



For immediate release: 16 November 2010

Prudential UK enters into £900 million bulk annuity buy-in agreement with GlaxoSmithKline

Prudential UK has entered into two bulk annuity buy-in contracts with the Trustees of the GlaxoSmithKline ("GSK") Pension Scheme and the GSK Pension Fund for a tranche of pensioner members within their defined benefit pension schemes. The transactions cover around 15 per cent of GSK's UK defined benefit pensioner liabilities and have an aggregate value of approximately £900 million.

Under the terms of the agreement, GSK has purchased bulk annuity policies from Prudential which will take on responsibility for a portion of the pensioner benefits payable by the Trustees of the GSK Pension Scheme and Pension Fund. GSK will continue to administer the Scheme and Fund and the terms of the pension payments made to its scheme members will remain unchanged.

Andrew Crossley, Deputy Chief Executive, Prudential UK & Europe, said: "Prudential has a unique set of capabilities in the annuities market including extensive longevity experience, a superior investment track record and operational scale. Our strategy for bulk annuities is to participate selectively in the market and only enter into transactions which meet our strict requirements for return on capital. This agreement demonstrates our ability to complete complex and innovative transactions within the bulk annuity marketplace.

"Our financial strength and strong track record continue to be significant factors for pension scheme trustees looking for a safe and secure home for their pensions. We believe that the GSK Pension Scheme and Pension Fund will benefit from our expertise and experience in the pensions and annuities markets."

This contract will be recorded for accounting purposes within Prudential's fourth quarter results for 2010.

- ENDS -

"Prudential" is a trading name of The Prudential Assurance Company Limited, which is registered in England and Wales. This name is also used by other companies within the Prudential Group, which between them provide a range of financial products including life assurance, pensions, savings and investment products. Registered Office at Laurence Pountney Hill, London EC4R 0HH. Registered number 15454. Authorised and regulated by the Financial Services Authority.

Enquiries to:

Steve Colton +44 (0) 20 7150 3136

Note to Editors:

The Prudential / GSK agreement is a 'buy-in' of annuities rather than a 'buy-out' of pension liabilities. A 'buy-in' is where a group annuity contract is bought as a fund investment and held by the Trustees. It belongs to the pension fund, not individual members. The Trustees hold the policy as a fund asset to meet its liabilities, and receives income from it to pay pensioners.

In effect, the GSK Pension Scheme / Fund have chosen to invest in an annuity policy to hold alongside their other assets. Individual scheme members will not become Prudential policyholders as they would in a 'buy-out'. Instead, the Pension Scheme / Fund will receive payments from Prudential which match the money the Trustees pay out to pensioners.