



Lloyds Chambers 1 Portsoken Street London E1 8HZ United Kingdom  
Tel: +44 (0)20 7702 0888 Fax: +44 (0)20 7680 0099  
www.hermes.co.uk

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## Press Release

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13 February 2006

### Hermes Board announcement

Hermes Pensions Management Limited (“Hermes”) announces that David Pitt-Watson, CEO of Hermes Focus Asset Management (“HFAM”), has decided to reduce his commitments at Hermes. He will step down as board director of Hermes and as CEO of HFAM. He will remain a non-executive director of HFAM and Chairman of Hermes’ Equity Ownership Service (“EOS”), and will continue full time in his present role until a new CEO is in place.

David Pitt-Watson will then go part-time to pursue other personal and professional interests, including the completion of a book on the significance of changes in ownership and corporate governance to be published by Harvard University Business Press at the end of the year.

Mark Anson, Chief Executive of Hermes, said: “I am sorry to see David step down as CEO of the Focus Funds, which have shown strong performance over the years under his stewardship. I am pleased that he will remain very much part of the Hermes team with his continuing involvement in EOS and HFAM, where his oversight, direction and strategic insights will be of great benefit. I will be looking for a replacement for his day-to-day role.”

David Pitt-Watson said: “I will continue to be closely involved in Hermes, where my priorities will include building the EOS business and improving the performance of companies in the UK Focus Fund. I look forward to contributing to their continuing progress under Mark’s leadership”.

Ends

For further information:

**Hermes**

Mark Anson  
David Pitt-Watson

020 7702 0888

**Hogarth Partnership Ltd**

Nick Denton

020 7357 9477  
ndenton@hogarthpr.co.uk

## Hermes Pensions Management Ltd.

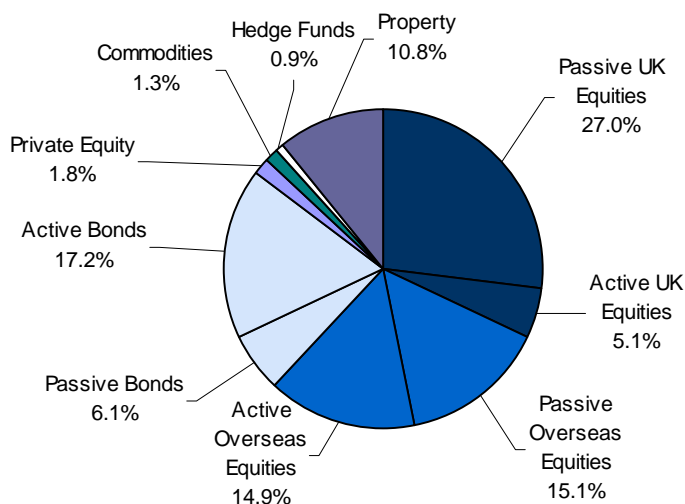
### Press briefing note

Hermes is a leading pension fund investment manager, independent of any broader financial services organisation. Hermes' market-leading investment strategy has for many years been based on the index/specialist approach and is increasingly being adopted by other large pension funds. Hermes currently invests over £61.5bn (as at 31/12/05) on behalf of over 220 clients including pension funds, insurance companies, government entities and financial institutions, as well as charities and endowments. However, Hermes' largest client is the BT Pension Scheme (BTPS), who as owner of Hermes, gives its investment management perspective a unique insight and close alignment to the needs of other long-term investors and pension funds. Some of Hermes' other major clients include the pensions funds of Royal Mail, Unilever, Nippon Life (Japan), CalPERS (USA), PGGM (Netherlands), OTPP (Canada) and around 35 UK Local Authorities.

At the heart of our proposition to clients is our Index Tracking capability. Our equity pooled funds cover all the major markets/regions (UK, US, Europe ex-UK, Japan, and Asia Pacific ex-Japan) and are managed alongside significant segregated client portfolios in the same areas. In addition we offer bond pooled funds tracking UK gilt and index-linked indices. Our long experience of tracking equity markets since the early 1980s, coupled with our extensive Bond expertise means that we have delivered consistently close tracking in order to meet client objectives.

### Assets Under Management

as at 31 December 2005



Through its exposure to index stocks, Hermes has established a broad knowledge of business sectors which enables it to make high profile investments in direct private

equity, as well as private equity funds. Hermes has widened its range of alternative asset products with the launch of the Hermes Absolute Return Fund (HARF), a new hedge fund investment strategy designed specifically for pension funds, and the Hermes Commodity Index Fund, which will give pension schemes exposure to commodity prices via futures. In addition, Hermes operates an integrated portfolio management and research-based approach to property investment, ensuring that only high quality properties, which are well located and highly competitive in their local market places, are targeted for acquisition. As well as offering segregated investment, it also offers pooled property investment through the Hermes Property Unit Trust.

Hermes places great emphasis on exercising stewardship rights in all the companies in which it invests, particularly because it has long-term holdings in index stocks and is therefore necessarily exposed to under-performing assets. As a result, it is at the forefront of the corporate governance movement in the UK. Hermes is the first major investment institution in the world to have established both UK and European shareholder engagement funds - the Focus Funds. Having identified companies underperforming their indices, Hermes' intervention and involvement as long-term shareholders aims to unlock the latent value that exists within the companies in which it invests.

Hermes has developed its governance service even further by offering the Hermes Equity Ownership Service (EOS). EOS offers pension funds the highest level of equity stewardship by providing a single integrated stewardship overlay across a scheme's equity holdings, regardless of who is the underlying fund manager. It is particularly appropriate for schemes with large equity holdings, and those who recognise the value of good stewardship in adding value to their equity investments.

Hermes has a 20-year history of innovative long-term fund management. Originally known as PosTel, the in-house manager of the Royal Mail (previously the Post Office) and British Telecommunications superannuation pension funds, Hermes was created in 1995 when it became wholly owned by the BT pension scheme. A continuing aim to generate value for the Royal Mail and BT pension schemes remains central to Hermes' activities; however, its expertise has attracted several other major investors from all areas of the economy.