



PENSION CORPORATION TO RAISE MORE CAPITAL TO FUND
GROWTH, ANCHORED BY J.P. MORGAN INVESTMENT;
TO ACQUIRE SYNESIS LIFE TEAM

London, 18 November 2008 - Pension Corporation today announces the consolidation of its position as a leading UK specialist provider of pension solutions with the commencement of a second-round fundraising of core equity capital. The fundraising is to be launched on the back of an immediate investment by J.P. Morgan and will allow Pension Corporation to provide security to many more defined benefit pension scheme members.

As part of the agreement, Pension Corporation will acquire assets and key members of the team of Synesis Life, a UK insurer of bulk annuities backed by J.P. Morgan, The Royal Bank of Scotland and Warburg Pincus.

The fundraising will be offered first to current investors and thereafter will be marketed to new investors in the first half of 2009. Pension Insurance Corporation is an authorised insurance company, regulated by the Financial Services Authority (“FSA”).

The funds will improve Pension Corporation’s ability to meet the fast-growing pipeline of pension enquiries, which now exceed £100 billion across the group’s range of solutions, including its ground breaking insurance of longevity risk.

The fundraising would be raised at a premium on terms that reflect Pension Corporation’s robust foundations and the approximate £5 billion of pension assets already under its stewardship. The acquisition of the Synesis Life team increases

Pension Insurance Corporation's capacity to handle its growing share of the fast expanding pension risk transfer market.

John Coomber, Executive Vice Chairman of Pension Corporation, commented:

"We are delighted to have an investor of J.P. Morgan's stature back our vision of providing a comprehensive set of pension risk transfer solutions. We also welcome the Synesis team, who round out our skills and capacity to deal with complex pension risk transfers as we expand further."

Edmund Truell, Chief Executive of Pension Corporation, commented:

"The pension risk transfer market is growing rapidly. The extra capital we are raising, led by J.P. Morgan, will extend our capacity to take market share in areas with the right balance of risk and reward. This significantly increases our ability to play a leading role in addressing the historic legacy of defined benefit pension liabilities, which amount to more than twice the size of the UK's national debt and nearly equal the country's total gross domestic product. We are ready to provide long-term security for hundreds of thousands more pension fund members across the country."

Edward Giera, Managing Director, Pensions Advisory Group J. P. Morgan, commented:

"J.P. Morgan is pleased to support Pension Corporation's equity capital increase. The significant range and complexity of the challenges facing UK defined benefit pension funds requires a variety of solutions, and the combination of Pension Corporation with Synesis Life team will create a powerful force in the UK market."

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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 by way of an insurance contract. 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 analyse assets and liabilities of pension schemes. It can manage pension fund assets on a fee basis.

Security

Pension Corporation has been supported in its growth by its founding investors, which include J.C. Flowers, Royal Bank of Scotland, HBOS, Swiss Re, and Istithmar World. Established by the Truell Charitable Foundation, 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 Prudential Assurance Group; Bob Scott, former Group Chief Executive of Aviva; Philip Moore, former Chief Executive of Friends Provident; and John Fitzpatrick, former Chief Financial Officer of Swiss Re. Pension Corporation has some £5 billion of pension assets under its stewardship.

www.pensioncorporation.com