

Lloyd's Register today

Newsletter for pensioners



2010 - A year of celebration and success

This year we celebrated 250 years of independent assurance with various anniversary events taking place around the globe.

We gave employees the opportunity to commemorate our anniversary by making a positive contribution to the community, supported with funding and volunteer time. The LR250 campaign encouraged groups of employees to do something that matters and get involved in a project that would make a difference to society. The campaign saw an incredible effort from 43 teams around the world with projects ranging from new homes for disadvantaged families in Vietnam and America, eye tests and glasses for children in China, school facilities in Africa, China, Indonesia and Vietnam, clean water supplies in India and tree planting across the globe. Many of these projects will be continued into 2011. Visit the LR250 website: www.lr250.org to read more about the campaign and view a tribute video and scrapbook.

The commemorative anniversary book, *Lloyd's Register 250 years of service*, was launched on December 1 in the General Committee Room of 71 Fenchurch Street.

The anniversary was also the theme of this year's Pensioners' Reunion Lunch at The Brewery in London. Information and photographs of the lunch can be found on page four. We look forward to seeing you all in the same venue next year on May 9. Invitations will be sent out early next year.

In 2011 we welcome Thomas Thune Andersen, a former Member of the Board for the A. P. Moller-Maersk Group, as the Chairman-elect of the Lloyd's Register Group. Mr Andersen, who was appointed as a Trustee by the General Committee in June 2010, will succeed Chairman David Moorhouse CBE, who is due to retire at the end of the year after serving eleven and a half years as the Chairman of the Group.

In this issue

In this edition of **Lloyd's Register today**, Richard Sadler, CEO, commends our successful year considering the bleak economic outlook that we faced in 2009.

Neil Dunford, Chairman of the Board of the Trustee, reports on the Lloyd's Register Superannuation Fund.

We also give details of the changes within the Group Pensions department and take a look at the 2010 Pensioners' Lunch.

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**Lloyd's
Register**

LIFE MATTERS



It has been an honour for me to guide Lloyd's Register through its 250th year.

In our 250th year Lloyd's Register is in good shape. We have performed extremely well this financial year considering the bleak economic outlook that we faced in 2009 and we have demonstrated more than ever our public benefit mandate.

The financial stability of the world's leading economies is still weak, global security continues to be a concern and the emerging food, water and waste crises will increasingly put stress on the global supply chain. Most importantly the world is faced with the challenge of balancing ever-increasing energy demands with the need to combat climate change. This backdrop provided us with challenges and opportunities as we seek to maximise our contribution to society through enhancing the safety of life, property and the environment.

As we emerge from the global uncertainty with a clear strategic path, we are once again investing in our infrastructure, our people, and technology and services in order to be well-positioned for the future. We will continue to take advantage of our independent position and maintain a long-term view on the business.

Total Group income for the year was £806 million, down 1.7% on the previous year. While the slowdown in Marine activity contributed to a reduction in the Group's underlying income of 6% from 2009, Group income has been positively impacted by the continuing weakness in sterling and the acquisition of Scandpower earlier in 2010. Our Energy business performed strongly and LRQA continued its steady growth pattern. The Rail business has had a year of

consolidation and is establishing a strong foundation for growth in China. Although income this year is slightly lower than the previous year, we are still showing 36% growth in top-line revenues over a two-year period which puts pressure on the Group functions of Finance, HR, IT, Legal, Business Assurance, etc. with the growing workload.

It has been an honour for me to guide Lloyd's Register through its 250th year. We are an extraordinary organisation with extraordinary people. As well as the various celebratory events around the world, our employees were given the opportunity to commemorate our 250th anniversary by making a positive contribution to their local communities. The LR250 campaign encouraged groups of employees to do something that mattered and get involved in a project that would make a difference to society.

Our contributions have also been recognised by a number of prestigious awards we have won this year including the Best Classification Society award at the Lloyd's List Global Awards and the 'British Company of the Year' award by the British government for our UK-China business relations. These awards are testament to the dedication and hard work of our employees throughout 2010 and I look forward to another strong year for us in 2011.

Richard Sadler
Chief Executive Officer



LR250 project - Clean and safe drinking water

Neil Dunford, Chairman of the Board of the Trustee, reports on the current status of the Lloyd's Register Superannuation Fund.

This has been a momentous year for the Scheme. Though the changes have little implications for retired members, you may be interested to know that alterations to employee contracts between Lloyd's Register and contributing members of the Scheme have meant that there will be no new contributions to the Defined Benefit (DB) Section. Those in the DB Section will, in respect of future contributions, join those in the DC Section in choosing their own investment approach and bearing the associated risks.

The Trustees have responded to this challenge by introducing a broader range of investment choice for the DC Section, and believe that the choices offered should enable the substantial majority of members to make selections which suit their personal circumstances.

For the DB Section, the absence of new contributions means that the Scheme will mature more quickly and that the levels of pension to be paid will become rather less difficult to forecast. Over time, this will dictate an investment policy more focused on bonds than equities.

In the meanwhile, the Fund has benefited from relatively strong markets and good relative performance overall by our investment managers. The value of the Fund rose from £510m to £661m over the year to March.

However, the liabilities have grown steeply over the recent past. This is because the future pensions due to be paid are discounted back to a present value by our actuaries at the extraordinarily low interest rates currently prevailing in the market. This means that the deficit on the scheme – the amount by which liabilities exceeds assets - has grown sharply since the last formal valuation in 2007.

This year's valuation is currently in progress, and we are discussing with

Lloyd's Register how, and over what timeframe, this deficit will be made good. In these difficult times it is perhaps worth reminding you – at least those of you in the DB Section – that provided Lloyd's Register remains solvent, the actuarial valuation of the Scheme in no way affects the level of your pension. Fortunately Lloyd's Register is a very strong covenant, and – in contrast to some widely publicised problems elsewhere – there is little doubt as to their ability to make good the deficit.

David Moorhouse leaves Lloyd's Register at the end of the year, and has resigned as a Trustee. His wisdom and experience have been invaluable to the Trustees, and in particular he has chaired the Investment Committee most effectively. The Trustees thank him very much.



Busy times for Group Pensions

This year saw some changes both to the scheme and to the team lineup in Group Pensions. The recent change from a hybrid scheme to a defined contribution only arrangement saw a substantial increase in workload which coincided with Mohan Sharma's retirement and the subsequent promotion of Esther Collins. Esther joined the pensions department seven years ago as a Pensions Practitioner and her pensions knowledge and expertise made her the perfect choice for the next Pensions Practitioner Supervisor. Mohan was a hard act to follow, but Esther has taken to the role with ease at a particularly testing time for the department.

To help with the increasing workload the team also has a new addition: former air traffic controller Rory Hedman. Rory joined in September as a Pensions Administration Co-ordinator and is coping well with the demands of a busy department.

The team now look forward to the challenges ahead of them next year. There will be more focus on communication exercises due to the scheme changes, as well as the extra administration that comes with it. Continual management of the overseas pension schemes and the organisation of the annual Pensioners' Lunch will also keep the team busy.



Left - right: Nicola Emery, Steve Tancred, Esther Collins, Trevor Sparrow, Claire Dowden, Greg Jones, Rory Hedman, Jacqueline Wallace and Mary Blake

Pensioners' Lunch 2010



The Pensioners' Lunch was back with a bang in 2010 and proved to be as successful as ever with almost 400 pensioners in attendance in Lloyd's Register's 250th year. Pensioners were presented with a display of memorabilia on arrival and enjoyed an elegant meal whilst catching up with old friends and colleagues.

All attendees also received a commemorative crystal paperweight based on the Spirit of Maritime Commerce.

Chairman David Moorhouse gave a speech in which he commented on the continued growth and strength of the business. He said that Lloyd's Register has not forgotten that its current success is built upon the foundations laid by its employees, including those present at the lunch. He also spoke about the 250th anniversary celebrations and the book which gives a detailed account of our 250 year history. He concluded by saying he was looking forward to attending the lunch next year as a pensioner himself.

Pensioners can look forward to much of the same next year as the usual venue of The Brewery in London has been booked for May 9, 2011.



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If you require a copy of this newsletter in large print, please contact Mary Blake.

T +44 (0)20 7423 1818

E mary.blake@lr.org

Your comments please...

Please send your feedback on this newsletter to Group Communications by email, internal-comms@lr.org, or by post to the address below.

Lloyd's Register

Created by Group Communications and Group Pensions.
Registered office: 71 Fenchurch Street, London EC3M 4BS, UK.

www.lr.org

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