



PENSION INSURANCE CORPORATION INSURES GRAHAM & BROWN RETIREMENT BENEFITS SCHEME

London, 16 July 2012 - Pension Corporation, a leading provider of risk management solutions to defined benefit pension funds, today announces that the Trustees of the Graham & Brown Retirement Benefits Scheme (“the Scheme”) have signed a pension insurance buy-in agreement with Pension Insurance Corporation (“PIC”). The transaction uses an innovative 50% phased premium structure. The Trustees were advised by Xafinity Consulting.

This structure, which covers c.£15m of liabilities, allows the Trustees to insure all the pensioners at the point of signing the transaction, but with only 50% of the premium paid up front. The remaining premium will be spread over five years. Under this structure, the Trustees have immediately insured the key risks associated with paying the pensions, such as longevity, inflation and interest rate. The deferred premium structure was first brought to market by PIC in a pension insurance buyout with the Arnold Laver pension scheme, in September 2010.

Additionally, the transaction allows the Trustees to defer the premium needed to insure deflation risk to the point when deflation occurs, saving approximately 5% on the premium for a subset of the insured pensions. PIC has also agreed to administer future retirees as they arise, a feature which manages cost and time for the Trustees.

Graham & Brown is a prominent player in the designer wall decoration market. They have received high profile status through working with many interior designers. Their

head office and manufacturing plant is located in Blackburn. Graham & Brown is a family business.

John Carter, Chairman of Trustees, said:

“This innovative buy-in with PIC has allowed us to achieve our aim of insuring all our pensioners on day one, despite having a small deficit. The deferred premiums will be payable over the next five years, replicating the scheme’s funding plan, but removing volatility and risk and providing certainty about pension payments. The PIC team has been flexible and constructive in helping us find an innovative solution to what some considered an intractable problem.”

Matt Barnes, Senior Actuary, Pension Insurance Corporation, said:

“The Trustees of the Graham & Brown pension scheme have been very proactive in addressing the risk that funding for a buy-in might move away from them. As a paternalistic employer with a reputation for looking after its staff, I am not surprised they have sought a structure which others might not have considered. I am delighted that we were able to come up with the solution which helps them achieve their aims.”

Bill Holmes, Head of Investment, Xafinity Consulting said:

“We are delighted to help another scheme to meet its objectives and benefit from recent improvements in buy-in pricing. We have been advising the Trustees on how to achieve their de-risking objectives in a number of areas, most recently the buy-in of the Scheme’s pensioner liabilities. We are very pleased to have worked closely with PIC to agree an imaginative solution that further progresses these de-risking goals. We look forward to working with PIC on further projects.”

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Notes to Editors:

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About Pension Corporation

Pension Corporation is a leading provider of risk management solutions to the trustees and sponsors of defined benefit pension funds. Its FSA authorised and regulated insurance company, Pension Insurance Corporation ("PIC"), brings safety and security to scheme members' benefits through innovative, tailored solutions factored around pension insurance buyouts and pension insurance buy-ins. PIC has c.£5.5bn in assets and has insured almost 60,000 pension fund members. Clients include FTSE 100 companies, multinationals and the public sector. PIC concluded the first UK public sector backed pension insurance buyout and the first buyout over £1 billion. PIC is proud to work with pension fund trustees to maximise member benefits. For further information please visit www.pensioncorporation.com