

TfL Pension Fund – Public Sector Section Recovery Plan

This recovery plan relates to the Public Sector Section (the "Section") of the TfL Pension Fund (the "Fund"). It has been prepared by the Trustee of the Fund on 19 May 2010 after obtaining the advice of Richard Williams, the scheme actuary to the Fund.

Funding shortfall

The actuarial valuation of the Section as at 31 March 2009 revealed a funding shortfall (technical provisions minus value of assets) of £1,206 million. (The total funding shortfall after including the shortfalls as at 31 March 2009 in the LUL BCV Section and the LUL SSL Section was £1,331 million.)

Steps to be taken to ensure that the statutory funding objective is met

To eliminate this funding shortfall, the Trustee and Transport for London ("TfL"), the Principal Employer, have agreed that (after making due allowance for contributions, benefit accruals, expenses and interest since the valuation date and for the merger into the Section of the LUL BCV Section and the LUL SSL Section which took place on 30 March 2010) contributions to meet the shortfall will be paid to the Section by the employers as follows:

- contributions until 31 March 2020 equal to 12.95% of the total of the relevant pay definition (as set out in Fund rule 13 for the purpose of calculating Members' contributions) for all Members of the Section, and payable on the same dates as the Members' contributions are due to be remitted to the Section; plus
- on or before each of 31 March 2018, 31 March 2019 and 31 March 2020, a lump sum of £107.4 million increased in line with the increase in the RPI between September 2008 and the September before the payment is made.

Period within which the statutory funding objective is expected to be met

The funding shortfall is expected to be eliminated by 31 March 2020.

This expectation is based on the following assumptions:

- technical provisions calculated according to the method and assumptions set out in the statement of funding principles dated 19 May 2010;
- the investment return on existing assets and on new contributions during the period being as described in the statement of funding principles dated 19 May 2010.

Progress towards meeting the Statutory Funding Objective

It is expected that 50% of the above additional contributions due after 30 April 2010 will be paid within 7 years and 1 month, which is by 31 May 2017.

This recovery plan has been agreed by the Trustee and TfL.

Date of recovery plan (for reference purposes): 19 May 2010

Signed on behalf of the Trustee of the TfL Pension Fund

Signed M. Antonios

Print name M. ANTONIOS

Position Chairman

Date 25/5/10

Signed on behalf of Transport for London

Signed S. D. Allen

Print name S D Allen

Position M.D Finance

Date 21/5/10