



# THE FTSE 100 AND THEIR PENSION DISCLOSURES

A quarterly report from JLT Employee Benefits  
as at 30 June 2014

In association with

**J.P.Morgan** CAZENOVE

# EXECUTIVE SUMMARY

- The total deficit in FTSE 100 pension schemes at 30 June 2014 is estimated to be £60 billion. This is an improvement of £20 billion from the position 12 months ago.
- Only 58 FTSE 100 companies are still providing more than a handful of current employees with DB benefits (i.e. ignoring companies who are incurring ongoing DB service costs of less than 1% of total payroll). Of these, only 23 companies (i.e. less than a quarter of the FTSE 100) are still providing DB benefits to a significant number of employees (defined as incurring ongoing DB service cost of more than 5% of total payroll).
- The average pension scheme asset allocation to bonds has very slightly decreased from 56% to 55%. Six years ago, the average bond allocation was only 40%.
- There continues to be significant funding of pension deficits – and this at a time when most companies have precious little spare cash. Last year saw total deficit funding of £7.7 billion, down from £8.8 billion the previous year. HSBC led the way with a deficit contribution of £0.5 billion (net of ongoing costs), but 61 other FTSE 100 companies also reported significant deficit funding contributions in their most recent annual report and accounts.
- The decline in ongoing DB pensions continues. We estimate that after allowing for the impact of changes in assumptions and market conditions, the underlying reduction in ongoing DB pension provision is approximately 7% in the last 12 months.
- There are a number of companies reporting very significant individual changes to investment strategies. Seven FTSE 100 companies changed their bond allocations by more than 10%.
- There are a significant number of FTSE 100 companies where the pension scheme represents a material risk to the business. Seven FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For International Airlines Group, total disclosed pension liabilities are almost three times their equity market value, and BAE Systems, BT and Royal Bank of Scotland have disclosed pension liabilities that are approximately double their equity market value.
- Only 19 companies disclosed a pension surplus in their most recent annual report and accounts; 67 companies disclosed pension deficits.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £533 billion to £577 billion. A total of 15 companies have disclosed pension liabilities of more than £10 billion, the largest of which is Royal Dutch Shell with disclosed pension liabilities of £54 billion. A total of 19 companies have disclosed pension liabilities of less than £100 million, of which 13 companies have no defined benefit pension liabilities.
- If pension liabilities were measured on a “risk-free” basis rather than using a AA bond discount rate, the total disclosed pension liabilities of the FTSE 100 would increase from £577 billion to £645 billion, and the total deficit at 30 June 2014 would be around £135 billion.

*The appendix at the end of this report contains a full list of all the FTSE 100 companies analysed and their relevant pension disclosures.*

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**Charles Cowling**  
JLT Employee Benefits  
+44 (0) 161 242 5388  
[charles\\_cowling@jltgroup.com](mailto:charles_cowling@jltgroup.com)



**Murray Wright**  
JLT Employee Benefits  
+44 (0) 131 456 6868  
[murray\\_wright@jltgroup.com](mailto:murray_wright@jltgroup.com)

# FUNDING POSITION

The overall funding position of pension schemes of FTSE 100 companies has improved over the year covered by their latest annual report and accounts.

Including all pension arrangements, both UK and overseas, whether funded or unfunded, the FTSE 100 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus / (Deficit) £m	Funding Level
Royal Mail Group	1	3,343	2,513	830	133%
3i	2	904	720	184	126%
Standard Life	3	3,244	2,683	561	121%
Old Mutual	4	573	490	83	117%
Next	5	668	597	70	112%
Prudential	6	6,944	6,298	646	110%
Schroders	7	849	786	64	108%
Persimmon	8	457	433	24	105%
Experian	9	654	631	23	104%
Land Securities	10	193	187	6	103%

The FTSE 100 companies with the worst funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus / (Deficit) £m	Funding Level
WPP	91	726	973	(247)	75%
Coca-Cola HBC	92	218	297	(79)	73%
Whitbread	93	1,480	2,022	(542)	73%
Sports Direct International	94	47	67	(20)	70%
TUI Travel	95	1,322	1,983	(661)	67%
GKN	96	2,532	3,803	(1,271)	67%
Fresnillo	97	14	21	(7)	66%
Hammerson	98	58	91	(33)	64%
Sage Group	99	17	30	(13)	57%
Mondi	100	88	214	(127)	41%

In 2007, IFRIC14\* provided new guidance on the recognition of surpluses and the impact of minimum funding requirements. Within the FTSE 100, 18 companies have reported that the restrictions imposed by IFRIC14 have had an impact on their pension disclosures. The total reported impact for FTSE 100 companies is now £2.1 billion. The largest reported adjustments for IFRIC14 in the FTSE 100 were as follows:

Name	Rank	Irrecoverable surplus £m
Prudential	1	602
Rolls-Royce	2	534
Standard Life	3	233
International Airlines Group	4	197
SSE	5	189
Anglo American plc	6	106
3i	7	64
SABMiller	8	57
BHP Billiton	9	34
British American Tobacco	10	19

## COMMENTARY

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 100 as at 30 June 2014 was £60 billion. This is an improvement of £20 billion from the position 12 months ago.

\* For more information on IFRIC14, see JLT publication – IAS19: A Quarterly Guide for Finance Directors, at 30 June 2014.

# INVESTMENT MISMATCHING

Legislation over a number of years has clarified that pension liabilities are a form of corporate debt. Despite the fact that there is an increasing weight of opinion from academics and analysts that mismatched investment strategies in pension schemes reduce shareholder value, many companies are still running very large mismatched equity positions in their pension schemes. This has the impact of creating balance sheet volatility which some academic evidence might suggest flows through to share price volatility. Inevitably, analysis of mismatching is limited to the information disclosed in the annual report and accounts. Given the bond-like nature of pension liabilities, the allocation of pension assets to bonds gives an indication of the level of investment mismatching that exists. This report refers to investment mismatching in terms of the IAS19 accounting position, where liabilities are being valued using AA corporate bonds; therefore assets other than these bonds will lead to a mismatch. The FTSE 100 companies with the highest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
InterContinental Hotels	1	449	95%
London Stock Exchange	2	274	92%
Prudential	3	6,944	89%
Friends Life Group Limited	4	1,410	85%
BHP Billiton	5	1,248	85%
Aviva plc	6	12,398	83%
RSA	7	6,566	80%
HSBC	8	24,637	78%
Marks & Spencer	9	6,930	77%
Royal Mail Group	10	3,343	77%

The FTSE 100 companies with the lowest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Severn Trent	91	1,724	37%
Capita	92	848	37%
Whitbread	93	1,480	37%
Ashtead	94	78	33%
Wolseley	95	1,306	32%
BP	96	26,159	28%
Travis Perkins	97	1,027	24%
Tesco	98	7,206	22%
British Land	99	120	2%
Hammerson	100	58	0%

The FTSE 100 companies with the greatest change in bond allocation were:

Name	Rank	Current Bond Allocation	Previous Bond Allocation	Switch to Bonds
BG	1	39%	17%	+22%
Babcock International	2	74%	53%	+21%
Capita	3	37%	20%	+17%
Vodafone	4	56%	40%	+16%
London Stock Exchange	5	92%	76%	+16%
InterContinental Hotels	6	95%	81%	+14%
Bunzl	7	56%	45%	+12%
Fresnillo	8	77%	86%	-10%
Glencore	9	54%	64%	-9%
G4S	10	73%	82%	-9%

## COMMENTARY

Several companies and trustees are continuing to switch pension assets out of equities into bonds. BG is the latest company to report a big switch, with bond allocations increasing by 22%. A total of 59 FTSE 100 companies have more than 50% of pension scheme assets in bonds. Moreover, company disclosures reveal little of the extensive activity there has been by a number of companies to use LDI (liability-driven investment) strategies, which frequently make use of derivatives and other financial instruments. Recent changes to IAS19 require companies to disclose more detailed information on pension assets which will help investors to understand the risks which employers are exposed to. Overall though, the average pension scheme asset allocation to bonds is now 55%, which has reduced from 56% the year before. This compares to 40% six years ago.

We can also expect IFRIC14 to impact on pension scheme investment strategies. If shareholders see none of the upside of pension scheme investment in equities and all of the downside, there will inevitably be further pressure on company management to encourage moves towards lower volatility investments in pension schemes. In addition, a further cause of movement towards bond-based assets could be the recent change to IAS19. In the P&L the expected return on assets will be replaced by the discount rate applied to the assets, so there will be no P&L benefit from holding outperforming assets.

# SIZE OF PENSION SCHEME

In recent years, pension schemes have grown significantly. Attempts by many companies to stem the growth of their pension liabilities by closing defined benefit pension schemes to new entrants have had little impact. Changes in economic conditions and increasing life expectancy have contributed to the spiralling growth in pension liabilities.

The FTSE 100 companies with the largest pension scheme liabilities (all those over £10 billion) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Royal Dutch Shell	1	54,071	160,844
BT	2	47,422	29,562
Lloyds Banking Group	3	33,355	53,818
Royal Bank of Scotland	4	31,484	20,298
BP	5	31,255	95,436
Barclays	6	27,568	26,119
BAE Systems	7	25,943	13,628
HSBC	8	24,561	111,810
National Grid	9	23,676	31,282
International Airlines Group	10	18,775	6,824
Unilever	11	16,498	77,413
GlaxoSmithKline	12	15,838	74,220
Aviva plc	13	12,159	14,896
Rio Tinto	14	10,858	43,861
Rolls-Royce	15	10,539	20,009

\* as at 30 June 2014

The FTSE 100 companies with the smallest pension liabilities (all those under £100 million) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Hammerson	82	91	4,134
Aggreko	83	84	4,226
Ashtead	84	77	4,404
Sports Direct International	85	67	4,228
Sage Group	86	30	4,382
Fresnillo	87	21	6,598
Coca-Cola HBC	89	4	6,458

\* as at 30 June 2014

In addition, Admiral, Antofagasta, ARM Holdings, BSkyB, Burberry, Easyjet, Hargreaves Lansdown, Intu Properties, Petrofac, Randgold Resources, Shire, St. James's Palace and Tullow Oil all reported no defined benefit pension liabilities.

## COMMENTARY

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £533 billion to £577 billion. A total of 15 companies have disclosed pension liabilities of more than £10 billion, whilst 19 companies have disclosed pension liabilities of less than £100 million.

The possibility of measuring pension liabilities on a "risk-free" basis (i.e. using gilt-based discount rates rather than AA bond discount rates) has been debated at length, including in a detailed discussion paper from the Accounting Standards Board. In the UK, a company can no longer default on its promises to pension scheme members unless it goes into liquidation; however, last year the government changed the index linkage for many inflation-linked benefits which has had the effect of reducing the expected benefit outgo. If pension liabilities were to be measured on a "risk-free" basis, with no allowance for default or further reduction in benefits, we estimate that it would add approximately 18% to the total pension liabilities, increasing the total disclosed pension liabilities from £577 billion to £645 billion. The total deficit at 30 June 2014 on a "risk-free" basis would be around £135 billion.

# SIGNIFICANCE OF THE PENSION SCHEME IN THE BOARDROOM

The impact of the pension liabilities on corporate decision-making and its importance in the boardroom depends on the relative size of the pension scheme. In the analysis below, the pension scheme deficit and liabilities are expressed as a percentage of the equity market value of the company.

The FTSE 100 companies with the most significant pension scheme liabilities are as follows:

Name	Rank	Equity Market Value* £m	Surplus / (Deficit) as a % of Equity Market Value	Liabilities as a % of Equity Market Value	
International Airlines Group	1	6,824	0%	275%	255%**
BAE Systems	2	13,628	-34%	190%	
BT	3	29,562	-20%	160%	
Royal Bank of Scotland	4	20,298	-15%	155%	
RSA	5	4,827	-2%	138%	
Sainsbury	6	5,950	-13%	111%	
Barclays	7	26,119	-7%	106%	
Marks & Spencer	8	6,833	3%	98%	
Rexam	9	3,771	-8%	85%	
Aviva plc	10	14,896	2%	82%	
Babcock International	11	4,279	-6%	81%	
National Grid	12	31,282	-6%	76%	
Smiths Group	13	5,093	-3%	75%	62%**
Morrison Supermarkets	14	4,313	0%	66%	
GKN	15	5,899	-22%	64%	

\* as at 30 June 2014

\*\* These companies' pension schemes have purchased contracts, which insure part of their liabilities; the figures in italics represent the impact of the liabilities without these insured sections.

A further sign of the significance of pensions in the boardroom is the extent of continuing DB provision to employees. This can be measured by looking at the ongoing spend on DB pensions (the service cost) before any allowance for deficit spending. The FTSE 100 companies with the highest ongoing spending is shown in the table below, together with the previous year's spend for comparison.

Name	Rank	Current DB Service Cost £m	Previous DB Service Cost £m
Royal Dutch Shell	1	1,211	843
BP	2	662	700
Tesco	3	482	495
Royal Mail Group	4	412	384
Royal Bank of Scotland	5	372	367
Barclays	6	371	410
Lloyds Banking Group	7	351	360
HSBC	8	325	345
BAE Systems	9	321	321
GlaxoSmithKline	10	280	271

21 FTSE 100 companies showed zero (or negative) cost of current DB service costs, compared with 17 in the previous year.

## COMMENTARY

Seven FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For International Airlines Group, total disclosed pension liabilities are almost three times their equity market value and BAE Systems, BT and Royal Bank of Scotland have disclosed pension liabilities that are nearly double their equity market value. BAE Systems have a disclosed pension deficit of more than a third of their equity market value. A further eight companies have disclosed pension deficits bigger than 10% of their equity market value.

Increasingly companies are reacting to the combination of difficult economic conditions, rising pension costs and increasingly aggressive pension regulations by closing pension schemes to future and even current employees. This decline in total DB pension provision is now apparent in the accounts of FTSE 100 companies, with several companies closing their scheme to future accrual or freezing pensionable salaries. The total current DB service cost of FTSE 100 companies amounts to £7.7 billion compared to £7.2 billion in the previous year. However, we estimate that after allowing for the impact of changes in assumptions and market conditions, the underlying reduction in ongoing DB pension provision is approximately 7% in the last 12 months alone. We believe that the majority of FTSE 100 companies will cease DB pension provision to all employees within two years.

# IMPACT OF THE PENSION SCHEME ON THE COMPANY'S SHARE PRICE

As already mentioned, there is some evidence that balance sheet volatility caused by pension schemes flows through to share price volatility. Changes in the balance sheet position resulting from pensions can be separated into expected changes and unexpected changes. Expected balance sheet changes arise largely from the contributions paid by the company and the costs shown in the company's income statement. Unexpected balance sheet changes arise largely from actuarial gains and losses (due to stock market volatility) and changes to actuarial assumptions.

In the analysis below, the unexpected change in balance sheet position (net of change in adjustment for IFRC 14) is expressed as a percentage of the equity market value of the company. We are not suggesting that the balance sheet impact will translate into a £ for £ impact on a company's share price (not least because of the impact of deferred tax), but this analysis gives a good indication of those companies most positively (and negatively) affected by their pension schemes in their last financial year.

The FTSE 100 companies most positively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain £m	Impact as a % of Equity Market Value
Royal Mail Group	1	4,990	3,489	70%
BAE Systems	2	13,628	945	7%
Smiths Group	3	5,093	283	6%
BP	4	95,436	3,489	4%
Rio Tinto	5	43,861	1,460	3%
Royal Bank of Scotland	6	20,298	440	2%
Royal Dutch Shell	7	160,844	3,116	2%
Rexam	8	3,771	71	2%
Marks & Spencer	9	6,833	90	1%
Unilever	10	77,413	784	1%

\* as at 30 June 2014

The FTSE 100 companies most negatively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain £m	Impact as a % of Equity Market Value
G4S	91	3,960	(78)	-2%
Barclays	92	26,119	(530)	-2%
InterContinental Hotels	93	5,630	(122)	-2%
Lloyds Banking Group	94	53,818	(1,389)	-3%
National Grid	95	31,282	(835)	-3%
Tesco	96	22,922	(742)	-3%
GKN	97	5,899	(252)	-4%
Aviva plc	98	14,896	(696)	-5%
Sainsbury	99	5,950	(363)	-6%
BT	100	29,562	(3,756)	-13%

\* as at 30 June 2014

## COMMENTARY

Over the year covered by their latest report and accounts, 41 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 46 companies suffered an unexpected loss to their balance sheet as a result of their pension schemes.

The impact of the transfer of the majority of the Royal Mail Pension Plan's assets and liabilities to the Government provided the Royal Mail Group with an unanticipated balance sheet gain of over £3bn.

# CONTRIBUTIONS PAID INTO PENSION SCHEMES

This analysis compares the pension scheme contributions actually paid by companies with the cost of pension benefits accrued during the year. Surplus pension contributions paid in excess of the cost of benefits will reduce pension scheme deficits. However, where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

The large increases in the contributions seen in the last couple of years have ended, with the amount contributed in the most recent accounting year being £2.5 billion lower than the amount contributed the previous year.

Only contributions actually paid in the relevant accounting year are included in the analysis below.

The FTSE 100 companies who have made the largest surplus contributions to their pension schemes were as follows:

Name	Rank	Pension Contributions £m	Cost of Benefits £m	Surplus Contributions £m
HSBC	1	602	84	517
Diageo	2	593	103	490
International Airlines Group	3	479	30	449
Lloyds Banking Group	4	804	356	448
Royal Bank of Scotland	4	821	373	448
Royal Dutch Shell	6	1,648	1,211	437
BAE Systems	7	750	332	418
Unilever	8	504	180	324
BT	9	542	225	317
Aviva plc	10	149	(143)	292
Rio Tinto	11	428	171	257
National Grid	12	425	177	248
British American Tobacco	13	320	96	224
Tesco	14	666	482	184
BP	15	813	662	151

## COMMENTARY

In total, the amount contributed to FTSE 100 company pension schemes was £14.9 billion, down from £17.3 billion in the previous accounting year. This is more than the £7.2 billion cost of benefits accrued during the year. It therefore represents £7.7 billion of funding towards reducing pension scheme deficits. This is a decrease on the previous year's deficit funding of £10.5 billion.



# APPENDIX

Name	Year End	Equity Market Value* £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) Funding £m
3i	31/03/2013	3,903	904	720	184	126%	65%	5%	18%	20	1%	37	72	37
Aberdeen Asset Management	30/09/2013	5,841	176	178	(2)	99%	64%	0%	3%	(12)	0%	22	10	22
Admiral	31/12/2013	4,203	-	-	(6)	-	-	-	-	(5)	-	-	-	-
Aggreko	31/12/2013	4,226	78	84	(6)	93%	54%	0%	2%	(77)	0%	5	6	3
Anglo American plc	31/12/2013	20,098	3,189	3,404	(215)	94%	67%	-1%	17%	-	-	97	57	82
Antofagasta plc	31/12/2013	7,522	-	-	-	-	-	-	-	-	-	-	-	-
APM Holdings	31/12/2013	12,122	-	-	-	-	-	-	-	-	-	-	-	-
Ashtead	30/04/2013	4,404	78	77	0	101%	33%	0%	2%	(5)	0%	2	3	1
Associated British Foods	14/09/2013	24,148	3,233	3,265	(32)	99%	56%	0%	14%	23	0%	69	71	27
Astrazeneca	31/12/2013	53,291	6,033	7,392	(1,360)	82%	63%	-3%	14%	(49)	0%	236	534	106
Aviva plc	31/12/2013	14,896	12,398	12,159	239	102%	83%	2%	82%	(696)	-5%	149	250	292
Babcock International	31/03/2013	4,279	3,205	3,466	(261)	92%	6%	-6%	81%	(68)	-2%	78	84	33
BAE Systems	31/12/2013	13,628	21,374	25,943	(4,569)	82%	45%	-34%	190%	(530)	7%	750	1,256	418
Barclays	31/12/2013	26,119	25,743	27,568	(1,825)	93%	71%	-7%	106%	(530)	-2%	364	898	(11)
Barratt Developments	30/06/2013	3,645	295	308	(13)	96%	53%	0%	8%	(5)	0%	13	13	13
BG	31/12/2013	41,951	1,169	1,271	(102)	92%	39%	0%	3%	62	0%	61	65	21
BHP Billiton	30/06/2013	39,908	1,248	1,288	(40)	97%	85%	0%	3%	55	0%	122	108	81
BP	31/12/2013	95,436	26,159	31,255	(5,096)	84%	28%	-5%	33%	3,489	4%	813	805	151
British American Tobacco	31/12/2013	64,916	5,767	6,144	(377)	94%	49%	-1%	9%	293	0%	320	270	224
British Land	31/03/2013	8,960	120	119	1	101%	2%	0%	1%	(4)	0%	4	3	2
BSkyB	30/06/2013	14,271	-	-	-	-	-	-	-	(3,756)	-13%	-	-	-
BT	31/03/2013	29,562	41,566	47,422	(5,856)	88%	43%	-20%	160%	(3,756)	-13%	542	2,179	317
Bunzl	31/12/2013	5,373	336	381	(45)	88%	56%	-1%	7%	39	1%	14	13	8
Burberry	31/03/2013	6,516	-	-	-	-	-	-	-	-	-	-	-	-
Capita	31/12/2013	7,492	848	967	(118)	88%	37%	-2%	13%	(6)	0%	26	24	0
Carnival	30/11/2013	4,779	330	336	(6)	98%	50%	0%	7%	(2)	0%	10	5	5
Centrica	31/12/2013	15,602	5,683	5,643	40	101%	64%	0%	36%	(184)	-1%	251	187	129
Coca-Cola HBC	31/12/2013	4,918	218	297	(79)	73%	54%	-2%	6%	32	1%	10	8	4
Compass	30/09/2013	18,054	2,149	2,358	(209)	91%	59%	-1%	13%	39	0%	146	72	125
CRH	31/12/2013	10,965	1,932	2,275	(342)	85%	48%	-3%	21%	41	0%	105	135	82
Diageo	30/06/2013	46,399	7,120	7,436	(316)	96%	55%	-1%	16%	56	0%	593	190	490
Easyjet	30/09/2013	5,398	-	-	-	-	-	-	-	-	-	-	-	-
Experian	31/03/2013	9,832	654	631	23	104%	45%	0%	6%	(40)	0%	7	7	2
Fresnillo	31/12/2013	6,598	14	21	(7)	66%	77%	0%	0%	(1)	0%	2	-	1
Friends Life Group Limited	31/12/2013	4,471	1,410	1,414	(4)	100%	85%	0%	32%	(68)	-2%	28	27	28
G4S	31/12/2013	3,960	1,650	2,132	(482)	77%	73%	-12%	54%	(78)	-2%	49	47	41
GKN	31/12/2013	5,899	2,532	3,803	(1,271)	67%	53%	-22%	64%	(252)	-4%	55	97	4
GlaxoSmithKline	31/12/2013	74,220	15,225	15,838	(613)	96%	44%	-1%	21%	655	1%	343	635	90
Glencore	31/12/2013	43,228	2,222	2,816	(594)	79%	54%	-1%	7%	32	0%	113	119	68
Hammerson	31/12/2013	4,134	58	91	(33)	64%	0%	-1%	2%	(2)	0%	2	2	0
Hargreaves Lansdown	30/06/2013	5,872	-	-	-	-	-	-	-	-	-	-	-	-
HSBC	31/12/2013	111,810	24,637	24,561	76	100%	78%	0%	22%	(506)	0%	602	450	517
IMI	31/12/2013	4,278	1,293	1,450	(158)	89%	64%	-4%	34%	35	1%	41	22	34
Imperial Tobacco	30/09/2013	25,068	3,349	4,403	(1,054)	76%	46%	-2%	18%	(53)	0%	98	101	45
InterContinental Hotels	31/12/2013	5,630	449	541	(92)	83%	95%	-4%	10%	(122)	-2%	19	68	13
International Airlines Group	31/12/2013	6,824	18,772	18,775	(3)	100%	52%	0%	275%	(77)	-1%	479	449	449
Intertek	31/12/2013	4,420	113	126	(13)	90%	44%	0%	3%	5	0%	2	3	(1)
Intu Properties	31/12/2013	3,865	-	-	-	-	-	-	-	-	-	-	-	-
ITV	31/12/2013	6,970	2,870	3,315	(445)	87%	64%	-6%	48%	43	1%	91	82	83
Johnson Matthey	31/03/2013	6,557	1,413	1,608	(195)	88%	57%	-3%	25%	(94)	-1%	66	55	27
Kingfisher	02/02/2013	8,482	2,087	2,087	-	100%	70%	0%	25%	(6)	0%	41	49	24
Land Securities	31/03/2013	8,226	193	187	6	103%	66%	0%	2%	4	0%	5	5	4

# APPENDIX (CONTINUED)

Name	Year End	Equity Market Value £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) Funding £m
Legal & General	31/12/2013	13,240	1,643	2,110	(467)	78%	66%	-4%	16%	(141)	-1%	62	61	49
Lloyds Banking Group	31/12/2013	53,818	32,568	33,355	(787)	98%	46%	-1%	62%	(1,389)	-3%	804	669	448
London Stock Exchange	31/03/2013	5,467	274	291	(18)	94%	92%	0%	5%	(7)	0%	1	1	1
Marks & Spencer	31/03/2013	6,833	6,930	6,724	206	103%	77%	3%	98%	90	1%	71	132	4
Meggitt	31/12/2013	4,020	688	878	(190)	78%	52%	-5%	22%	36	1%	42	38	27
Mondi	31/12/2013	3,900	88	214	(127)	41%	64%	-3%	5%	18	0%	2	2	(1)
Morrison Supermarkets	03/02/2013	4,313	2,839	2,859	(20)	99%	57%	0%	66%	(6)	0%	33	31	2
National Grid	31/03/2013	31,282	21,770	23,676	(1,906)	92%	63%	-6%	76%	(835)	-3%	425	415	248
Next	26/01/2014	9,998	668	597	70	112%	46%	1%	6%	(14)	0%	22	19	15
Old Mutual	31/12/2013	11,006	573	490	83	117%	66%	1%	4%	51	0%	8	9	3
Pearson	31/12/2013	9,383	2,509	2,458	51	102%	43%	1%	26%	68	1%	82	74	57
Perisimmon	31/12/2013	3,853	457	433	24	105%	44%	1%	11%	6	0%	24	67	22
Petrofac	31/12/2013	4,161	-	-	-	-	-	-	-	-	-	-	-	-
Prudential	31/12/2013	34,219	6,944	6,298	646	110%	89%	2%	18%	(159)	0%	56	71	29
Randgold Resources	31/12/2013	6,577	-	-	-	-	-	-	-	-	-	-	-	-
Reckitt Benckiser	31/12/2013	36,316	1,458	1,592	(134)	92%	55%	0%	4%	53	0%	108	151	87
Reed Elsevier	31/12/2013	10,709	3,981	4,360	(379)	91%	56%	-4%	41%	(18)	0%	83	116	10
Rexam	31/12/2013	3,771	2,899	3,206	(307)	90%	73%	-8%	85%	71	2%	42	47	27
Rio Tinto	31/12/2013	43,861	9,526	10,858	(1,332)	88%	46%	-3%	25%	1,460	3%	428	419	257
Rolls-Royce	31/12/2013	20,009	10,280	10,539	(259)	98%	75%	-1%	53%	(10)	0%	315	299	45
Royal Bank of Scotland	31/12/2013	20,298	28,488	31,484	(2,996)	90%	59%	-15%	155%	440	2%	821	977	448
Royal Dutch Shell	31/12/2013	160,844	51,882	54,071	(2,189)	96%	51%	-1%	34%	3,116	2%	1,648	1,454	437
Royal Mail Group	31/03/2013	4,990	3,343	2,513	830	133%	77%	17%	50%	3,489	70%	435	429	23
RSA	31/12/2013	4,827	6,566	6,677	(111)	98%	80%	-2%	138%	27	1%	122	128	85
SABMiller	31/03/2013	53,955	298	377	(78)	79%	63%	0%	1%	(13)	0%	12	3	7
Sage Group	30/09/2013	4,382	17	30	(13)	57%	72%	0%	1%	0	0%	1	1	1
Sainsbury	16/03/2013	5,950	5,841	6,594	(753)	89%	60%	-13%	111%	(363)	-6%	137	134	76
Schroders	31/12/2013	6,716	849	786	64	108%	50%	1%	12%	(7)	0%	-	-	-
Severn Trent	31/03/2013	4,602	1,724	2,108	(384)	82%	37%	-8%	46%	(54)	-1%	44	54	20
Shire	31/12/2013	27,254	-	-	-	-	-	-	-	-	-	-	-	-
Smith & Nephew	31/12/2013	9,122	817	925	(108)	88%	54%	-1%	10%	6	0%	43	46	24
Smiths Group	31/07/2013	5,093	3,696	3,843	(146)	96%	42%	-3%	75%	283	6%	71	115	67
Sports Direct International	28/04/2013	4,228	47	67	(20)	70%	50%	0%	2%	(3)	0%	3	3	3
SSE	31/03/2013	15,534	3,118	3,635	(517)	86%	64%	-3%	23%	(50)	0%	125	138	85
St. James's Place	31/12/2013	3,811	-	-	-	-	-	-	-	-	-	-	-	-
Standard Chartered	31/12/2013	29,066	1,568	1,775	(207)	88%	47%	-1%	6%	53	0%	107	128	41
Standard Life	31/12/2013	8,940	3,244	2,683	561	121%	74%	6%	30%	(139)	-2%	51	47	(4)
Tesco	23/02/2013	22,922	7,206	9,584	(2,378)	75%	22%	-10%	42%	(742)	-3%	666	457	184
Travis Perkins	31/12/2013	3,995	1,027	1,027	0	100%	24%	0%	26%	(32)	-1%	34	33	23
TUI Travel	30/09/2013	4,450	1,322	1,983	(661)	67%	54%	-15%	45%	(21)	0%	62	60	22
Tullow Oil	31/12/2013	7,736	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31/12/2013	77,413	15,291	16,498	(1,207)	93%	44%	-2%	21%	784	1%	504	491	324
United Utilities	31/03/2013	6,014	2,442	2,427	15	101%	74%	0%	40%	41	1%	93	150	77
Vodafone	31/03/2013	56,282	3,723	4,300	(577)	87%	56%	-1%	8%	(353)	-1%	103	34	75
Weir Group	03/01/2014	5,565	681	751	(70)	91%	71%	-1%	14%	8	0%	15	11	16
Whitbread	28/02/2013	7,948	1,480	2,022	(642)	73%	37%	-7%	25%	74	0%	46	95	46
Wolsley	31/07/2013	8,544	1,306	1,439	(133)	91%	32%	-2%	17%	74	1%	176	109	149
WPP	31/12/2013	15,795	726	973	(247)	75%	70%	-2%	6%	76	0%	76	57	23
Wolsley	31/07/2013	9,099	1,306	1,439	(133)	91%	32%	-1%	16%	74	1%	176	109	149
WPP	31/12/2013	15,506	726	973	(247)	75%	70%	-2%	6%	76	0%	48	57	23

\* as at 30 June 2014

# NOTES

- All of the analysis contained in this report is based on the IAS19 numbers disclosed in a company's most recently published annual report and accounts.
- No adjustment is made for the fact that companies have applied different interpretations of IAS19 and have used different actuarial assumptions (for example, different mortality assumptions can make a significant difference to a company's pension liabilities).
- No adjustment is made in the individual analysis for the fact that companies have different year-ends. Inevitably, different market conditions applying at different year-ends will affect the comparisons.
- The assets and liabilities shown are the total global pension assets and liabilities, not just the UK figures.
- The figures shown in this report are before adjustment for IFRIC14 (and before adjustment for any other unrecognised pension surpluses), except for Unanticipated Balance Sheet Impact, which is shown net of the change in irrecoverable surplus.

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## CONTACTS

### **Charles Cowling**

JLT Employee Benefits  
+44 (0) 161 242 5388  
charles\_cowling@jltgroup.com

### **Murray Wright**

JLT Employee Benefits  
+44 (0) 131 456 6868  
murray\_wright@jltgroup.com

### **JLT Employee Benefits**

The St Botolph Building  
138 Houndsditch  
London EC3A 7AW  
[www.jltgroup.com/eb](http://www.jltgroup.com/eb)

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