



PENSION CAPITAL STRATEGIES

PENSION CAPITAL STRATEGIES LIMITED LAUNCHES NEW BUYOUT MARKET WATCH:

- **Affordability Index suggest best time to buyout for at least a decade**
- **Over £10bn of new bulk annuity business to be written by the end of 2008**
- **There will be one or more large deals by the end of the year shattering current £800m record**

London, 10th July, 2008 – Pension Capital Strategies Limited (PCS) has today launched a half yearly Buyout Market Watch report, reviewing the last 12 months in the buyout market with a view on the market for the rest of 2008 and long term.

Charles Cowling, Managing Director, PCS, says "We have seen increased development in the buyout market over the last 12 months and its growing impact on Defined Benefit pension schemes. We predict prices will continue to be low for the rest of 2008 with the gap between IAS19 and buyouts becoming even lower for immediate annuitants. Growing pressure from the Pensions Regulator and changing accounting standards are encouraging de-risking in pension schemes. Companies therefore need to face their pension commitments head on, particularly if they are looking at re-structuring or merger opportunities. Increasingly this means looking at buyout opportunities".

The attraction of a buyout solution is crucially linked to four key factors: - Regulations, the financial health of the pension scheme, the excess cost over the accounting reserve and market sentiment. In the last 12 months all these factors have been swinging in favour of a buyout solution.

Charles Cowling continues, "We have tracked the prices in the buyout market against FRS17/IAS19 values to create the PCS Affordability Index. This Index suggests now is the best time to buyout for at least a decade and may even represent a lower cost than the published accounting figures. We expect there to be one or more multi-billion pound insurance-based buyout deals by the end of the year, shattering the record of the largest deal, which is currently £800m in respect of P&O. However, we are already seeing signs of consolidation in the market and so, in the long term we expect prices to increase as some participants reach their capacity and others drop out of the market".

The full PCS Buyout Market Watch Report is available on the PCS website at:
www.pensionstrategies.co.uk.

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Notes to Editors:

About Pension Capital Strategies

Pension Capital Strategies (PCS) was established in 2006 to help companies to manage their Defined Benefit pension obligations, offering advice on managing scheme assets and liabilities, on communication with trustees and on finding the right funding solutions.

A subsidiary of the Jardine Lloyd Thompson Group, PCS can draw upon skills and experience in the areas of corporate finance, tax, capital markets, asset management, actuarial and general pension regulation and practice to provide strategic advice and practical answers.

www.pensionstrategies.co.uk