PENSION CAPITAL STRATEGIES

BUYOUT MARKET TO EXCEED £8 BILLION IN 2009, SAYS PENSION CAPITAL STRATEGIES

Buyout Prices are increasing but it is still a good time to buy out pensioner liabilities

London, 20th February 2009 – The latest Buyout Market Watch Report from Pension Capital Strategies (PCS) has shown that, despite the recession, 2009 will be a record year for pension buyouts.

As the wider market stalls, the pensions buyout sector continues to exceed expectations, as businesses look to remove pension liabilities that weigh heavily on their balance sheet. This activity is likely to be enhanced following a recent ruling by the Pensions Regulator that dictates pension schemes should be topped up before shareholders receive dividends.

Tiziana Perrella, Head of Buyout Services, PCS, says, "As anticipated, 2008 was a record year, both in terms of the overall amount of business being written and the size of the individual deals. Two deals worth in excess of £1bn each were struck, shattering the previous record, which was around £800m. We expect to see deals of equal magnitude in 2009."

A key development in 2008 was the arrival of another major player in the market with MetLife securing their first big deal with the Vivendi 2008 Pensioners' Scheme. The deal was based on MetLife's same-day transaction model, where much of the buyout work is done in advance and the price is then agreed on the day of the transaction, minimising any volatility associated with the deal. JLT Benefit Solutions Ltd /PCS were advisers in this transaction.

PCS believes that buyout prices will increase slightly in 2009 as the turmoil in markets leads insurers to reassess their own level of risk. But reducing pension scheme risk remains a key objective for many employers. The PCS Affordability Index shows that prices are still attractive, particularly for pensioners.

Market sentiment also remains in favour of buyout type solutions. Research carried out by PCS confirmed that there is no evidence of share prices falling following a company buying out pension liabilities - even if additional funds are required.

Tiziana Perrella continues, "We believe the market will be fairly sluggish in the early part of 2009. However we remain bullish about the prospects for the buyout market. If the wider economy does not suffer any further shocks, we expect activity in the buyout market to increase significantly later in the year, with a number of major deals being concluded before the end of 2009. We anticipate that a further £8bn worth of business will be written by the end of 2009, with the potential for this figure to increase to as much as £12bn in 2010."

The full PCS Market Watch Report is available on the PCS website at
http://www.pensionstrategies.co.uk/media_and_research/latest_research.htm

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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.