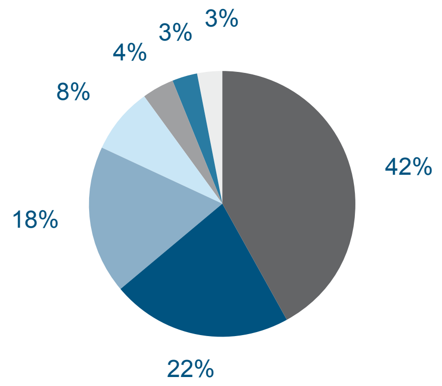
Facts and figures continued

Investments

The DB Section's assets are invested in a range of equity and bond funds with Legal & General. The bond fund seeks to generate returns that will enable the Scheme to meet its liabilities, and to provide easy access to funds to pay pensions as they fall due. The remaining investments are spread across UK and overseas equities, the aim of these funds is to provide higher returns over the long-term than bonds, but they have greater short-term volatility.

The Scheme has continued to move its investments into currency hedged equity funds in an effort to reduce the Section's exposure to losses from overseas investments through changes in exchange rates. The exact spread of the Section's investments across these different asset types at 31 March 2010 is shown below.

With effect from 1 April 2010 Schroder Pension Management Limited was appointed to actively manage a diversified portfolio of return-seeking assets.



- L&G UK Equity Funds
- L&G Overseas North America Equity Funds
- L&G Overseas European (ex UK) Equity Funds
- L&G Overseas Japanese Equities
- L&G Overseas Asian (ex Japan) Equities
- Global Emerging Markets
- L&G Bond Funds

Investment performance

To ensure that the funds provide good investment returns for the funding of the Scheme, the Trustees review the performance of the investment managers on a regular basis and set benchmarks and targets to measure performance. The majority of the funds invested in by the Scheme matched or exceeded the set benchmark for that particular fund in the last 12 months. The DB Section's bond portfolio missed the overall benchmark slightly with the performance of the funds achieving +9.4% growth compared with a benchmark of +9.6%. The equity portfolio performed better with most funds' growth recorded as higher than the benchmark set.

Contacting us

If you have any queries about the Scheme, or your benefits in it, please contact us via email (**fdr@capita.co.uk**), or call the pensions helpline **0845 604 5316**.

Also don't forget to let us know if your circumstances change, for example, if you move house.

Capita Hartshead Consultancy Services Limited, 2nd Floor, Ludgate House,
245 Blackfriars Road, London SE1 9UF

know *your* pension

DB Edition – for the year ended 31 March 2010

For members of the Defined Benefit (DB) Section of the FDR Limited Pension Scheme ('the Scheme')

In this edition:

From the Trustees

Welcome to the 2010 edition of the Know Your Pension newsletter, specifically for members of the FDR Limited Pension Scheme.

We have produced this version of Know Your Pension to provide information to members of the DB Section of the Scheme. It contains all the information you need to know on how the Section has been managed during the last Scheme year. As well as Scheme updates and general pension news we have included a focus on the importance of Expression of Wish forms.

We hope that you find this newsletter informative; however, if you have any questions about your pension benefits in the DB Section or any of the matters raised in this newsletter, then please contact us using the details on page 8.

The Trustees

First Data

Hot off the press

Changes to pension tax relief

The Government has announced changes to the way that pension contributions are taxed. Contributions to pension schemes receive tax relief to encourage saving for retirement. The Finance Act 2010 contained legislation that would reduce the amount of tax relief that those earning over £130,000 received. The new coalition Government has reviewed this legislation, as it was considered to be overly complex. The result of this review is that the Government now intends to reduce the Annual Allowance and repeal the legislation that was in the Finance Act 2010.

The Annual Allowance is the limit on the amount of pension that you can build up over a year and receive tax relief on. Currently you can contribute up to 100% of your earnings or the Annual Allowance (whichever is lower) to a pension scheme and receive tax relief on these contributions. Your benefits in the DB Section of the Scheme can also increase over the course of the year up to the amount of the Annual Allowance. The Annual Allowance is currently £255,000 for the 2010/11 tax year, but under the new proposals is due to be reduced to £50,000. This will only affect you if you are likely to either contribute more than £50,000 to your pension in a year, or expect the level of your DB benefits to increase by £50,000 over a year.

There is also a limit on the level of tax efficient pension rights that you can build up throughout your working lifetime. This limit is known as the Lifetime Allowance and, for the tax year 2010/11 is set at £1.8m. Similar to the Annual Allowance, any benefits built up in excess of the Lifetime Allowance will attract a tax charge. The Government also intends to reduce the Lifetime Allowance to £1.5m in April 2012 as part of their changes to the way pension savings are taxed.

The notice board

Pension increases

Each year, pensions in payment from the Scheme are increased to keep pace with inflation. Any pension that is in excess of the Guaranteed Minimum Pension (GMP) is currently linked to the change in the Retail Prices Index (RPI). The maximum increase that may be applied to any pension in excess of the GMP is 5%. This year the RPI decreased by 1.4%. As a result no increase was applied, although pensions were not reduced.

The GMP part of your pension was increased in line with statutory requirements separately from your main Scheme benefits. The GMP part of your pension is paid in respect of service before April 1997, when you were contracted-out of the Additional State Pension.

Changes to Scheme investments

The Trustees have carried out a restructure of the investments of the DB Section of the Scheme. The process began in March 2009 and changes have been phased in over the period to 1 June 2010. The exercise included the following:

- Currency hedging whereby much of the Scheme's Yen, Euro and Dollar exposure is hedged. The aim of this move is to reduce the Section's exposure to losses from overseas investments through changes in exchange rates.
- The reduction of the Scheme's exposure to UK equities and a corresponding increase in the investment of Scheme assets in overseas equities.
- The introduction of a second investment manager so that Legal & General continues to passively manage the domestic and overseas equities and bonds, and Schroder actively manages a diversified portfolio of return-seeking assets.
- A restructure of the bond portfolio so that it better matches the Scheme's liabilities and so reduces the Scheme's interest and inflation rate risk.

Additional Voluntary Contribution (AVC) investment review

The Trustees are currently reviewing the funds available via the Scheme's closed AVC arrangements; these arrangements were used by some of the members of the DB Section to top up their retirement benefits. The outcome of the review and any forthcoming changes will be announced in due course, and should be introduced in 2011. Until that time, no new funds will be made available via the arrangements.

Focus on Expression of Wish forms

The Trustees would like to remind you of the importance of completing and updating your Expression of Wish form. What would your responses be to the following questions:

- Have you completed an Expression of Wish form?
- Is your current form less than 2 years old?
- Are your personal circumstances the same now as when you last completed an Expression of Wish form?
- Are the directions in your will the same now as when you last completed an Expression of Wish form?

If you have answered "No" to any of the above questions, you are advised to complete and submit a new Expression of Wish form as soon as possible.

If you should die and a lump sum death benefit becomes payable, the Scheme Trustees have absolute discretion to decide who will receive this benefit. The Trustees' discretion ensures that the payment does not form part of the deceased member's estate and therefore is usually paid tax free.

Even though the benefits are paid at the discretion of the Trustees, the Trustees can take your wishes into consideration when deciding to whom to pay the benefits to. For this reason, it is important for the Scheme to hold an up-to-date Expression of Wish form for all active and deferred members. If you have reason to believe that the administrators do not hold an up-to-date form for you then you should complete one as soon as possible.

The Expression of Wish form is a key source for the Trustees in determining members' wishes in respect of any lump sum payment. It is much easier for Trustees to make an informed decision if they hold an accurate and current Expression of Wish form to aid them in their decision making process. Consider for a moment the Trustees' dilemma in the event of your death and faced with having either a form that has been held on file for many years and could be out of date or, worse, no form at all.

A form is enclosed in this newsletter and should be completed and sent to Andrew Smith, Capita Hartshead Consultancy Services Limited, 2nd Floor, Ludgate House, 245 Blackfriars Road, London, SE1 9UF.

In the news

Changes to State Pension Age (SPA) and default retirement ages

The State Pension Age (SPA) is currently increasing for both men and women. The SPA will gradually increase so that by 2020, both men and women will retire at age 66.

Further changes are expected with SPA set to rise to 68. This was expected to take place between 2024-2046 but the Government may speed up plans for future increases to SPA. Any changes to the SPA and the timetable for increasing it will require the approval of Parliament.

The Government is also considering extending SPA further, perhaps to 70 and beyond in the following decades. The age an individual can claim their State Pension will be determined by the year they are born. These changes mean that many will have to wait longer to receive a pension from the State.

The default retirement age of 65, where workers can be forced by employers to retire is also set to be abolished. The Government has proposed to phase out the default retirement age from April 2011. By October 2011 employers will no longer be able to rely on the default retirement age to justify removal of a worker under grounds of compulsory retirement. This does not mean that the normal retirement age for the Scheme will change.

Auto-enrolment and NEST

National Employment Savings Trust or NEST as it is more commonly known is the new name for personal accounts. NEST is scheduled to begin in October 2012, aiming to encourage more workers to save for their retirement. The reason for NEST is that an estimated 10 million people have little or no pension provision for when they retire, thus the introduction of NEST is aiming to reduce the number of people without adequate pension provision. This pension reform will affect many people throughout the UK and will change the way we think and save for our future retirement.

Auto-enrolment is being phased in from 2012 and will introduce the requirement that anyone earning over £7,475 a year will automatically be enrolled in their employer's chosen qualifying scheme. This will mean that if you are not already in a qualifying scheme, you would either automatically join a qualifying work-based scheme, or if your employer chose not to offer a work-based scheme, then you would join NEST.

The minimum contribution levels to be made into the chosen scheme are to be phased in between October 2012 and October 2017. This minimum contribution level will start as a 2% contribution with at least 1% coming from your employer. You will be able to opt out of any pension plan you are automatically enrolled into; however your employer may periodically re-enrol you, and again you may opt out if you wish.

As everyone will be automatically enrolled in a scheme it is up to your employer, at that time, to select which scheme you will be enrolled into. This may be an employer sponsored scheme or NEST, the Government sponsored scheme. For those currently employed by First Data, the Employer is carefully considering the implications of these proposals on the Scheme and will communicate with members closer to the time.

Notice to members

The Scheme's Trust Deed and Rules have always contained the power to allow assets to be paid, subject to stringent statutory conditions, back to the Principal Employer in certain, very limited, situations. The Trustees would like to ensure that this power can be exercised in the future should it be appropriate to do so. This power can be seen by the Employer as a "safety valve" in case they over-fund the Scheme. Without a power for the Trustees to pay a surplus to the Employer, the Employer might decide to be more cautious in their funding of the Scheme. The Pensions Regulator has also suggested, in general guidance, that preserving a power to pay surplus to an employer "may be in the interest of the Scheme members because employers may agree to higher scheme funding objectives, or more prudent assumptions in the knowledge that, where investments perform better than expected and extra funds are generated, they may be accessed by the employer."

We are notifying you of this position now because Section 251 of the Pensions Act 2004 requires the Trustees to pass a resolution in order to retain the rule that allows them to pay surplus Scheme assets to the Employer in certain circumstances. The Trustees are legally required to notify you in writing at least three months before passing such a resolution.

Please note that no new power is being introduced and no payment to the Employer is currently proposed or anticipated. The purpose of the resolution is to comply with a legislative requirement that must be met in order to retain a power already provided under the Scheme Rules. As such, payment of funds to the Employer remains subject to the relevant restrictions set out in those Rules and legislation. Your entitlement to benefits under the Scheme will not be affected in any way, and you are not required to take any action as a result of this notice.

Should you require further information concerning the proposed resolution please do get in touch. Contact details are listed on the last page of this newsletter.

Scheme funding update

A full valuation of the Scheme is currently underway as at 31 March 2010. Under the Scheme Funding Requirements as set out in the Pensions Act 2004, the Scheme is required to undertake an actuarial valuation once every three years. The last valuation was carried out with an effective date of 31 March 2007.

The actuarial valuation is a review of the financial position of the Scheme at the valuation date. The Scheme's actuary calculates the level of assets the Scheme will need to pay the accrued benefits (these are the benefits that members have accumulated up to the valuation date). If the assets of the Scheme are above this amount then the Scheme is considered to be in surplus, if the assets are below this amount then the Scheme has a shortfall. It is common for schemes today to have a shortfall given the tough economic climate.

The Trustees are responsible for setting the valuation assumptions, which they consult the Employer on, after taking professional advice.

The last full actuarial valuation was completed at 31 March 2007. The result of that valuation for the Scheme was:

	£m
Total value of the benefits earned	372
Market value of the assets held	238
Deficit	134
Funding level (assets/value of benefits)	64%

The deficit is expected to be met by a combination of investment returns on the assets of the Scheme and special contributions paid by FDR Limited (known as deficiency contributions). These contributions combined with the investment returns were expected to clear the deficit by 31 March 2018. Following the closure of the DB Section of the Scheme on 30 June 2009, FDR and members have ceased paying contributions in respect of future accruals, but FDR continues to pay the required deficiency contributions. In the last Scheme year FDR have made the required £19.0 million of deficiency contributions. The Employer has also agreed to pay extra contributions of £1 million a year until the 31 March 2010 valuation has been completed.

Once the full valuation is completed the Employer contributions will be revised to address any changes in the shortfall. The results of the valuation will be communicated to members once complete.

Trustee news

The Scheme is looked after by the Trustees, who take responsibility for managing the Scheme prudently, conscientiously, in good faith, and in the best interests of members and beneficiaries. The current Trustees are:

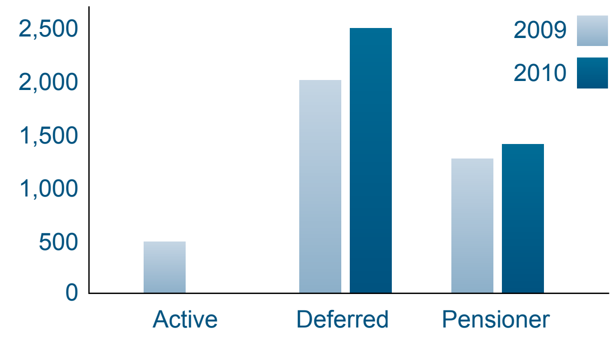
Independent trustee	BESTrustees plc, represented by Rachel Tranter, Independent Chair
Employer-nominated trustees	Frances Leavy Brian Collins Ursula Gray
Member-nominated trustees	Peter Motley Carol Dutton

To help with the day-to-day running of the Scheme, and to assist with technical matters, the Trustees make use of specialist advisers. The advisers that the Trustees employ are listed below:

Secretary to the Trustees	Sue Curley of Capita Hartshead Consultancy Services Limited
Scheme actuary	Andrew Barnes FIA of Towers Watson Limited
Scheme administrator	Capita Hartshead Consultancy Services Limited
Investment managers	Legal & General Assurance (Pensions Management) Limited Schroder Investment Management Limited (w.e.f. 1 April 2010)
Investment consultant	Towers Watson Investment Consulting Limited
Employer covenant adviser	Towers Watson Limited
AVC providers	Equitable Life Assurance Society Standard Life Assurance Limited
Auditor	Ernst & Young LLP
Solicitors	SNR Denton UK LLP
Bankers	National Westminster Bank Plc

Facts and figures

Membership



The above chart shows membership of the DB Section of the Scheme at 31 March 2010. Figures from 2009 have been included for comparison. After the closure of the DB Section on 30 June 2009, there are no active members, only deferred and pensioner members.

Fund account

Below are details of the DB Section's income and expenditure for the year ended 31 March 2010, with the previous year's figures alongside for comparison:

	2009/10	2008/09
Fund value at 1 April	**£231,413,552**	**£240,457,361**
Income		
Employer's normal contributions	£1,556,957	£6,204,824
Employer's other contributions	£2,334,728	£3,991,488
Employer's deficiency contributions	£19,750,000	£25,299,996
Members' normal contributions	£255,329	£1,062,232
Members' additional voluntary contributions	£91,291	£49,331
Other income	–	£185,171
Expenditure		
Benefits	£(10,163,445)	£(6,984,907)
Transfers out	£(469,014)	£(753,421)
Payments to and on account of leavers	£(13,468)	£(4,155)
Administration expenses	£(1,361,451)	£(721,741)
Other payments	£(227,816)	£(341,856)
Investments		
Investment income	£278,639	£407,963
Change in market value of investments	£70,525,682	£(37,207,847)
Investment management expenses	£(318,230)	£(230,887)
Net increase/(decrease) in the fund during the year	**£82,239,202**	**£(9,043,809)**
Fund value at 31 March	**£313,652,754**	**£231,413,552**

Many of the differences between the income and expenditure figures for 2008/09 and 2009/10 as shown above are due to the fact that the DB Section of the Scheme closed on 30 June 2009.