



Pension Insurance Corporation agrees to insure the Leyland DAF Pension Scheme

London, January 13, 2009 - Pension Corporation, a leading insurer of defined benefit pension schemes, today announces that the Trustee of Leyland DAF Pension Scheme, Aon Trust Corporation, has accepted a proposal to insure its benefits with Pension Insurance Corporation ("PIC"). In return for insuring the liabilities of the scheme, PIC will receive assets amounting to approximately £230 million. The scheme has almost 5000 members.

Aon Trust Corporation was appointed as an independent trustee to the Leyland DAF Pension Scheme in 1993. The scheme was closed to new members in 1994, the sponsoring company went into liquidation in July 1996 and the scheme has in recent years secured substantial benefits with the state pension scheme and commenced winding-up. Recently the Trustee concluded that pension buyout offered the best way of de-risking the scheme given the current market conditions and for the long term.

The Trustee accepted the proposal from PIC on the basis of its capabilities, competitive pricing and transactional flexibility. Hewitt advised the Trustee on the buyout and provided Scheme Actuary services and KPMG provided advice on the scheme's investment strategy.

As a part of the winding up process, the Trustee will be assessing the level of surplus and considering how best it can be used by the scheme members, including the amount of any benefit improvements.

Oliver Rowlands, a Director of Aon Trust Corporation, said:

“I believe that Pension Insurance Corporation offers the best opportunity for us to de-risk the pension scheme given the current market conditions, offering the best level of security for the members’ benefits, and I am therefore delighted that we were able to conclude the pension insurance buyout with them.”

Dominic Grimley, who manages bulk annuity broking at Hewitt Associates, said:

“This has not been a straightforward deal, given the complexities surrounding the entitlements in the scheme. We have been very impressed with PIC’s positive and helpful approach to finding the best solution for the scheme members. We strongly believe that the buyout market offers an opportunity for companies to manage their pensions risk. Timing and market volatility play an important role, but we are confident that further tailored insurance deals will develop in 2009.”

Simeon Willis, Executive Consultant of KPMG Investment Advisory, said:

“Controlling risk has been a key factor for the scheme given the lack of solvent sponsor. In June 2007, the trustee made a wholesale switch from equities into bonds thereby insulating the scheme from subsequent equity market falls. Involving PIC now completes the de-risking programme which has always been focused on maintaining security of members’ benefits”

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

“We are delighted to have had our proposal accepted by the trustee of this scheme. Leyland DAF is an extremely well known name in this country with a proud working history and we know the scheme members will expect the highest level of security for their retirement benefits, which we aim to provide.”

Edmund Truell, Chief Executive of Pension Corporation, commented:

“We are pleased to have concluded our third pension insurance buyout in a very short period, including the largest ever, which involved the settlement of £1.1bn of pension liabilities. Once again a Pension Corporation insurance buyout will mean improved security and stability for scheme members and may result in benefit improvements, following the winding up process. We look forward to completing further deals throughout 2009.”

