have higher yields than the equivalent gilts if held to maturity. The bonds are index-linked to the RPI and have the benefit of a government guarantee. A proportion of the Scheme's existing index linked gilts was transferred to a segregated portfolio within SSgA in readiness for SSgA to purchase Network Rail bonds in equal proportions over the three durations as they became available provided the additional yield over the corresponding index-linked gilt yield was no less than 35 basis points. To date, approximately half of the investment has been made with a yield pick up of 35 basis points or more. Further auctions are anticipated and further purchases may be made provided the bonds continue to represent good value against government index-linked gilts.

The final appointment for 2009 was that of a Fund of Hedge Funds manager. The Investment Committee undertook training about this asset class and then decided with the benefit of advice from Towers Watson that it is an appropriate asset class in which to invest. It has the benefit of potentially reducing the overall level of risk taken in the portfolio whilst retaining similar levels of expected return (after transaction costs) given that the money for the investment was taken from across the equity investments. The Investment Committee was particularly interested to select a manager with stringent due diligence and governance procedures and ultimately after meeting three prospective managers, appointed JP Morgan Alternative Asset Management Inc. ('JPMAAM'). The investment was effective on 1 November 2009.

The movements documented in the paragraphs above have resulted in several noticeable changes in the relative value of certain investment classes when compared to the values for 2008. In the equity portfolio, there has been a substantial reduction because the Asia Pacific ex Japan assets previously held in a segregated fund by

## THE PILKINGTON SUPERANNUATION SCHEME

Nomura have been transferred into a pooled fund managed by LGIM. The value therefore reduces the 'Equities' line on page 41 of the accounts accordingly. Similarly the index-linked securities line is increased because of the assets now held in segregated funds either as Network Rail bonds, or still held by SSgA as index linked gilts but as a separate fund in readiness for further investment into Network Rail Bonds. This also explains the increase in the UK government line within Index Linked Securities (held directly by the Scheme) on page 41.

The value of derivatives has also changed markedly, principally as a result of the change in the value of sterling.

During the year the Board holds two days of presentations by the investment managers during which the entire membership of the Board, not only the Investment Committee, have an opportunity to hear from the managers about past performance and future strategy as well as to question the managers about any element of their mandate.

The Investment Committee, apart from reporting regularly to the Board, has also, during 2009, continued its ongoing review of investment strategy. The Trustee is in discussions with the Company about the details of the de-risking plan for the Fund. In addition, the Investment Committee is looking at what is the appropriate composition for the return-seeking portion of the assets once this has been reduced to its new level. Consequently there remains much for the Investment Committee and the Trustee Board as a whole to consider as 2010 develops apart from continuing to monitor closely the performance of the managers.

### **II Remuneration of Investment Managers**

The remuneration of SSgA for the passively managed funds and the Network Rail portfolio is calculated as 0.03% per annum of the total funds.

The remuneration of SSgA in respect of the currency hedging is calculated as 0.03% per annum of the notional portfolio net asset value from time to time. At 31 December 2009 the value of the notional portfolio was £226m.

The remuneration of Nomura was calculated as 0.585% per annum on the first £16m of assets under management, 0.45% per annum on the next £16m and 0.36% per annum on the balance.

The remuneration of LGIM is calculated as a percentage per annum of the assets under management and the charges vary between the three funds. For the Japan Equity Index Fund in which the Scheme has approximately £12m invested, the fees are 0.125% per annum of the value of assets under management.

For the Japan Equity Index Fund (GBP Currency hedged) in which the Scheme has approximately £38m invested the fees are 0.150% per annum of the value of assets under management.

## THE PILKINGTON SUPERANNUATION SCHEME

For the Asia Pacific (ex Japan) Equity Index Fund in which the Scheme has approximately £58m invested the fees are 0.125% per annum of the value of assets under management.

The remuneration of UOB is calculated as 0.65% per annum on the value of assets under management.

The remuneration of Rogge is calculated as an annual fee of 0.20% of the value of assets under management.

The remuneration of PIMCO Europe Limited was calculated as an annual fee of 0.27% per annum on the first £50 million of assets under management, 0.25% p.a. on the next £100 million and 0.20% p.a. on the balance. In addition, an administration charge of no more than 0.10% per annum is payable. In 2009 this fee structure was altered to a performance related fee arrangement of 0.15% pa basic fee +15% performance fee (above index + basic fee) on a 3 year rolling basis with a cap of 0.26% pa on the overall fee for three years starting 30 June 2009 and ending 30 June 2012. Administrative costs are payable in addition and are capped at 0.1%. The fee payable under the original structure based on the assets under management was 0.26% pa. As per the original arrangement with PIMCO administrative costs are payable in addition and are capped at 0.10% pa.

After 2012 the Trustee will have a choice of management fee structure for the future – standard fixed fee at 0.29% pa (the original fee basis will not be offered) or continuation of the performance fee arrangement but with a cap of 0.50% pa.

The remuneration of Hendersons is calculated as a base fee of 0.14% pa together with a performance fee calculated at 13.5% pa on the excess return over the benchmark index net of the base fee with positive-performance over benchmark capped at 2% pa. Any negative performance in the prior year(s) is offset against the positive excess before the performance fee is calculated.

The remuneration of JPMAAM is calculated in part as a fixed management fee of approximately 0.85% on an annualised basis which will reduce to 0.775% on an annualised basis at 1 Jan 2012 if the investment equals or exceeds and remains above \$30m.

There is also a performance fee which accrues monthly but is payable annually equal to 10% of the increase in value of the shares in excess of the targeted return.

The remuneration of CBREI for the first two quarters of 2009 was 0.25% of total capital committed and thereafter the fees are 0.25% of the net asset value. In addition a performance related fee may be payable. No such performance related fee was paid in 2009.

## THE PILKINGTON SUPERANNUATION SCHEME

### III Custodianship

The Trustee has appointed a single custodian for the Scheme's assets managed on a segregated basis (rather than in pooled funds), J P Morgan Chase Bank, thereby separating investment settlement procedures from the managers' decisions to make or realise investments. The assets which are managed in pooled funds have the following custodians:

SSgA managed funds	State Street
PIMCO managed fund	Brown Brothers Harriman (previously Investor Fund Services (Ireland) Ltd)
UOB managed fund	Bank of Ireland Securities Services Limited
Henderson managed fund	BNP Paribas Securities Services
LGIM managed funds	Citibank

### IV Performance Measurement

The Trustee has appointed State Street Investment Analytics (formerly known as WM Performance Services) to provide independent analysis on the performance of the Scheme's investments and investment managers over the short and the longer term.

### V Analysis of Investment Management Expenses

	£'000
External Investment Managers	
LGIM	65
State Street	290
Nomura	239
Henderson	46
CBREI	103
Rogge	177
PIMCO rebate	(128)
UOB rebate	(476)
JPMAAM rebate	(13)
	<hr/>
	303
Custodial Fees	62
	<hr/>
	365
Contribution from Pilkington Group Ltd towards expenses	(447)
	<hr/>
	(82)
Investment advice	537
Other expenses	72
Irrecoverable VAT	112
	<hr/>
	639
Fees paid by way of deduction from assets in funds	
UOB	840
PIMCO	403
JPMAAM	84
	<hr/>
	1,966

## THE PILKINGTON SUPERANNUATION SCHEME

### VI Myners Compliance

There are now fewer and more general principles which are drafted to provide greater flexibility to the Trustee whilst continuing to promote higher standards of governance within the administration of pension schemes.

Compliance continues to be optional with a 'comply or explain' approach so the trustees of any scheme can demonstrate consideration of the principles and decide about whether to comply or not and why their action is appropriate.

The Trustee has considered its position in relation to the new principles and there is now only one aspect in which it does not comply with the Principles. This is as follows:

"Performance Assessment ..... Trustees should also periodically make a formal assessment of their own effectiveness as a decision-making body and report on this to scheme members".

Response: The Trustee assesses its own operation and performance annually and its advisers contribute to this process. The Trustee has decided not to post the results of this self assessment (or its assessment of its advisers) since it believes this would inhibit frank and open debate about issues and also goes beyond the level of disclosure required by corporate governance "best practice".

The Trustee has revisited the issue of whether it ought to make public the results of its annual self assessment but for the reasons stated above believes this would not be advantageous to free discussion.

## THE PILKINGTON SUPERANNUATION SCHEME

### VII Allocation Benchmarks and Target Returns

Asset Class	Allocation (%)	Permitted Deviation/ Band Width (%)
<b>RETURN-SEEKING</b>	<b>47.5</b>	<b>+/- 2.5</b>
UK Equities	8.5	+/- 1.5
European Equities (ex UK)	9.0	+/- 1.5
N.America Equities	7.0	+/- 1.5
Global absolute return Equities <sup>(1)</sup>	4.0	+/- 1.5
Asia Pacific incl. Japan Equities	9.0	+/- 1.5
Property Funds <sup>(1)</sup>	5.0	
Fund of Hedge Funds <sup>(1)</sup>	5.0	+/- 1.5
<b>LIABILITY MATCHING</b>	<b>52.5</b>	<b>+/-2.5</b>
UK Index linked gilts	9.5	+/- 1.5
UK Corporate Bonds		
All Stocks Index	12.5	+/- 1.5
Over 15 years Index	10.5	+/- 1.5
Global Bonds	15.0	+/- 1.5
Network Rail Index Linked Bonds <sup>(1)</sup>	5.0	

**Note:**

(1) This holding is not subject to normal rebalancing.

## THE PILKINGTON SUPERANNUATION SCHEME

Asset Class	Index	Target Returns
<p><b><u>Return-Seeking</u></b>      <b>47.5%</b></p> <p><u>SSgA<sup>(1)</sup></u>            UK Equities            N. American Equities            European (ex UK) Equities</p> <p><u>LGIM<sup>(2)</sup></u>            Asia Pacific incl Japan            Equities</p> <p><u>UOB / Kinetics<sup>(1)</sup></u>            Global Absolute Return            Equities</p> <p><u>CBREI<sup>(3)</sup></u>            Pan-European property funds</p> <p><u>J.P. Morgan<sup>(1)</sup></u>            Fund of hedge funds</p>	<p>FTSE All-Share            FTSE AW North America            FTSE AW Developed            Europe ex UK</p> <p>FTSE AW Asia Pacific (75%            of exposure to Japanese            equities is currency hedged            back to sterling)</p> <p>No Index</p> <p>No Index</p> <p>No Index</p>	<p>In-line with index            In-line with index            In-line with index</p> <p>In-line with index</p> <p>RPI + 6% p.a. on            rolling 5 yr basis</p> <p>RPI + 5% p.a. on            rolling 3 year periods            net of costs, fees and            taxes</p> <p>3 month US T-Bills +            5% to 7% p.a. over a            market cycle</p>
<p><b><u>Liability Matching</u></b>      <b>52.5%</b></p> <p><u>SSgA</u>            Index Linked</p> <p>UK Corporate Bonds</p> <p>Network Rail Index Linked<sup>(4)</sup>            Bonds</p> <p><u>Henderson</u>            UK Corporate Bonds</p> <p><u>Rogge</u>            Global Bonds</p> <p><u>PIMCO</u>            Global Bonds</p>	<p>FTSE A Index Linked Gilts            over 5 years            Merrill Lynch Sterling Non-            Gilts Index</p> <p>No index</p> <p>iBoxx Sterling            Non-Gilts 15+ yrs</p> <p>Merrill Lynch Sterling            Non-Gilt All Stocks</p> <p>Merrill Lynch Sterling            Non-Gilt All Stocks</p>	<p>In-line with index            In-line with index</p> <p>+1.0% p.a. before            fees</p> <p>+ 1.5% p.a. on a            rolling 3 yr basis</p> <p>+ 0.75% p.a. to            1.25% p.a. on a            rolling 3 yr basis</p>



## THE PILKINGTON SUPERANNUATION SCHEME

### Notes:

1. SSgA Non-UK Developed Equities are partially hedged (75% of exposure to euro and US dollar is currency hedged back to sterling) using a segregated strategic currency hedging overlay implemented by SSgA but this does not affect the indices or target returns of the equity managers' funds. Furthermore, 75% of the UOB/Kinetics Global Absolute Return Equities portfolio and 100% of the J.P. Morgan fund of hedge funds portfolio are hedged from US Dollar back to sterling using the segregated strategic currency hedging overlay.
2. The LGIM Japanese equities are partially hedged (75% of exposure to Japanese equities is currency hedged back to sterling) which is reflected in the index for that manager.
3. The property investment is hedged back to sterling by the property manager.
4. Equally weighted account in UKRAIL 1.75% 2027, UKRAIL 1.375% 2037, and UKRAIL 1.125% 2047. Network Rail Bonds to be purchased only when the SSgA expects a 35bps pa yield pick up (after trading costs) versus comparator index-linked gilts. In case SSgA cannot purchase a sufficient amount of UKRAIL 1.375% 2037, SSgA will aim to allocate the residual UKRAIL 1.375% 2037 allocation equally among the UKRAIL 1.75% 2027 and UKRAIL 1.125% 2047 issues. SSgA is also given the discretion to invest the whole of the UKRAIL 1.375% 2037 allocation in one of either the UKRAIL 1.75% 2027 or UKRAIL 1.125% 2047 issues.

# THE PILKINGTON SUPERANNUATION SCHEME

## PILKINGTON SUPERANNUATION SCHEME CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS

### Adequacy of rates of contributions

I hereby certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2008 to be met by the end of the period specified in the recovery plan dated 1 March 2010.

### Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 1 March 2010.

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.

Signature:	<i>J. E. H. Curtis</i>	Date:	1 March 2010
Name:	Jane Curtis	Qualification:	FIA
Name of employer:	Howitt Associates Limited	Address:	Prospect House Abbey View St. Albans Hertfordshire AL1 2QU

# THE PILKINGTON SUPERANNUATION SCHEME

## PILKINGTON SUPERANNUATION SCHEME

### SCHEDULE OF CONTRIBUTIONS

#### Introduction

This schedule of contributions is required by Section 227 of the Pensions Act 2004. It comes into effect on 1 March 2010, the date on which it was certified by the Scheme Actuary, and covers the period to 31 December 2018. The Trustee is responsible for preparing a revised schedule no later than 31 March 2013.

#### Participating Employers

This schedule covers contributions to the Scheme from all employers who participate in the Scheme from time to time.

#### Employer Contributions

The participating employers will contribute to the Scheme as follows:

Type	Period	Amount
Regular	From 1 March 2010 to 31 December 2018	<p>10% of Pensionable Salaries in respect of Higher Accrual Members (of which 1% of Pensionable Salaries is being used to eliminate the shortfall)*</p> <p>12.60% of Pensionable Salaries in respect of Lower Accrual Members (of which 0.75% of Pensionable Salaries is being used to eliminate the shortfall)*</p> <p>PLUS</p> <p>An additional 7.1% of Pensionable Salaries in respect of PEP9 Members</p>
Additional contributions to satisfy the recovery plan dated 1 March 2010	From 1 January 2009 to 31 December 2011	<p>6 October 2009 £1,870M</p> <p>1 April 2010 £10.3M</p> <p>1 October 2010 £10.0M</p> <p>1 April 2011 £20.0M</p> <p>1 October 2011 £20.0M</p>
	From 1 January 2012 to 31 December 2018	£23.0M per annum payable in equal half-yearly instalments on 1 April and 1 October each year

The participating employers will ensure that the Trustee receives the contributions above within 10 days of the end of the calendar month to which the contributions relate.

*Note: In addition to the above contributions, the participating employers will pay such additional contributions as are required in each of the calendar years 2009, 2010 and 2011 in order to bring the total of the contributions indicated by an asterisk (\*) above up to a minimum of 10.6% of Pensionable Salaries plus £4.0M. Such additional contributions are payable within three months of the end of the calendar year to which the contributions relate.*

# THE PILKINGTON SUPERANNUATION SCHEME

## Employee Contributions

Employers who are active members of the Scheme will contribute to the Scheme as follows:

Period	Amount
From 1 March 2010 to 31 December 2010	8% of Pensionable Salaries in respect of Higher Accrual Members 6.5% of Pensionable Salaries in respect of Lower Accrual Members

These amounts do not include members' Additional Voluntary Contributions.

The employers will ensure that the Trustee receives the contributions payable by their employees within 10 days of the end of the calendar month in which the contributions were deducted from the employees' salaries.

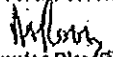
## Expenses

The costs of administration, professional fees and the Pension Protection Fund levy are met directly by the employers and do not appear on this schedule.


## Augmentation payments

In the event of a benefit augmentation being granted, the relevant employer will pay an additional amount to cover the cost of the augmentation within one month of the later of the date of granting the augmentation and the date on which the Trustee advises the employer of the cost.

Signed on behalf of the Trustee of the Pilkington Superannuation Scheme

Name:   
Position: Trustee Director  
Date: 1 March 2010

Signed on behalf of Pilkington Group Limited

Name:   
Position: Director  
Date: 1 March 2010

Note: Pilkington Group Limited has been nominated as the employers' representative for this purpose.

# THE PILKINGTON SUPERANNUATION SCHEME

## Appendix G — Actuary's Certification of Technical Provisions

### ACTUARIAL CERTIFICATE GIVEN FOR THE PURPOSES OF REGULATION 7(4)(c) OF THE OCCUPATIONAL PENSION SCHEMES (SCHEME FUNDING) REGULATIONS 2005

*Name of Scheme:* Pilkington Superannuation Scheme

#### *Calculation of technical provisions*

I certify that, in my opinion, the calculation of the Scheme's technical provisions as at 31 December 2008 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the Trustees of the Scheme and set out in the Statement of Funding Principles dated 1 March 2010.

<i>Signature</i>	<i>J. E. M. Gata</i>	<i>Date</i>	<i>1 March 2010</i>
<i>Name</i>	<i>Jane Curite FIA</i>	<i>Qualification</i>	<i>Fellow of the Institute of Actuaries</i>
<i>Address</i>	<i>Prospect House Abbey View St. Albans Hertfordshire AL1 2QU</i>	<i>Name of Employer</i>	<i>Howitt Associates Limited</i>

# THE PILKINGTON SUPERANNUATION SCHEME

## FINANCIAL STATEMENTS – YEAR ENDED 31 DECEMBER 2009

### STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The financial statements 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:


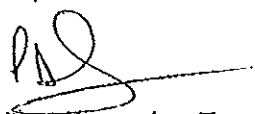
- show a true and fair view, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the Scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year, and
- contain the information specified in 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 financial statements 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 any estimates and judgements on a prudent and reasonable basis.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The 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 (other than voluntary 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 Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

The Trustee also 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 an appropriate system of internal control.

  
.....  
  
Directors of Pilkington Brothers Superannuation Trustee Limited  
Trustee of the Pilkington Superannuation Scheme

# THE PILKINGTON SUPERANNUATION SCHEME

## Independent Auditors' Statement about Contributions to the Trustee of the Pilkington Superannuation Scheme

We have examined the Summary of Contributions to the Pilkington Superannuation Scheme for the year ended 31 December 2009, which is set out on the following page.

### **Respective responsibilities of Trustee and Auditors**

The Trustee's responsibilities for ensuring that there is prepared, maintained and from time to time revised a schedule of contributions are set out in the Statement of Trustee's Responsibilities.


Our responsibility is to provide a statement about contributions to the Scheme in accordance with relevant legislation and to report our opinion to you. This report, including the statement about contributions, has been prepared for and only for the Scheme's Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this statement, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **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 provide us with sufficient evidence to give reasonable assurance that contributions reported in the attached summary have been paid 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 under the schedule of contributions. Our statement about contributions is required to refer to those breaches of the schedule of contributions which we consider to be material for this statement and which come to our attention in the course of our work.

### **Statement about contributions to the Scheme**

In our opinion, the contributions payable to the Scheme required by the schedule of contributions during the year ended 31 December 2009 as reported in the Summary of Contributions on the following page have been paid in all material respects at least in accordance with the schedule of contributions certified by the Actuary on 4 February 2009.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

23 June 2010

# THE PILKINGTON SUPERANNUATION SCHEME

## Summary of Contributions payable in the year

During the year, the contributions payable to the Scheme were as follows:

	Employees £'000	Employer £'000
<b>Required by the schedule of contributions</b>		
Normal contributions	5,171	11,051
Special contribution	-	521
<b>Total</b>	<b>5,171</b>	<b>11,572</b>
<b>Other contributions payable</b>		
Deficit funding	-	4,679
AVCs	386	-
Augmentations of individual members' benefits	-	10,887
<b>Total (as per Fund Account)</b>	<b>5,557</b>	<b>27,138</b>

Signed on behalf of the Trustee:



9. June 2010



# THE PILKINGTON SUPERANNUATION SCHEME

## **Independent Auditors' report to the Trustee of the Pilkington Superannuation Scheme**

We have audited the financial statements of the Pilkington Superannuation Scheme for the year ended 31 December 2009 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.

### **Respective responsibilities of the Trustee and Auditors**

The Trustee's responsibilities for obtaining an Annual Report and audited financial statements prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with Section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and contain the information required by the relevant legislation. 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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustee's Report, Investment Report, Actuarial Certificates, Schedule of Contributions and other information detailed on the contents page. 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

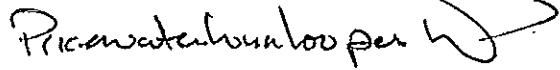
## THE PILKINGTON SUPERANNUATION SCHEME

evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial transactions of the Scheme during the year ended 31 December 2009, and of the amount and disposition at that date of its assets and liabilities, other than the liabilities to pay pensions and benefits after the end of the year, and
- the financial statements 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.



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester

23 June 2010

## THE PILKINGTON SUPERANNUATION SCHEME

### Fund Account for the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Contributions and benefits</b>			
Contributions receivable	3	32,695	16,977
Transfers in	4	34	124
Other income	5	1	7
		32,730	17,108
Benefits payable	6	90,458	69,776
Payments to and on account of leavers	7	591	851
		91,049	70,627
<b>Net withdrawals from dealings with members</b>		(58,319)	(53,519)
<b>Returns on investments</b>			
Investment income	9	7,956	8,371
Change in market value of investments	10	164,754	(266,521)
Investment management expenses		(639)	(1,402)
		172,071	(259,552)
<b>Net returns on investments</b>		172,071	(259,552)
<b>Net increase/(decrease) in the Scheme during the year</b>		113,752	(313,071)
<b>Net assets of the Scheme brought forward</b>		1,035,295	1,348,366
<b>Net assets of the Scheme carried forward</b>		1,149,047	1,035,295

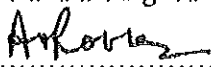
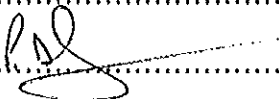
## THE PILKINGTON SUPERANNUATION SCHEME

### Net assets statement as at 31 December 2009

	Notes	2009 £'000	2008 £'000
Investment assets	10	1,153,070	1,114,585
Investment liabilities	10	(1,613)	(77,881)
		1,151,457	1,036,704
Current assets	11	2,477	1,223
Current liabilities	12	(4,887)	(2,632)
Net assets of the Scheme carried forward		1,149,047	1,035,295

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 section on the Actuarial Valuation on pages 7 to 10 and the Actuary's certificate on page 29 of the annual report and these financial statements should be read in conjunction with this information.

The financial statements on pages 35 to 46 were approved by the Trustee on 9 June 2010 and are signed on their behalf by:

.....  
  
 .....  
  
 .....

Directors of Pilkington Brothers  
 Superannuation Trustee Limited

## Notes to the financial statements 31 December 2009

### 1 Basis of preparation

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, and in accordance with the guidelines set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (as revised May 2007 ("SORP")).

### 2 Accounting policies

A summary of the more important accounting policies, which have been applied consistently, is set out below:

#### (a) Investments and cash deposits

- (i) Fixed interest securities, index-linked securities and UK equities and convertibles are valued at bid prices at the year end date. Accrued interest is excluded from the market value of fixed interest securities but is included in investment income receivable. Market values of investments listed in overseas currencies are translated into sterling at the rates of exchange ruling at the year end date.
- (ii) Pooled investment vehicles are valued at bid prices at the year end date.
- (iii) Cash deposits in overseas currencies are translated into sterling at the relevant rates of exchange ruling at the year end date.
- (iv) Unlisted securities are valued at valuations provided by the investment managers.
- (v) Futures and options are valued at market prices at the year end and are reflected in the financial statements on the basis of net worth. Money market futures and short dated interest rate swaps have been valued using market values rather than notional (par) values.

Forward foreign currency contracts are included at market value. Surpluses and deficits arising are applied to increase or decrease the Scheme's accumulated fund.

Some or all of the overseas currency exposure is hedged via the purchase of forward currency contracts. Any unrealised profit or loss on these contracts at the year-end date, measured by the difference between the spot rate and the contract rate, is included in the change in market value of investments. Any realised gains and losses on forward contracts are also included in the change in market value of investments.

#### (b) Income from Investments

- (i) Income from cash and short term deposits is dealt with in these financial statements on an accruals basis.

## THE PILKINGTON SUPERANNUATION SCHEME

(ii) Income from UK equities and overseas securities and any pooled investment vehicles which distribute income is accounted for on the date stocks are quoted ex-dividend/interest. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund.

(c) **Benefits**

Refunds on withdrawal and single cash sums on retirement are accounted for on an accruals basis based on the date of leaving or retirement.

Retirement benefits where a member has, and has exercised, a choice of either a full pension or a lump sum plus reduced pension are accounted for on an accruals basis based on the later of the retirement date or the date the option was exercised.

(d) **Contributions**

Current service and other contributions are accounted for on an accruals basis (see Notes 3 and 11). Augmentations and special contributions are accounted for in accordance with the agreement made by the Principal Employer under which they are being paid. Deficit funding contributions are accounted for in accordance with the agreement under which they are being made or, in the absence of an agreement, on a cash receipts basis.

(e) **Investment management expenses**

Investment management expenses are accounted for on an accruals basis.

(f) **Transfer values**

Transfer values represent the capital sums either received in respect of newly-joined members from the pension schemes of their previous employers or paid to the pension schemes of new employers for members who have left service.

Transfers to and from the Scheme are accounted for when the trustee of the receiving scheme has agreed to accept the liabilities in respect of the transferring members or payment is made to a personal pension.

(g) **Foreign currencies**

Income received in foreign currency is translated into sterling at the exchange rate ruling on the date of receipt. Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end. Surpluses and deficits arising on conversion or translation of investments are dealt with as part of realised and unrealised investment gains and losses.

## THE PILKINGTON SUPERANNUATION SCHEME

### 3 Contributions receivable

	2009 £'000	2008 £'000
<b>From employers</b>		
Normal	11,051	7,992
Augmentations	10,887	642
Due under NSG agreement	521	4,000
Deficit Funding	4,679	-
	27,138	12,634
<b>From members</b>		
Normal	5,171	3,847
Additional Voluntary Contributions		
- added years	313	423
- money purchase	73	73
	5,557	4,343
<b>Total contributions</b>	32,695	16,977

Contributions are being made by the employer in respect of augmentations of certain benefits to individuals particularly in respect of funding of pension make up for redundant employees.

The employer contribution described as "due under NSG agreement" refers to the amount paid by the employer to fulfil the undertaking that their contribution will be a minimum of 10.5% pensionable salary plus £4m. The employer contribution described as "Deficit funding" fulfils the obligation undertaken by Pilkington Group Limited to make good any deficit arising on an IAS19 basis at 31 March in any year over a period not exceeding seven years.

Members are permitted to make additional voluntary contributions into money purchase type arrangements under which contributions received are invested on behalf of the individuals concerned to provide additional benefits within the overall limits laid down by the Scheme's Rules (see also note 10). Members are also entitled to purchase additional defined benefits under the provisions of the Scheme.

### 4 Transfers in

	2009 £'000	2008 £'000
Individual transfers in from other schemes	34	124
	34	124

## THE PILKINGTON SUPERANNUATION SCHEME

<b>5</b>	<b>Other income</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Claims on term insurance policies	<u>1</u>	<u>7</u>
<b>6</b>	<b>Benefits payable</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Pensions payable	67,515	63,420
	Payments on retirement of members		
	- commutations	22,002	5,143
	Payments on death of members		
	- lump sums	941	1,213
		<u>90,458</u>	<u>69,776</u>
<b>7</b>	<b>Payments to and on account of leavers</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Refunds to members	16	7
	State scheme payments	11	6
	Individual transfers to other schemes	564	838
		<u>591</u>	<u>851</u>
<b>8</b>	<b>Administrative expenses</b>		
	All costs of administration, other than Scheme investment expenses, were borne by Pilkington Group Limited.		
<b>9</b>	<b>Investment Income</b>	<b>2009</b> <b>£'000</b>	<b>2008</b> <b>£'000</b>
	Dividends receivable from equities	1,519	3,058
	Income from fixed interest securities	4,352	4,342
	Income from index-linked securities	650	293
	Interest receivable on cash deposits	12	617
	Distributions from pooled investment vehicles	1,488	200
		<u>8,021</u>	<u>8,510</u>
	Non-recoverable overseas tax	(65)	(139)
		<u>7,956</u>	<u>8,371</u>



## THE PILKINGTON SUPERANNUATION SCHEME

### 10 Investments

	Market value at 1 Jan 2009	Purchases at cost and derivative payments	Sales Proceeds and derivative receipts	Change in market value	Market Value at 31 Dec 2009
	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	75,908	86,738	(84,766)	2,764	80,644
Equities	99,149	28,383	(131,748)	4,241	25
Index linked securities	5,657	85,165	(32,248)	4,698	63,272
Pooled investment vehicles - managed and unitised funds	900,687	393,007	(428,193)	131,179	996,680
Derivatives	(56,284)	121,786	(85,307)	22,959	3,154
AVC investments	739	73	(212)	116	716
	<u>1,025,856</u>	<u>715,152</u>	<u>(762,474)</u>	<u>165,957</u>	<u>1,144,491</u>
Cash deposits	9,560			(1,203)	5,450
Investment creditor	(755)			-	(716)
Investment debtor	63				"
Accrued investment income	1,980				2,232
	<u>1,036,704</u>			<u>164,754</u>	<u>1,151,457</u>

The preceding figures comprise:

	2009 £'000	2008 £'000
Fixed interest securities	80,644	75,908
Equities	25	99,149
Index linked securities	63,272	5,657
Pooled investment vehicles	996,680	900,687
Derivatives – assets	4,051	20,842
AVC investments	716	739
Cash deposits	5,450	9,560
Investment debtor	"	63
Accrued investment income	2,232	1,980
Investment assets	<u>1,153,070</u>	<u>1,114,585</u>
Investment creditor	(716)	(755)
Derivatives - liabilities	(897)	(77,126)
Investment liabilities	<u>(1,613)</u>	<u>(77,881)</u>
Total market value of investments	<u>1,151,457</u>	<u>1,036,704</u>

## THE PILKINGTON SUPERANNUATION SCHEME

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £236,000 (2008: £172,000). In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. Information about the amount of indirect costs is not separately provided to the Scheme.

	2009 £'000	2008 £'000
<b>Fixed Interest Securities (held directly by the Scheme)</b>		
UK quoted	28,722	19,127
Overseas quoted	49,150	50,323
UK government	-	894
Overseas government	2,772	5,564
	<u>80,644</u>	<u>75,908</u>

	2009 £'000	2008 £'000
<b>Equities (held directly by the Scheme)</b>		
UK quoted	25	16
Overseas quoted	-	99,133
	<u>25</u>	<u>99,149</u>

	2009 £'000	2008 £'000
<b>Index Linked Securities (held directly by the Scheme)</b>		
UK Government	58,326	-
UK quoted	3,892	3,828
Overseas quoted	1,054	1,829
	<u>63,272</u>	<u>5,657</u>

	2009 £'000	2008 £'000
<b>Pooled investment vehicles</b>		
- Managed and unitised funds – other		
<b>Bond based funds</b>		
SSgA managed – >5 year Index Linked	107,813	165,794
SSgA managed – >15 year Gilts	-	136,071
SSgA managed – >15 year Corporate Bonds	-	51,930
SSgA managed – Sterling Corporate Bonds All Stocks	129,554	58,327
PIMCO managed - UK Corporate Bond Fund Institutional Accumulation	90,771	76,878
Henderson managed – Global Investors Long Dated Credit	117,270	-
	<u>445,408</u>	<u>489,000</u>

## THE PILKINGTON SUPERANNUATION SCHEME

<b>Equity based funds</b>		
LGIM Managed – Asia Pacific ex Japan Equity Index	57,100	-
LGIM Managed –Japan Equity Index	12,359	-
LGIM Managed –Japan Equity Index GBP Hedged	37,300	-
UOB managed – UOB Kinetics Paradigm Fund	59,848	47,036
Nomura managed - India Equity Fund – Class A	-	5,122
SSgA managed – UK Equity Index	129,363	145,108
SSgA managed – North American Index	76,818	90,340
SSgA managed – Europe ex UK Equity	98,522	112,323
	<u>471,310</u>	<u>399,929</u>
<b>Property based funds</b>		
Pooled Property Funds	28,148	11,758
<b>Hedge funds</b>		
JPMAAM managed – Multi Strategy Fund Class C	51,814	-
	<u>996,680</u>	<u>900,687</u>
Total Pooled Investment Vehicles	<u>996,680</u>	<u>900,687</u>

All pooled investment vehicle managers are registered in the UK with the exception of UOB, which is registered in the Republic of Ireland and JPMAAM which is registered in the United States of America.

<b>Derivatives</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
UK government derivatives	(135)	319
Overseas government derivatives	514	(1,498)
Derivatives excluding forward foreign exchange contracts	<u>379</u>	<u>(1,179)</u>
<b>Forward foreign exchange contracts</b>		
Contracts entered into for the purpose of hedging		
-assets	2,788	16,569
-liabilities	(301)	(69,447)
Contracts entered into for tactical purposes		
-assets	580	3,954
-liabilities	(292)	(6,181)
Forward foreign exchange contracts	<u>2,775</u>	<u>(55,105)</u>
Total Derivatives	<u>3,154</u>	<u>(56,284)</u>

All the above investments in derivatives are in order to facilitate efficient portfolio management by the Scheme's investment managers within their delegated investment mandates (including the reduction of cost or the generation of additional capital or income with an acceptable level of risk). The economic exposure represents the notional value of stock purchased under derivative contracts and therefore the value subject to market movements.

## THE PILKINGTON SUPERANNUATION SCHEME

### Derivatives excluding forward foreign exchange contracts

Type of derivative	Expiration	2009	2009	2008	2008
		Economic exposure £'000	Market Value £'000	Economic exposure £'000	Market Value £'000
Overseas government bonds exchange traded futures	Less than 1 year	45,279	514	84,460	(1,498)
UK government bonds exchange traded futures	Less than 1 year	5,837	(135)	6,791	319
		<b>51,116</b>	<b>379</b>	<b>91,251</b>	<b>(1,179)</b>

### Currency Forward Contracts

#### Forward exchange contracts entered into for the purpose of hedging

Number of Contracts	Currency Bought		Currency Sold		2009	2009	2008	2008
		'000		'000	Asset £'000	Liability £'000	Asset £'000	Liability £'000
4	EUR	14,500	GBP	13,184	-	(301)	6,042	-
5	USD	9,396	GBP	5,727	92	-	6,390	-
0	JPY		GBP		-	-	4,137	-
9	GBP	97,500	EUR	106,790	2,619	-	-	(21,090)
9	GBP	106,716	USD	259,399	77	-	-	(31,181)
0	GBP		JPY		-	-	-	(17,176)
					<b>2,788</b>	<b>(301)</b>	<b>16,569</b>	<b>(69,447)</b>

In order to reduce the Scheme's exposure to foreign currency risk, an amount of £274 million of US dollars, Euro and yen (representing approximately 65% of the Scheme's total exposure to assets denominated in currencies other than sterling) is hedged back to sterling. The US dollar and Euro exposures are hedged by means of foreign currency contracts, all of which are due to expire within 6 months. The yen exposure is hedged by investment in hedged pooled funds.

In accordance with individual mandates, one of the Scheme's investment managers has entered into forward currency contracts during the year for tactical purposes. At 31 December 2009 there were 48 such contracts open in 17 currencies, all expiring within 12 months. Unrealised gains on these contracts amounted to £580,000 (2008 £3,954,000) with unrealised losses of £292,000 (2008 £6,181,000).

### AVC Investments

The Trustee holds assets invested separately from the main Scheme in the form of insurance policies (with-profits and/or unit-linked), securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held to their account and the movements in the year. The aggregate amounts of AVC investments are as follows:

	2009 £'000	2008 £'000
Equitable Life Assurance Society	268	291
Prudential	448	448
	<b>716</b>	<b>739</b>

## THE PILKINGTON SUPERANNUATION SCHEME

	2009	2008
	£'000	£'000
<b>Cash deposits</b>		
Sterling	1,578	894
Foreign currency	496	5,911
Sterling Term Deposits	3,376	2,755
	5,450	9,560

### Investment Debtor and Creditor

The investment debtor and creditor represent the amount due to settle outstanding investment purchases and sales after the year end.

### 11 Current assets

	2009	2008
	£'000	£'000
Due from participating companies :-		
Contributions - Normal Employee	343	293
Contributions – Normal Employer	695	552
Contributions – Augmentations	569	64
Contributions – Due under NSG agreement	521	-
Other	9	11
	2,137	920
Bank balance	80	138
Other debtors	260	165
	2,477	1,223

The contributions due at the year-end were subsequently received in accordance with the schedule of contributions.

### 12 Current liabilities

	2009	2008
	£'000	£'000
Unpaid benefits	4,544	1,693
Due to participating companies	-	253
Investment management expenses	196	535
Other	147	151
	4,887	2,632

### 13 Self-investment

There was no direct employer-related investment during the year although certain of the pooled funds may hold NSG shares.

## THE PILKINGTON SUPERANNUATION SCHEME

### 14 Concentration of investments

The following investments represent more than 5% of the net assets of the Scheme at the year end:

	2009	2008
SSgA managed – >15 year Gilts	-	13.1%
SSgA managed – >5 year Index Linked	9.4%	16.0%
SSgA managed – UK Equity Index (2007 Enhanced Index)	11.2%	14.0%
SSgA managed – Europe ex UK Equity (2007 Enhanced Index)	8.6%	10.8%
PIMCO managed - UK Corporate Bond Fund Institutional Accumulation	7.9%	7.4%
UOB managed – UOB Kinetics Paradigm Fund	5.2%	4.5%
SSgA managed – 15 year Corporate Bonds	-	5.0%
SSgA managed – Sterling Corporate Bonds	11.2%	5.6%
SSgA managed – North America Index (2007 Enhanced Index)	6.7%	8.7%
Henderson managed – Global Investors Long Dated Credit	10.2%	-

### 15 Related party transactions

The Scheme has received contributions in respect of directors of the Trustee who are also contributing members of the Scheme.

The Scheme has paid benefits to directors of the Trustee who are also beneficiaries of the Scheme.

All of the above transactions are in accordance with the rules of the Scheme.

Administration and accountancy services were provided and paid for by Pilkington Group Limited.

Certain investment management expenses, incurred on behalf of the Scheme, were paid for by Pilkington Group Limited and subsequently recharged to the Scheme. The expenses charged during the year were £54,000 (2008 £13,000), and the amount owed to Pilkington Group Limited at 31 December 2009 for expenses not yet recharged was Nil (2008 £2,200).

### 16 Contingent liabilities

Other than the liability to pay future pensions, there were no material contingent liabilities of the Scheme at 31 December 2009 or at 31 December 2008.