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PRESS RELEASE

Rothesay Life completes £255m bulk annuity deal with Xylem

- The Xylem UK Pension Plan has agreed a £255m full scheme insurance contract with Rothesay Life
- Insurance policy covers over 2,500 Final Salary Section members, of which around 1,100 are deferred pensioners

Rothesay Life, one of the UK's largest pension insurers, is pleased to announce that it has insured the Final Salary Section liabilities of the Xylem UK Pension Plan (the "Plan") through a c£255m bulk annuity transaction which was completed in early January 2020. This is Rothesay Life's first transaction of what looks likely to be another busy year.

The insurance policy covers all 2,500+ members of the Plan, 1,100 of which are deferred members. The Plan's members accrued their pension benefits while employed within Xylem, a leading global water technology provider, and previously related companies.

The transaction is structured as a full scheme buy-in which is expected to move to buy-out in future, at which point Rothesay Life will take full responsibility for paying members' benefits going forward.

In the process of choosing an appropriate insurer and negotiating terms, the Trustee of the Plan was advised by Aon and Freshfields Bruckhaus Deringer. Rothesay Life was advised by Gowling WLG.

Brian Blackmore, Chairman of the Trustee of the Xylem UK Pension Plan, said: "We are delighted to have secured benefits with Rothesay Life for our Final Salary Section members. The transaction is a key step in our de-risking of the Plan and delivers a superb outcome for our members by providing greater security of their benefits. We are pleased with the results and the key support provided to the Trustee by our advisors throughout this complex transaction. ."

Tom Seecharan, Business Development at Rothesay Life, said: "The Trustee of the Plan came with a challenging but realistic price target and a preparedness to move quickly to exclusivity if this could be met. This was an advantage in a busy market. Our robust approach to risk management and strong capital position gave the Trustee confidence in our execution capability and in the future security of the members' benefits."

Phil Curtis, Senior Consultant in the Risk Settlement Team at Aon, said: "Aon proposed a full liability settlement journey for the Plan in 2018, which combined member options and insurance, culminating with this Rothesay Life bulk annuity transaction in early 2020. Completing this journey required navigating through the busiest year in the history of the bulk annuity market and is an excellent result for the Trustee, Xylem and the Plan members."

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Notes to editors

About Rothesay Life

Rothesay Life was established in 2007 and has become one of the leading providers of regulated insurance solutions in the U.K. market for pensions de-risking. This strong growth has been achieved through the steady accumulation of pension scheme clients, significant strategic acquisitions and the reinsurance of annuity portfolios. Rothesay Life has assets under management of over £50bn and insures the pensions of over 800,000 individuals.

Existing Rothesay Life clients include the pension schemes and customers associated with such names as Asda, National Grid, Allied Domecq, Cadbury's, telent, Prudential, British Airways, Lehman Brothers, Aegon, Zurich Assurance the Post Office and the Civil Aviation Authority.

Rothesay Life was founded on several core pillars:

- Clear and disciplined business strategy;
- Prudent underwriting;
- Meticulous management of risk and cautious investment strategy supporting enhanced customer security;
- Excellence in execution; and
- Robust operational processes underpinning excellent customer service

Rothesay Life has three substantial institutional shareholders, Blackstone, GIC and Massachusetts Mutual Life Insurance Company, who provide the company with long term support for its growth and development.

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