Comment

We have received enquiries from members in relation to comments made by Invensys plc concerning its pension scheme and a subsequent article from the Sunday Times dated 12 June 2011. In order to clarify for members what has been said, we summarise below the key points.

As part of the presentation of the 2011 results of Invensys plc (the “Company”) on 19 May, an update on the position of the Company’s pension schemes was presented. The following was stated with regard to the Invensys Pensions Scheme (IPS):

- The Company’s strategy in relation to the IPS is to:
  - “Continue to manage the pension schemes to reduce volatility and risk”; and
  - “Exploring other options with the ultimate goal of buyout with a reputable insurer”.

As a listed company with substantial pension liabilities, it is inevitable that Invensys plc would be exploring strategic options regarding the Scheme.

The term “buyout” is used to describe the process by which the responsibility for paying benefits to a scheme beneficiary is transferred from the Scheme (which is ultimately backed by the Company) to an insurance company (which is required by law to hold more than enough assets to pay all of its liabilities). A scheme “buyout” transfers part or all of its assets to an insurer who takes on some or all of the scheme’s liability to pay benefits. As insurance companies value typical pension liabilities on a conservative basis, the assets held by pension schemes (including IPS) are often not sufficient to cover these liabilities. There is consequently an extra payment (contribution) required by the corporate sponsor before such a buyout can take place.

The Trustee will give due consideration to any proposal that the Company may put forward while continuing to act in the best interests of the members.

Dated: 16 June 2011