

Presenting your Pension 2011

For members of the T-Mobile (UK) Pension Scheme

Highlights during 2010...

- Scheme funds increased to £331m
- Scheme membership at the year end was 8,895
- T-Mobile's annual employer contributions to the Scheme were £17.7m
- Scheme actuarial liability shortfall reduced to £37.3m

Read on inside for more information...

Life's for Sharing



Introduction by the Chair

In the last newsletter that you recently received you were told that the actuarial valuation as at 31 December 2009 was being finalised. I am pleased to say that the valuation process has been completed and details of the results are contained in this newsletter under the section 'Summary Funding Statement'. This Statement also contains information on the Employer contributions to the Scheme and how the funding shortfall will be met. Overall the Trustee Directors believe that the covenant and commitment of Everything Everywhere Ltd to fund the scheme is strong.

The latest annual actuarial report showed that on 31 December 2010:

The value of the liabilities was
£360 million

The assets were valued at
£323 million (excluding voluntary contributions)

So there was a shortfall of
£37 million (funding level 90%)

This newsletter also includes financial details of the Scheme up to 31 December 2010. The net value of the Scheme has increased from £312m as at 2009 to £331m at end of 2010, this takes account of the transfer of £31.5m made to the T-Mobile International UK Pension Scheme. Details are shown in the section headed 'Your Scheme Accounts'.

Everything Everywhere Ltd as Principal Employer is reviewing the structure of the company's pension arrangements. As part of the review the name of the T-Mobile (UK) Pension Scheme has been changed to Everything Everywhere Pension Scheme with effect from 1 July 2011. This does not alter members' benefit entitlements which remain unchanged.

The Scheme will be used to provide pensions for Everything Everywhere Ltd employees from a single arrangement. The proposal is that the existing membership and assets of the Orange Pension Scheme will be transferred into a new separate ring-fenced section of this scheme on the same terms and investment options as already exist. The Scheme will also be used to provide pension arrangement for new employees from 1 November 2011.

The name of the Trustee also changed to Everything Everywhere Pension Trustee Limited on 1 July 2011.

Future communications will be changed and updated to reflect the change of name.

Regards

Jonathan Clarke
Chair
Everything Everywhere Pension Trustee Limited
July 2011



A recap of who the Trustee Directors are...

Your pension scheme is managed by Everything Everywhere Pension Trustee Limited, a Trustee Company (formerly T-Mobile (UK) Pension Trustee Limited) which is completely separate from Everything Everywhere Ltd. This legal separation is really important as it means Everything Everywhere Ltd's financial assets are independent from those of the Scheme, and ensures pension scheme assets are only used for the purposes of the Scheme, such as paying pensions and lump sums to you or your dependants.

The Trustee Company has seven Trustee Directors, who make decisions about the Scheme and are responsible for running it. As a member of the Scheme, you might not ever have direct contact with the Trustee Directors, but their role is to act in your best interests so it's worth knowing who they are and what they do.

Four of the Trustee Directors are chosen by Everything Everywhere Ltd, with the remaining three being nominated by the Scheme members. All of the Trustee Directors except Jonathan Clarke are employees of Everything Everywhere.

The following people are the current Trustee Directors:

Company-appointed Trustee Directors:

JMRC Consulting Ltd (Chairman)
Robyn Durie
Ian Pitcher
Gavin Moore

Member-nominated Trustee Directors:

Tony Fleming
Jeremy Lane (Resigned on 31 January 2011)
Liz Barnes

There are three permanent Committees who deal with specific elements of the Scheme. The Trustee reviews the composition of, and the powers and duties of its permanent Committees every year. The work each Committee does is very important as it concerns the security of your benefits. You can see which Trustee Directors sit on each Committee below:

Funding and Investment Committee:

Jonathan Clarke (Interim Chair)
Tony Fleming
Jeremy Lane (Resigned on 31 January 2011)
Gavin Moore

Governance Committee:

Jeremy Lane
(Chair-Resigned on 31 January 2011)
Robyn Durie
Tony Fleming

Benefits Committee:

Robyn Durie (Chair)
Ian Pitcher
Liz Barnes

The Funding and Investment Committee meets at least quarterly and the other 2 permanent Committees meet as required. Each Committee works to a very clear business plan and terms of reference with full reports being provided back to the Full Board of the Trustee. Similarly, the Full Trustee Board meets quarterly to check that the Scheme is being managed and governed to the highest standards possible, and to ensure that the Scheme can continue to be funded and its assets invested appropriately into the future.

Trustee Advisers

While the Trustee Directors take their responsibilities very seriously, and have completed relevant training for their role, they aren't expected to be experts in every aspect of pensions, so they appoint experienced professional advisers to assist with the running of the Scheme. These include the actuary, legal adviser, investment adviser and auditor.

The main advisers are currently:
Scheme Actuary Keith Barton of Aon Hewitt
Investment Consultants Aon Hewitt
Legal Adviser Eversheds



Your Scheme's Funding...

The Scheme Actuary carries out a formal actuarial valuation of the Scheme at least once every three years. This is an in-depth look at the Scheme's finances. The Actuary uses the results to advise the Trustee about the level of contributions that will be needed in the future in order to pay members' pensions when they are due. The level of contributions is then agreed with Everything Everywhere Ltd and recorded in a formal document, the "Schedule of Contributions".

The value of all members' benefits built up under the Scheme (liabilities) is compared to the value of the funds (assets). If the Scheme has fewer assets than liabilities, it is said to have a "shortfall" or "deficit". If the assets are more than the liabilities, there is said to be a "surplus".

Financial Position of the Scheme

In last year's newsletter, we informed you that the Actuary's valuation as at 31 December 2009 was currently in progress. The Actuary's valuation has now been finalised and showed that at 31 December 2009:

The value of the liabilities was:	£363.8m
The assets were valued at:	£305m
So there was a shortfall of:	£58.8m

To recap, the previous valuation as at 31 December 2006 showed that:

The value of the liabilities was:	£278.3m
The assets were valued at:	£229.6m
So there was a shortfall of:	£48.7m

The shortfall in the Scheme has increased since the previous valuation as at 31 December 2006. This is mainly because the actual investment return on the Scheme's assets has been less than expected, due to equity and property investments not performing as well as expected. Also, the assumptions used for this valuation placed a higher value on the liabilities than those used for the 2006 valuation. In particular, there has been an increase in how long members are expected to live which has also increased the shortfall. These factors have been partially offset by the contributions paid into the Scheme by Everything Everywhere Ltd, and a change in the method of increasing benefits before retirement following the Government's announcement that benefits for deferred members will increase in line with CPI rather than RPI before a member retires.

The Actuary provides the Trustee with regular updates of the Scheme's financial position, and an annual "Actuarial Report", which is not as detailed as the formal actuarial valuation described above, but gives a reasonable assessment of the latest position. The latest actuarial report showed that on 31 December 2010:

The value of the liabilities was:	£360.7m
The assets were valued at:	£323.4m
So there was a shortfall of:	£37.3m

The Scheme's shortfall has reduced during 2010. This is mainly because the actual investment return on the Scheme's assets was higher than expected and there was a decrease in the expected future rate of inflation. This was partially offset by a decrease in the yield available on long-term government bonds. In addition, allowance was made for the 509 members who transferred their benefits from the Scheme to the T-Mobile International UK Pension Scheme during 2010.

Following advice from the Actuary, Everything Everywhere Ltd and the Trustee agreed that the shortfall at 31 December 2009 will be made up by additional contributions.

Everything Everywhere Ltd agreed to make up the shortfall by paying additional contributions over the period to 31 December 2015 as follows:

- 4.8% of members' Pensionable Salaries payable from 31 December 2009 to 31 March 2011 (for a definition of Pensionable Salary, please refer to the Glossary on page 7); and
- £741,667 per month, starting on 1 April 2011 for 4 years and 9 months.

Everything Everywhere Ltd has also agreed to pay additional contributions if the shortfall at the next valuation (due as at 31 December 2012) is greater than expected.

The Trustee expects these additional contributions, together with the expected investment returns, to be sufficient to clear the shortfall by 31 December 2015.

The contribution rate for future service has been calculated to be 15.5% of members' Pensionable Salaries. As well as paying substantial contributions to the Scheme, Everything Everywhere Ltd also pays the Scheme's expenses.

The shortfall does not affect the pensioners of the Scheme – all members who have retired are being paid the full amount of their pension. And because Everything Everywhere Ltd is making up the shortfall, we fully expect members who retire in the future to receive the full value of their benefits (i.e. their pension) from the Scheme.

The next full valuation of the Scheme will be carried out as at 31 December 2012. As part of the valuation, the Trustee will consider whether its assumptions remain appropriate and also whether extra contributions will be needed to be paid by Everything Everywhere Ltd to remove the shortfall.

We must also tell you if there have been any payments to Everything Everywhere Ltd out of Scheme funds in the last twelve months. There have not been any. The Pensions Regulator can change the Scheme, give directions about working out liabilities or impose a schedule of contributions to be paid to the Scheme. We are pleased to say that it has not needed to use its powers in this way for the Scheme.

"Buy-out" position

In the unlikely event that Everything Everywhere Ltd is unable to continue funding the Scheme normally, it must pay the Scheme enough money to enable all members' benefits to be secured with an insurance company. This is known as the Scheme being "wound up" and the cost of doing it is called the "buy-out" position.

By law, we have to show the buy-out position but this does not mean that Everything Everywhere Ltd is necessarily thinking of winding up the Scheme. Everything Everywhere Ltd is demonstrating its long-term commitment to the funding of the Scheme through the additional contributions mentioned earlier.

The amount an insurance company would charge to take on the payment of members' benefits is much greater than the Trustee's best estimate of the cost of providing benefits through the Scheme. The comparison of the Scheme's assets to the cost of buying the benefits from an insurance company at 31 December 2009 was as follows:

The liabilities if the Scheme were to be wound up were:	£876.2m
The Scheme's assets were:	£305m
This means there was a shortfall of:	£571.2m

Your Scheme's Investments...

Pension Protection Fund

The Government set up the Pension Protection Fund (PPF) to pay benefits to members of any scheme that is wound up when the scheme and the company do not have enough money to cover the cost of buying all members' benefits with an insurer. If Everything Everywhere Ltd becomes insolvent and the Scheme has insufficient assets to buy all of the benefits promised with an insurer, then the pension you would receive from the PPF is likely to be less than the full benefit you have earned in the Scheme, depending on your age and when your benefits were earned.

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

The Trustee invests the Scheme's money with the aim of producing long-term returns that will enable the Scheme to pay the pensions and other benefits it owes in the future.

The Trustee continually monitors the funding position of the Scheme and is focused on its long-term objective of ensuring that there is sufficient funding in the Scheme to provide benefits for all members. Factors that affect funding, such as investment performance, interest rates and long-term inflation are variable and can affect the funding of the Scheme in the short-term. However, the Trustee has an integrated approach to managing the funding and investments of the Scheme into the longer-term and the new investment strategy is designed with this in mind.

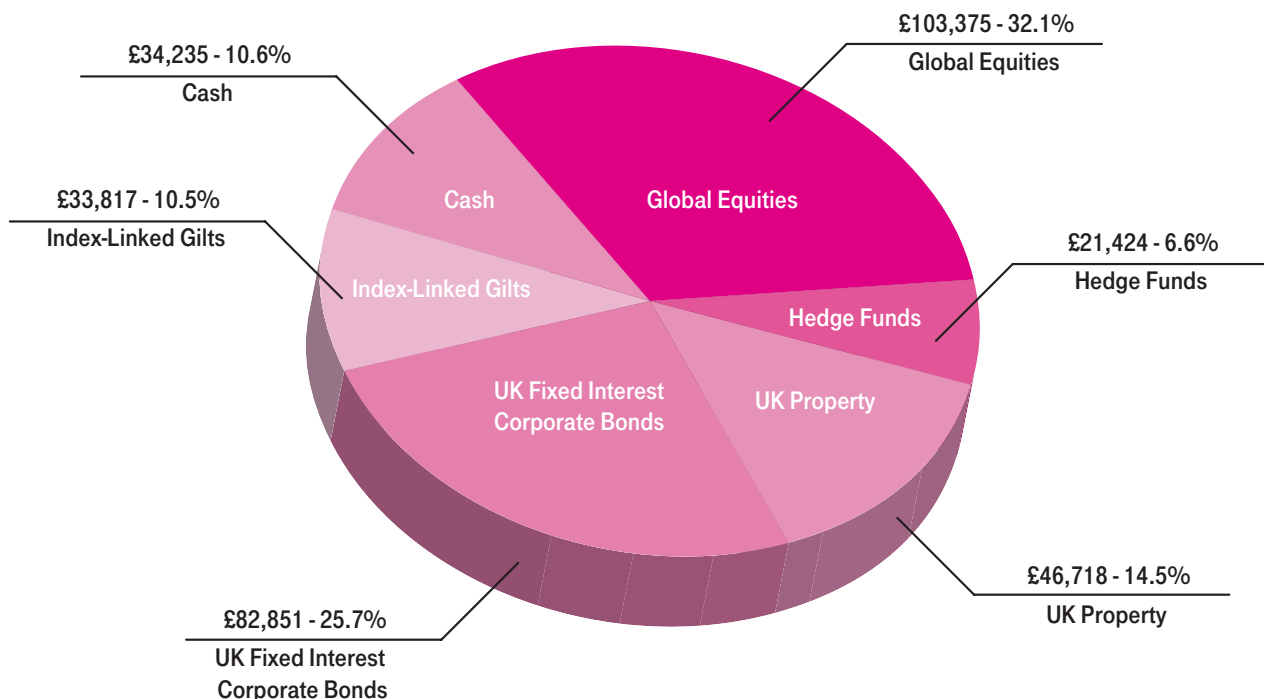
It is the role of the Funding and Investment Committee to ensure that the investments are appropriate for the Scheme, noting the Scheme's funding position and the Trustee's views on the ability of the Company to pay contributions to the Scheme so that the promised benefits can be paid at a future date. The Funding and Investment Committee is also responsible for monitoring the investments and for making recommendations of change to the Full Board on the asset allocation of the Scheme and thereafter to select managers that the Scheme invests in.

How is the Scheme's money invested?

As at 31 December 2010, the Scheme's invested assets (excluding members' Additional Voluntary Contributions) amounted to £322m and were split as shown in the chart below.

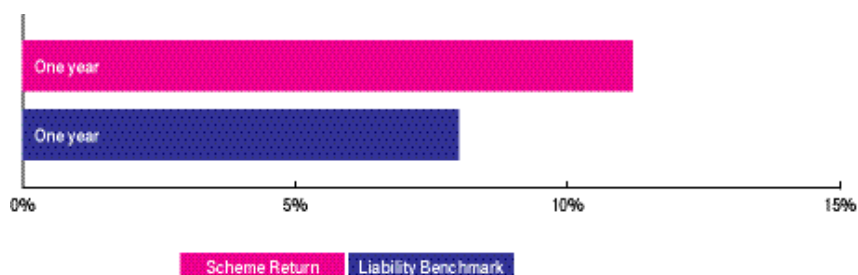
The Trustee's investment strategy is set out in the Statement of Investment Principles. This strategy is designed to achieve higher long-term growth for the Scheme at lower overall risk than the previous strategy. In order to meet the Scheme's investment objective the Trustee invests in a range of different asset classes, some predominantly return-seeking assets such as equities and some predominantly risk-reducing or diversifying asset classes such as index-linked gilts, corporate bonds and property.

The Funding and Investment Committee continually monitors the investment strategy and may use interest and inflation swaps or change its investment strategy in future within the bounds set down within the Scheme's Statement of Investment Principles.



How are the Scheme's investments performing...

Even though the Scheme's main aim is to achieve a level of funding for the Scheme sufficient to provide for all members' receipt of their promised benefits, the Trustee also measures the performance of the Scheme's assets against a benchmark which is driven by the change in the liabilities of the Scheme. The actual investment performance and the liability-driven benchmarks over the last year to end December 2010, shown here:



Your Scheme Accounts...

Between the start and the end of 2010, the total value of the Scheme's assets increased from £313m to £331m. Here's how it happened, with the 2009 figures shown alongside for comparison...

	2010 £	2009 £
Income		
Employer contributions	17,667,305	21,261,259
Member contributions (including salary sacrifice payments and Additional Voluntary Contributions)	7,217,885	8,496,880
Group transfer in	891,028	-
Investment income and returns on investments	31,795,912	(65,980,979)
Other income	366,419	130,690
Total income	57,938,549	(36,092,150)
Expenditure		
Payment of benefits	4,125,198	3,542,745
Payments to and on account of leavers (includes bulk transfer)	35,668,445	1,698,633
Other expenditure	192	389
Total expenditure	39,793,835	5,241,767
Income minus expenditure	18,144,714	(41,333,917)
Value of Scheme funds at 1 January 2010	312,945,380	354,279,297
Value of Scheme funds at 31 December 2010	331,090,094	312,945,380

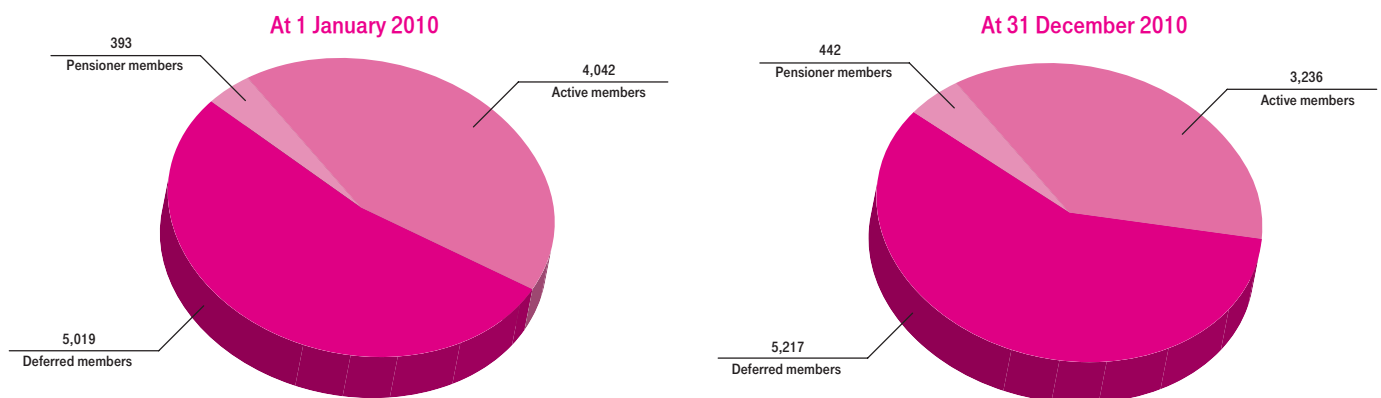
The accounts have been audited and confirmed as accurate.

Your Scheme Membership...

Over the course of 2010, membership decreased from 9,454 to 8,895. Here's a breakdown of the figures:

	At 1 January 2010	At 31 December 2010
Active members These are members who are current employees of Everything Everywhere and are paying contributions into the Scheme or sacrificing salary through mychoice: pension	4,042	3,236
Deferred members These are members who have left T-Mobile employment but are still entitled to benefits from the Scheme at age 65	5,019	5,217
Pensioner members These are members who are receiving a pension from the Scheme	393	442
TOTAL	9,454	8,895*

*After group transfer of 525 members to the T-Mobile International Pension Scheme



Important Changes...

Everything Everywhere Ltd as Principal Employer is reviewing the structure of the company's pension arrangements. As part of the review the name of the T-Mobile (UK) Pension Scheme has been changed to Everything Everywhere Pension Scheme with effect from 1 July 2011. This does not alter members' benefit entitlements which remain unchanged.

The Scheme will be used to provide pensions for Everything Everywhere Ltd employees from a single arrangement. Following consultation, if the proposal is accepted, the existing membership and assets of the Orange Pension Scheme will be transferred into a new separate ring-fenced section of this scheme on the same terms and investment options as already exist. The Scheme will also be used to provide the pension arrangements for new employees from 1 November 2011.

Future communications will be changed and updated to reflect the pension scheme change of name.

The name of the Trustee has changed from T-Mobile (UK) Pension Trustee Limited to Everything Everywhere Pension Trustee Limited with effect 1 July 2011.

Your Scheme Contacts...

If you have any queries regarding your Everything Everywhere pension benefits, please contact the Everything Everywhere Pensions Team at Capita Hartshead:

Everything Everywhere Pensions Team
Capita Hartshead
Erskine House
68-73 Queen Street
Edinburgh
EH2 4NR

Tel
0800 169 2085

Email
everythingeverywhere.help@capita.co.uk

Website
www.everythingeverywherepension.co.uk

The Everything Everywhere Pensions Team should be your main contact for day-to-day enquiries and questions about your personal benefits; however, you can also contact Colin Grindle, the Everything Everywhere Pensions Manager, if you have any concerns about the Scheme in general.

His email is:
pensions@everythingeverywhere.com

As a Scheme member, you have a right to see the full Annual Report and Accounts produced by the Trustee. You also have a right to see the Statement of Investment Principles, which the Trustee uses to determine how the Scheme's money is invested, the actuarial valuation and annual Actuarial Report, described in the Your Scheme's Funding section of this newsletter, and other Scheme funding documents.

Glossary of Terms

We've tried to keep jargon to a minimum in this newsletter, but we have had to use some specialist terms in places. Here's a quick summary of what they mean.

Actuary

The Scheme Actuary is a professional adviser appointed by the Trustee. He is responsible for calculating what the Scheme's liabilities are expected to be in the future, and recommending a contribution rate so that we expect that there will be enough money going into the Scheme to be able to pay members' pensions and other benefits when they are due.

Asset classes

Asset classes are simply different types of investment. The Scheme invests in a number of different asset classes in order to prevent a major loss if any one asset class performs badly.

Equities

Equities are investments in company stocks and shares. They carry higher risk than most other forms of investment, but are expected to achieve higher returns in the long-term.

Hedge funds

Hedge funds are specialist investments that often contain several other asset classes. Hedge fund managers are normally very active in swapping investments around to react to market conditions and reduce overall risk.

Interest rate swaps

An interest rate swap is a type of investment in which one party normally agrees to pay another a fixed-rate of interest in exchange for a variable rate of interest. This type of investment is often used to protect against sudden changes in interest rates by replacing a variable rate with a fixed one.

Liabilities

The Scheme's liabilities are the pensions and other benefits it has to pay now and into the future.

Pensionable salary

Pensionable salary for the purpose of calculating contributions and salary sacrifice payments is your basic salary less an amount determined by Everything Everywhere (currently £2,704). When calculating benefits, pensionable salary is your unreduced basic salary. Pensionable salary may be capped; you will be told if this applies to you.

The Trustee

The Scheme is managed by a Trustee Company, Everything Everywhere Pension Trustee Limited. This company is known as the Trustee, and it has seven Trustee Directors who are the individuals responsible for making decisions in running the Scheme.

Your Nomination Form...

Please complete, tear-off and return this section if you haven't already completed a Nomination form, or if you'd like to change your nominations. If you send us a new form, it will automatically replace any previous one we have on file.

What is the Nomination form?

The Nomination form is your chance to tell the Trustee who you would like to receive any benefits that become payable from the Scheme if you die while a member. You can nominate as many people as you like, or if you prefer you can nominate an organisation. The Trustee is not legally bound to follow your wishes, but it will take them into account. The information will be treated as confidential.

You may want to keep a copy of the form so that you can remember who you have nominated.

Please complete the form in BLOCK CAPITALS and return it to the Everything Everywhere Pensions Team at Capita Hartshead.

Personal Details:	
Title:	Mr/Mrs/Miss/Ms/Other (specify):
Full Name:	
Home Address:	
Postcode:	
Date of Birth:	
Marital Status:	Single/Married/Divorced/Separated/Widowed (delete as appropriate)
National Insurance Number:	

