



# THE FTSE 100 AND THEIR PENSION DISCLOSURES

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

In association with

**J.P.Morgan** CAZENOVE

# EXECUTIVE SUMMARY

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**J.P.Morgan CAZENOVE**

- The total deficit in FTSE 100 pension schemes at 30 September 2014 is estimated to be £66 billion. This is a deterioration of £14 billion from the position 12 months ago.
- Only 56 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 24 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 increased from 55% to 56%. Six years ago, the average bond allocation was only 40%.
- There continues to be significant funding of pension deficits. Last year saw total deficit funding of £8.8 billion, down from £8.9 billion the previous year. HSBC led the way with a deficit contribution of £0.5 billion (net of ongoing costs), but 57 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 5% in the last 12 months.
- There are a number of companies reporting very significant individual changes to investment strategies. Six 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 and BT have disclosed pension liabilities that are approximately double their equity market value.
- Only 18 companies disclosed a pension surplus in their most recent annual report and accounts; 68 companies disclosed pension deficits.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £547 billion to £591 billion. A total of 16 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 21 companies have disclosed pension liabilities of less than £100 million, of which 14 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 £591 billion to £621 billion, and the total deficit at 30 September 2014 would be around £140 billion.

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

## 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	3,833	2,097	1,736	183%
3i	2	898	687	211	131%
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%
British Land	9	131	125	6	105%
Marks & Spencer	10	6,729	6,529	200	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%
Whitbread	92	1,571	2,105	(534)	75%
Coca-Cola HBC	93	218	297	(79)	73%
Tesco	94	8,124	11,317	(3,193)	72%
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, 19 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
SSE	4	201
International Airlines Group	5	197
Anglo American plc	6	106
3i	7	74
SABMiller	8	47
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 September 2014 was £66 billion. This is a deterioration of £14 billion from the position 12 months ago.

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

# INVESTMENT MISMATCHING

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
London Stock Exchange	1	277	95%
InterContinental Hotels	2	449	95%
Direct Line Insurance	3	66	93%
Prudential	4	6,944	89%
Friends Life Group Limited	5	1,410	85%
BHP Billiton	6	1,248	85%
United Utilities	7	2,377	83%
Aviva plc	8	12,398	83%
Royal Mail Group	9	3,833	82%
RSA	10	6,566	80%

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

Name	Rank	Assets £m	% of Assets in Bonds
BG	91	1,169	39%
Capita	92	848	37%
Whitbread	93	1,571	35%
Ashtead	94	78	33%
Wolseley	95	1,306	32%
BP	96	26,159	28%
Travis Perkins	97	1,027	24%
Tesco	98	8,124	23%
British Land	99	131	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%
Capita	2	37%	20%	+17%
Direct Line Insurance	3	93%	77%	+16%
InterContinental Hotels	4	95%	81%	+14%
3i	5	78%	65%	+13%
Bunzl	6	56%	45%	+12%
Fresnillo	7	77%	86%	-10%
Glencore	8	54%	64%	-9%
United Utilities	9	83%	74%	+9%
Standard Chartered	10	47%	55%	-8%

## 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 58 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, the average pension scheme asset allocation to bonds is now 56%, which is slightly up from 55% year before. This compares to 40% six years ago.

## 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	155,377
BT	2	47,135	29,149
Lloyds Banking Group	3	33,355	55,717
Royal Bank of Scotland	4	31,484	23,752
BP	5	31,255	83,577
Barclays	6	27,568	28,918
BAE Systems	7	25,943	14,814
HSBC	8	24,561	118,253
National Grid	9	22,914	33,342
International Airlines Group	10	18,775	6,762
Unilever	11	16,498	75,429
GlaxoSmithKline	12	15,838	67,054
Aviva plc	13	12,159	15,542
Tesco	14	11,317	15,018
Rio Tinto	15	10,858	42,775
Rolls-Royce	16	10,539	18,053

\* as at 30 September 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	80	91	4,684
Aggreko	81	84	3,965
Ashtead	82	77	5,250
Direct Line Insurance	83	68	4,413
Sports Direct International	84	65	3,702
Sage Group	85	30	4,121
Fresnillo	86	21	5,750

\* as at 30 September 2014

In addition, Admiral, Antofagasta, ARM Holdings, BSkyB, Burberry, Dixons Carphone, Easyjet, Hargreaves Lansdown, Intu Properties, Petrofac, Randgold Resources, Shire, St. Jame'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 £547 billion to £591 billion. A total of 16 companies have disclosed pension liabilities of more than £10 billion, whilst 21 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 15% to the total pension liabilities, increasing the total disclosed pension liabilities from £591 billion to £621 billion. The total deficit at 30 September 2014 on a "risk-free" basis would be around £140 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	6,762	0%	278%	257%**
BAE Systems	2	14,814	-31%	175%	
BT	3	29,149	-24%	162%	
Sainsbury	4	4,743	-16%	145%	
Royal Bank of Scotland	5	23,752	-13%	133%	
RSA	6	5,072	-2%	132%	
Marks & Spencer	7	6,501	3%	100%	
Barclays	8	28,918	-6%	95%	
Morrison Supermarkets	9	3,958	0%	78%	
Aviva plc	10	15,542	2%	78%	
Smiths Group	11	4,963	-3%	77%	64%**
Tesco	12	15,018	-21%	75%	
GKN	13	5,186	-25%	73%	
National Grid	14	33,342	-4%	69%	
Babcock International	15	5,483	-5%	64%	

\* as at 30 September 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	542	482
Royal Mail Group	4	448	412
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

Twenty-two FTSE 100 companies showed zero (or negative) cost of current DB service costs, compared with twenty 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 and BT have disclosed pension liabilities that are nearly double their equity market value. BAE Systems have a disclosed pension deficit of nearly a third of their equity market value. A further seven 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 £8.2 billion compared to £7.8 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 5% in the last 12 months. 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

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 IFRS 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
BAE Systems	1	14,814	945	6%
Smiths Group	2	4,963	283	6%
BP	3	83,577	3,489	4%
Rio Tinto	4	42,775	1,460	3%
Royal Dutch Shell	5	155,377	3,116	2%
Royal Bank of Scotland	6	23,752	440	2%
National Grid	7	33,342	491	1%
Unilever	8	75,429	784	1%
Meggitt	9	3,585	36	1%
IMI	10	3,538	35	1%

\* as at 30 September 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
Barclays	91	28,918	(530)	-2%
InterContinental Hotels	92	5,892	(122)	-2%
Lloyds Banking Group	93	55,717	(1,389)	-2%
United Utilities	94	5,509	(205)	-4%
BT	95	29,149	(1,109)	-4%
Aviva plc	96	15,542	(696)	-4%
Tesco	97	15,018	(702)	-5%
GKN	98	5,186	(252)	-5%
Sainsbury	99	4,743	(333)	-7%
Royal Mail Group	100	3,922	(480)	-12%

\* as at 30 September 2014

## COMMENTARY

Over the year covered by their latest report and accounts, 43 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 43 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 £1.1 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
Royal Mail Group*	1	407	(902)	1,309
HSBC	2	602	84	517
Diageo	3	593	103	490
International Airlines Group	4	479	30	449
Lloyds Banking Group	5	804	356	448
Royal Bank of Scotland	5	821	373	448
Royal Dutch Shell	7	1,648	1,211	437
BAE Systems	8	750	332	418
Unilever	9	504	180	324
Aviva plc	10	149	(143)	292
BT	11	553	272	281
Rio Tinto	12	428	171	257
Sainsbury	13	127	(124)	251
British American Tobacco	14	320	96	224
National Grid	15	409	196	213

\* The Cost of Benefits recognised in the income statement of the Royal Mail Group was reduced by a plan amendment which resulted in a credit of £1,350million

### COMMENTARY

In total, the amount contributed to FTSE 100 company pension schemes was £14.6 billion, down from £15.7 billion in the previous accounting year. This is more than the £5.8 billion cost of benefits accrued during the year. It therefore represents £8.8 billion of funding towards reducing pension scheme deficits. This is a decrease on the previous year's deficit funding of £8.9 billion.



# APPENDIX

Name	Year End	Equity Market Value*		Pension Assets		Pension Liabilities		Surplus / (Deficit)		Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value		Liabilities as % of Market Value	Unanticipated Balance Sheet Impact	Balance Sheet Impact as % of Market Value		Current Funding	Previous Funding	Surplus / (Deficit) Funding
		£m	£m	£m	£m	£m	£m	£m	£m			Value	Value	£m	£m	£m	£m	£m	£m	£m
3i	31/03/2014	3,716	898	687	211	211	131%	78%	6%	18%	0%	0%	7	0%	3	37	3			
Aberdeen Asset Management	30/09/2013	5,154	176	178	(2)	(2)	99%	64%	0%	3%	0%	(12)	0%	22	10	22				
Admiral	31/12/2013	3,481	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Aggreko	31/12/2013	3,965	78	84	(6)	(6)	93%	54%	0%	2%	0%	(5)	0%	5	6	3				
Anglo American plc	31/12/2013	19,452	3,189	3,404	(215)	(215)	94%	67%	-1%	18%	-1%	(77)	0%	97	57	82				
Antofagasta plc	31/12/2013	7,108	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
ARM Holdings	31/12/2013	12,430	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Ashhead	30/04/2013	5,250	78	77	0	0	101%	33%	0%	1%	0%	(5)	0%	2	3	1				
Associated British Foods	14/09/2013	21,218	3,233	3,265	(32)	(32)	99%	56%	0%	15%	0%	23	0%	69	71	27				
Astrazeneca	31/12/2013	54,531	6,033	7,392	(1,360)	(1,360)	82%	63%	-2%	14%	-2%	(49)	0%	236	534	106				
Aviva plc	31/12/2013	15,542	12,398	12,159	239	239	102%	83%	2%	78%	2%	(696)	-4%	149	250	292				
Babcock International	31/03/2014	5,483	3,220	3,488	(268)	(268)	92%	71%	-5%	64%	-1%	(48)	-1%	97	78	53				
BAE Systems	31/12/2013	14,814	21,374	25,943	(4,569)	(4,569)	82%	45%	-31%	175%	6%	945	6%	750	1,256	418				
Barclays	31/12/2013	28,918	25,743	27,568	(1,825)	(1,825)	93%	71%	-6%	95%	-2%	(530)	-2%	364	898	(11)				
BG	31/12/2013	38,724	1,169	1,271	(102)	(102)	92%	39%	0%	3%	0%	62	0%	61	65	21				
BHP Billiton	30/06/2013	36,222	1,248	1,288	(40)	(40)	97%	85%	0%	4%	0%	55	0%	122	108	81				
BP	31/12/2013	83,577	26,159	31,255	(5,096)	(5,096)	84%	28%	-6%	37%	4%	3,489	4%	813	805	151				
British American Tobacco	31/12/2013	64,817	5,767	6,144	(377)	(377)	94%	49%	-1%	9%	0%	293	0%	320	270	224				
British Land	31/03/2014	7,120	131	125	6	6	105%	2%	0%	2%	0%	(1)	0%	4	4	1				
BSkyB	30/06/2013	15,300	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
BT	31/03/2014	29,149	40,113	47,135	(7,022)	(7,022)	85%	61%	-24%	162%	-4%	(1,109)	-4%	553	542	281				
Bunzl	31/12/2013	5,333	336	381	(45)	(45)	88%	56%	-1%	7%	1%	39	1%	14	13	8				
Burberry	31/03/2014	6,639	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Capita	31/12/2013	7,616	848	967	(118)	(118)	88%	37%	-2%	13%	0%	(6)	0%	26	24	0				
Carnival	30/11/2013	5,333	330	336	(6)	(6)	98%	50%	0%	6%	0%	(2)	0%	10	5	5				
Centrica	31/12/2013	15,250	5,683	5,643	40	40	101%	64%	0%	37%	0%	(184)	-1%	251	187	129				
Coca-Cola HBC	31/12/2013	4,885	218	297	(79)	(79)	73%	54%	-2%	6%	1%	32	1%	10	8	4				
Compass	30/09/2013	16,872	2,149	2,358	(209)	(209)	91%	59%	-1%	14%	0%	39	0%	146	72	125				
CRH	31/12/2013	10,300	1,932	2,275	(342)	(342)	85%	48%	-3%	22%	0%	41	0%	105	135	82				
Diageo	30/06/2013	44,379	7,120	7,436	(316)	(316)	96%	55%	-1%	17%	0%	56	0%	593	190	490				
Direct Line Insurance	31/12/2013	4,413	66	68	(2)	(2)	97%	93%	0%	2%	0%	(7)	0%	3	3	3				
Dixons Carphone	29/03/2014	4,215	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Easyjet	30/09/2013	5,627	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Experian	31/03/2014	9,766	664	649	14	14	102%	43%	0%	7%	0%	23	0%	4	7	(3)				
Fresnillo	31/12/2013	5,750	14	21	(7)	(7)	66%	77%	0%	0%	0%	(1)	0%	2	-	1				
Friends Life Group Limited	31/12/2013	4,369	1,410	1,414	(4)	(4)	100%	85%	0%	32%	0%	(68)	-2%	28	27	28				
G4S	31/12/2013	3,890	1,660	2,164	(504)	(504)	77%	74%	-13%	56%	-1%	(54)	-1%	49	47	41				
GKN	31/12/2013	5,186	2,532	3,803	(1,271)	(1,271)	67%	53%	-25%	73%	-5%	(252)	-5%	55	97	4				
GlaxoSmithKline	31/12/2013	67,054	15,225	15,838	(613)	(613)	96%	44%	-1%	24%	1%	655	1%	343	635	90				
Glencore	31/12/2013	45,432	2,222	2,816	(594)	(594)	79%	54%	-1%	6%	0%	32	0%	113	119	68				
Hammerston	31/12/2013	4,684	58	91	(33)	(33)	64%	0%	-1%	2%	0%	(2)	0%	2	2	0				
Hargreaves Lansdown	30/06/2013	4,482	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
HSEB	31/12/2013	118,253	24,637	24,561	76	76	100%	78%	0%	21%	0%	(506)	0%	602	450	517				
IMI	31/12/2013	3,538	1,293	1,450	(158)	(158)	89%	64%	-4%	41%	1%	35	1%	41	22	34				
Imperial Tobacco	30/09/2013	25,392	3,349	4,403	(1,054)	(1,054)	76%	46%	-4%	17%	0%	(53)	0%	98	101	45				
InterContinental Hotels	31/12/2013	5,892	449	541	(92)	(92)	83%	95%	-2%	9%	-2%	(122)	-2%	19	68	13				

# APPENDIX (CONTINUED)

Name	Year End	Equity Market Value*	Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding	Previous Funding	Surplus / (Deficit) Funding
		£m	£m	£m	£m			Value	Value	£m		£m	£m	£m
International Airlines Group	31/12/2013	6,762	18,772	18,775	(3)	100%	52%	0%	278%	(77)	-1%	479	449	449
Intertek	31/12/2013	4,214	113	126	(13)	90%	44%	0%	3%	5	0%	2	3	(1)
Intu Properties	31/12/2013	4,140	-	-	-	-	-	-	-	-	-	-	-	-
ITV	31/12/2013	8,127	2,870	3,315	(445)	87%	64%	-5%	41%	43	1%	91	82	83
Johnson Matthey	31/03/2014	6,174	1,456	1,573	(117)	93%	59%	-2%	25%	58	1%	70	65	28
Kingfisher	31/03/2014	7,627	2,127	2,227	(100)	96%	74%	-1%	29%	(123)	-2%	33	41	24
Land Securities	31/03/2014	8,249	196	194	2	101%	64%	0%	2%	(8)	0%	5	5	4
Legal & General	31/12/2013	13,445	1,643	2,110	(467)	78%	66%	-3%	16%	(141)	-1%	62	61	49
Lloyds Banking Group	31/12/2013	55,717	32,568	33,355	(787)	98%	46%	-1%	60%	(1,389)	-2%	804	669	448
London Stock Exchange	31/03/2014	6,515	277	301	(24)	92%	95%	0%	5%	(9)	0%	4	1	4
Marks & Spencer	29/03/2014	6,501	6,729	6,529	200	103%	63%	3%	100%	(63)	-1%	92	71	3
Meggitt	31/12/2013	3,585	688	878	(190)	78%	52%	-5%	24%	36	1%	42	38	27
Mondi	31/12/2013	3,713	88	214	(127)	41%	64%	-3%	6%	18	0%	2	2	(2)
Morrison Supermarkets	02/02/2014	3,958	3,094	3,105	(11)	100%	57%	0%	78%	8	0%	34	33	2
National Grid	31/03/2014	33,342	21,638	22,914	(1,276)	94%	59%	-4%	69%	491	1%	409	425	213
Next	26/01/2014	10,179	668	597	70	112%	46%	1%	6%	(14)	0%	22	19	15
Old Mutual	31/12/2013	8,914	573	490	83	117%	66%	1%	5%	51	1%	8	9	3
Pearson	31/12/2013	10,082	2,509	2,458	51	102%	43%	1%	24%	68	1%	82	74	57
Persimmon	31/12/2013	4,037	457	433	24	105%	44%	1%	11%	6	0%	24	67	22
Petrofac	31/12/2013	3,587	-	-	-	-	-	-	-	(159)	0%	-	-	-
Prudential	31/12/2013	35,112	6,944	6,298	646	110%	89%	2%	18%	-	0%	56	71	29
Randgold Resources	31/12/2013	6,078	-	-	-	-	-	-	-	-	-	-	-	-
Reckitt Benckiser	31/12/2013	37,969	1,458	1,592	(134)	92%	55%	0%	4%	53	0%	108	151	87
Reed Elsevier	31/12/2013	11,196	3,981	4,360	(379)	91%	56%	-3%	39%	(18)	0%	83	116	10
Rio Tinto	31/12/2013	42,775	9,526	10,858	(1,332)	88%	46%	-3%	25%	1,460	3%	428	419	257
Rolls-Royce	31/12/2013	18,053	10,280	10,539	(259)	98%	75%	-1%	58%	(10)	0%	315	299	45
Royal Bank of Scotland	31/12/2013	23,752	28,488	31,484	(2,996)	90%	59%	-13%	133%	440	2%	821	977	448
Royal Dutch Shell	31/12/2013	155,377	51,882	54,071	(2,189)	96%	51%	-1%	35%	3,116	2%	1,648	1,454	437
Royal Mail Group	30/03/2014	3,922	3,833	2,097	1,736	183%	82%	44%	53%	(480)	-12%	407	435	1,309
RSA	31/12/2013	5,072	6,566	6,677	(111)	98%	80%	-2%	132%	27	1%	122	128	85
SABMiller	31/03/2014	54,592	288	337	(49)	86%	62%	0%	1%	36	0%	8	12	8
Sage Group	30/09/2013	4,121	17	30	(13)	57%	72%	0%	1%	0	0%	1	1	1
Sainsbury	15/03/2014	4,743	6,131	6,868	(737)	89%	67%	-16%	145%	(333)	-7%	127	137	251
Schroders	31/12/2013	6,438	849	786	64	108%	50%	1%	12%	(7)	0%	-	-	-
Severn Trent	31/03/2014	4,471	1,824	2,172	(348)	84%	41%	-8%	49%	1	0%	73	44	51
Shire	31/12/2013	31,846	-	-	-	-	-	-	-	-	-	-	-	-
Smith & Nephew	31/12/2013	9,117	817	925	(108)	88%	54%	-1%	10%	6	0%	43	46	24
Smiths Group	31/07/2013	4,963	3,696	3,843	(146)	96%	42%	-3%	77%	283	6%	71	115	67
Sports Direct International	27/04/2014	3,702	49	65	(15)	76%	54%	0%	2%	2	0%	3	3	3
SSE	31/03/2014	15,517	3,257	3,694	(437)	88%	70%	-3%	24%	11	0%	133	125	76
St. James's Place	31/12/2013	3,651	-	-	-	-	-	-	-	-	-	-	-	-
Standard Chartered	31/12/2013	27,764	1,568	1,775	(207)	88%	47%	-1%	6%	53	0%	107	128	41

# APPENDIX (CONTINUED)

Name	Year End	Equity Market Value*	Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding	Previous Funding	Surplus / (Deficit) Funding
		£m	£m	£m	£m	£m				£m		£m	£m	£m
Standard Life	31/12/2013	9,906	3,244	2,683	561	121%	74%	6%	27%	(139)	-1%	51	47	(4)
Tesco	22/02/2014	15,018	8,124	11,317	(3,193)	72%	23%	-21%	75%	(702)	-5%	535	666	(7)
Travis Perkins	31/12/2013	4,059	1,027	1,027	0	100%	24%	0%	25%	(32)	-1%	34	33	23
TUI Travel	30/09/2013	4,412	1,322	1,983	(661)	67%	54%	-15%	45%	(21)	0%	62	60	22
Tullow Oil	31/12/2013	5,842	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31/12/2013	75,429	15,291	16,498	(1,207)	93%	44%	-2%	22%	784	1%	504	491	324
United Utilities	31/03/2014	5,509	2,377	2,554	(177)	93%	83%	-3%	46%	(205)	-4%	28	93	11
Vodafone	31/03/2014	58,996	3,842	4,391	(549)	87%	48%	-1%	7%	(38)	0%	51	100	37
Weir Group	03/01/2014	5,317	681	751	(70)	91%	71%	-1%	14%	8	0%	15	11	16
Whitbread	27/02/2014	7,488	1,571	2,105	(534)	75%	35%	-7%	28%	(40)	-1%	71	46	71
Wolseley	31/07/2013	8,648	1,306	1,439	(133)	91%	32%	-2%	17%	74	1%	176	109	149
WPP	31/12/2013	15,301	726	973	(247)	75%	70%	-2%	6%	76	0%	48	57	23

\*as at 30 September 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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