



PENSION  
CORPORATION

## Pension Corporation Established

18 September 2007

Pension Corporation established the umbrella brand for Pension Insurance Corporation, Pension Corporation Investments and other subsidiaries

Pension Corporation has been established as the umbrella brand for its three subsidiary vehicles: Pension Insurance Corporation ('PIC'), Pension Corporation Investments ('PCI') and Pension Security Insurance Corporation Ltd ('PSIC').

Pension Corporation will oversee two main routes to pension assets through PIC and PCI. PIC will continue to insure pension schemes directly, either insuring all or part of pension scheme risks, as the pension risk transfer market continues to develop. PSIC complements this as a Guernsey-authorized reinsurer. PCI will continue to source opportunities for the direct acquisition of corporate assets with attractive and sizeable pension schemes. In both cases, Pension Corporation's expertise will be brought to bear in providing best practice pension scheme management to generate value for the benefit of scheme members.

Pension Corporation intends to provide responsible pension management to Defined Benefit pension schemes and to manage the risks associated with those schemes both directly and as a fully authorised FSA regulated insurance company. Pension Corporation also intends, over a long term horizon, to provide the best possible security to trustees, beneficiaries and sponsors of DB pension schemes. By insuring the risk associated with a DB pension scheme, sponsor businesses remove the pension liability from their balance sheets and also free up management teams to focus on realising the true potential in their core business. Corporate assets acquired by PCI will be managed actively towards optimum value at exit.

With £1.3bn already under management, Pension Corporation, through PCI, has already achieved the UK's largest pension transaction in the corporate sector with its acquisition of Thorn. It has also brought the Threshers First Quench Pension scheme into surplus from a £24m deficit in just three months. Pension Corporation will continue to source such opportunities and has the ability to draw on significant additional capital.

Edmund Truell, Group Chief Executive, Pension Corporation, comments:

"Since our launch a year ago, the pension insurance market has seen some significant changes. With the continued support of a blue-chip investor base and our world-class Board, our highly experienced executive team has successfully developed new routes to providing tailored pension solutions to remove pension liabilities. We have led the way as the first firm to do a corporate pension transfer – and Thorn is by far the largest pension deal in the UK to date. The Pension Corporation, looks forward to providing responsible pension stewardship for the benefit of pension scheme members."

### Enquiries:

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### Notes to Editors:

#### **Pension Corporation:**

Pension Corporation is the umbrella brand for three subsidiary vehicles: Pension Insurance Corporation ('PIC'), Pension Corporation Investments ('PCI') and Pension Security Insurance Corporation Ltd ('PSIC').

#### **Pension Insurance Corporation:**

Pension Insurance Corporation is a leading pension insurer with a team that combines expertise across the full spectrum of relevant disciplines including liability acquisition, pension administration, asset management and liability risk management. In addition Pension Insurance Corporation has particularly strong securitisation expertise, which enables it to use capital market structures for pension insurance solutions.

Pension Insurance Corporation has the largest capital backing of any dedicated pension insurer in the UK, with the capacity to underwrite up to £25 billion of pension liabilities. Its investors are blue chip financial institutions from banking, reinsurance, private equity and asset management. Shareholders in the Group include JC Flowers, ABN AMRO, Collier Capital, Cycladic, HBOS, Istithmar, NIBC, Och Ziff, Royal Bank of Scotland, Sampo Life, Swiss Re and Union Banque Privée.

Pension Insurance Corporation has invested in market leading technology to ensure that its insurance solutions, investment modelling, liability management and pension payment systems are the very best in the market.

#### **Pension Corporation Investments:**

Pension Corporation Investments, backed by a group of blue chip financial institutions, invests in companies where it sees an opportunity to create value, for the benefit of the business and investors alike and where there is an attractive pension opportunity.

- Pension Corporation currently has £1.3bn under management
- Pension Corporation, through PCI, assumed control of the Thorn and Threshers Pension Schemes in June 2007. Immediately prior to acquisition (31st May 2007), the First Quench Pension Scheme had assets of £63.1 million and was in deficit of c.£24 million. PCI acquired both Threshers and the Thorn pension scheme from Terra Firma on 1st June 2007. Vision Capital subsequently acquired 75% of the Threshers operating company on 12th June 2007.
  - Since its acquisition, the Threshers First Quench Pension Scheme has since seen its assets (not including escrow account) increase 2.85%. Prior to its acquisition the fund was in deficit to FRS17 accounting levels of £24m, but has since been moved into surplus.
  - The £1.17bn Thorn Pension Scheme has also improved its funding position during the same period of our ownership, growing assets by 1.1%.

PCI has recently appointed four new trustees with a wealth of relevant skills and experience. Sir Nick Montagu, Graham Cooper, Tracy Blackwell and Mark Gull are all senior Pension Insurance Corporation partners and bring a wide spread of knowledge to the growing responsibilities of the board of Trustees.

- Sir Nick Montagu is former Chairman of HM Inland Revenue and is currently a Board member of Xafinity Group and a member of PwC's Corporate Finance Advisory Board.
- Graham Cooper is a Fellow of the Institute of Actuaries and founded New Bridge Street Consultants pension and actuarial practice in 1986. He is a board member of United Business Media and Arcadia Senior Executive Pension Schemes.



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- Tracy Blackwell is a former Head of Risk Management for Goldman Sachs Asset Management in Europe and Asia. Prior to this Tracy spent five years structuring interest rate, currency and equity derivatives at Goldman Sachs. She subsequently spent one year in the pension services area, working with the firm's largest pension fund and insurance clients on strategic issues.
- Mark Gull has managed a range of institutional and retail funds including Norwich Union Monthly Income Plus Funds (AA rated by S&P) and the Norwich Union Sustainable Future Corporate Bond Fund (AA rated by S&P). Prior to joining Morley, Mark spent 7 years at Gartmore, where he was Head of Credit and he has an MBA from Cranfield School of Management.

Pension Security Insurance Corporate Limited:

- Pension Security Insurance Corporation Limited (PSIC) is a fully authorised Guernsey reinsurer. The benefits of having an authorised offshore reinsurer are:
  - A pension reinsurance product, especially for the insurance industry
  - Opportunities for joint ventures that enable our partners to share risks and benefits with PSIC
  - PSIC also provides the capability to reinsure specific risks for pension funds and pension sponsors.

**Enquiries:**

Equus

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