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# PRIVATE EQUITY'S BROKEN PENSION PROMISES

## PRIVATE EQUITY COMPANIES' LINKS TO INSOLVENT PENSION FUNDS

A CEC SPECIAL REPORT 2007



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# Insolvent pension schemes and the link to private equity companies

In the spring of 2007 the GMB Central Executive Council (CEC) asked that a detailed study be undertaken to establish the links between insolvent pension funds and private equity companies. At that time there was much controversy in the media about the role of private equity companies in the UK economy.

GMB did not start out with any preconception of the role of private equity organisations. The concerns of GMB arose from day to day business issues that our members experienced in their workplaces with links to private equity. GMB members employed at Bird’s Eye in Hull, at the AA and at Little Chef had been at the rough end of the takeover of these organisations by private equity companies.

At Bird’s Eye the closure of the factory was announced some months after the takeover and production was moved to Germany with a loss of 600 jobs.

When Little Chef was taken over many of the branches were closed down, the land was sold and leased back. When it was sold on the new company was unable to pay the rents and it almost folded.

The AA was taken over by private equity companies in the Autumn of 2004 having been voted Employer of the Year by GMB Congress 2003. What happened next was the biggest act of corporate bullying ever to have been seen in Britain. Employees were given a choice of accepting a lump sum of money and going quietly after signing a compromise agreement or face performance management and the sack with no compensation at all. The workforce was reduced from 10,000 to 6,700. The working day was extended to eleven and a half hours and wages were cut in the call centres. The employer boasts that productivity jumped 25% and profits doubled to £200 million. The service to the customer deteriorated and the AA fell from first to third in the *Which* list for response times. One of the first things the private equity companies did was to de-recognise GMB. The AA HR department was fundamental in setting up an in-house staff association (without a ballot of the members) that presided over this corporate bullying.

GMB had been making public our concerns regarding the negative role of some parts of the private equity industry on our members working lives. In particular, GMB objected to the targeting of disabled staff for the sack at the AA. GMB laid the responsibility for this behaviour at the door of one of the multi-millionaire elite that run the private equity industry. GMB’s stunt with the camel (pictured on cover) to make Damon Buffini, one of the private equity owners of the AA, face up to these responsibilities was initially not successful. It

was only when the same private equity companies made an £8 billion bid for Sainsbury’s that the growing role of private equity in the economy became a public issue.

The private equity companies and the multi-millionaire elite that run them are desperate to portray themselves as growers of jobs, of innovation and of being vital to the well being of the economy. They are most anxious to shed their asset stripping image, to shed the impression that they enjoy favourable tax advantages and to shed the notion that the whole industry is simply a mechanism for the multi-millionaire elite to enrich themselves at the expense of GMB members and the general public.

The Treasury Select Committee has set up an enquiry into the role of private equity and GMB has submitted evidence to it. This report forms part of the GMB supplementary evidence to the Committee. The report details the findings of GMB research into private equity links to insolvent pension funds. The pension scheme failures examined by GMB consist of those where the pension scheme has wound up with insufficient funds to pay its liabilities and in addition, the scheme’s sponsoring employer has been declared insolvent. While there are a range of causes of scheme failures, the role of private equity is significant.

The Financial Assistance Scheme (FAS) is currently dealing with 669 company pension failures and the Pension Protection Fund (PPF) has about 160 company schemes under consideration. Overall more than 125,000 people and their families are affected. Our research indicates that 10% of those company pension schemes are from companies owned by private equity – with 59 schemes linked to private equity companies in the FAS and 38 in the PPF. These schemes are listed in detail in chapters 3 & 4 of this report and there is an index in chapter 5.

The question arises how big are the liabilities that flow from all these insolvent pension funds and how much of them are linked to the activities of the private equity companies.

Regarding the overall liabilities of all the insolvent funds there are official estimates. On 15th March 2006 speaking at Prime Minister’s Question Time, Tony Blair, in response to a question about insolvent pension funds, said: **“It is partly in recognition of it that we established both the Pension Protection Fund and the Financial Assistance Scheme, so that for the first time there will be help for people whose pension schemes have been wound up. I accept and understand entirely the sense of loss, anger and anxiety of those who have lost pensions for which they have paid for many, many years, but we have been asked to give, on behalf of the taxpayer, a £15 billion commitment and we simply cannot do that in circumstances where the reason for the loss is the collapse of the pension schemes themselves.”**

This figure for the extent of the overall liabilities is supported by other official statements. On 16 Mar 2006 The Secretary of State for Work and Pensions (Mr. John Hutton) told Parliament in a debate on insolvent pension funds.

**“We calculate that liability as being in the range of £13 billion and £17**



billion in cash terms over the next 60 years. We estimate that the administration costs would be in the region of a further £20 million each year.”

The example of Turner & Newell involving GMB members provides one relevant case. US private equity took a controlling share of the parent company in the US and withheld proper levels of funding for the UK pension scheme. After failing to agree with the scheme’s Trustees sufficient employer contributions to make up the deficit, the UK section of T&N went into Administration (following the commencement of Chapter 11 proceedings in the US). The pension scheme was wound up with insufficient funds resulting in its entry to the Pension Protection Fund. Following the insolvency of the UK employer the company’s assets were bought back (at a reduced price) by the same US private equity. The result is the company essentially continues as it did before private equity involvement but without the pension scheme. This can be the pattern of some private equity asset stripping and liability dumping activities. The T&N pension fund unfunded liabilities are estimated at £875 million.

GMB General Secretary Paul Kenny will lead a delegation to the Treasury Select Committee in June 2007 to discuss the impact of private equity on our members and on the UK economy generally. GMB will ask the Select Committee to establish how much of the total of £15 billion of insolvent pension fund liabilities the private equity companies walked away from. GMB researchers estimate that the figure is at least £2 billion. The sheer scale of secrecy that surrounds the private equity industry means that it is not possible to calculate with certainty how much the figure exceeds £2 billion from information in the public domain. The Select Committee has a duty to establish how many of these pension liabilities arising from the activities of the private equity industry are being passed to the tax payer to pick up the bill. This question needs to be answered and made public before the balance sheet of the role of private equity industry in the UK economy can be settled.

What GMB definitely know is that while the taxpayer and other pension funds have been saddled with very big bills the top people in the private equity industry have become very rich. It is the duty of the Select Committee to see if one is linked to the other.

## Some of the multimillionaire elite who have amassed a fortune from the private equity industry

### Those with links to insolvent pension funds

#### Apax Partners

Sir Ronnie Cohen, co-founder of Apax Partners, is ranked =280th in the 2007 Sunday Times Rich list worth an estimated £260m. His partner, Adrian Beecroft, is ranked =793 with an estimated worth of £87m.

In 2006, Scott Mead joined Apax from Goldman Sachs and it is estimated he is worth £80m (=834 in the Rich List)

#### Alchemy Partners

Jon Moulton is ranked =417th in the Rich List worth £172m. His profits from Alchemy are not disclosed but he made an estimated £40m from the floatation of Bookham Technology and also has a £116m stake in Ashmore Group.

#### Doughty Hanson

Nigel Doughty has a stake in Doughty Hanson worth £161m placing him =421st in the Rich List.

#### Permira

Damon Buffini is ‘cautiously’ valued at £100m placing him =700th in the Rich List.

#### CVC

Michael Smith has an £80m stake in CVC and he is valued at £85m, =798th in the Rich List. The Sunday Times also quotes bonuses given to Michael Smiths ‘trusted lieutenants at CVC’ Donald MacKenzie and Hardy McLain ‘give them an approximate wealth of £60m.’ (2005)

#### 3i

The salaries from 3i for the executive directors are as follows:

Phillip Yea	£1,989,000
Simon Ball	£1,134,000
Michael Queen	£1,168,000

Included in the figures for Yea and Ball were salary supplements to allow them to make additional pension provisions.

The total remuneration for the 3 executive directors, 7 non-executive directors and 1 former director amounted to £5,025,000.



Jon Houlton, Alchemy Partners



Damon Buffini, Permira



Phillip Yea, 3i

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John Duffield, New Star Management

**Blackstone Group**

Founded in 1984 by Stephen Schwarzmann and Peter Peterson. Schwarzmann is ranked by Forbes as Americas 73 richest person, valued at \$3.5 billion.

**Candover**

Management remuneration in 2005 amounted to £5,074,249 with the highest director paid £1,421,123 in salary and pension contributions.

**Cinven**

Year ending 2005, the highest paid director received £1,000 salary and £399,000 in pension contribution from Cinven Group Ltd. The Times have Robin Hall, Managing Director of Cinven, valued at £51m in 2004.

**JO Hambro Capital**

The Sunday Times Rich list has Christopher Mills in at =421 with a value of £170m. He has a 39% stake in JO Hambro Capital worth over £132m.

Nichola Pease, Chief Executive of JO Hambro has a 15% stake in the £340m valued business.

**Kohlberg & Co**

Jerome Kohlberg, founder of Kohlberg Kravis Roberts in 1976 and of Kohlberg & Co in 1987 is worth an estimated \$1.2 billion and ranked 645 in Forbes richest people in the world list.

**Others in the industry**

**Midland Group**

Eduard Shifrin, co-founder of the Midland Group, a private equity company, with a 2006 turnover of approximately £1.6 billion. He is in the Rich List in 70th place worth £978m.

**Terra Firma**

Guy Hands runs Terra Firma and made a personal profit of £3.2m in 2005–2006. The Sunday Times has him and his wife, Julia Hands, =351 in the Rich List worth £200m

**Barclays Capital**

Roger Jenkins is head of private equity at Barclays Capital with estimated worth of £75, putting him =896 in the Rich List

**Schroders**

Bruno Schroder and family—the family of Schroders, global asset management company, is estimated to be worth £1,600m, placing them =31st on the Sunday Times Rich List.

**Caledonia Investments**

Peter Buckley is chairman of Caledonia Investments. He and the Cayzer family are worth £630m, 96th in the Sunday Times Rich List.

**Pamplona Capital Management**

Alexander Knaster founded Pamplona Capital Management and is valued by Forbes at £570m, 131st in the Rich list.



Louis Bacon, Moore Capital

**Moore Capital**

Louis Bacon runs the London section of Moore Capital, US private investment management firm, worth an estimated £518m, ranked 145th in the Rich List.

**New Star Asset Management**

New Star Asset Management was floated in 2005 giving founder and chairman, John Duffield an estimated wealth of £480m, =165th on the Rich List.

**Lansdowne Partners**

Paul Ruddock and Steven Heinz are co-founders of Lansdowne Partners valued at £350m each, =214 in the Rich List.

**Moore Capital**

Dr Kaveh Alamouti joined Moore Capital in 2002 and it is estimated he is worth £120m, =574th on the Rich List.



Alex Knaster, Pamplona Capital Management

*Chapter 2 of this report sets out the GMB supplementary evidence to the Treasury Select Committee and Chapters 3, 4, & 5 set out the details of insolvent pension funds with links to private equity companies.*

*GMB Congress is invited to consider this report and to add more details if possible about the insolvent pension funds.*

## **GMB Submission to the Treasury Select Committee in relation to the impact of Private Equity Firms on the British Economy— Supplementary Material on links to insolvent pension schemes**

Subsequent to our original commentary, we have carried out further research into the relationship between private equity firms (PEFs) and company pension schemes, and as a result, further areas of concern have arisen which we submit for the consideration of the Committee.

GMB are particularly concerned about the way that PEFs can manipulate and use existing company pension schemes to meet their agenda, and whether that agenda matches the needs of company workers who have invested in the pension scheme.

GMB are concerned to note that the number of company pension schemes failing is rising, despite the fact that inflation is relatively stable and the economy is generally thought to be in good health. The Financial Assistance Scheme (FAS) is currently dealing with 669 company pension failures and the Pension Protection Fund (PPF) has about 160 company schemes under consideration. Our research indicates that 10% of those company pension schemes are from companies owned by PEFs—with 59 PEF linked companies in the FAS, and 38 in the PPF.

The FAS is a taxpayer funded scheme, whereas the PPF is resourced by a levy on all company pension schemes. The Department of Work and Pensions confirms that 125,000 pensioners are affected under the 669 failed schemes with the DWP estimating the overall compensation package cost at £8 billion. In March 2006 the Prime Minister and John Hutton Secretary of State for Work and Pensions both acknowledged that the total figure for unfunded liabilities is adjusted for inflation, it could reach £15 billion.

GMB note that even during a “healthy” economy, the burden on the taxpayer



and other companies, of collapsed schemes, is substantial.

For the reasons contained in our principal evidence submission, GMB believe that heavily leveraged companies owned by PEFs are more likely to fail during economic downturn. In those circumstances GMB would envisage a very grave situation in relation to company pension schemes and their consequential effect on the economy.

GMB accept that company pension schemes can collapse for a number of reasons, however GMB would argue that some of the critical commercial factors involving PEF's ownership of companies can have a direct impact on the survival of the pension scheme if the company becomes insolvent.

PEFs are focused on reducing operating costs as much as possible in order to make the company appear as profitable as possible, for sale. One obvious opportunity to reduce costs is to take a "payment holiday" in contributions to the company pension scheme which leads directly to a substantial decrease in any surplus in the scheme, which might provide a cushion if the company fails or is closed down.

The pension scheme failures examined consist of those where the pension scheme has wound up with insufficient funds to pay its liabilities and in addition, the scheme's sponsoring employer has been declared insolvent. While there are a range of causes of scheme failures, the role of private equity is significant.

The example of Turner & Newell provides one relevant case. US private equity took a controlling share of the parent company in the US and withheld proper levels of funding for the UK pension scheme. After failing to agree with the scheme's Trustees sufficient employer contributions to make up the deficit, the UK section of T&N went into Administration (following the commencement of Chapter 11 proceedings in the US). The pension scheme was wound up with insufficient funds resulting in its entry to the Pension Protection Fund. Following the insolvency of the UK employer the company's assets were bought back (at a reduced price) by the same US private equity. The result is the company essentially continues as it did before private equity involvement but without the pension scheme. This can be the pattern of some private equity asset stripping and liability dumping activities.

At the Automobile Association, the company reported in 2006, that the Pension Scheme was showing a deficit of £80m. Since the company has been taken private and de-recognised GMB, GMB have not been able to access the same information and raise our members concerns about how the pension scheme has got into deficit. However GMB believe that the loss of 3500 workers must have seen a substantial decrease in contributions to the company scheme.

The company has decided to top up the pension fund with a loan of £40m, so increasing the borrowings of the AA, which already has a significant debt burden. The company also confirmed it would top up the scheme by a further £50m over the next three years, once again through borrowing. Further the pension trustees were persuaded by the company to invest 5% of the pension

fund in other private equity companies.

This example raises numerous concerns. Clearly the heavy use of debt to fund the pension scheme is problematic, and raises questions about the financial viability of the company if it cannot fund its own scheme. Further the pension scheme will be carrying a substantial debt in the event that the company fails. The decision to invest some part of the company pension scheme in other PEFs, gives rise to questions about conflicts of interest, and the susceptibility of the trustees to persuasion by the company owners to invest in high risk business.

As GMB have argued in our principle submission, PEFs are an increasingly substantial, high risk and unregulated sector of the market. As their ownership of companies grow, they will have a more significant impact on how company pension schemes are managed. The failure of these schemes trigger a significant impact for the taxpayer and other company schemes contributing an increased levy, to make up the funds in compensation schemes.

GMB have argued that companies owned by PEFs are far more likely to fail during an economic downturn. It is for this reason that the pension trustees at Sainsburys and Boots have been so aggressive in their response to PEFs who have approached them.

The result of pension scheme failures of this kind is a financial burden on taxpayers and responsible employers. The liabilities from those schemes that have ended up in the Financial Assistance Scheme (FAS) partially or totally due to the activities of private equity are a direct burden on the taxpayer. Despite government's request to the business community to assist funding the FAS, no contributions have been received therefore all monies required to compensate these employees who have lost their occupational pension savings have come from the Exchequer.

Where these pension scheme failures result in schemes transferring to the Pension Protection Fund (PPF), the financial burden then falls on responsible employers: those who support defined benefit schemes, through the PPF levy. GMB has experience of companies paying the PPF levy making changes to their own pension schemes in order to offset the cost thereby causing the repercussions of pension scheme failures to be felt far beyond those immediately involved.

Aside from the economics, Treasury needs to consider the practical and social consequences of a substantial increase in pensioners faced with the loss of their pension on the economy.

# Pensions in financial assistance schemes with private equity links

## **A & R Carton (UK)**

### **Pension and date**

A & Carton (UK) Limited Pension Fund—13th November 2006

A & Carton (UK) Limited Executive Pension & Life Assurance Plan—11 December 2006

### **Equity company linked**

Ahlström Capital; CapMan

### **Notes**

Part of A & R Carton, a Swedish based packaging and carton business, which has approximately 1,800 employees throughout Europe and sales of €327m.

45% owned by Ahlström Capital (a Finnish private investment company) and 45% owned by CapMan, a private equity company with offices in Helsinki, Stockholm, Copenhagen, Oslo and Guernsey. Capman manages funds worth €3.0 billion.

## **Abingdon Carpets**

### **Pension and date**

Abingdon Carpets plc Pension Fund—25 October 2005

### **Numbers affected**

1,000 employees, over 400 deferred

### **Equity company linked**

EPIC Private Equity

### **Notes**

Part of Carpets International based in Newbridge, Wales. In 2003 there was a management buy out of Abingdon Carpets after Carpets International went into administration. The newly named Abingdon Flooring was backed by Epic private equity where they reduced the number of sites from six to one, reduced employees from 1,200 to 300 and reduced turnover from £120m to £40m. Epic's investment was £10m. Epic claim to have 'received a strong return from the investment over the period'. [www.investigate.co.uk/Article.aspx?id=200510261722482153T](http://www.investigate.co.uk/Article.aspx?id=200510261722482153T)

Epic Private Equity currently has £42m of invested capital in companies with a total turnover in excess of £450m.

## **African Lakes Corporation plc**

### **Pension and date**

African Lakes Corporation plc Pension Scheme—3rd April 2006

### **Notes**

African Lakes is the holding company for Africa Online. Its major shareholders include Blakeney Management Limited, RAB Capital Limited and Hoare Canaccord Capital (Europe) Limited.

## **Albert Fisher**

### **Pension and date**

Albert Fisher Group Pension Plan—5 December 2005

### **Numbers affected**

3,000 employees

### **Deficit**

£43m

### **Equity company linked**

Gilde

### **Notes**

The foods group went into receivership in May 2002, with estimated debts of £100m. Its turnover in 2001 was £700m. In 1999, in an effort to reduce debt, it sold three of its businesses for £21m to Gilde, a private equity investment company based in the Netherlands, France and Switzerland.

## **Alexanders Holdings**

### **Pension and date**

Alexanders Holdings PLC (Employees) Retirement Benefits Scheme—2 October 2006

### **Numbers affected**

200

### **Deficit**

estimated at £400,000

### **Equity company linked**

Lynch Talbot

### **Notes**

<http://observer.guardian.co.uk/business/story/0,6903,925323,00.html>  
Became Quay Group in 2002 and Sunneynook, with financing from Jersey based private equity company, Lynch Talbot, acquired 26%. There are approximately 200 members in the pension scheme affected and the deficit is estimated at £400,000.

## **Andrews Maclaren**

### **Pension and date**

Andrews Maclaren Limited Retirement Benefits Scheme—29 August 2006

### **Deficit**

estimated at over £2.5 in 2003

### **Equity company linked**

Albion Consortium Fund

### Notes

The pushchair company, based in Northamptonshire, went into receivership in 2001 owing £11.5m and the pension fund in deficit by £4m. Farzad Rastegar and his Albion Consortium Fund first started investing in Maclarens parent company, Sunleigh, in 1996 and the following year they owned 74%. The Albion Consortium Fund included Jack Lyons who was involved in the Guinness scandal in 1990.

On the day Maclaren went into receivership, the goodwill of the company and the name were bought for £150,000 by Farzad Rastegar and his Albion Consortium Fund.

### Ballast Nedam Construction

#### Pension and date

Ballast Nedam Construction Ltd Retirement Benefits Scheme—27 March 2006

Ballast Wiltshire Retirement Benefits Plan—30 January 2006

#### Numbers affected

1,000 employees

#### Equity company linked

Internationale Nederlanden Group (ING group)

#### Notes

In 1993 Ballast Nedam was sold by BAE Systems to a consortium of Hochtief AG, Internationale Nederlanden Group (ING) and Ballase Nedam Pension fund.

### Birmingham Mint

Pension and date: Birmingham Mint Pension Scheme—21 November 2005

#### Equity company linked

3i

#### Notes

In 2001 there was a management buy out from owners 3i who acquired the majority shareholding in 1998. Went into administration in 2003.

### Blyth and Blyth

#### Pension and date

Blyth and Blyth—9 January 2006

#### Deficit

£6m in 2003

#### Equity company linked

Bank of Scotland finance

#### Notes

Went into receivership in 2003 after a £6m deficit was found in the pension scheme. The company was bought by its directors, backed by Bank of Scotland finance, within 2 days of it going into receivership.

### Brimley and Company

#### Pension and date

Brimley and Company Pension & Life Assurance Scheme—6 February 2006

### Equity company linked

Veronis Suhler Stevenson

#### Notes

Brimley and Company and Kingavon Limited were two trading subsidiaries of Bridgend Group PLC. In August 2000 Bridgend Group was subject to a reverse take over by Hemscottt plc, the online financial information company. In October 2000, Brimley and Company (renamed XLIV Ltd) went into liquidation. Hemscottts majority shareholder is Veronis Suhler Stevenson, a New York and London private equity company.

### British United Shoe Machinery

#### Pension and date

BUSM Pension Plan—6 March 2006

#### Numbers affected

over 1,000

#### Deficit

£30m

#### Equity company linked

Apax Partners

#### Notes

BUSM, a Leicester based company, was bought by Apax Partners in 1995 and the pension split into two parts in 1999. It went into receivership with substantial debts in October 2000. The BUSM scheme was estimated to have a £30m deficit and the Texon fund, £20m. Over 1,000 former employees are affected.

### Bronte Foods

#### Pension and date

Bronte Foods Ltd Retirement Benefit Scheme—14 November 2005

Equity company linked: Close Ventures

#### Notes

Close Ventures, a venture capital investment company managing £250m, own 33.3% Ordinary A and 33.3% Ordinary B shares in Bronte Foods.

### Budget

#### Pension and date

Budget Pension Plan—14 August 2006

#### Equity company linked

Cobepa

#### Notes

Owned by Avis Europe, D'Ieteren became the majority shareholder in 1989. Cobepa, an investment company, has 7.7% ownership in D'Ieteren.

### Carpets International (see also Abingdon Carpets)

#### Pension and date

Capets International Pension Scheme—9 January 2006

#### Numbers affected

1,000 employees, over 400 deferred



**Equity company linked**

Epic Reconstruction

**Notes**

Epic's reconstruction of Abingdon Carpets, a division of Carpets International saw number of sites reduced from six to one, employees from 1,200 to 300 and turnover from £120m to £40m.

**Clares Equipment Group****Pension and date**

Clares Equipment Group Retirement Benefits Scheme—13 November 2006

**Equity company linked**

3i

**Notes**

Clares Equipment Holdings Ltd was acquired by 3i in 1997.

**Cooperheat****Pension and date**

Cooperheat Employee Benefits Scheme—13 March 2006

Equity company linked

**Paulson & Co and Centaurus Capital (New York based)****Notes**

Trading under its new name of Stork Thermal and Inspection Services and with the backing of Stork NV. New York based private equity companies Centaurus Capital and Paulson & Co are large shareholders with a 20% stake in the business.

**Cork Industries****Pension and date**

Cork Industries Pension Scheme—4 January 2007

Cork International 1985 Pension Scheme—5 December 2005

**Equity company linked**

Candover

**Notes**

Cork Industries was created in 1996 as a leveraged buildup by Candover and sold in 1999 for £51.9m. The management of Cork bought the non-aerospace interests and this was also backed by Candover.

**Cuthbert Heath****Pension and date**

Cuthbert Heath Family Security Plan—18 April 2006

**Numbers affected**

50 pensioners

**Equity company linked**

Eton Park International

**Notes**

Paternoster, an insurance company takes on risks of final salary pension schemes. Backed by £500 million of equity from several institutions including

Deutsche Bank and Eton Park International LLP it has taken on the assets and liabilities of Cuthbert Heath Family Security Plan in November 2006.

**Dartington Crystal****Pension and date**

Dartington Crystal Pension Scheme—14 November 2005)

Dartington Crystal Pension Scheme for Foreign Personnel—5 December 2005

**Equity company linked**

Finance South West

**Notes**

Underwent a management buyout in 2006 which was part funded by Finance South West which invested equity funds managed by Yorkshire Fund Managers. Additional finance came from the South West Investment Group.

**Dawson Fur Fabrics****Pension and date**

Dawson Fur Fabrics Ltd Pension Scheme—29 December 2005

**Equity company linked**

3i

**Notes**

Dawson International sold Dawson Fur Fabrics in 1999 for £17m to a company formed by 3i.

**Dexion Group****Pension and date**

Dexion Group Pension and Assurance Plan—25 November 2005

**Numbers affected**

over 1,750

**Equity company linked**

Apax Partners

**Notes**

Bought by Apax Partners in 1998.

**Eagle Precision Technologies****Pension and date**

Eagle Precision Technologies Limited Retirement Benefits Plan—20 February 2006

**Equity company linked**

Canadian Imperial Bank of Commerce

**Notes**

In 2003 Eagle Precision Technologies became a wholly owned subsidiary of the Canadian Imperial Bank of Commerce. Previously it was the major shareholder and proposed a 'going private' transaction to Eagles board of directors.

### **Ferraris Piston Services (FPS Distribution)**

#### **Pension and date**

Ferraris Piston Services Ltd Retirement Benefits Plan—28 November 2005

#### **Equity company linked**

ABN Amro

#### **Notes**

### **Freshbake Foods**

Pension and date: Freshbake Foods (1998) Pension Scheme—3 July 2006

#### **Equity company linked**

Blackstone Group

#### **Notes**

Owned by Vlasic Foods which is owned by Pinnacle Foods which is owned by Blackstone Group (bought for \$2.16 billion)

### **Gibbs-Palmer**

#### **Pension and date**

Gibbs-Palmer (Holdings) Limited Retirement Fund—15 May 2006

#### **Equity company linked**

Close Brothers

#### **Notes**

Close Brothers acquired Gibbs-Palmer in 1998 and they went into receivership in 2000.

### **Gloystarne & Co**

#### **Pension and date**

Gloystarne and Company Limited Retirement and Death Benefit Scheme—13 March 2006

#### **Equity company linked**

3i

#### **Notes**

Largest shareholder of Gloystarne & Co is 3i.

### **Hawtal Whiting**

#### **Pension and date**

Hawtal Whiting Pension Fund—28 November 2005

#### **Equity company linked**

WL Ross & Co LLC, Contrarian Capital management LLC and Harbinger Capital Partners

#### **Notes**

Wagon plc acquired business and assets of Hawtal Whiting from the receivers and shares in Hawtal Whiting Inc. for £8 million in 2000. Hawtal Whiting US was sold in 2005. Three shareholders with over 10% of Wagon include WL Ross & Co LLC, Contrarian Capital management LLC and Harbinger Capital Partners.

### **Hydra Tools International**

Pension and date: Hydra Tools International Limited Pension Scheme—16 January 200

#### **Notes**

A £3 million management buy out involved 15 independent companies, including GE Capital, UK Steel Enterprises Ltd, Donbac Ltd, Davenham Trust plc and several private investors.

### **Industrial holdings**

#### **Pension and date**

Industrial Holdings Pension Scheme—4 September 2006

#### **Equity company linked**

Bridgepoint Capital

#### **Notes**

The companies included in this pension scheme include:

SLD Hire; SLD Holdings; SLD Genlite; SLD Skidhire; Sidwell & Co; Dufaylite; William Warne; James & Bloom; Teddington Controls; Wansdyke Ltd; Robert Morton DG Ltd.

The Longville Group, formed after the acquisition of SLD Pumps, SLD Genlite and Chiller Rental Services in 2001, is backed by Bridgepoint Capital who injected £30m into a management buy-in.

### **Kaldair Limited**

#### **Pension and date**

Kaldair Limited Pension Scheme—23 January 2006

#### **Equity company linked**

Koch Ventures

#### **Notes**

Kaldair was owned by Koch Industries until the mid 1990s.

### **Kode International**

#### **Pension and date**

Kode International Pension and Assurance Scheme 1993—3 April 2006

#### **Equity company linked**

Cornerstone Equity Investors

#### **Notes**

Bought in 1998 by Cornerstone Equity Investors for £14m

### **Lister Petter**

#### **Pension and date**

Lister and Co Ltd 1975 Pension and Life Assurance Plan—9 January 2006

#### **Numbers affected**

#### **Deficit**

#### **Equity company linked**

Schroder Ventures (now Permira)

**Notes**

Lister Petter was owned by Hawker Siddeley, the aircraft company, in the 1980's and became part of BTR after it bought Hawker. In 1996, Lister was bought by Schroder Venture Capital for £80m. In 2000, Schroder Ventures were looking for an exit but couldn't find a buyer and were preparing for receivership.

**LK Limited****Pension and date**

LK Limited Retirement Benefits Scheme—9 October 2006

**Equity company linked**

Schroder Ventures (now Permira)

**Notes**

In 1998 a management buy out from Transtec plc took place with the support of funds from Schroder Ventures. In January 2006 Metris acquires LK Ltd along with another two privately held companies for 35 million euros.

**Mason Pittendrigh Holdings****Pension and date**

Mason Pittendrigh Holdings Limited Retirement and Death Benefits Scheme—10 April 2006

**Notes**

Acquired by White Young Green in 1999. Major shareholders include: BlackRock Group; Merrill Lynch; Standard Life Investments; AXA Investment Managers; Framlington Investment Management; Scottish Widows Investment Partnership.

**Melton Medes****Pension and date**

Melton Medes Group Pension & Life Assurance Scheme—13 March 2006

**Notes**

Controlled by Nat Puri who in the 1990's was accused of raiding a union pension fund. The Graphical, Printing and Media Union charged Puri with arranging a low interest loan from a union pension fund to enterprises held by Puri's Melton Medes Group. The loans were repaid not in shares of two Melton Medes companies. Following the transfer of funds, shares of both companies plummeted. As a result of legal actions taken against Nat Puri, he agreed never again to serve as a trustee for a union pension fund.

Nat Puri is a director of Cadmus Communications whose major shareholders are Seligman & Co, Rutabaga Capital Management and Wachoria Corporation

**MG****Pension and date**

MG UK Staff Pension Scheme—10 April 2006

**Equity company linked**

Davis Capital and Sovereign Oklahoma Development

**Notes**

Nanjing Automobile, the owners of MG, has put the car factory under the control

of a new US joint venture, the North American MG Motor Company Ltd. This company is owned by Duke Hale and two private equity companies, Davis Capital and Sovereign Oklahoma Development. Mr Hale has talked of an investment of \$2 billion to include a new factory being built in Nanjing.

**Midland and Scottish Resources****Pension and date**

Midland & Scottish Resources Plc Retirement & Death Benefits Scheme—6 February 2006

**Notes**

Brought out of receivership in 2003 by Devonshire Holdings Ltd, a Guernsey based investment company.

**Moll Industries**

Pension and date: Moll Industries Retirement Benefit Scheme—12 December 2005

**Equity company linked**

Highland Capital

**Notes**

Highland Capital started to buy Moll's bank debt and by mid June 2002 had acquired 81% and provided additional finances to keep the company out of bankruptcy. In September 2002, three funds controlled by Highland filed an involuntary bankruptcy petition for the company.

**Motherwell Bridge Group****Pension and date**

Motherwell Bridge Group Pension Plan—6 February 2006

**Equity company linked**

JOHCM private equity

**Notes**

2006 saw a management buyout, backed by JOHCM, the private equity division of J O Hambro Capital Management, for about £15.5m from a syndicate of banks—RBS, Bank of Scotland and Rabobank.

**Motor industry pension plan (Alperton Group)****Pension and date**

Motor Industry Pension Plan (Alperton Group Ltd)—10 July 2006

**Equity company linked**

Natwest Ventures and 3i

**Notes**

In 1997, Alperton Ford received backing from 3i and Natwest Ventures to acquire Ealing Ford to create Alperton Group.

**Oriental Express****Pension and date**

Oriental Express Pension Fund—14 August 2006



**Equity company linked**

EPIC Reconstruction

**Notes**

Bonne Bouche was created in July 2004 by a management buy-out of Freshbake's Hartlepool site, after Freshbake went into receivership. In January 2007 Epic Reconstruction announced that Bonne Bouche/Oriental Frozen Foods (BBF) has been written off as an investment. After it was announced the company had experienced severe trading difficulties and banking facilities were withdrawn, EPIC Reconstruction decided to no longer support the business and BBF went into administration.

**Pioneer Weston****Pension and date**

Pioneer Weston Pension Scheme 3 July 2006

**Equity company linked**

Royal Bank Investments

**Notes**

Pioneer Weston was acquired by WYCO Industrial Services in 1998. In 1999 there was a £92m management buy out, and subsequent delisting from the stock exchange, of WYCO funded by Royal Bank Investments, the private equity arm of the Royal bank of Scotland.

WYCO was bought by Eriks, the Dutch holding company, for £139m in October 2006. Two of the major shareholders with over 10% in Eriks are ING Group and Kempen Capital Management.

**Powerhouse****Pension and date**

Powerhouse Protected Employees Pension Scheme—13 March 2006

**Equity company linked**

Barclays Private Equity, Cullen Investments

**Notes**

In 1996 there was a management buy out of Powerhouse, backed by Royal Bank of Scotland and Barclays Private Equity, from Hanson. By 2003 Powerhouse was put into administration but shortly after was bought by New Zealand company Pacific Retail Group (PRG). PRG went into administration in 2006 after its majority shareholder, Logan Corporation, sought a full take over. Logan Corporation, who already owned 81% of PRG, is part of Cullen Investments, a privately owned investment company.

**Sabena****Pension and date**

Sabena Pension Fund—21 August 2006

**Numbers affected**

over 7,580 people lost their jobs

**Equity company linked**

3i, Star Capital

**Notes**

In 1995, Swissair took a 49% stake in Sabena, the national airline of Belgium. Went into liquidation in November 2001, partially because Swissair did not meet its contractual obligations and failed to invest in Sabena. Swissair was a public private partnership and owned by the Swiss government, the holding company ASirGroup and two airlines, Crossair and Balair.

A company created from a management buy out from the administrators of SAirGroup in 2002 was SR Technics, backed by 3i, who held a 56% share and Star Capital with a 20% share. The company was acquired for 425m euros and in 2006 SR Technics was sold for 1 billion euros.

**Saltofix****Pension and date**

Saltofix Limited Retirement & Death Benefits Plan—27 March 2006

**Equity company linked**

Murray Ventures plc (now part of Aberdeen Asset Managers), 3i, Charterhouse

**Notes**

Acquired by Murray Ventures/Murray Johnstone Private Equity in 1995. Became SVG with the acquisition of two companies, Pop-On Body Spares and Veng and was bought for £4.5m in 1998 by Partco. Partco is part of the Unipart Group which has Charterhouse and 3i as major investors (45%).

**Sanyo Gallenkamp****Pension and date**

Sanyo Gallenkamp UK Pension Scheme—6 March 2006

**Notes**

Sanyo Gallenkamp is a manufacturing and distribution subsidiary of Sanyo Biomedical, a part of the Sanyo Electric Company. In 2005 Goldman Sachs, Daiwa Securities and Sumitomo Mitsui Banking Corporation committed 300 billion yen to Sanyo.

**Scipher****Pension and date**

Scipher Pension Scheme—6 February 2006

**Equity company linked**

Global Emerging Markets Group

**Notes**

It was announced in 2004 that Global Emerging Markets Group (GEM), a New York based venture capital company funded a management buyout of Wavelength Solutions Ltd. GEM acquired the business and assets from Scipher Plc as it entered administration.

**Simson Pimm****Pension and date**

Simson Pimm Retirement Benefits Plan—31 October 2005

**Equity company linked**

3i

**Notes**

In the early 1990's 3i invested £6.5m as part of a £13 buy in of Simson Pimm. The company

**Singer****Pension and date**

Singer UK Limited Employee Benefits Plan—4 December 2006

**Equity company linked**

Kohlberg & Company

**Notes**

Singer's parent company is SVP Worldwide which in turn is owned by Kohlberg & Company. Kohlberg's investment in Singer began in September 2004 and was bought for \$134m in cash, notes and assumed debt.

**Totectors****Pension and date**

Totectors Retirement Benefits Plan—9 January 2006

**Equity company linked**

Alchemy Partners

**Notes**

Sold by Tomkins to UK Safety Ltd for £19.5m in 2001, backed by Alchemy Partners.

**Triplex Components Group****Pension and date**

Triplex Components Group Limited Pension Scheme—15 May 2006

**Notes**

The management of Triplex Components Iron Division bought the business from Triplex with funding from NMB Heller and trading under the new name of Sigmacast Iron. NMB Heller is working capital finance joint venture of ING and GE Commercial Finance.

**United Engineering Forgings (UEF)****Pension and date**

United Engineering Forgings Pension Scheme—14 November 2005

United Engineering Forgings Senior Executive Plan—21 November 2005

**Numbers affected**

estimated at 1,300 members and 400 pensioners

**Equity company linked**

Prudential, NatWest and Barclays private equity sections

**Notes**

UEF's pension scheme was in surplus when it was acquired by a consortium made up of the venture capital arms of the Prudential, NatWest and Barclays.

**USM Texon****Pension and date**

USM Texon Pension Scheme—18 April 2006

**Numbers affected**

over 1,000

**Deficit**

£20m in 2004

**Equity company linked**

Apax Partners

**Notes**

The company was subject to a management buy out worth £140m in a deal backed by Apax Partners in 1995 who took an 80% stake. See also BUSM.

**UVG****Pension and date**

UVG Pension Plan—26 June 2006

**Equity company linked**

Resurge

**Notes**

Administrators sold UVG, now trading as UV Modular, to a consortium led by the current director, Peter Howard Jones, and venture capitalists Resurge plc.

**Varta****Pension and date**

Varta Limited Pension and Life Assurance Scheme—6 November 2006

**Equity company linked**

DB Investor, Global Equity Partners

**Notes**

Varta Ltd was a subsidiary of Varta AG, a German company, and Varta AG was in turn sold to DB Investor, the private equity arm of Deutsche Bank, in 2000. In 2002, Varta AG sold its retail supply business to Rayovac Corporation, and Varta Ltd was split into two parts.

Varta Microbattery Ltd had to make up any shortfall in the pension fund, and when it was realised the amount was £4m, the company went into administration. The company was immediately reopened as a branch of Varta Microbattery GmbH and therefore avoiding responsibility to the Varta limited pension and life assurance members.

In October 2006, Global Equity Partners acquired Varta Microbattery GmbH for 30 million euros.

**Viasystems****Pension and date**

Viasystems Tyneside Limited Pension Scheme—6 February 2006

**Equity company linked**

HM Capital Partners

**Notes**

European PCB, a private company registered in the Cayman Islands, bought Viasystems in March 2000 but it went into receivership in September 2001.

Hicks, Muse, Tate & Furst (HMTF—now called HM Capital Partners) increased their investment in 2002 from \$100m to \$283m to take control of 52% of

Viasystems common stock and 55% of its unsecured debt in an open market purchase.

When it emerged from bankruptcy protection in January 2003 most of the production was moved to China.

### **Wellman**

#### **Pension and date**

Wellman Pension Scheme—27 March 2006

#### **Equity company linked**

Alchemy Partners

#### **Notes**

Wellman was taken private in 1998 after the take over by Newmall plc with funding provided by Alchemy Partners in a deal worth £82m. Alchemy Partners provided £20 towards the deal.

### **Yardley**

#### **Pension and date**

Yardley Lenthéric Payroll Pension Fund—20 February 2006

Yardley Lenthéric Staff Pension Fund—20 February 2006

#### **Equity company linked**

EPIC

#### **Notes**

Epic Brand Investments began in 2002 as a joint venture between Epic and the Lornamead Group, a private company that specialises in personal care and home products and owner of the Yardley brand. EPIC sold its stake in EBI in 2005 to Lornamead.

## **Pensions in pension protection fund with private equity links**

### **AEW Delford**

#### **Pension and date**

AEW Delford Final Salary Pension Plan (Delford Sortaweigh section)—May 2006

#### **Notes**

Acquired by Marel Food Systems, part of Icelandic company Marel hf, in 2006. Björgólfur Thor Björgólfsson, Icelandic billionaire investor, holds 34% of Marel.

### **Allders**

#### **Pension and date**

Allders Pension Scheme—September 2006

#### **Deficit**

£15m

#### **Equity company linked**

Lehman Brothers

#### **Notes**

Bought in 2003 for £162m by Scarlett Retail, a consortium established by Minerva and Lehman Brothers. The company went into administration in 2005 and many of the stores were sold to rival department store chains.

### **Automotive Products Group**

#### **Pension and date**

Automotive Products Executives Pension Scheme—July 2006

#### **Equity company linked**

Cinven, CVC Capital Partners

#### **Notes**

A management buy out of Automotive Products Group from BBA Group for £206m occurred in 1995. Cinven provided £65m equity investment. CVC Capital Partners list Automotive Products Group as being in their portfolio of companies. billion.

### **Asprey Group**

Pension and date: The Asprey Group Staff Pension Scheme—December 2006

Equity company linked: Morgan Stanley Capital Partners

#### **Notes**

Morgan Stanley Capital Partners took a 20% stake in the group after investing in the international expansion of Asprey's jewellery retail business.

### **BIP Ltd**

#### **Pension and date**

BIP Limited Retirement Benefit Scheme—June 2006

#### **Equity company linked**

Advent

#### **Notes**

There was a management buyout in 1995 backed by Venture Capital from Advent. By 1998, the venture capitalists demanded an exit and forced disposals.

### **Bridgeport Machines**

#### **Pension and date**

Bridgeport Machines limited Pensions Scheme—May 2006

#### **Equity company linked**

American Capital Strategies

#### **Notes**

In 2002, American Capital Strategies invested \$18m in BPT Holdings and its



subsidiary company, Bridgeport International. This financing was to enable Bridgeport International to buy the common stock of Bridgeport Machines Ltd.

### **Calderburn plc**

#### **Pension and date**

Calderburn plc Retirement Benefits Pension Scheme—October 2006

#### **Equity company linked**

3i

#### **Notes**

Calderburn was acquired by Clares Equipment for £27m in 1999. Clares Equipment Holdings Ltd itself was acquired by 3i in 1997.

### **Celsius First**

#### **Pension and date**

Celsius First Retirement Benefits Scheme—April 2006

#### **Equity company linked**

Oregon Capital Partners

#### **Notes**

Celsius First was bought in 2003 by a management consortium, Oregon Capital Partners and Bank of Scotland Corporate Banking.

### **Champion**

#### **Pension and date**

Champion Pension Scheme—July 2006

#### **Notes**

Also owned by Federal Mogul. Please see T & N above for further information on Carl Icahn, Federal Mogul's largest bondholder.

### **Cintel International**

#### **Pension and date**

The Cintel International Pension plan—May 2006

#### **Equity company linked**

Schroder Ventures, 3i

#### **Notes**

Schroder Ventures acquired Precision Industries from Rank Organisation for £72m in 1996. Cintel International was bought by Precision Industries in the same year. In 1997, there was a £48m management buy out of Cintel and sister company Brimar with the backing coming from 3i.

### **Edinburgh Crystal**

#### **Pension and date**

Edinburgh Crystal Retirements Plan—November 2006

#### **Equity company linked**

Caledonia Investments

#### **Notes**

Caledonia Investments led a buy-out, owning 89%, of the Edinburgh Crystal Glass Company in 1990.

### **Haden**

#### **Pension and date**

Haden Staff Pension Scheme (HMH Process Engineering & Services Ltd)—December 2006

#### **Equity company linked**

JO Hambro, Alchemy

#### **Notes**

JO Hambro previously held 25% of Infast, formerly Haden MacLellan, and Alchemy Partners another 9%.

### **Heath Lambert Group & Lambert Fenchurch**

#### **Pension and date**

The Heath Lambert Group Pension Scheme—June 2005

The Lambert Fenchurch Staff Pension Scheme—June 2005

#### **Equity company linked**

Candover, Phoenix Equity partners and Advent

#### **Notes**

Candover, Phoenix and Advent led the £148m public-to-private buy-out of Heath Lambert in 1997. The business later merged with Lambert Fenchurch Group, another Candover-backed buy-out. The private equity firms controlled two-thirds of the company.

### **Instem Technologies**

Pension and date: Instem Technologies Pension Scheme—November 2005

#### **Equity company linked**

Alchemy Partners

#### **Notes**

In 1997 Alchemy Partners financed the public to private buyout of Instem Technologies, providing £4m (for a 57% shareholding) of the total £11m needed. In 1999 the investment returned £5m to Alchemy, £7m in 2000 with the sale of Instem Computer Systems and £5.5m in 2002 with the sale of the rest of the business.

### **JR Crompton Ltd**

#### **Pension and date**

JR Crompton Ltd Retirement Benefits Plan—April 2006

#### **Equity company linked**

Montagu Private Equity, 3i

#### **Notes**

In 2000, JR Crompton announced a \$135m funding package arranged by 3i and Montagu (previously HSBC Private Equity), who became majority shareholders.

### **Kemutec**

#### **Pension and date**

Kemutec Group Pension and Benefit scheme—February 2006

#### **Equity company linked**

EPIC Reconstruction

**Notes**

EPIC funded management buyout and now one of EPIC's portfolio of companies.

**LDV Ltd****Pension and date**

LDV Limited Pension Scheme—February 2006

**Equity company linked**

Sun European Partners (European advisor to Sun Capital Partners), Basic Element Group

**Notes**

Sun European Partners acquired LDV in 2005 after it was placed in administration. It has been mentioned this may have been done to relieve them of LDV's pension liabilities of £28m. In 2006, LDV was sold on to Russian automotive manufacturer, GAZ International. A major shareholder in GAZ Group is Russian Machines Holding, part of a private equity fund started in 1997, Basic Element Group (BEG). The consolidated revenue of BEG's portfolio businesses amounts to over \$13 billion and its combined asset value exceeds \$14 billion.

**Lincoln Castings****Pension and date**

Lincoln Castings Ltd Pension Scheme—January 2007

**Notes**

The firm, previously trading as George Fischer (Lincoln) Limited, was sold to privately-held company, Meade Capital, in 2004.

**McCowans Ltd  
John Millar & Sons****Pension and date**

The McCowans Ltd 1989 Pension Scheme—December 2006

John Millar & Sons (1844) Limited Retirement Benefits Scheme—June 2005

**Equity company linked**

Principal Capital Management

**Notes**

Millar McCowan was formed in 2005 after Millar went into administration but itself went into administration in 2006. It was bought soon after by Principal Capital Management.

**Metal Castings Group****Pension and date**

Metal Castings Group Pension Scheme—September 2006

**Equity company linked**

Permira

**Notes**

In 1998, Metal Castings underwent a management buy-in in a deal worth £38m. By 2005, the newly named Permira controlled 85% of the share capital of Metal Castings.

**Moorland Poultry****Pension and date**

Moorland Poultry Pension Scheme—February 2006

**Equity company linked**

Hicks Muse Tate & Furst (now HM Capital)

**Notes**

Owned by Hillside Holdings up until 2002. Hillside Holdings was acquired in 1999 by Hicks Muse Tate & Furst in a deal worth £822m.

**Morris Ashby**

Pension and date: Morris Ashby Pension Scheme—October 2006

**Equity company linked**

Windward Capital Partners

**Notes**

JL French acquired Morris Ashby in 1998 in a deal worth £49m. JL French was acquired by Windward Capital Partners in 1995.

**Newage Transmissions****Pension and date**

Newage Transmissions Pension Plan—February 2007

**Notes**

In 1997, Cortorth Plc group, including Newage Transmissions Ltd, was acquired by BI Group Plc. BI Group is wholly owned by National Industries Group (NIG) based in Kuwait. The financial arm of NIG, Noor Financial Investment Company, manages assets worth over \$112m and has major investments in private equity and direct investments in capital markets.

**Newton Derby****Pension and date**

Newton Derby Pension & Life Assurance Scheme—July 2005

**Equity company linked**

Enterprise Finance Europe and YFM Ventures

**Notes**

In 2005 Newton Derby were involved in a receivership buyout from parent company MP Industries. The deal was backed by Enterprise Finance Europe and YFM Ventures.

**Norprint Labelling Systems****Pension and date**

Norprint Labelling Systems Pension Scheme—March 2006

**Equity company linked**

Close Brothers Growth Capital

**Notes**

Norprint Labelling Systems, a profitable company was forced into receivership by the scale of its pension liability. In 2006 Norprint was acquired by Magnadata with investment from Close Brothers Growth Capital. Magnadata was subject to a £6m buy out in 2000, entirely funded by Close Brothers.

## **Openshaw Group**

### **Pension and date**

Openshaw Group Pension Scheme (Openshaw Logistics Ltd and Wolstenholme Graphic Industries Ltd)—October 2006

### **Equity company linked**

Rutland Partners

### **Notes**

Rutland bought Wolstenholme Rink for £63m in 2000. Once bought, Wolstenholme Rink was demerged and separated into 2 businesses, Wolstenholme Group and Openshaw.

## **Pearce Group**

### **Pension and date**

Pearce Group Staff Pension Scheme—November 2005

### **Equity company linked**

Anvil Partners

### **Notes**

Pearce Group undertook a management buyout in 2003 from Crest Nicholson for £9.2m. Equity came from the management and from Anvil Partners.

## **Samuel Eden & Son**

### **Pension and date**

Samuel Eden & Son Limited Retirement Benefit Scheme—June 2006

### **Equity company linked**

Thistledown Investments

### **Notes**

Previously owned by the Sherwood Group, it was sold in 2000 to Breckenburn Acquisitions, a subsidiary company of Breckenburn Limited for £5.4m. Breckenburn Limited is owned by venture capital provider Thistledown Investments.

## **Strand Lighting**

### **Pension and date**

Strand Lighting Pension Plan—September 2006

### **Equity company linked**

Schroder Ventures (now Permira)

### **Notes**

Acquired by Schroder Ventures in 1996. In 2006, the US and Hong Kong based operations of Strand Lighting were sold to the Genlyte Group in a deal estimated at \$13.5m. The UK operation was closed.

## **Swissport**

### **Pension and date**

Swissport UK Pension Scheme—January 2007

### **Equity company linked**

Candover

### **Notes**

Swissport was acquired by Candover in 2002 for £393 million. After 3 years of ownership it was sold to the Ferrovial Group for £646 million in 2005.

## **Thomas A Metcalfe**

### **Pension and date**

Thomas A Metcalfe Limited Pension and Life Assurance Scheme—December 2006

### **Equity company linked**

Dunedin Capital Partners

### **Notes**

Bought by Motherwell Bridge Holdings in 1998 for £2m. Dunedin Capital Partners held 13% in MBH.

## **T & N (Tuner & Newell)**

### **Pension and date**

T & N Retirement Benefits Scheme (1989)—July 2006

### **Deficit**

£875m

### **Equity company linked**

Carl Icahn

### **Notes**

Now owned by Federal Mogul whose largest bondholder is billionaire Carl Icahn, an American financier, corporate raider and private equity investor. When he bought Federal Mogul he put it into Chapter 11 liquidation enabling him to keep the good and get rid of the bad—bad being the pension deficit of an estimated £875m. In 2006, Forbes had him ranked 53rd in the list of world's richest people with \$8.7 billion.

## **UK Can Ltd**

### **Pension and date**

The UK Can Pension and Assurance Plan—December 2006

### **Equity company linked**

Doughty Hanson & Co, Berkshire Partners

### **Notes**

Impress Group, a portfolio company of Doughty Hanson & Co, acquired the European Operation of US Can Corporation, USC Europe/UK Can Ltd from Berkshire Partners in 1997 for an estimated £75 million.

## **Welpac plc**

### **Pension and date**

Welpac PLC Pension & Life Assurance Plan—October 2006

### **Equity company linked**

Yorkshire Fund Managers

### **Notes**

Welpac was bought by RAP Group in 1995. After restructuring the company, RAP Group changed its name to K3 Business Technology Group. In 2006, K3 became



part of Yorkshire Fund Managers Private Equity.

### Wiggins Group Plc

Pension and date

Wiggins Group Plc (KIA) Retirement Benefits Scheme—July 2006

Equity company linked

Schroders

Notes

Renamed PlaneStation Group in 2004. Major shareholders included the Prudential, through its M & G Investment Management subsidiary, Artimus and Legal & general.

### Wimco

Pension and date

The Wimco Staff (RBK) Retirement Benefits Scheme—January 2007

Notes

Russell Credit, the wholly owned investment subsidiary of ITC Ltd, acquired 74% of Wimco in 2005 held through 3 Singapore based subsidiaries—Haravon Investments, Swedish Match and Seed Trading. In December 2005, Wimco were delisted from the stock exchange and Russell Credit now hold 93.7% of its equity share.

### WW Group

Pension and date: WW Group Pension Scheme—October 2006

Equity company linked

Five Arrows Commercial Finance, part of NM Rothschild

Notes

A multi-million pound finance package from Five Arrows Commercial Finance brought WW Group out of administration in 2006. The newly formed company is called Star Garment Company Ltd.

# Index

## Alphabetical list of insolvent pension funds with links to private equity

Company	Locations	Members and pensioners	Venture Capital	Date
<b>Financial Assistance Scheme</b>				
1 A & R Carton (UK)	Chesterfield		Ahlström Capital; CapMan	Mon, November 13, 2006
2 Abingdon Carpets	Newbridge	1,000 employees, 400 deferred	EPIC Private Equity	Wed, October 25, 2006
3 African Lakes Corporation plc	London		RAB Capital	Mon, April 03, 2006
4 Albert Fisher	Stoke Poges, Glasgow, Peterborough, King's Lynn	3,000 employees	Gilde	Mon, December 05, 2005
5 Alexanders Holdings	Glasgow		Lynch Talbot	Mon, October 02, 2006
6 Andrews Maclaren	Long Buckby, Northamptonshire		Albion Consortium Fund	Tues, August 29, 2006
7 Ballast Nedam Construction	Harmondsworth, Fareham, Billingham	1,000 employees	ING Group	Mon, March 27, 2006
8 Birmingham Mint	Birmingham		3i	Mon, November 21, 2005
9 Blyth and Blyth	Edinburgh	260	Bank of Scotland finance	Mon, January 09, 2006
10 Brimley and Company	London		Veronis Suhler Stevenson	Mon, February 06, 2006
11 British United Shoe Machinery	Leicester	527 members, 321 pensioners	Apax Partners	Mon, March 06, 2006
12 Bronte Foods	Haworth		Close Ventures	Mon, November 14, 2005
13 Budget Pension Plan	National		Cobepa	Mon, August 14, 2006
14 Carpets International	Bradford, Gwent, Hull, Hartlepool, Killinchy, Donaghadee	550, 800 deferred, 520 pensioners	EPIC Private Equity	Mon, January 09, 2006
15 Clares Equipment Group	Wells, Swindon, Glamorgan, Herne Bay		3i	Mon, November 13, 2006

<i>Company</i>	<i>Locations</i>	<i>Members and pensioners</i>	<i>Venture Capital</i>	<i>Date</i>
16 Cooperheat	Skelmersdale, Falkirk, Billingham		Paulson & Co, Centaurus Capital	Mon, March 13, 2006
17 Cork Industries			Candover	Thurs, January 04, 2007
18 Cuthbert Heath	London		Eton Park International	Tues, April 18, 2006
19 Dartington Crystal	Devon		Finance South West	Mon, November 14, 2005
20 Dawson Fur Fabrics	Huddersfield	65 job losses in 2000	3i	Thurs, December 29, 2005
21 Dexion Group	Hemel Hempstead, Gainsborough, Lincolnshire	over 1,750	Apax Partners	Fri, November 25, 2005
22 Eagle Precision Technologies	Birkenhead		Canadian Imperial Bank of Commerce	Mon, February 20, 2006
23 Ferraris Piston Services (FPS Distribution)	National		ABN Amro	Mon, November 28, 2005
24 Freshbake Foods	Glasgow, Hartlepool, Salford		Blackstone Group	Mon, July 03, 2006
25 Gibbs-Palmer	Norwich, Witham, Alton		Close Brothers	Mon, May 15, 2006
26 Gloystarne & Co	Rotherham		3i	Mon, March 13, 2006
27 Hawtal Whiting	Basildon, Leamington Spa	200 employees, 590 deferred, 115 pensioners	WL Ross & Co LLC, Contrarian Capital management LLC, Harbinger Capital Partners	Mon, November 28, 2005
28 Hydra Tools International	Sheffield			Mon, January 16, 2006
29 Industrial Holdings	National		Bridgepoint Capital	Mon, September 04, 2006
30 Kaldair Limited	Berkshire, London		Koch Ventures	Mon, January 23, 2006
31 Kode International	Swindon		Cornerstone Equity Investors	Mon, April 03, 2006
32 Lister Petter	Gloucestershire	150 employees	Schroder Ventures (now Permira)	Mon, January 09, 2006
33 LK Limited	Leicestershire		Schroder Ventures (now Permira)	Mon, October 09, 2006
34 Mason Pittendrigh Holdings	Teesside			Mon, April 10, 2006
35 Melton Medes	Nottingham			Mon, March 13, 2006
36 MG	Birmingham		Davis Capital, Sovereign Oklahoma Development	Mon, April 10, 2006
37 Midland and Scottish Resources	off-shore			Mon, February 06, 2006
38 Moll Industries	Gloucester, Morecambe	68 job losses	Highland Capital	Mon, December 12, 2005
39 Motherwell Bridge Group	Motherwell		JOHCM (JO Hambro) private equity	Mon, February 06, 2006

<i>Company</i>	<i>Locations</i>	<i>Members and pensioners</i>	<i>Venture Capital</i>	<i>Date</i>
40 Motor industry pension plan (Alperston Group)	London		3i, Natwest Ventures	Mon, July 10, 2006
41 Oriental Express	Fakenham, Boston	90 job losses	EPIC Private Equity	Mon, August 14, 2006
42 Pioneer Weston	National		Royal Bank Investments	Mon, July 03, 2006
43 Powerhouse	National	800 job losses	Barclays Private Equity, Cullen Investments	Mon, March 13, 2006
44 Sabena	National		3i, Star Capital	Mon, August 21, 2006
45 Saltofix	Oswestry		Murray Ventures plc (now part of Aberdeen Asset Managers), 3i, Charterhouse	Mon, March 27, 2006
46 Sanyo Gallenkamp	Loughborough			Mon, March 06, 2006
47 Scipher	Hayes		Global Emerging Markets Group	Mon, February 06, 2006
48 Simson Pimm	St Albans		3i	Mon, October 31, 2005
49 Singer	Clydebank		Kohlberg & Company	Mon, December 04, 2006
50 Totectors	Rushden	280 deferred, 147 pensioners	Alchemy Partners	Mon, January 09, 2006
51 Triplex Components Group	Tipton, Cardiff	200 staff	NMB Heller	Mon, May 15, 2006
52 United Engineering Forgings (UEF)	Ayr, Sheffield, Chesterfield, Lincoln, Kidderminster	1300 members, 400 pensioners	Prudential, NatWest and Barclays private equity sections	Mon, November 14, 2005
53 USM Texon	Wolverhampton	508 members, 220 pensioners	Apax Partners	Tues, April 18, 2006
54 UVG	Brighouse		Resurge	Mon, June 26, 2006
55 Varta	Uxbridge		DB Investor, Global Equity Partners	Mon, November 06, 2006
56 Viasystems	Selkirk, Galashiels, North and South Tyneside	1,850 job losses	HM Capital Partners	Mon, February 06, 2006
57 Wellman			Alchemy Partners	Mon, March 27, 2006
58 Yardley	Basildon	200 deferred, over 200 pensioners	EPIC Private Equity	Mon, February 20, 2006

<i>Company</i>	<i>Locations</i>	<i>Members and pensioners</i>	<i>Venture Capital</i>	<i>Date</i>
<b>Pension Protection Fund</b>				
1 AEW Delford	Harwich			May 2006
2 Allders	Department stores nationally	1,500 employees, 2,640 deferred, 560 pensioners	Lehman Brothers	September 2006
3 Asprey Group	London		Morgan Stanley Capital Partners	December 2006
4 Automotive Products Group	Leamington Spa		Cinven, CVC Capital Partners	July 2006
5 BIP Ltd	Oldbury		Advent	June 2006
6 Bridgeport Machines	Leicester		American Capital Strategies	May 2006
7 Calderburn plc	Blackburn		3i	October 2006
8 Celsius First	depots nationwide		Oregon Capital Partners	April 2006
9 Champion	Bradford, Coventry, Manchester	Schroders	Carl Icahn	July 2006
10 Cintel International	Hertfordshire		Schroder Ventures (now Permira), 3i	May 2006
11 Edinburgh Crystal	Edinburgh		Caledonia Investments	November 2006
12 Haden	Gloucester		JOHCM (JO Hambro) private equity, Alchemy Partners	December 2006
13 Heath Lambert Group & Lambert Fenchurch	National		Candover, Phoenix Equity partners and Advent	June 2005
14 Instem Technologies	Stone		Alchemy Partners	November 2005
15 John Millar & Sons	West Lothian		Principal Capital Management	June 2005
16 JR Crompton Ltd	Gloucestershire, Bury, Manchester		Montagu Private Equity, 3i	April 2006
17 Kemutec	Cornwall, Macclesfield		EPIC Private Equity	February 2006
18 LDV Ltd	Birmingham		Sun European Partners, Basic Element Group	February 2006
19 Lincoln Castings	Lincolnshire	200 job losses	Meade Capital	January 2007
20 McCowans Ltd	Stirlingshire		Principal Capital Management	December 2006
21 Metal Castings Group	Worcester	235 employed in administration	Permira	September 2006
22 Moorland Poultry	Thirsk		Hicks Muse Tate & Furst (now HM Capital)	February 2006
23 Morris Ashby	Witham		Windward Capital Partners	October 2006

<i>Company</i>	<i>Locations</i>	<i>Members and pensioners</i>	<i>Venture Capital</i>	<i>Date</i>
24 Newage Transmissions	Coventry			February 2007
25 Newton Derby	Leeds		Enterprise Finance Europe and YFM Ventures	July 2005
26 Norprint Labelling Systems	Boston	180 employees	Close Brothers	March 2006
27 Openshaw Group	Todmorden, Bristol		Rutland Partners	October 2006
28 Pearce Group	Bristol		Anvil Partners	November 2005
29 Samuel Eden & Son	Sutton-in-Ashfield	180 job losses	Thistledown Investments	June 2006
30 Strand Lighting	London		Schroder Ventures (now Permira)	September 2006
31 Swissport	UK airports		Candover	January 2007
32 Thomas A Metcalfe	Manchester		Dunedin Capital Partners	December 2006
33 T&N	Rochdale Slough Kilmarnock Gloucestershire Coventry Bradford Chapel-en-le-Frith	Estimated at 40,000	Carl Icahn	July 2006
34 UK Can Ltd	Merthyr Tydfil, London		Doughty Hanson & Co, Berkshire Partners	December 2006
35 Welpac plc			Yorkshire Fund Managers	October 2006
36 Wiggins Group Plc	various sites nationally			July 2006
37 Wimco	High Wycombe			January 2007
38 WW Group	Batley, Dewsbury, Morley, Pudsey		Five Arrows Commercial Finance, part of NM Rothschild	October 2006





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# PRIVATE EQUITY'S BROKEN PENSION PROMISES

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