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## Recommended Cash Offer for telent plc

25 September 2007

Co-Investment No. 5 LP Incorporated ("CILP") a limited partnership whose general partner is advised by Pension Corporation LLP ("Pension Corporation") Recommended Cash Offer for telent plc ("telent")

### Summary

CILP and the Board of telent announce a recommended cash offer for telent of 600p per telent Share (the "Offer").

The Offer values telent at approximately £398 million. The Offer represents a premium of approximately:

- 18 per cent. to the closing middle market price of 510p per telent Share on 24 September 2007 (the last business day prior to this announcement); and
- 23 per cent. to the average closing middle market price of 487p per telent Share for the one month up to and including 24 September 2007 (being the last business day prior to this announcement).

Under the terms of the Offer, telent Shareholders on the register as at 21 September 2007 will retain the right to receive on 17 October 2007 the final dividend of 11p per telent Share for the year ended 31 March 2007 announced on 16 May 2007.

CILP has unconditionally agreed to acquire 16,500,000 telent Shares, representing (as at the date of this announcement) approximately 26.39 per cent. of the existing issued ordinary share capital of telent. Further, as at the close of business on 24 September 2007, being the last practicable business day prior to this announcement, CILP owned 1,869,372 telent Shares representing approximately 2.99 per cent. of the existing issued ordinary share capital of telent.

CILP is a Guernsey limited partnership whose general partner is Pension Corporation GP Limited ("PCGP"), a Guernsey limited company which is authorised by the Guernsey Financial Services Commission. PCGP is advised by Pension Corporation.

The Directors of telent, who have been so advised by Lazard, consider the terms of the Offer to be fair and reasonable. In providing advice to the Directors of telent, Lazard has taken into account the commercial assessments of the Directors of telent. Accordingly, the Directors of telent intend to recommend unanimously that telent Shareholders accept the Offer.

Those Directors of telent who own telent Shares, or have options over telent Shares, have irrevocably undertaken to accept the Offer in respect of their own telent Shares and in respect of those telent Shares which may be issued to them on the exercise of options.

Mr Edmund Truell, Group Chief Executive Officer of Pension Corporation, said:

"The strength of telent's UK pension fund is vitally important to over 62,000 people; a legacy from what was once the second largest industrial company in the UK. We intend to apply Pension Corporation's market leading pensions investment and administrative approach to support and enhance the management of the GEC plan.

"We have established Pension Corporation to be a holder of pension funds over the long term. With the excellent quality of our Board and management team, substantial committed funding from our investors and our expertise in managing pension assets and liabilities, we are able to demonstrate our commitment to responsible pension stewardship.

"With this Offer we are also providing telent shareholders with the ability to realise their investment for cash at an attractive value. Once private, we intend to free up Mark Plato and his management team to focus on the operating business and give them our full support in re-building a strong and high quality service business."



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Mr John Devaney, Chairman of telent, said:

"We believe the cash offer of 600p per share from Pension Corporation is a compelling one for shareholders, given the prospects for the operating company and the position of the UK pension fund. The offer represents an attractive premium over the pre-bid price and shareholders will also receive the dividend of 11p per share that has already been approved. This is a good outcome for shareholders and will allow the management team to focus exclusively on the development of the operating business."

This summary should be read in conjunction with and is subject to the full text of the attached announcement and the appendices. Certain terms used in this summary are defined in Appendix IV to the attached announcement.

Merrill Lynch is acting as exclusive financial adviser and corporate broker to CILP and Pension Corporation.

Lazard is acting exclusively as financial adviser to telent. telent has also received financial advice from JPMorgan Cazenove, its corporate broker.

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*This announcement is not intended to and does not constitute, or form part of, an offer to sell or invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Offer or otherwise, nor will there be any purchase or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law or regulation. The Offer will be made solely through the Offer Document and, in the case of certificated telent Shares, the Forms of Acceptance accompanying the Offer Document, which will contain the full terms and conditions of the Offer, including details of how to accept the Offer. Any acceptance or other response to the Offer should be made only on the basis of the information in such documents.*

*Merrill Lynch, which is regulated in the UK by the Financial Services Authority, is acting exclusively for CILP and Pension Corporation and no one else in connection with the Offer and will not be responsible to anyone other than CILP and Pension Corporation for providing the protections afforded to customers of Merrill Lynch or for giving advice in relation to the Offer.*

*Lazard and JPMorgan Cazenove, which are regulated in the UK by the Financial Services Authority, are acting exclusively for telent and no one else in connection with the Offer and will not be responsible to anyone other than telent for providing the protections afforded to the respective customers of Lazard or JPMorgan Cazenove nor for giving advice in relation to the Offer.*

*The availability of the Offer to persons who are not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not so resident should inform themselves about, and observe, any applicable requirements. Further details in relation to overseas shareholders will be contained in the Offer Document.*

*The release, publication or distribution of this announcement in jurisdictions other than the UK may be restricted by law and/or regulation and therefore any persons who are subject to the laws and regulations of any jurisdiction other than the UK should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. This announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and/or regulations of jurisdictions outside the UK.*

*Any person (including, without limitation, any custodian, nominee and trustee) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this announcement and/or the Offer Document and/or any other related document to any jurisdiction outside the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.*