



Pension Insurance Corporation agrees £451 million insurance transaction with the Delta Pension Plan

5 June 2008

Pension Corporation, a leading provider of pension solutions, today announces that Pension Insurance Corporation (PIC) has been selected to secure specified benefits of the Delta Pension Plan, which is sponsored by Delta plc. Pension Insurance Corporation is fully authorised and regulated by the Financial Services Authority.

In exchange for PIC insuring specified benefits of the Delta Pension Plan, Pension Insurance Corporation will receive assets amounting to £451 million.

The transaction brings assets managed by Pension Insurance Corporation in the defined benefit pension fund buy-out market to more than £500 million. Including sponsored pension funds, Pension Corporation now has more than £4.75 billion of pension assets under its umbrella.

Edmund Truell, Chief Executive of Pension Corporation, commented:

“This announcement with the Delta Pension Plan highlights Pension Corporation’s commitment to providing secure and responsible pension management to defined benefit funds and being the insurance solution of choice for pension fund members. The further development of our insurance buy-out business is another important step in being able to offer a complete range of specialist pension solutions to defined benefit funds of any size or financial strength.”

Todd Atkinson, Chief Executive of Delta plc, commented:

“We are delighted to reach agreement on a transaction with Pension Insurance Corporation that provides a cost effective solution for the benefit of plan participants and Delta plc.”

David Pearce, Chairman of the Trustee, Delta Pension Plan, commented:

“We are very pleased that we have been able to provide additional security for all members of the Delta Pension Plan through additional financial support from Delta plc and an insurance transaction with Pension Insurance Corporation.”

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Delta Pension Plan

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Notes to Editors:

The Pension Corporation group provides the following solutions to defined benefit pension funds:

- Insurance Buy-out
- Longevity Insurance
- Pension Fund Sponsorship
- Asset Liability Management

These solutions enable pension funds to protect their members' benefits by strengthening and stabilising their financial position, and enable their employers/sponsors to protect themselves against the volatility of their earnings and balance sheet values.

Insurance Buy-out: An insurance policy is issued by Pension Insurance Corporation ("PIC"), which gives the members of the pension fund the security of having their benefits underwritten by a fully FSA-authorized and regulated insurance company and removing the responsibility for the pension fund payments from the balance sheet of the employer/sponsor. PIC can undertake the insurance in respect of all or some classes of the members, according to what the fund can afford, and is able to act quickly and in a flexible way (for example by offering different ways of financing the transaction).

Longevity Insurance: PIC offers a longevity insurance policy, the first of its kind in the world, to protect pension funds and their employer/sponsor against the cost of pensioners living longer than expected. The policy is tailored to the member-by-member profile of the fund so as to provide comprehensive "whole of life" protection against what is perhaps the most significant risk faced by pension funds and their employers/sponsors. Inflation risk can be included or covered separately by an inflation swap.

Pension Fund Sponsorship: Typically used where a fund cannot afford a pension insurance buy-out immediately, Pension Fund Sponsorship involves the Pension Corporation group becoming the owner of the employer/sponsor of the pension fund. In this way, the fund gains the additional backing of the Pension Corporation Group, while continuing to have the backing of the original sponsor and of the assets of the fund itself. Under this model financial returns to Pension Corporation can only be drawn once the pension fund members' benefits have been secured, in much the same manner as funds within an insurance company. For each of the three pension schemes where Pension Corporation has acquired the employer/sponsor, it has advocated a reduction in the risk level of the pension fund assets, which shows the conservatism of Pension Corporation's views on investment management and its emphasis on pensioner security.

Asset Liability Management: Pension Corporation has a highly experienced investment management team, which is able to advise on state-of-the-art asset and liability management. It offers this service on a fee basis or, in the case of funds under the sponsorship of companies owned by it, without charge.

Security

Pension Corporation is backed by large blue chip financial services companies, including The Royal Bank of Scotland, HBOS and Swiss Re. Its Board and management include a number of expert and highly experienced insurance industry executives, including Sir Mark Weinberg, co-founder of St James's Place Wealth Management Group, John Coomber, former Chief Executive of Swiss Re, Sir Martin Jacomb, former Chairman of the Prudential Assurance Group, and Bob Scott, former Group Chief Executive of Aviva. Pension Corporation has a total of £4.75 billion of pension assets under its stewardship.

www.pensioncorporation.com