



PIC AND SIEMENS AGREE c.£1.3 BILLION PENSIONER BUY-IN

London, 4 July 2018 – Pension Insurance Corporation plc (“PIC”), a specialist insurer of defined benefit pension funds, has concluded a pension insurance buy-in with the Trustees of the Siemens Benefits Scheme (“the Scheme”) covering c.£1.3 billion of liabilities and around 6000 pensioners. The deal, which is included in PIC’s £3.2 billion HY 2018 new business volumes¹, is the third bulk annuity arrangement between PIC and a Siemens-sponsored Defined Benefit scheme. This wider relationship assisted in reaching a rapid conclusion of this transaction. The Trustees were advised by Aon, with legal advice provided by Sackers. Siemens plc was advised by KPMG. PIC was advised by CMS.

Siemens plc is the UK subsidiary of Siemens AG, a global technology company which focuses on the areas of electrification, automation and digitalization. It is one of the world’s largest producers of energy-efficient, resource-saving technologies and a leading supplier of efficient power generation and power transmission solutions. The company has around 377,000 employees worldwide and 15,000 in the UK.

John Smith, Head of Pensions at Siemens plc, said: “We are proud of what we have achieved with this latest buy-in, which is part of Siemens’ long-term pension de-risking strategy. This is one of a number of UK DB pension schemes sponsored by Siemens and achieving this is a significant milestone for the company. PIC once again showed a great deal of flexibility and innovation in helping us achieve our aims.”

Joanna Matthews, Chair of Trustees, Siemens Benefits Scheme, added: “We are delighted to have completed this transaction, notable for its speed and efficiency and I would like to thank

everyone involved for their hard work in making this happen. This is a great result for all members of the Scheme, reducing overall levels of risk.”

Matt Richards, Actuary at PIC, said: “The Trustee’s decision to enter into a bulk annuity reflects a market wide trend. We are delighted that the Trustees selected PIC as their partner for this transaction, furthering the relationship between Siemens and PIC, which we have been developing over a number of years. The bulk annuity market has become increasingly buoyant as de-risking strategies come to fruition, trustees look to protect pension scheme funding levels and companies look to stabilise their balance sheets. At PIC, we take pride in our ability to offer innovative, flexible, structures and I am pleased that we delivered this for the Siemens Benefits Scheme and its members.”

Paul Belok, Partner in Aon's Risk Settlement Group, said: “We carried out a full market review on behalf of the Trustee, which resulted in the selection of PIC as the preferred provider. We agreed a clear timeline with the Trustee at the start of the process and delivered on this, with efficient implementation and a transaction structure that met the objectives of both the Trustee and the Company. This transaction is further evidence of Aon's leading position in the risk settlement market.”

Stuart O’Brien, Partner at Sackers, said: “We are really pleased to have assisted the Trustee with this significant transaction in a year that is seeing an unprecedented level of buy-in and buyout activity in the market. The need to work within a very tight project timetable was crucial and the fact that we could secure terms so efficiently is a real testament to the expertise and collaborative approach of all parties.”

Tom Seecharan, Head of KPMG’s Pension Insurance Team said: “As a large, very well-funded scheme with a history of employing innovative funding and risk control solutions and a blue-chip sponsor, there were many strategies available to control longevity risk. KPMG were pleased to help Siemens in identifying the optimal strategy.”

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Notes to Editors:

- 1) Estimated

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About Pension Insurance Corporation

The purpose of Pension Insurance Corporation plc (“PIC”) is to pay the pensions of its policyholders. PIC provides secure and stable retirement incomes through leading customer service, comprehensive risk management and excellence in asset and liability management. At year-end 2017, PIC had insured 151,600 pension scheme members and had £25.7 billion in financial investments, accumulated through the provision of tailored pension insurance buyouts and buy-ins to the trustees and sponsors of U.K. defined benefit pension schemes. Clients include FTSE 100 companies, multinationals and the public sector. PIC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (FRN 454345). For further information please visit www.pensioncorporation.com.