

You pension has not been increased this year (2010).

Each year, the TNO Pension Fund endeavours to increase your pension in line with the general structural salary at TNO. As no general salary rule was applicable as at 1 January 2010, the pensions have not been increased.

The pension fund has not reserved any money or demanded an extra contribution in order to be able to increase your pension in the future. You can expect the increase in your pension in the coming years to be around $\frac{3}{4}$ of the general structural salary at TNO.

You can derive no rights from this year's increase nor from the expectations for the coming years with regard to future increases.

The pension fund uses the investment return to pay for future increases of your pension. These increases and forecasts for the coming years do not automatically result in an entitlement to future increases.



This diagram is saying: Prises are rising, is your pension increasing too? Normally, your pension would increase at the same rate as prices. However, if things are not going well with the economy, your pensioen wil grow at a rate slower than that of prices.

Note: This diagram shows how your pension is expected to grow in line with increasing prices over the next 15 years. The diagram does not tell you anything about how much pension you will accrue each yaer, or how good your pension scheme is.

During the past three years, your pension has been increased as follows:

- 3.2% for the year 2007 - prices rose by 1.6% that year;
- 3.3% for the year 2008 - prices rose by 2.5% that year;
- 0.0% for the year 2009 - prices rose by 1.2% that year.

Explanation

The increase is conditional. No reserves have been formed for these increases and no contributions are paid. Whether the financial means are sufficient to implement the increase in any one year is decided by the Board on an annual basis. One of the decisive factors in this process is the coverage ratio of the pension fund. The Board uses a graduated policy scale as a guide in that respect. This can be viewed on the pension fund's website: www.pensioenfondstno.nl. If the Board is of the opinion that the coverage ratio of the pension fund is insufficient, the increase will be reduced or will be nil.

Reserve shortfall

For the sake of completeness, we hereby inform you that as at 31 December 2009, the pension fund has a coverage ratio of around 110%. *De Nederlandsche Bank* (the Dutch central bank) states that a coverage ratio of around 117% offers sufficient reserves to be able to cushion against fluctuations in equity. There is therefore still a shortfall in reserves. Please note that this does not affect your nominal gross entitlement or pension payment.

Further information on developments is always available on our website and in the *Pensioenkrant* (Pension newspaper).