



June 2010

# Protecting the future of your Scheme

The Company is proposing a number of changes to the BOC Pension Scheme ('the Scheme'). This special newsletter outlines the reasons behind the proposal, the changes proposed, what they could mean for you, and how the Company intends to consult about these changes.

## Reasons for the proposed changes

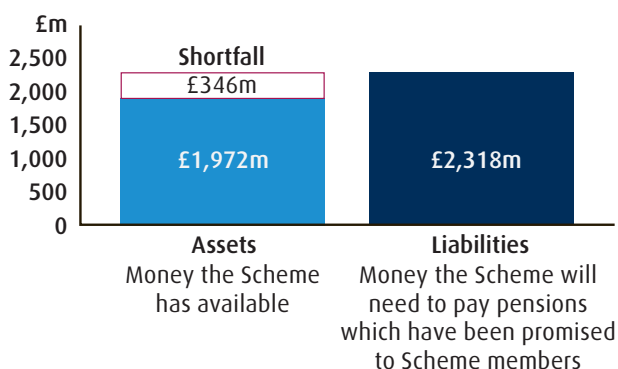
Like many other businesses, the Company has seen its pension costs increase significantly in recent years as a result of factors beyond its control. These include:

- Increases in life expectancy, making pensions more expensive to provide;
- Changing legislation and greater regulatory pressure; and
- An extremely challenging economic environment, resulting in poorer than anticipated returns on Scheme investments.

These are all long-term problems which have been affecting the Scheme for some time, and to which there is no quick solution. The Company has supported the Scheme through these difficult times, having paid extra contributions of over £400 million in the past five years, and has increased its regular contributions to 12% of members' pensionable earnings for Level 1, and 22.4% for Level 2.

Despite these substantial Company contributions, there is still a significant Scheme deficit. The shortfall in the Scheme's funding level is estimated to be £346m as at 31 March 2010. This means that the Scheme's assets only cover 85% of its liabilities, based on the benefits it currently provides.

Estimated Scheme funding level at 31 March 2010



"The Company has supported the Scheme through difficult times, having paid extra contributions of over £400 million in the past five years, and has increased its regular contributions to 12% of members' pensionable earnings for Level 1, and 22.4% for Level 2."

These extra contributions have had a significant effect on the profits of the UK businesses. The Company cannot continue making this level of contributions. It needs to bring its pension costs under control in order to make the Scheme sustainable for the long term.

The Company wants to continue to provide a defined benefit pension scheme – to do so it must make the Scheme affordable for the future. Because of the financial pressures on the Scheme outlined opposite, the Company is proposing changes that will enable it to continue to provide you with excellent benefits. The proposed changes are as follows:

1. Increasing members' contributions
2. Introducing a cap on increases to pensionable earnings
3. Changing the cap on increases to pensions in payment
4. Establishing a new scheme providing identical benefits specifically for Gist members

After the proposed changes, the Company would still be providing very good defined benefit schemes, offering extremely valuable benefits for all members.

These changes would take effect from 1 April 2011. You can read more about the proposed changes inside.

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## Further information

In addition to the information contained in this newsletter, you'll also find a video presentation and other useful tools on the Scheme website.

If you have a question about your understanding of the information in this newsletter, please email [pensions.changes@boc.com](mailto:pensions.changes@boc.com)

Just log on to [www.bocpensions.co.uk](http://www.bocpensions.co.uk) and click on 'Information about the proposed Scheme changes'.



# How the proposal was developed

In order to fully understand how to address increasing pension costs, the Company carried out a full review of the existing arrangements, lasting over 12 months. Senior management in the UK had lengthy discussions with Linde Group Management before reaching agreement on the proposal. A number of options were considered and discounted, including closing the Scheme to future pension build up.

## Aims of the proposal

The proposed changes aim to make sure that:

- The Company can continue to provide very good defined benefit pension schemes for existing members;
- Members pay a more appropriate share of the cost of the schemes – although the Company still bears most of the cost;
- The cost of running the schemes is more predictable; and
- The schemes are financially sustainable in the long term.

The proposed changes are set out on the following pages and it is anticipated that they would come into effect on 1 April 2011.

Please remember when considering the proposal outlined that the Company would still provide very good defined benefit schemes. This means that the pension you would receive would still be based on your service and earnings.

## The consultation process

The Company will begin a consultation process with Trade Union and employee representatives soon, during which your views and comments will be considered. The Company is committed to making the consultation process effective, and more details are set out on the back page.

## Discussions with the Trustees

The Company has begun discussions with the Trustees of the Scheme.

## At a glance

The proposal aims to ensure that:

- The Company can continue to provide very good defined benefit schemes.
- Members pay a more appropriate share of the cost.
- The cost of running the schemes is more predictable.
- The schemes are financially sustainable.

## What is a defined benefit scheme?

The BOC Pension Scheme is a 'defined benefit' scheme. This means that the amount of pension you build up is based on your service and earnings. This is in contrast to a 'defined contribution' scheme, such as the BOC Retirement Savings Plan, which has been offered to new employees since 2003. In a defined contribution scheme, the amount of pension depends on how much you contribute, investment growth and the cost of buying a pension at retirement.

# Explanation of the proposed changes

There are four proposed changes:

<b>1</b> Increasing members' contributions.	<b>2</b> Introducing a cap on increases to pensionable earnings.	<b>3</b> Changing the cap on increases to pensions in payment.	<b>4</b> Establishing a new scheme providing identical benefits for Gist members.
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## 1. Increase in members' contributions

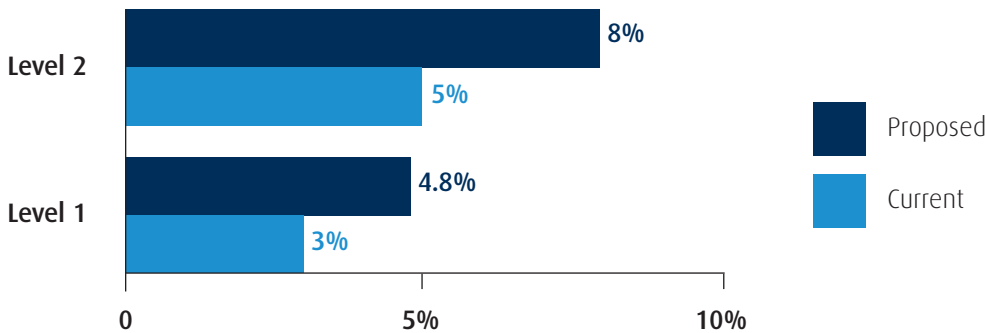
### A reminder of the contributions you currently make

At present your contributions are 3% of your pensionable earnings if you are a Level 1 member and 5% if you are a Level 2 member.

### Proposed increase to member contributions

The Company proposes to increase the contributions you make from 1 April 2011. This would help to ensure a fairer balance in the cost of providing benefits between the Company and members, and that the schemes can continue to provide very good defined benefits in the future. Remember that the Company currently pays regular contributions of 22.4% of pensionable earnings for each Level 2 member, and 12% for each Level 1 member.

The proposed increase to member contributions would be as follows:



**What are my pensionable earnings?**

Your pensionable earnings are all the contractual elements of your pay. Your pensionable earnings are used to calculate your pension contributions and benefits.

Assuming that you pay UK income tax and National Insurance contributions, the actual cost to you of the increase in contributions would be less than this because:

- You receive tax relief on your pension contributions.
- You also receive a National Insurance rebate as a result of being contracted out of the State Second Pension.
- If you are in Salary Exchange, you benefit from even greater National Insurance savings. (If you have not joined Salary Exchange and want to do so, you need to complete a Salary Exchange opt-in form and return it to your local HR/Personnel Department. You can download this form from the Salary Exchange section of the Scheme website.)

These factors all bring down the actual cost of your contributions significantly.

## Here are some simple examples to illustrate this:

### Level 2 member earning £20,000

A Level 2 member earning £20,000 would contribute £133 a month under the proposal (that's 8% of pensionable earnings), compared to £83.33 under the current arrangements (5% of pensionable earnings).

In Salary Exchange, the actual cost would be £74.19 (4.5%) a month, compared to £38.89 (2.3%) under the current arrangements. (Out of Salary Exchange, the actual cost would be £86.73 (5.2%), compared to £46.73 (2.8%) under the current arrangements.)

## At a glance

- From 1 April 2011, the Company is proposing to increase contributions from 3% to 4.8% for Level 1 members and from 5% to 8% for Level 2 members.
- The actual cost of your contribution would be less than this because of tax relief and the National Insurance rebate.
- The cost would be even less if you participate in the Salary Exchange programme introduced by the Company last year.
- A contribution calculator is available on the website to help you to see the effect of the proposal on your take-home pay.

	Total contribution in £s	Total contribution as a % of pensionable earnings	Actual cost to you in £s (in Salary Exchange)	Actual cost to you as a % of pensionable earnings (in Salary Exchange)
<b>Current arrangements</b>	£83.33	5%	<b>£38.89</b>	<b>2.3%</b>
<b>Under proposal</b>	£133	8%	<b>£74.19</b>	<b>4.5%</b>

### Level 2 member earning £30,000

A Level 2 member earning £30,000 would contribute £200 a month under the proposal (that's 8% of pensionable earnings), compared to £125 under the current arrangements (5% of pensionable earnings).

In Salary Exchange, the actual cost would be £107.93 (4.3%) a month, compared to £54.98 (2.2%) under the current arrangements. (Out of Salary Exchange, the actual cost would be £126.73 (5.1%), compared to £66.73 (2.7%) under the current arrangements.)

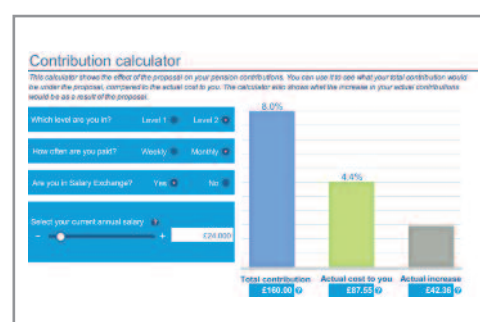
	Total contribution in £s	Total contribution as a % of pensionable earnings	Actual cost to you in £s (in Salary Exchange)	Actual cost to you as a % of pensionable earnings (in Salary Exchange)
<b>Current arrangements</b>	£125	5%	<b>£54.98</b>	<b>2.2%</b>
<b>Under proposal</b>	£200	8%	<b>£107.93</b>	<b>4.3%</b>

## Contribution calculator

A contribution calculator is available on the Scheme website to help you to see the effect of the proposal on your take-home pay. You can find the calculator at [www.bocpensions.co.uk/contributioncalculator](http://www.bocpensions.co.uk/contributioncalculator)

By moving the slider to your salary, you'll be able to see what your total contribution would be under the proposal, compared to the actual cost to you. The calculator will also show what the increase in your actual contributions would be.

There's also a quick ready reckoner on page 13 to help you to see what your contributions would be under the proposal.



## 2. Cap on future increases to your pensionable earnings

### A reminder of how your pension is calculated

The Scheme has two levels of membership – Level 1 and Level 2. Level 1 members make lower contributions and therefore earn pension at a lower rate.

The formula for calculating your pension for future service from 1 April 2011 would not change under the proposal. Your pension would still be calculated on a defined benefit basis, as follows:

$$\begin{array}{l} \text{Level 1} = \frac{1}{100} \times \text{final pensionable earnings} \times \text{pensionable service} = \text{annual pension} \\ \text{Level 2} = \frac{1}{60} \times \text{final pensionable earnings} \times \text{pensionable service} = \text{annual pension} \end{array}$$

### Proposed cap on increases to pensionable earnings

The proposal includes introducing a cap on the future increases to your pensionable earnings, which are used to calculate your contributions and pension benefits.

This cap would not affect your actual pay – only the earnings on which your pension contributions and benefits are based.

From 1 April 2011, increases to your pensionable earnings would be subject to a cap of 2.5%. So, in effect, only pay rises up to 2.5% would count towards your future pensionable earnings. For example, if you were to get a pay rise of 3%, only 2.5% of this would count towards your pensionable earnings and the resulting pension.

The contributions you make would also be calculated based on your capped pensionable earnings.

The impact of the cap would depend on your future salary increases. For example, if your pay increases at a lower rate than 2.5%, the cap would not affect you.

#### What are final pensionable earnings?

Your final pensionable earnings are broadly the highest of:

- The average of your final three years' annual pensionable earnings;
- The average of your highest three consecutive tax years' annual pensionable earnings in your final thirteen years' service; and
- The average of your pensionable earnings over your entire pensionable service, revalued to take account of inflation.

#### What is pensionable service?

This is the time you have been a member of the Scheme in years and months, plus any additional years credited as a result of a transfer from a previous pension arrangement. For any period of part-time employment, pensionable service will be adjusted proportionately.

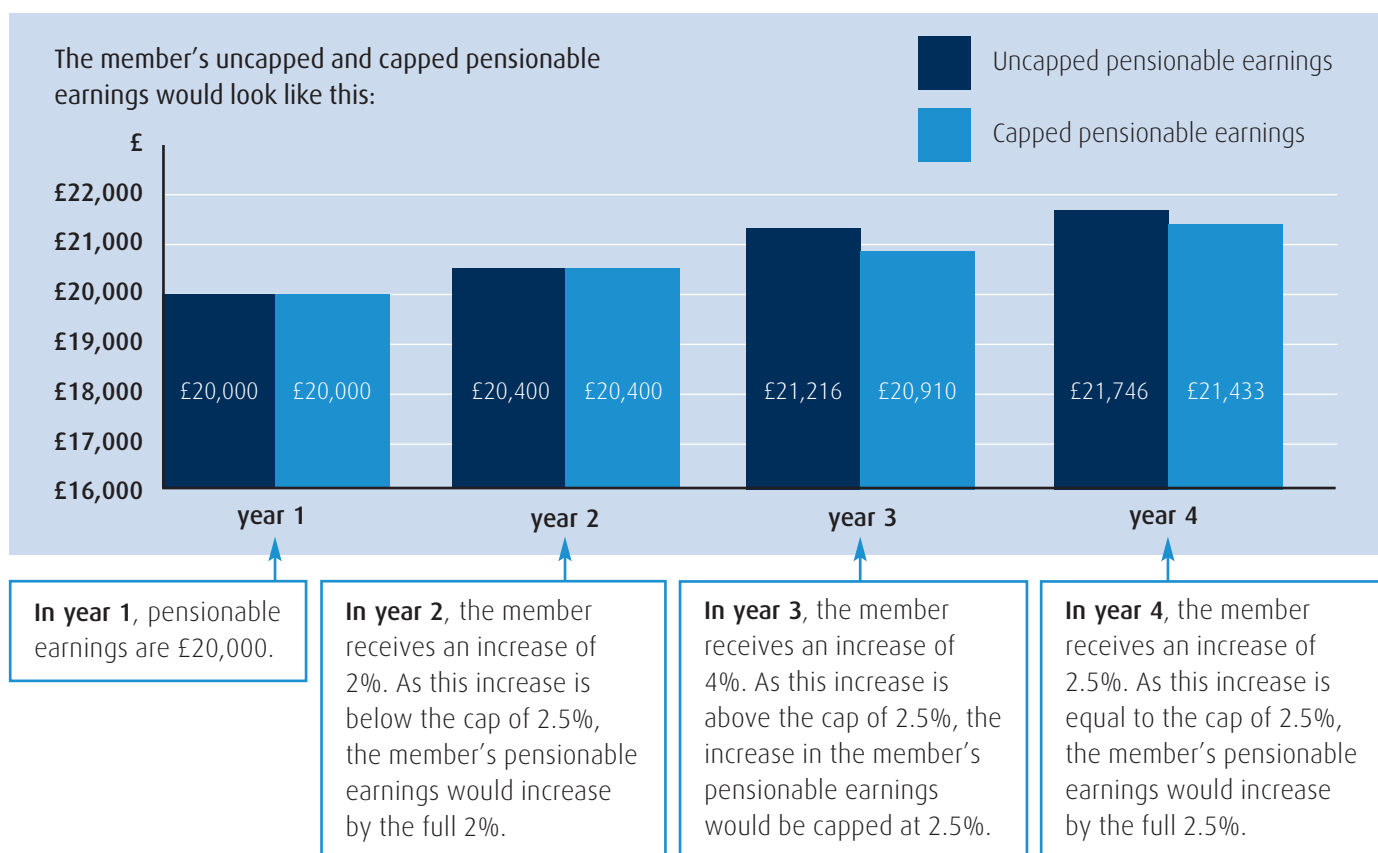
## Here's an example of how the cap would operate from 1 April 2011

Let's assume a member:

- has pensionable earnings of £20,000 in year 1; and
- receives pay increases of: 2% in year 2; 4% in year 3; and 2.5% in year 4.

### At a glance

- The formula for calculating your pension for future service would not change.
- A cap would be introduced on future increases to your pensionable earnings.
- This cap would not affect your actual pay – only the earnings on which your pension contributions and benefits are based.
- A pension calculator will be available on the website to help you to see the effect of the proposal on your pension benefits.

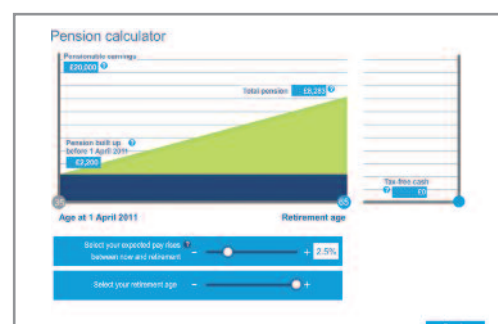


So, the member's final pensionable earnings in year 4 would be £20,914 under the proposal (i.e. the yearly average of the capped pensionable earnings for years 2, 3 and 4). Under the current arrangements, the member's final pensionable earnings would have been £21,121. This would affect the amount of pension the member would receive should he or she retire in year 4.

### Pension calculator

A pension calculator will be available on the Scheme website. The calculator has been designed to help you understand how the proposed changes to the Scheme might affect your pension. You can use the calculator to see the effect of future salary increases on your pension benefits. You can find the calculator at [www.bocpensions.co.uk/pensioncalculator](http://www.bocpensions.co.uk/pensioncalculator)

The normal annual benefit statement will be issued in June and will contain the information you need for the calculator.



## The benefits you have already built up

The pensionable service you have built up in the Scheme before 1 April 2011 would be unaffected by the proposal, and would still count towards your pension.

The benefits earned before 1 April 2011 would be calculated separately to the benefits you build up from that date, as follows:

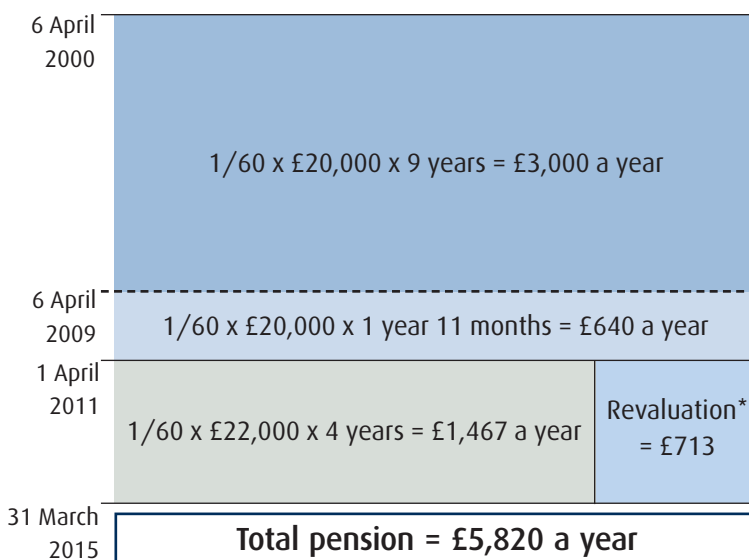
- Your pension earned up to and including 31 March 2011 would be based on your final pensionable earnings and pensionable service at that date;
- This pension would then be increased each year from 1 April 2011 until you retire, which is known as 'revaluation'. This revaluation helps your pension to keep pace with inflation;
- This revalued pension would then be added to the benefits you earned from 1 April 2011 to give your total benefits.

The revaluation to your pension earned before 1 April 2011 would be in line with the legislation that applied when you earned the benefits. Broadly, the benefits you earned:

- before 6 April 2009 would increase at the same rate as the Retail Prices Index (RPI), up to a maximum of 5% a year;
- from 6 April 2009 to 31 March 2011 would increase at the same rate as RPI, up to a maximum of 2.5% a year.

## For example

If a Level 2 member joined the Scheme on 6 April 2000 and has final pensionable earnings of £20,000 on 31 March 2011, and then retires on 31 March 2015 with final pensionable earnings of £22,000, his or her pension would be calculated as follows:



## At a glance

- Your pensionable service before 1 April 2011 would still count towards your pension.
- Your pension would be calculated at 31 March 2011 and based on final pensionable earnings and pensionable service at that date.
- When you retire, benefits earned before April 2011 would be added together with those built up in the Scheme after that date.

### \*How would the revaluation be calculated?

Assuming RPI of 5% between 1 April 2011 and 31 March 2015, the revaluation in this example would be calculated as follows:

- **Pension earned from 6 April 2000 to 5 April 2009**  
Pension would be revalued at the full rate of RPI, so pension of £3,000 would receive revaluation of £647
- **Pension earned from 6 April 2009 to 31 March 2011**  
Pension revaluation would be limited to 2.5%, so pension of £640 would receive revaluation of £66
- Total revaluation would be £647 + £66 = £713

## Impact on your other benefits

The Scheme provides you with a number of other benefits in addition to your pension on retirement. These benefits would continue to be provided under the proposal.

The formula for calculating these benefits would not change under the proposal, and neither would your eligibility for them. However, many of these benefits are calculated based on your pensionable earnings, increases to which would be capped under the proposal.

A summary of the other benefits, including eligibility and how they are calculated, is shown on pages 11 and 12 of this newsletter.

### 3. Revised cap on increases to pensions in payment

Pensions in payment (i.e. the pension you receive after you have retired) are currently increased by RPI up to a maximum of 6% a year compound.

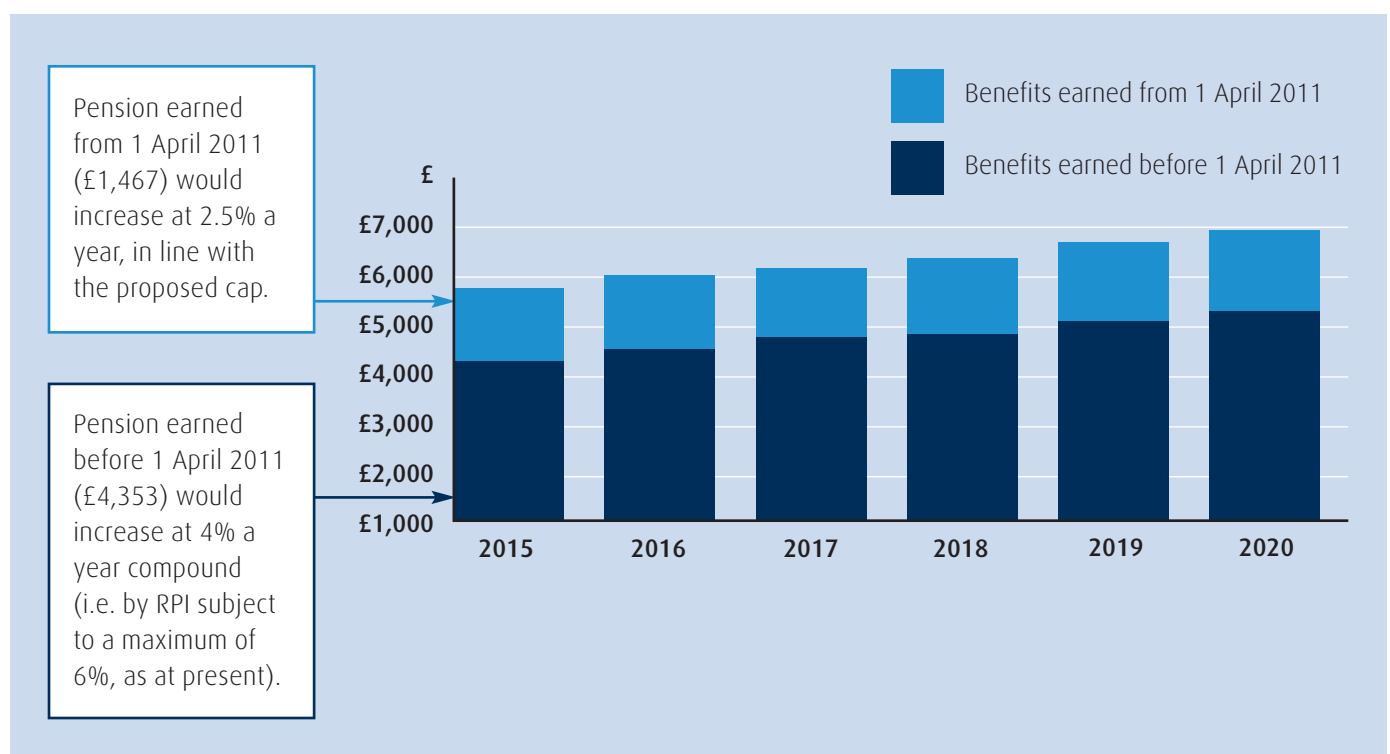
Under the proposal, pensions in payment would be increased by:

- RPI up to a maximum of 2.5% a year, for the proportion of the pension earned from 1 April 2011 onwards; and
- RPI up to a maximum of 6% a year compound, for the proportion of the pension earned prior to 1 April 2011 (i.e. as before).

This would only affect you once you have retired.

#### For example

To continue the example on page 8, the member's pension would increase as follows (if we assume RPI of 4% a year):



## 4. New scheme for Gist

At present, the Scheme is a single legal body in which active members of both Gist and Gases build up pension benefits. The Scheme also holds the liabilities for deferred pensions and pensions already in payment.

Under the proposal, a new scheme would be established for Gist members. Gases members would remain in the current Scheme and future benefits for Gist members would build up in a new scheme from 1 April 2011.

This change would be simply administrative, and benefits for Gist members under the new scheme would be exactly the same as those provided by the current Scheme under the proposal. This means that both Gist and Gases members would receive the same total benefits. Pension benefits earned before 1 April 2011 would also remain within the current Scheme for all members. By law, the Trustees must work with the Company to agree how these liabilities would be funded.

### At a glance

- Gist and Gases members would earn benefits in separate schemes from 1 April 2011.
- Both Gist and Gases members would receive the same total benefits.
- Benefits earned before 1 April 2011 would remain in the current Scheme for all members.

### What would the proposed new structure be?

The proposed new Scheme structure would be as follows:

- From 1 April 2011, a new scheme would be set up for Gist members, providing identical benefits;
- Members of the current Scheme who are employed by Gist would move to this new scheme;
- As the sponsoring employer, Gist would be responsible for providing and funding Gist members' future benefits;
- All proposed changes outlined in this newsletter would be applied to the new scheme as well as the current Scheme;
- Benefits earned by Gist members before 1 April 2011 would remain within the current Scheme; and
- Gases members would stay in the current Scheme.

The benefits Gist members receive out of the two schemes would be the same as Gases members receive out of one scheme. A new trustee board would be established which would consist of Company-appointed and member-nominated trustees. The new trustee board would then appoint advisers to help run the new scheme. However, the new scheme would be administered by BOC Pension Services, as the current Scheme is.

### What about my benefits earned before 1 April 2011?

For all members, benefits earned before 1 April 2011 would remain within the current Scheme. If you are a Gist member, this means that your past and future service would be in different schemes – but you would not lose out on any benefits as a result of this. Your service built up within the current Scheme would still count towards your total pension benefits.

# Impact on your other benefits

The Scheme provides you with a number of other benefits in addition to your pension on normal retirement. A summary of these other benefits, including eligibility and how they are calculated, is shown below.

	What is the benefit?	What are the eligibility requirements?	How is it calculated?
<b>Tax-free cash on retirement</b>	You can take a tax-free lump sum when you retire.	You can take up to 25% of the value of your pension benefits as tax-free cash.	The tax-free cash is calculated based on a percentage of the value of your pension benefits, which in turn are based on your final pensionable earnings, which would be capped under the proposal, and pensionable service.
<b>Ill-health or incapacity benefits</b>	If you have to retire because of serious ill health or incapacity, you may be able to draw your pension immediately, regardless of your age.	Ill-health – the Trustees must be satisfied that you suffer from ill health which prevents you from carrying on your normal occupation.  Incapacity – the Trustees must be satisfied that you suffer from ill health which prevents you from carrying on any employment and is considered permanent.	Ill-health retirement benefits are based on your final pensionable earnings, which would be capped under the proposal, and pensionable service to retirement, plus enhanced service in the case of incapacity. Benefits are not reduced in respect of early payment.
<b>Redundancy pensions</b>	If you are made redundant you may be able to take your pension unreduced from age 55.	You must have at least ten years' qualifying service as a member of the Scheme.	Redundancy pensions are based on your final pensionable earnings, which would be capped under the proposal, and pensionable service at the date you actually retire. Benefits are not reduced in respect of early payment.
<b>Early retirement pensions</b>	You will receive a pension if you decide to retire early.	You must be between age 55 and 65 – but you need the Trustees' consent.	Early retirement pensions are based on your final pensionable earnings, which would be capped under the proposal, and pensionable service at the date you actually retire. Benefits may be reduced to take account of early payment.
<b>Recognised dependants' pensions on death in service</b>	Your recognised dependant (usually your spouse or registered civil partner) will receive a pension for life.	Will only apply if you die whilst a contributing member of the Scheme.	Your recognised dependant will receive a pension based on your pensionable service had you remained in the Scheme to your normal retirement age, and your final earnings*. The proposed cap on increases to pensionable earnings would affect your final earnings* for these purposes.
<b>Death-in-service lump sums</b>	A lump sum paid if you die in service	Will only apply if you die whilst a contributing member of the Scheme.	The lump sum is equal to four times your final earnings*, plus a refund of your contributions.  This benefit would not change under the proposal.

	What is the benefit?	What are the eligibility requirements?	How is it calculated?
Recognised dependants' pensions on death in retirement	Your recognised dependant will receive a pension for life.	Will only apply if you die whilst a retired member of the Scheme.	<p>Your recognised dependant will receive a pension of broadly half of your pension, at retirement (before any reduction for taking tax-free cash), revalued to your date of death. See page 9 for the impact of the proposal on increases to pensions in payment.</p> <p>The recognised dependant's pension is based on your final earnings*, which are affected by the proposed cap on pensionable earnings, and pensionable service.</p>
Death in retirement lump sums	A lump sum payment to your legal personal representative.	Will only apply if you die within five years of retirement.	<p>The balance of five years' pension payments (i.e. five years' payments minus the payments you and your recognised dependant actually received) will be paid as a lump sum. Your pension is based on your final pensionable earnings, which would be capped under the proposal, and pensionable service.</p> <p>Your recognised dependant's pension is based on your final earnings*, which are affected by the proposed cap on pensionable earnings, and pensionable service.</p>
Recognised dependants' pensions on death in deferment	Your recognised dependant will receive a pension for life.	Will only apply if you die whilst a deferred member of the Scheme.	<p>Your recognised dependant will receive a pension of broadly half of your pension at your date of leaving, revalued to your date of death.</p> <p>This will be based on your final earnings*, which are affected by the proposed cap on pensionable earnings, and pensionable service.</p>
Child's allowances payable on death	A child's allowance may be paid on your death for up to four qualifying children.	Only children up to age 16 (or 23 if in full-time education) are eligible to receive this.	<p>Child's allowances are calculated as a quarter of the recognised dependant's pension (or the full amount of the recognised dependant's pension if the child is orphaned).</p> <p>The recognised dependant's pension is based on your final earnings*, which are affected by the proposed cap on pensionable earnings, and pensionable service.</p>

\* The proposal to cap increases to pensionable earnings would affect your final earnings. However, please note that for the purpose of calculating the death-in-service lump sum, the cap on increases to pensionable earnings would be ignored and your uncapped pensionable earnings would be used instead.

# Ready reckoner

Here's a quick ready reckoner to help you to see what your contributions would be under the proposal.

## Level 2

Earnings		Proposed contribution rate (8%)						Existing contribution rate (5%)					
		Total contribution		Actual cost to you		Actual cost to you if you are in Salary Exchange*		Total contribution		Actual cost to you		Actual cost to you if you are in Salary Exchange*	
£20,000	Monthly	£133.33	8%	£86.73	5.2%	£74.19	4.5%	£83.33	5%	£46.73	2.8%	£38.89	2.3%
	Weekly	£30.77	8%	£20.01	5.2%	£17.12	4.5%	£19.23	5%	£10.78	2.8%	£8.97	2.3%
£25,000	Monthly	£166.67	8%	£106.73	5.1%	£91.06	4.4%	£104.17	5%	£56.73	2.7%	£46.93	2.3%
	Weekly	£38.46	8%	£24.63	5.1%	£21.01	4.4%	£24.04	5%	£13.09	2.7%	£10.83	2.3%
£30,000	Monthly	£200.00	8%	£126.73	5.1%	£107.93	4.3%	£125.00	5%	£66.73	2.7%	£54.98	2.2%
	Weekly	£46.15	8%	£29.25	5.1%	£24.91	4.3%	£28.85	5%	£15.40	2.7%	£12.69	2.2%
£40,000	Monthly	£266.67	8%	£166.73	5%	£141.66	4.2%	£166.67	5%	£86.73	2.6%	£71.06	2.1%
	Weekly	£61.54	8%	£38.48	5%	£32.69	4.2%	£38.46	5%	£20.01	2.6%	£16.40	2.1%

## Level 1

Earnings		Proposed contribution rate (4.8%)						Existing contribution rate (3%)					
		Total contribution		Actual cost to you		Actual cost to you if you are in Salary Exchange*		Total contribution		Actual cost to you		Actual cost to you if you are in Salary Exchange*	
£20,000	Monthly	£80.00	4.8%	£44.06	2.6%	£36.54	2.2%	£50.00	3%	£20.06	1.2%	£15.36	0.9%
	Weekly	£18.46	4.8%	£10.17	2.6%	£8.43	2.2%	£11.54	3%	£4.63	1.2%	£3.54	0.9%
£25,000	Monthly	£100.00	4.8%	£53.39	2.6%	£43.99	2.1%	£62.50	3%	£23.39	1.1%	£17.52	0.8%
	Weekly	£23.08	4.8%	£12.32	2.6%	£10.15	2.1%	£14.42	3%	£5.40	1.1%	£4.04	0.8%
£30,000	Monthly	£120.00	4.8%	£62.73	2.5%	£51.45	2.1%	£75.00	3%	£26.73	1.1%	£19.68	0.8%
	Weekly	£27.69	4.8%	£14.48	2.5%	£11.87	2.1%	£17.31	3%	£6.17	1.1%	£4.54	0.8%
£40,000	Monthly	£160.00	4.8%	£81.39	2.4%	£66.35	2.0%	£100.00	3%	£33.39	1.0%	£23.99	0.7%
	Weekly	£36.92	4.8%	£18.78	2.4%	£15.31	2.0%	£23.08	3%	£7.71	1.0%	£5.54	0.7%

\*Salary Exchange means that your salary is reduced by an amount equal to your contributions, and contributions are paid by the Company on your behalf.

# What's next?

## What would my options be?

Under the proposal, you would have four options:

- You could continue to be a member of the Scheme at your current level, in which case your contribution rate would increase as described on pages 4 and 5;
- If you are in Level 2, you could drop to Level 1. This would mean that your contribution rate would not increase (but you would earn future pension at a lower rate as a result);
- You could leave the Scheme and join the BOC Retirement Savings Plan for future service; or
- You could opt out of the Company's pension arrangements altogether and join a personal pension plan – but remember that the Company would not contribute to this.

As always, you could make or increase Additional Voluntary Contributions. This could help to bridge any shortfall arising from the proposed changes.

## Communications to help you

You should have already had a briefing session, which included a short video presentation introducing the proposal. If you'd like to revisit this, the video presentation can be viewed on the Scheme website at

[www.bocpensions.co.uk/proposedschemechanges](http://www.bocpensions.co.uk/proposedschemechanges). There are other resources available on the Scheme website to help you understand the detail of the proposal and effect on your benefits, including:

- A range of frequently asked questions, which will be updated based on comments received.
- A pension calculator – your normal annual benefit statement, which will be issued in June, will contain the information you need for this.

If you have a question about your understanding of the information in this newsletter then please email [pensions.changes@boc.com](mailto:pensions.changes@boc.com). Questions will be responded to via the frequently asked questions on the Scheme website.

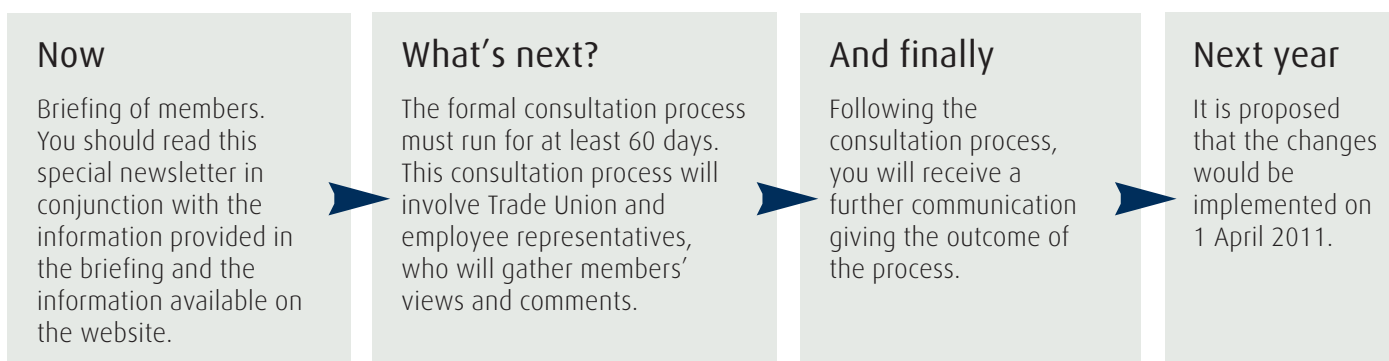
## If you want to comment

The next stage of the process is consultation with Trade Union and employee representatives.

- For Scheme members who are covered by a collective agreement with their Trade Union, the consultation will take place with representatives of the Trade Unions.
- Scheme members who are not covered by a collective agreement will be invited to nominate employee representatives who, when elected, will represent members' views during the consultation process. If this applies to you, you will receive details of the process in the next few days. The Company will publish the names of the representatives after the election process.

If you do have views and comments, you should contact your trade union or employee representative who will be gathering members' views for consideration by the Company during the consultation process.

## Next steps



### Now

Briefing of members. You should read this special newsletter in conjunction with the information provided in the briefing and the information available on the website.

### What's next?

The formal consultation process must run for at least 60 days. This consultation process will involve Trade Union and employee representatives, who will gather members' views and comments.

### And finally

Following the consultation process, you will receive a further communication giving the outcome of the process.

### Next year

It is proposed that the changes would be implemented on 1 April 2011.

#### Legal notes:

1. The description of the Scheme's current benefits is only a summary. If there is any discrepancy between the description of benefits in this newsletter and the Scheme's formal governing documents (as amended from time to time) then the formal governing documents will prevail.
2. The current proposed changes may alter during the course of the consultation, and you will receive a further communication at the end of the consultation process to explain the Company's final plans.
3. This newsletter is issued by The BOC Group Limited on behalf of all employers of affected Scheme members – The BOC Group Limited, BOC Limited, BOC Healthcare Limited, Gist Limited and Linde CryoPlants Limited.