



The FTSE 100 and their pension disclosures
A Quarterly Report from Pension Capital Strategies
May 2010

In association with **J.P.Morgan** CAZENOVE



PENSION CAPITAL STRATEGIES
Innovative Alternatives

Executive Summary

- The total deficit in FTSE 100 pension schemes at 31 March 2010 is estimated to be £66 billion. This is unchanged from the position 12 months ago.
- Pension schemes' flight out of equities into bonds continues. The average pension scheme asset allocation to bonds has increased to 50% from 47%. This comes on top of a very significant shift, from 40%, the previous year, and 34% just three years ago. Over just three years, therefore, bond holdings of FTSE 100 pension schemes have increased by a half.
- Within the overall general shift from equities into bonds, there are a large number of companies reporting very significant individual changes to investment strategies. 11 FTSE 100 companies increased their bond allocations by more than 10%.
- There has been a very significant increase in the funding of pension deficits – and this at a time when most companies have precious little spare cash. Last year saw total deficit funding of £11.1 billion, up from £4.4 billion the previous year (an increase of more than 150%). Royal Dutch Shell led the way with a massive deficit contribution of over £2.7 billion, but 54 other FTSE 100 companies also reported significant deficit funding contributions in their most recent annual report and accounts.
- Whilst there has been a significant increase in deficit funding contributions, there has been a marked decline in the provision of ongoing DB pension provision. The reduction in total service cost from £7.3 billion in the previous year to £6.4 billion in the current year represents a 15% decline in employee pension provision.
- There has been a noticeable growth in the number of FTSE 100 companies where the pension scheme now represents a material risk to the business. 9 FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For British Airways and BT, total disclosed pension liabilities are more than treble their equity market value.
- Only 5 companies disclosed a pension surplus in their most recent annual report and accounts; 81 companies disclosed pension deficits. We estimate that only 5 companies would disclose a surplus if they had a year-end of 31 March 2010.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have risen from £382 billion to £410 billion. 14 companies have disclosed pension liabilities of more than £10 billion, the largest of which is Royal Dutch Shell with disclosed pension liabilities of £39 billion. 26 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 £410 billion to over £500 billion, and the total deficit at 31 March 2010 would be around £150 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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Funding Position

The overall funding position of pension schemes of FTSE 100 companies has deteriorated 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
Old Mutual	1	953	815	138	117%
Investec	2	98	88	9	110%
Prudential	3	5,512	5,174	338	107%
Land Securities	4	107	104	3	103%
London Stock Exchange	5	235	230	5	102%
British Land	6	69	69	-	100%
AMEC	7	1,324	1,328	(4)	100%
Morrison Supermarkets	8	2,111	2,128	(17)	99%
Rolls-Royce	9	7,402	7,537	(135)	98%
Cable & Wireless	10	1,939	1,988	(49)	98%

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
Tesco	91	3,420	4,914	(1,494)	70%
Hammerson	92	47	69	(21)	69%
TUI Travel	93	1,079	1,580	(501)	68%
AstraZeneca	94	4,337	6,364	(2,027)	68%
Wolseley	95	640	981	(341)	65%
BG	96	665	1,031	(366)	65%
Sage Group	97	20	32	(12)	63%
Thomas Cook	98	622	993	(371)	63%
Vedanta Resources	99	17	37	(21)	45%
Eurasian Natural Resources	100	0	29	(29)	0%

In 2007, IFRIC14* provided new guidance on irrecoverable surpluses. 17 FTSE 100 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 100 companies is now £1.3 billion. The largest reported irrecoverable surpluses in the FTSE 100 were as follows:

Name	Rank	Irrecoverable Surplus £m
Prudential	1	588
Rolls-Royce	2	335
Scottish & Southern Energy	3	131
Anglo American	4	66
British American Tobacco	5	52
BHP Billiton	6	47
HSBC	7	29
Associated British Foods	8	26
Invensys	9	20
SABMiller	10	12

Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 100 as at 31 March 2010 was £66 billion. This is unchanged from the position 12 months ago.

* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 31 March 2010.

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.

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

Name	Rank	Assets £m	% of Assets in Bonds
Invensys	1	4,627	91%
Fresnillo	2	18	88%
ICAP	3	8	88%
Liberty International	4	60	87%
London Stock Exchange	5	235	86%
Rolls-Royce	6	7,402	82%
Sage Group	7	20	78%
Prudential	8	5,512	75%
BHP Billiton	9	873	74%
HSBC	10	15,106	73%

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

Name	Rank	Assets £m	% of Assets in Bonds
Capita	91	579	30%
BAE Systems	92	15,142	30%
Intertek	93	73	30%
Thomas Cook	94	622	29%
Unilever	95	12,793	28%
BP	96	19,742	25%
BG	97	665	16%
International Power	98	277	13%
Inmarsat	99	33	10%
Hammerson	100	47	0%

The FTSE 100 companies with the greatest change in equity-to-bonds allocation were:

Name	Rank	Current Bond Allocation	Previous Bond Allocation	Switch to Bonds
Liberty International	1	87%	42%	+45%
SABMiller	2	65%	41%	+24%
Barclays	3	63%	47%	+16%
Serco	4	66%	52%	+14%
Cable & Wireless	5	62%	49%	+14%
Vodafone	6	44%	31%	+13%
Aviva	7	69%	56%	+12%
ICAP	8	88%	76%	+11%
Diageo	9	44%	34%	+11%
Tesco	10	35%	25%	+10%

Commentary

Companies and trustees are continuing to switch pension assets out of equities into bonds despite the recent massive rally in equity markets. Liberty International is the latest company to report a big switch, increasing their bond allocations by 45%. 41 FTSE 100 companies now 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 reduce mismatching risk by LDI (liability-driven investment) strategies, which frequently make use of derivatives and other financial instruments. Overall, the average pension scheme asset allocation to bonds has increased to 50%, from 47% in the previous year's accounts. This comes on top of a very significant shift, from 40%, the previous year, and from 34% just three 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 risk investments in pension schemes.

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. Following the credit crunch, high spreads on corporate bonds prevailed over 2009, which countered the effects of rising inflation and increasing life expectancy, stifling the growth of pension liabilities. So far in 2010, spreads on corporate bond have returned to historically normal levels and this will significantly inflate pension liabilities reported in 2010 year-end accounts.

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	39,381	117,079
BT	2	33,326	9,581
Royal Bank of Scotland	3	30,830	25,648
Lloyds Banking Group	4	27,073	42,003
BP	5	23,281	117,465
BAE Systems	6	20,488	13,092
Barclays	7	20,486	41,045
HSBC	8	18,869	116,261
National Grid	9	16,000	15,702
Unilever	10	14,515	59,109
British Airways	11	12,806	2,794
GlaxoSmithKline	12	12,438	66,318
Aviva	13	11,812	10,660
Rio Tinto	14	10,006	59,640

* as at 31 March 2010

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
Intertek	75	93	2,314
Investec	76	88	2,528
British Land	77	69	4,155
Hammerson	78	69	2,742
Liberty International	79	63	3,131
Aggreko	80	49	3,228
Inmarsat	81	45	3,453
Vedanta Resources	82	37	7,522
Sage Group	83	32	3,129
Eurasian Natural Resources	84	29	15,350
Alliance Trust	85	28	2,295
Fresnillo	86	21	6,082
ICAP	87	10	2,444

* as at 31 March 2010

In addition, Admiral, Antofagasta, ARM Holdings, Autonomy Corporation, BSKyB, Burberry, Cairn Energy, Kazakhmys, Lonmin, Petrofac, Randgold Resources, Shire 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 £382 billion to £410 billion. 14 companies have disclosed pension liabilities of more than £10 billion, whilst 26 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 the recent 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 (in which case it is likely there is no value left for shareholders). It is therefore difficult to see that shareholders get any value out of their (very limited) ability to default on pension promises, and so applying a discount rate which allows for a probability of default is illogical.

If pension liabilities were to be measured on a risk-free basis, we estimate that it would add around 25% of the total pension liabilities, i.e. increasing the total disclosed pension liabilities from £410 billion to over £500 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
British Airways	1	2,794	(22%)	458%
BT	2	9,581	(41%)	348%
Invensys	3	2,748	(7%)	175%
BAE Systems	4	13,092	(41%)	156%
Royal Bank of Scotland	5	25,648	(11%)	120%
RSA	6	4,351	(8%)	118%
Aviva	7	10,660	(16%)	111%
Rexam	8	2,564	(10%)	107%
National Grid	9	15,702	(8%)	102%
Smiths Group	10	4,405	(7%)	70%
Marks & Spencer	11	5,872	(2%)	70%
Rolls-Royce	12	11,028	(1%)	68%
Lloyds Banking Group	13	42,003	(8%)	64%
Sainsbury	14	6,052	(5%)	60%
Serco	15	2,939	(13%)	59%

* as at 31 March 2010

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	Previous DB Service Cost
Royal Dutch Shell	1	619	655
Royal Bank of Scotland	2	583	705
BT	3	459	576
BP	4	430	442
Tesco	5	428	461
Lloyds Banking Group	6	395	469
HSBC	7	381	405
Barclays	8	281	299
GlaxoSmithKline	9	251	246
Unilever	10	203	214

Commentary

Nine FTSE 100 companies have disclosed pension liabilities greater than the total equity value of the company, and two FTSE 100 companies now have disclosed pension liabilities valued at over treble the company equity value. In addition, BAE Systems and BT have disclosed pension deficits bigger than 40% of the equity value of the company, with a further seven companies with disclosed pension deficits bigger than 10% of the equity value of the company.

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, which show a 15% decline in ongoing DB pension provision in just one year (total service cost in the latest accounts of £6.4 billion compares to £7.3 billion in the previous year). PCS believes that the majority of FTSE 100 companies will cease DB pension provision to all employees within 2 to 3 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 irrecoverable surplus) 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 Value
Invensys	1	2,748	41	1%
Reed Elsevier	2	6,371	94	1%
Old Mutual	3	6,515	71	1%
Royal Dutch Shell	4	117,079	962	1%
Smith & Nephew	5	5,828	40	1%
SABMiller	6	30,322	111	0%
Morrison Supermarkets	7	7,718	20	0%
Unilever	8	59,109	101	0%
BP	9	117,465	193	0%
WPP	10	8,596	12	0%

* as at 31 March 2010

And 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 Value
Smiths Group	91	4,405	-409	-9%
Whitbread	92	2,590	-256	-10%
Aviva	93	10,660	-1,107	-10%
Marks & Spencer	94	5,872	-694	-12%
National Grid	95	15,702	-2,068	-13%
BAE Systems	96	13,092	-1,727	-13%
Sainsbury	97	6,052	-903	-15%
RSA	98	4,351	-932	-21%
British Airways	99	2,794	-1,447	-52%
BT	100	9,581	-7,047	-74%

* as at 31 March 2010

Commentary

Over the year covered by their latest report and accounts, 11 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 76 companies suffered an unexpected loss to their balance sheet as a result of their pension schemes.

BT and British Airways were ranked 1st and 2nd in this analysis as at 31 March 2009, with impacts of +43% and +20% respectively. These two companies are now at the bottom of this table, with impacts of a staggering -74% and -52% of equity market value. This emphasises the volatility that can be caused by pension schemes.

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. But where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

The levelling out of pension scheme contributions seen in recent years seem to have ended, with the amount contributed in the most recent accounting year being £6.0 billion higher 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 Dutch Shell	1	3,345	619	2,726
Lloyds Banking Group	2	1,859	462	1,397
Unilever	3	1,071	159	912
BAE Systems	4	864	183	681
National Grid	5	799	136	663
GlaxoSmithKline	6	894	245	649
Royal Bank of Scotland	7	1,153	598	555
Centrica	8	403	70	333
Barclays	9	601	282	319
Rio Tinto	10	370	130	240

The FTSE 100 companies who made the lowest surplus contributions were as follows:

Name	Rank	Pension Contributions £m	Cost of Benefits £m	Surplus Contributions £m
Hammerson	93	1	1	0
Sage Group	94	1	2	0
Fresnillo	95	0	0	0
SABMiller	96	5	6	-1
Eurasian Natural Resources	97	0	1	-1
Home Retail Group	98	14	20	-7
BT	99	441	459	-18
Tesco	100	376	428	-52

Commentary

In total, the amount contributed to FTSE 100 company pension schemes was £17.7 billion, up from £11.7 billion in the previous accounting year. This is more than the £6.6 billion cost of benefits accrued during the year. It therefore represents £11.1 billion of funding towards reducing pension scheme deficits. This is a 150% increase on the previous year's deficit funding of £4.4 billion.

Royal Dutch Shell injected an additional £2.7 billion into its pension schemes in 2009, on top of its regular contributions, which totalled £0.6 billion. The decision was in response to the deficit of £5.8 billion at 31 December 2008 – the highest deficit in the FTSE 100 at the time. We believe that this will be the largest ever pension deficit contribution in the UK.

The huge cash contributions paid by Royal Dutch Shell come at a time when most companies have precious little spare cash. Widening deficits and perhaps weaker perceived sponsor covenants will inevitably lead to trustees requesting larger deficit-correcting contributions from sponsoring employers. This year we expect to see a trend towards companies looking at alternative sources to fund their pension schemes. Most recently, Sainsbury and Marks & Spencer have announced plans to use property partnership deals – worth £750 million and £300 million respectively – to help tackle their pension deficits.

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	£m
3i	31-Mar-2009	2,806	419	437	(18)	96%	48%	(1%)	16%	(8)	(0%)	37	9	29
Admiral	31-Dec-2009	3,492	-	-	(18)	-	-	-	-	-	-	-	-	-
Aggreko	31-Dec-2009	3,228	43	49	(6)	88%	50%	(0%)	2%	(2)	(0%)	6	6	5
Alliance Trust	31-Jan-2010	2,295	23	28	(5)	82%	51%	(0%)	1%	(3)	(0%)	1	1	0
AMEC	31-Dec-2009	2,649	1,324	1,328	(4)	100%	57%	(0%)	50%	(172)	(6%)	18	26	6
Anglo American	31-Dec-2009	38,108	1,693	1,845	(151)	92%	55%	(0%)	5%	(136)	(0%)	40	27	19
Antofagasta	31-Dec-2009	10,253	-	-	-	-	-	-	-	-	-	-	-	-
ARM Holdings	31-Dec-2009	3,050	-	-	-	-	-	-	-	-	-	-	-	-
Associated British Foods	12-Sep-2009	7,750	2,373	2,452	(79)	97%	64%	(1%)	32%	(217)	(3%)	76	54	39
AstraZeneca	31-Dec-2009	42,891	4,337	6,364	(2,027)	68%	46%	(5%)	15%	(384)	(1%)	365	207	185
Autonomy Corporation	31-Dec-2009	4,376	-	-	-	-	-	-	-	-	-	-	-	-
Aviva	31-Dec-2009	10,660	10,105	11,812	(1,707)	86%	69%	(16%)	111%	(1,107)	(10%)	294	620	138
BAE Systems	31-Dec-2009	13,092	15,142	20,488	(5,346)	74%	30%	(41%)	156%	(1,727)	(13%)	864	486	681
Barclays	31-Dec-2009	41,045	16,700	20,486	(3,786)	82%	63%	(9%)	50%	(2,929)	(7%)	601	407	319
BG	31-Dec-2009	38,426	665	1,031	(366)	65%	16%	(1%)	3%	(153)	(0%)	68	45	27
BHP Billiton	30-Jun-2009	49,878	875	1,042	(169)	84%	74%	(0%)	2%	(139)	(0%)	70	47	33
BP	31-Dec-2009	117,465	19,742	23,281	(3,539)	85%	25%	(3%)	20%	193	0%	646	271	216
British Airways	31-Mar-2009	2,794	12,205	12,806	(601)	95%	53%	(22%)	458%	(1,447)	(52%)	331	944	177
British American Tobacco	31-Dec-2009	45,351	4,618	5,370	(752)	86%	43%	(2%)	12%	(280)	(1%)	214	145	132
British Land	31-Mar-2009	4,155	69	69	0	100%	42%	0%	2%	(2)	(0%)	4	3	2
BSkyB	31-Mar-2009	10,552	-	-	-	-	-	-	-	-	-	-	-	-
BT	31-Mar-2009	9,581	29,353	33,326	(3,973)	88%	40%	(41%)	348%	(7,047)	(74%)	441	708	(18)
Bunzl	31-Dec-2009	2,366	223	283	(60)	79%	38%	(3%)	12%	(15)	(1%)	11	9	6
Burberry	31-Mar-2009	3,091	-	-	-	-	-	-	-	-	-	-	-	-
Cable & Wireless	31-Mar-2009	3,867	1,939	1,988	(49)	98%	62%	(1%)	51%	(86)	(2%)	28	35	15
Cairn Energy	31-Dec-2009	5,741	-	-	-	-	-	-	-	-	-	-	-	-
Capita	31-Dec-2009	4,709	579	611	(32)	95%	30%	(1%)	13%	(58)	(1%)	72	39	48
Carnival	30-Nov-2009	5,749	162	186	(24)	87%	65%	(0%)	3%	(30)	(1%)	4	4	1
Centrica	31-Dec-2009	14,984	3,533	4,098	(565)	86%	36%	(4%)	27%	(809)	(5%)	403	240	333
Cobham	31-Dec-2009	2,914	446	561	(115)	79%	44%	(4%)	19%	(72)	(2%)	17	18	13
Compass	30-Sep-2009	9,788	1,525	1,861	(336)	82%	59%	(3%)	19%	(226)	(2%)	57	56	33
Diageo	30-Jun-2009	27,857	4,592	5,789	(1,197)	79%	44%	(4%)	21%	(996)	(4%)	128	84	27
Eurasian Natural Resources	31-Dec-2009	15,350	0	29	(29)	0%	-	(0%)	0%	(0)	(0%)	0	0	(1)
Experian	31-Mar-2009	6,617	416	448	(32)	93%	36%	(0%)	7%	(116)	(2%)	8	10	1
Fresnillo	31-Dec-2009	6,082	18	21	(4)	83%	88%	(0%)	0%	(1)	(0%)	0	0	(0)
G4S	31-Dec-2009	3,682	1,335	1,703	(368)	78%	42%	(10%)	46%	(59)	(2%)	51	53	38
GlaxoSmithKline	31-Dec-2009	66,318	10,694	12,438	(1,744)	86%	46%	(3%)	19%	(621)	(1%)	894	443	649
Hammerston	31-Dec-2009	2,742	47	69	(21)	69%	0%	(1%)	2%	(13)	(0%)	1	1	(0)
Home Retail Group	28-Feb-2009	2,373	504	551	(46)	92%	40%	(2%)	23%	(135)	(6%)	14	14	(7)
HSSB	31-Dec-2009	116,261	15,106	18,869	(3,763)	80%	73%	(3%)	16%	(1,797)	(2%)	617	381	224
ICAP	31-Mar-2009	2,444	8	10	(2)	80%	88%	(0%)	0%	(2)	(0%)	1	1	1
Imperial Tobacco	30-Sep-2009	20,435	2,798	3,592	(794)	78%	36%	(4%)	18%	(691)	(3%)	53	42	20
Inmarsat	31-Dec-2009	3,453	33	45	(12)	74%	10%	(0%)	1%	(7)	(0%)	4	3	3
InterContinental Hotels	31-Dec-2009	2,953	342	408	(66)	84%	65%	(2%)	14%	(25)	(1%)	13	18	8
International Power	31-Dec-2009	4,843	277	374	(97)	74%	13%	(2%)	8%	(16)	(0%)	13	7	0
Intertek	31-Dec-2009	2,314	73	93	(20)	79%	30%	(1%)	4%	(3)	(0%)	4	5	2
Invensys	31-Mar-2009	2,748	4,627	4,814	(187)	96%	91%	(7%)	175%	(41)	1%	64	116	41
Investec	31-Mar-2009	2,528	98	88	9	110%	67%	0%	4%	(14)	(1%)	4	4	4

Appendix (continued)

Name	Year End	Equity Market Value £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level £m	% 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
Johnson Matthey	31-Mar-2009	3,748	778	889	(112)	87%	43%	(3%)	24%	(166)	(4%)	28	26	1
Kazakhmys	31-Dec-2009	8,173	-	-	(198)	-	-	(4%)	34%	(164)	(3%)	66	48	44
Kingfisher	30-Jan-2010	5,022	1,518	1,716	(198)	88%	62%	0%	2%	(12)	(0%)	4	2	3
Land Securities	31-Mar-2009	5,125	107	104	(281)	103%	59%	(5%)	29%	(159)	(0%)	62	58	51
Legal & General	31-Dec-2009	5,161	1,193	1,474	(3)	95%	67%	(0%)	2%	(13)	(0%)	17	3	16
Liberty International	31-Dec-2009	3,131	60	63	(3,555)	87%	47%	(8%)	64%	(3,497)	(8%)	1,859	762	1,397
Lloyds Banking Group	31-Dec-2009	42,003	23,518	27,073	(3,555)	87%	47%	(8%)	64%	(3,497)	(8%)	1,859	762	1,397
London Stock Exchange	31-Mar-2009	1,935	235	230	5	102%	86%	0%	12%	(11)	(1%)	7	6	6
Lonmin	30-Sep-2009	3,902	-	-	-	-	-	-	-	-	-	-	-	-
Man Group	31-Mar-2009	4,133	173	206	(33)	84%	40%	(1%)	5%	(31)	(1%)	8	3	3
Marks & Spencer	28-Mar-2009	5,872	3,977	4,113	(136)	97%	58%	(2%)	70%	(694)	(12%)	92	111	20
Morrison Supermarkets	31-Jan-2010	7,718	2,111	2,128	(17)	99%	60%	(0%)	28%	20	0%	42	141	16
National Grid	31-Mar-2009	15,702	14,797	16,000	(1,203)	92%	59%	(8%)	102%	(2,068)	(13%)	799	465	663
Next	30-Jan-2010	4,085	433	482	(50)	90%	47%	(1%)	12%	(13)	(0%)	43	22	34
Old Mutual	31-Dec-2009	6,515	953	815	138	117%	56%	2%	13%	71	1%	14	13	6
Pearson	31-Dec-2009	8,335	1,727	1,967	(240)	88%	49%	(3%)	24%	(287)	(3%)	90	57	72
Petrofac	31-Dec-2009	4,149	-	-	-	-	-	-	-	-	-	-	-	-
Prudential	31-Dec-2009	13,817	5,512	5,174	338	107%	75%	2%	37%	(115)	(1%)	85	95	51
Randgold Resources	31-Dec-2009	5,598	-	-	(263)	-	-	(1%)	4%	(99)	(0%)	27	20	11
Reckitt Benckiser	31-Dec-2009	25,956	801	1,064	(263)	75%	38%	(1%)	4%	(99)	(0%)	27	20	11
Reed Elsevier	31-Dec-2009	6,371	3,067	3,302	(235)	93%	40%	(4%)	52%	94	1%	101	79	34
Rexam	31-Dec-2009	2,564	2,480	2,746	(266)	90%	61%	(10%)	107%	(168)	(7%)	17	50	6
Rio Tinto	31-Dec-2009	59,640	7,658	10,006	(2,348)	77%	40%	(4%)	17%	(641)	(1%)	370	231	240
Rolls-Royce	31-Dec-2009	11,028	7,402	7,537	(135)	98%	82%	(1%)	68%	(390)	(4%)	288	279	159
Royal Bank of Scotland	31-Dec-2009	25,648	27,925	30,830	(2,905)	91%	55%	(11%)	120%	(1,403)	(5%)	1,153	810	555
Royal Dutch Shell	31-Dec-2009	117,079	37,313	39,381	(2,068)	95%	45%	(2%)	34%	962	1%	3,345	891	2,726
RSA	31-Dec-2009	4,351	4,810	5,140	(330)	94%	66%	(8%)	118%	(932)	(21%)	130	123	77
SABMiller	31-Mar-2009	30,322	209	293	(84)	71%	65%	(0%)	1%	111	0%	5	12	(1)
Sage Group	30-Sep-2009	3,129	20	32	(12)	63%	78%	(0%)	1%	(7)	(0%)	1	1	(0)
Sainsbury	21-Mar-2009	6,052	3,310	3,619	(309)	91%	58%	(5%)	60%	(903)	(15%)	128	82	75
Schroders	31-Dec-2009	3,890	573	614	(41)	93%	47%	(1%)	16%	(70)	(2%)	9	12	1
Scottish & Southern Energy	31-Mar-2009	10,134	1,787	1,930	(143)	93%	63%	(1%)	19%	(279)	(3%)	71	74	49
Segro	31-Dec-2009	2,347	158	173	(16)	91%	55%	(1%)	7%	(9)	(0%)	2	16	0
Serco	31-Dec-2009	2,939	1,357	1,744	(388)	78%	66%	(13%)	59%	(255)	(9%)	62	61	28
Severn Trent	31-Mar-2009	2,815	1,075	1,308	(233)	82%	45%	(8%)	46%	(123)	(4%)	42	56	18
Shire	31-Dec-2009	8,133	-	-	-	-	-	-	-	-	-	-	-	-
Smith & Nephew	31-Dec-2009	5,828	531	713	(182)	74%	39%	(3%)	12%	40	1%	26	23	10
Smiths Group	31-Jul-2009	4,405	2,775	3,087	(312)	90%	47%	(7%)	70%	(409)	(9%)	53	56	35
Standard Chartered	31-Dec-2009	36,141	1,245	1,541	(296)	81%	53%	(1%)	4%	(66)	(0%)	85	81	65
Standard Life	31-Dec-2009	4,481	1,836	1,924	(88)	95%	51%	(2%)	43%	(69)	(2%)	62	60	20
Tesco	28-Feb-2009	34,274	3,420	4,914	(1,494)	70%	35%	(4%)	14%	(629)	(2%)	376	340	(52)
Thomas Cook	30-Sep-2009	2,316	622	993	(371)	63%	29%	(16%)	43%	(181)	(8%)	33	33	12
TUI Travel	30-Sep-2009	3,371	1,079	1,580	(501)	68%	44%	(15%)	47%	(295)	(9%)	92	71	65
Tullow Oil	31-Dec-2009	11,059	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31-Dec-2009	59,109	12,793	14,515	(1,723)	88%	28%	(3%)	25%	101	0%	1,071	594	912
United Utilities	31-Mar-2009	3,773	1,484	1,697	(213)	87%	44%	(6%)	45%	(124)	(3%)	45	16	6
Vedanta Resources	31-Mar-2009	7,522	17	37	(21)	45%	40%	(0%)	0%	0	0%	7	2	4
Vodafone	31-Mar-2009	79,996	1,100	1,332	(232)	83%	44%	(0%)	2%	(254)	(0%)	98	86	52
Whitbread	26-Feb-2009	2,590	1,107	1,340	(233)	83%	45%	(9%)	52%	(256)	(10%)	55	56	50
Wolseley	31-Jul-2009	4,494	640	981	(341)	65%	35%	(8%)	22%	(103)	(2%)	47	34	13
WPP	31-Dec-2009	8,596	588	836	(248)	70%	70%	(3%)	10%	12	0%	48	44	26
Xstrata	31-Dec-2009	36,394	1,326	1,580	(254)	84%	59%	(1%)	4%	(64)	(0%)	70	41	47

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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