



PENSION CAPITAL STRATEGIES

DESPITE WORST EVER FIRST QUARTER PERFORMANCE FOR FTSE100 SHARE PRICES, PENSION CAPITAL STRATEGIES FTSE 100 REPORT SHOWS IT WAS A GREAT QUARTER FOR FTSE100 PENSION SCHEMES

London, 22nd May, 2008 – Pension Capital Strategies Limited (PCS) published its full FTSE 100 Report in association with Numis Securities today. The total surplus in FTSE 100 pension schemes at 31 March 2008 is estimated to be £36 billion. This is an improvement of £56 billion on the position 12 months ago.

Charles Cowling, Managing Director, PCS, says "The first quarter of 2008 was a dreadful one for shareholders in the FTSE 100. It saw the worst ever start to a year for share prices of the FTSE 100. Yet a bizarre combination of circumstances meant it was a great quarter for FTSE 100 pension schemes. Not only have the FTSE 100 pension schemes moved into significant surplus, but more significantly, we estimate that the total buy-out solvency deficit in the FTSE 100 pension schemes has improved by £160 billion from a deficit of £230 billion 12 months ago down to just £70 billion at 31 March 2008."

"FTSE 100 companies have already started to take advantage of these more benign conditions for pension schemes. Lonmin has become the first FTSE 100 company to offload its pension liabilities to an insurance company - Paternoster. Friends Provident have also just completed a deal with Norwich Union to secure its current pensioners".

The PCS publication – 2008 Survey of Analysts' Views on Pensions – showed that 72% of analysts in the survey were neutral to companies buying out pension liabilities with an insurance company (despite the apparent cost).

Charles Cowling continues "Our latest annual survey of analysts showed that many equity analysts viewed the advantages of buying out pension liabilities were sufficient to offset the additional costs - and that survey was conducted at a time when buy-outs were

viewed as more expensive than they are now. As the Pensions Regulator encourages pension trustees to take an ever tougher line and accounting standards on pension schemes become ever more unfavourable for companies, we believe that the attractions of a buy-out, giving a once and for all solution for the pension scheme, will grow inexorably – particularly as the markets react positively to the news of the successive buy-out deals that are done. Our view is that the Lonmin and Friends Provident deals are the first of many".

The PCS report, *The FTSE100 and Their Pension Disclosures*, published in association with Numis Securities, explores the pension disclosures of the FTSE100 companies, as well as the steps being taken to address pension scheme deficits. To access the latest *The FTSE100 and Their Pension Disclosures* report, please refer to 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