



Pension Insurance Corporation agrees to insure the Merchant Retail Group Pension Scheme

London, December 19, 2008 - Pension Corporation, a leading insurer of defined benefit pension schemes, today announces that the Trustees of Merchant Retail Group Pension Scheme, a member of the A.S. Watson Group, have accepted a proposal to insure its benefits with Pension Insurance Corporation ("PIC").

The Trustees, following a proposal from the sponsor to offer the fund for buy-out, concluded that the members' best interests were served by agreeing to insure the benefits with PIC.

The Trustees, and KPMG as advisers to the Sponsor, were particularly impressed by the speed, transactional flexibility and certainty around pricing that PIC was able to display in concluding the deal in a short timeframe. In addition, the conservative Asset and Liability Management portfolio proposed by PIC will mean members' benefits are secured for the very long-term. Pension Insurance Corporation is fully authorised and regulated by the FSA.

David Wadham, as Chair of the Trustees, said:

"I believe that Pension Insurance Corporation meets our members' needs for security for the future, and on that basis I am delighted that we were able to appoint them."

Gill Smith, Finance Director at Merchant Retail Group, said:

"We have been impressed by the way in which PIC was able to conclude the deal in a very short timeframe, with certainty around the pricing."

Linda Bell, Senior Manager at KPMG said:

“This has been an innovative deal and PIC’s flexibility, responsiveness and pragmatic approach were key in making this happen.”

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

“We are happy that we were able to meet the needs of the Trustees and offer the scheme members increased levels of security. This is the second pension scheme PIC has insured in as many weeks, including the largest ever, and we look forward to completing more buy-outs in our full pipeline for 2009.”

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About Pension Corporation

Pension Corporation removes pension risks from the sponsors and trustees of defined benefit pension schemes. As a market leader it is the counterparty to risks ranging from full buyout to longevity risk insurance, scheme stewardship and asset-liability management. It provides increased levels of security and stability for scheme members through Pension Insurance Corporation Ltd (“PIC”), a fully authorized and FSA-regulated insurance company; and Pension Corporation Investments LP Inc. (“PCI”). Pension Corporation is backed by a range of financial services firms including J.C. Flowers, Royal Bank of Scotland, Swiss Re and JP Morgan. For further information please visit www.pensioncorporation.com