

Media Release

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For immediate release

Xafinity: Monthly deficit update for UK Corporate Pensions moves downward in February

Based on assumptions as at 31 December 2009, the Xafinity Corporate UK Pension Scheme model predicted a deficit at the end of 2010 of around £335 billion. Although this deficit increased by the end of January to around £428 billion due to a decrease in bond yields and a fall in the equity markets, the position had reversed by the end of February with a predicted year end deficit of around £341 billion.

Robert Hunt, Xafinity's Corporate Solutions director, commented:

"Increases in gilt yields as a result of government monetary policy may lead to reduced liabilities in the short term, in particular making buy-ins/buy-outs more attractive, but with a general election around the corner the picture is still an uncertain one".

The Corporate UK Pensions Scheme model findings are updated and published on a monthly basis to give all those connected with a pension scheme an indication of how changing market conditions can impact the financial status of pension schemes.

Pension professionals are able to manipulate the interactive tool on Xafinity's website to see how the year end funding position of **Corporate UK Pensions Scheme** varies under their own economic predictions – www.xafinity.com/modelsolutions

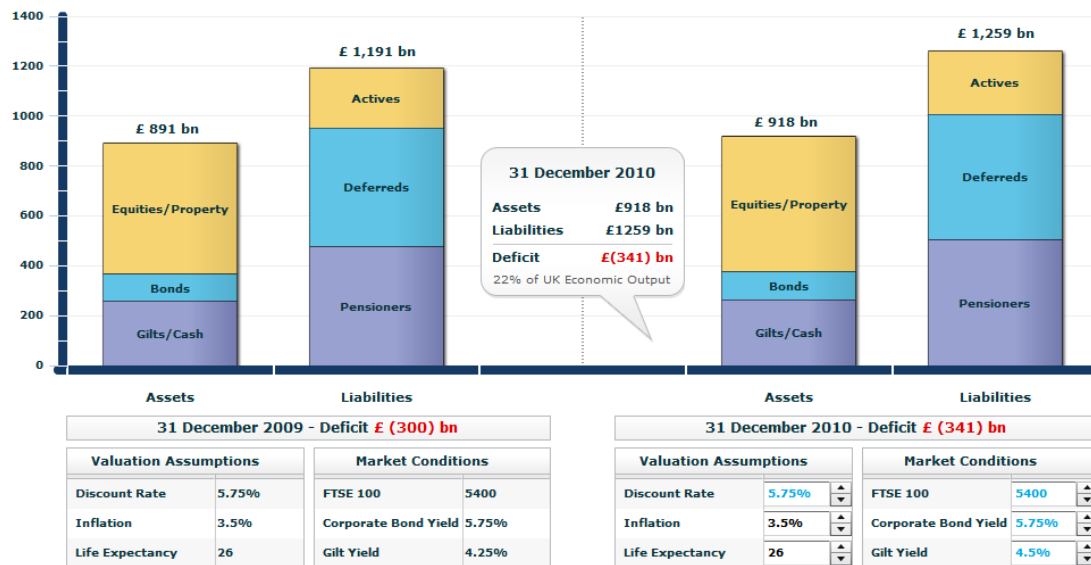
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For more information:

Robert Hunt
Corporate Solutions Director
Xafinity Consulting
Tel: 0118 918 5434
Mob: 07786 962 148
Email: robert.hunt@xafinityconsulting.com

Jane Ward
Public Relations Manager
Xafinity
Tel: 0207 680 2631
Mob: 0787 640 3072
Email: jane.ward@xafinity.com

Background information:



NOTE - Using as a base the dataset from the PPF's and the Pensions Regulator's "Purple Book", the model covers over 99% of the UK's PPF-eligible DB schemes and some 12.4 million members thus providing the most comprehensive and accurate appraisal of funding in the UK.

In June last year Xafinity Consulting launched the 2009 version of their Corporate UK Pension Scheme model. The model received significant media attention given that it provides the most comprehensive review of the deficits shown by defined benefit pension schemes in the UK. The model was constructed using the fourth edition of the Purple Book that covered 93% of the UK's PPF eligible pension funds.

The fifth purple book released on the 19th January 2010 provides an even more comprehensive survey being based on 99% of the liabilities of UK pension schemes. The findings of this survey confirmed the predictions of the Corporate UK model that the vast majority of UK pension schemes would have significant deficits.

At the end of January, on the back of the new Purple book Xafinity Consulting launched the 2010 version of the Corporate UK Pension Scheme model and a copy can be accessed at www.xafinity.com/modelsolutions. The model will be up-dated on a monthly basis to give all those connected with a pension scheme an indication of how changing market conditions can impact the financial status of pension schemes.

About the model:

By using the unique power of Xafinity's Model Solutions technology, Xafinity Corporate Solutions '**Corporate UK Pensions Scheme**' model can project future funding positions. It accurately models the impact that future changes in the factors that influence assets and liabilities will have on the overall funding of UK pension schemes, whether measured on an ongoing funding, FRS17 or even buy-out basis.

To date most of the surveys covering the funding positions of UK final salary arrangements have focused on the pension schemes of only the very largest companies - often the FTSE100 - and have primarily aggregated their historic or current funding positions. Whilst sizeable in liability value, in number these schemes represent less than 1.5% of UK final salary schemes and thus cannot show a

representative picture of the true funding plight of UK defined benefit arrangements.

Recognising this deficiency, Xafinity Corporate Solutions has, utilising its powerful Model Solutions valuation tool, created the Corporate UK Pensions Scheme model. Using as a base the dataset from the PPF's and the Pensions Regulator's "Purple Book", the model covers over 99% of the UK's PPF-eligible DB schemes and some 12.4 million members thus providing the most comprehensive and accurate appraisal of funding in the UK.

You can visit the Xafinity's Corporate Solution's web site at www.xafinity.com/modelsolutions and use the interactive tool to see how the year end funding position of **Corporate UK Pensions Scheme** varies under your own economic predictions.

Make your own predictions for Corporate UK Pensions Scheme:
www.xafinity.com/modelsolutions

About Xafinity:

Xafinity is one of the UK's leading specialist providers of pensions, employee benefits and payments expertise, with 170 years' experience and handling £2 trillion annually.

The Group provides consulting, software, resourcing, training and business process outsourcing services that enable public and private sector organisations to deliver employee benefits more efficiently.

In 2009, Xafinity was voted best Third Party Administration provider at the Pension and Investment Provider Awards. In 2008, Xafinity was voted Pensions Administration System Provider of the Year and won the Pensions Administration Software Award, as well as winning Best Pensions Software provider in 2007. Xafinity is the accredited software supplier to the UK Principal Civil Service Pension Scheme.

With 1,400 people nationwide, Xafinity has operational and relationship management centres across the UK, in Bath, Cardiff, Crawley, Fleetwood, Leeds, London, Reading, Stafford, Stirling and Waterlooville.

www.xafinity.com

About Xafinity Consulting:

Xafinity Consulting is one of the UK's leading specialists in employee benefit innovation and optimisation. Our expertise covers pensions and actuarial services, flexible benefits, healthcare, trusteeship and training. We are committed to working in partnership with our clients, providing a service to maximise the returns of their benefit strategies.

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