

HARMSWORTH PENSION SCHEME

Annual Funding Statement Year Ending 31 March 2016

A very warm welcome to your latest Annual Funding Statement

The Harmsworth Pension Scheme is managed by a Board of Trustees, Northcliffe Trustees Limited, who are responsible for ensuring that the Scheme is compliant and managed appropriately. The Trustees make their decisions with the best interests of all Scheme members in mind. They also take into account the views of the sponsoring employer, DMGT Plc, although they operate independently.

Each year the Trustees monitor the financial position of the Scheme, which depends on how much money is paid in, how well the assets perform, and the value of the benefits that are paid out. A detailed formal valuation takes place every three years, known as the Triennial Valuation, with Annual Funding Updates taking place in between. This year's Annual Funding Statement reports on the findings of each as follows:

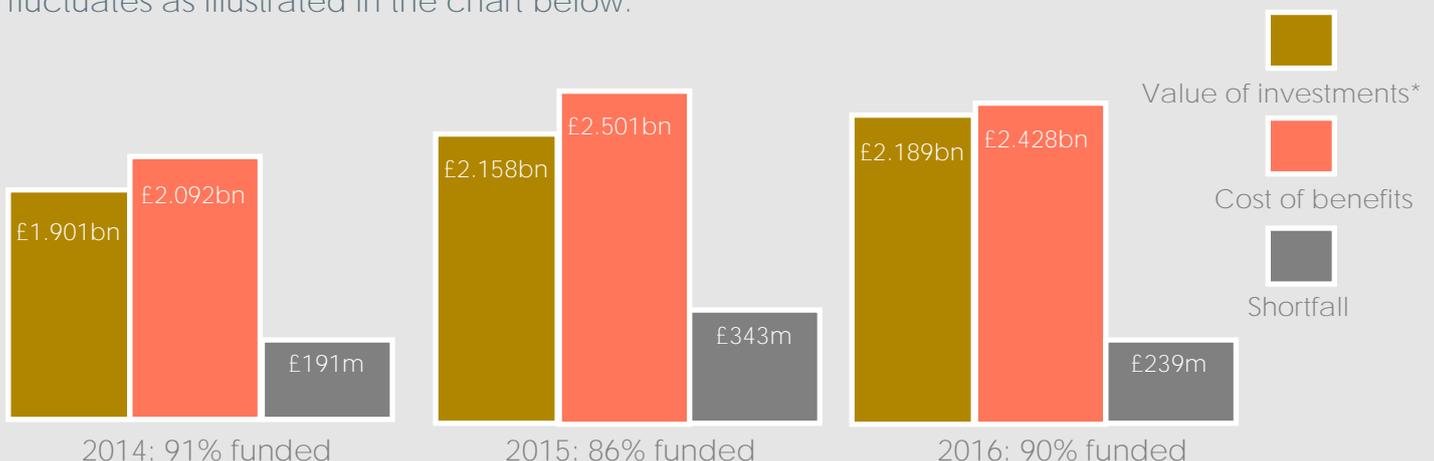
- Triennial Valuation at 31 March 2016
- Annual Funding Update at 31 March 2015
- Annual Funding Update at 31 March 2014

The Scheme's funding level involves comparing the value of investments held by the Scheme with the amount that we estimate is needed to pay for benefits. We choose assumptions for this comparison regarding future unknown events, such as how long people will live and the returns that might be achieved on investments.

We hope that you will find this Statement informative and as always, we would welcome your comments. You can get in touch by contacting the DMGT Pensions & Benefits team using the details on the back page.

Funding progress over the 3 year period to 31 March 2016

The Scheme's funding level represents a snapshot at any given point in time and is subject to movements in financial conditions and the investment markets. The funding level therefore fluctuates as illustrated in the chart below.



*The value of the Scheme's investments are based on Defined Benefits only and does not include AVCs paid to external providers on a Defined Contribution basis.

Funding update

Overall the Scheme's funding position has remained stable over the three year period to 31 March 2016, with a slight dip in the funding position at 31 March 2015.

At the previous Triennial Valuation at 31 March 2013, the Scheme had a shortfall of £423 million, with a funding level of 81%. The funding position has subsequently improved by £184 million over the period between Triennial Valuations equating to a funding level of 90% at 31 March 2016. The main factors contributing to this positive outcome are higher than expected investment returns and deficit funding payments from the Company.

Dealing with the shortfall

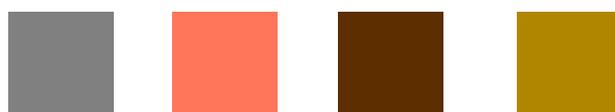
The Scheme is sponsored by DMGT Plc (the Company), which is obliged to meet any funding shortfall. As part of the 31 March 2016 Triennial Valuation, the Trustees agreed a Recovery Plan with the Company which, with projected investment returns, is designed to eliminate the shortfall by October 2026.

Under the Recovery Plan, the Company promised to pay £162.585 million in deficit contributions to the Scheme, with an additional final payment of up to £60 million in 2026 if the deficit still exists at that point, totalling £222.585 million, as shown in the table below.

Payable on or before	Amount
5 October 2016	£10.875 million
5 October 2017	£10.875 million
5 October 2018	£10.875 million
5 October 2019	£16.245 million
5 October 2020	£16.245 million
5 October 2021	£16.245 million
5 October 2022	£16.245 million
5 October 2023	£16.245 million
5 October 2024	£16.245 million
5 October 2025	£16.245 million
5 October 2026	£76.245 million
Total	£222.585 million

The next Triennial Valuation

Our next Triennial Valuation is at 31 March 2019, at which point the Recovery Plan will be reviewed. We will continue to provide Annual Funding Updates in the intervening years, with the next one due at 31 March 2017.



What if the Scheme winds up?

In the unlikely event of the Scheme winding up, the Company would be obliged to pay **enough money for members' benefits to be secured with an insurance company. This is known as the 'Buy Out' cost.**

For example, if the Scheme had started to wind up following the 2016 valuation, the estimated extra contributions required from the Company to make sure all benefits could be paid in full was £1.676 billion. On this 'winding up basis' the Scheme was around 57% funded at 31 March 2016.

Please note that inclusion of this information is a mandatory requirement and there is no intention to wind-up the Scheme.

Pension Protection Fund

In the unlikely event of the Company becoming insolvent, the Pension Protection Fund may be able to take over the Scheme and pay compensation to members, although this compensation is likely to be less than the benefits provided for under the Scheme rules.

For information on the Pension Protection Fund see www.pensionprotectionfund.org.uk or write to Pension Protection Fund, Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA.

Other information

The Pensions Regulator has been kept informed of the progress and outcome of the 2016 Triennial Valuation and the Recovery Plan. There have been no questions raised by the Regulator with regard to this Valuation. In line with expectations, the Company has not taken any money out of the Scheme in the last 12 months.

If you are interested in looking at any of the Scheme's formal documents noted below, please contact the DMGT Pensions & Benefits Team.

- **Annual Report & Accounts**

Shows the Scheme's income and expenditure in the year to 31 March 2016.

- **Statement of Investment Principles**

Explains how the money paid into the Scheme is invested.

- **Statement of Funding Principles**

Explains how it is planned to make sure that enough money is paid into the Scheme to provide the benefits that members have built up.

- **Actuarial Valuation and Reports**

Contains details of the Scheme Actuary's Annual Funding Updates and the formal Triennial Valuation.

- **Schedule of Contributions**

Confirms the amount of money that the Company must pay into the Scheme.

- **Recovery Plan**

Explains how the funding shortfall is being managed, including how much additional money the Company is paying to the Scheme to eliminate the shortfall.

- **Trust Deed and Rules**

This sets out details of the legal operation of the Trust, the powers of the Trustees and Company and full details of all benefits payable from the Scheme.

Please remember to keep us updated

Would you rather receive communications by email?

If you prefer, you can choose to receive any non-personalised communications, like your Annual Funding Statement, by email rather than post.

If you would like to do this, please send an email to pensions@dmgt.com headed 'Email Communications', stating that you would like to receive future communications by email and confirming the email address you wish to use.



Change of address

It is important that you keep us updated if you move house or change your address. You can let us know of your new address by calling us on the number below, where you will be asked some security questions, or by completing a 'Change of Address Form' which you can find on www.dmgtpensions.co.uk.

Nomination Form

Please make sure you keep your Nomination Form up to date if your personal circumstances have changed. This form is used to tell the Trustees who you would like to receive any lump sum benefits payable in the event of your death. You can print one from www.dmgtpensions.co.uk or call us to request one. Please note that you do not need to complete a Nomination Form if you are in receipt of a dependant's pension.

Member Helpline

We hope that you will find this Statement informative and as always, we would welcome your comments. You can get in touch by contacting the DMGT Pensions & Benefits team using the details below.

Email: pensions@dmgt.com

Phone: 020 3615 0070

Write: DMGT Pensions & Benefits, Northcliffe House, 2 Derry Street, London, W8 5TT

Web: www.dmgtpensions.co.uk