



Pension Insurance Corporation agrees to insure Thorn Pension Fund in largest ever UK buyout

London, December 15, 2008 - Pension Corporation, a leading insurer of defined benefit pension schemes, today announces that the Trustee of Thorn Pension Fund has accepted a proposal from Thorn Limited to wind up the Fund and to insure its benefits with Pension Insurance Corporation ("PIC"). This is the largest ever UK pension insurance buyout involving the settlement of £1.1bn of pension liabilities and the securing of benefits for over 15,000 scheme members.

The Trustee satisfied itself that insuring the benefits with PIC provides increased long-term security to the Fund's members. In addition, the terms negotiated by the Trustee will mean an uplift of around 5% to the members' benefits.

Aware of the volatility in the markets during 2008, the Trustee explored the possibility of annuitisation as a means of protecting members' benefits for the very long term. As a result, the buyout was secured following an open, competitive process held by the Fund's Trustee and its advisers, during which the Trustee considered the various options available.

The buyout means that Pension Insurance Corporation will in due course provide an individual policy to each member, preceded by a bulk policy written in the name of the Fund's Trustee. Pension Insurance Corporation is fully authorised and regulated by the FSA.

Chris Martin, of Independent Trustee Services Limited, as Chair of the Trustee, said:

“After an extremely competitive process of considering all the options for enhancing member benefit security, the Trustee is delighted to have appointed Pension Insurance Corporation as its partner for the provision of bulk annuities. At a very challenging time in the investment markets, Pension Insurance Corporation was able to protect members' final salary benefits while also providing a financial uplift. The Trustee believes that this buyout represents the best overall outcome for the Fund's members.”

Andrew Gurnham, Director of Thorn Limited, said:

“Thorn is delighted that members' pension benefits have been secured through this insurance agreement and, coupled with increased member entitlements, believes this deal is the best possible outcome for the group's former employees. Thorn is also pleased to have removed any uncertainty about its future pension liabilities in the light of current volatile market conditions. The company would like to thank the Trustee board for managing the transaction in a highly professional manner.”

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

“Pension Insurance Corporation has a commitment to excellence which allowed it to offer an innovative solution which stood out in a competitive process. We are delighted to have been chosen on that basis.”

Edmund Truell, Chief Executive of Pension Corporation, commented:

“We are pleased to have concluded this pension insurance deal, the largest ever. Also, we are delighted to be able to insure, as part of the buyout, enhanced benefits to the Fund's members. Pension Insurance Corporation has a risk-averse asset and liability management approach; this has earned its spurs in these challenging markets and kept us at the forefront of the industry.”

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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. Funds under the Pension Corporation umbrella currently total almost £5 billion. For further information please visit www.pensioncorporation.com