

The FTSE 250 and their pension disclosures

A Quarterly Report from JLT Pension Capital Strategies
May 2012

Strategies to Solutions



JLT PENSION CAPITAL STRATEGIES

FTSE 250



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

Executive Summary

- The total deficit in FTSE 250 pension schemes at 31 December 2011 is estimated to be £11 billion. This is a deterioration of £5 billion from the position 12 months ago.
- Only 75 FTSE 250 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 15 companies (i.e. just 6% of the FTSE 250) 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).
- 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 £1.5 billion, up from £1.2 billion the previous year. Taylor Wimpey led the way with a deficit contribution of £122 million, but 47 other FTSE 250 companies also reported significant deficit funding contributions in their most recent annual report and accounts.
- The significant 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 10% in the last 12 months alone.
- The average pension scheme asset allocation to bonds is 50%, a slight increase on last year's figure of 48%. This compares to 49% the previous year and 42% three years ago. But this disguises some significant changes. In eight companies, pension scheme asset allocation to bonds has increased by more than 20%.
- There are a significant number of FTSE 250 companies where the pension scheme represents a material risk to the business. Twenty-three FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Cable & Wireless Worldwide, Phoenix Group and Invensys, total disclosed pension liabilities are more than triple their equity market value.
- Only 30 companies disclosed a pension surplus in their most recent annual report and accounts; 115 companies disclosed pension deficits. However, we estimate that only 20 companies would disclose a surplus if they had a year-end of 31 December 2011.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have risen from £67 billion to £69 billion. A total of 18 companies have disclosed pension liabilities of more than £1 billion, the largest of which is Invensys with disclosed pension liabilities of £5.5 billion. A total of 155 companies have disclosed pension liabilities of less than £100 million, of which 105 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 250 would increase from £69 billion to around £85 billion, and the total deficit at 31 December 2011 would be around £30 billion.

The appendix at the end of this report contains a full list of all the FTSE 250 companies analysed and their relevant pension disclosures.

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Funding Position

The overall funding position of pension schemes of FTSE 250 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 250 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
Henderson	1	449	337	113	133%
Investec	2	124	104	20	119%
Tullett Prebon	3	170	146	24	116%
London Stock Exchange	4	282	245	38	115%
Ladbrokes	5	263	229	35	115%
Cape	6	126	113	13	112%
Dignity	7	85	76	9	111%
Ashtead	8	64	58	6	111%
Derwent London	9	12	11	1	110%
WH Smith	10	785	716	69	110%

The FTSE 250 companies with the worst funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
RPC Group	241	96	141	(46)	68%
Millennium & Copthorne Hotels	242	35	52	(17)	68%
Ultra Electronics Holdings	243	143	222	(79)	65%
Chemring	244	40	65	(25)	61%
TUI Travel	245	1,250	2,045	(795)	61%
Aegis	246	4	12	(7)	37%
Ferrexpo	247	1	37	(36)	3%
AZ Electronic Materials	248	0	6	(6)	0%
Lamprell	248	0	12	(12)	0%
New World Resources	248	0	82	(82)	0%

In 2007, IFRIC14* provided new guidance on irrecoverable surpluses. Within the FTSE 250, 11 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 250 companies is now £219 million. The largest reported irrecoverable surpluses in the FTSE 250 were as follows:

Name	Rank	Irrecoverable Surplus £m
FirstGroup	1	82
Inchcape	2	37
Invensys	3	30
Electrocomponents	4	25
Stagecoach	5	17
Cape	6	14
Genus	7	7
Misys	8	4
Laird	9	3
Derwent London	10	0

Commentary
Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 250 as at 31 December 2011 was £11 billion. This is a deterioration of £5 billion from the position 12 months ago.

* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 31 March 2012.

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 250 companies with the highest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Hunting	1	224	100%
WH Smith	2	785	96%
Aegis	3	4	95%
Cape	4	126	90%
Phoenix Group	5	3,051	85%
BTG	6	95	83%
Rentokil Initial	7	1,070	81%
Misys	8	49	80%
Cable & Wireless Communications	9	1,203	79%
Logica	10	471	78%

The FTSE 250 companies with the lowest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Capital & Counties Properties	241	11	21%
Electrocomponents	242	326	21%
Mondi	243	300	19%
Derwent London	244	12	19%
Inmarsat	245	42	18%
Wood Group (John)	246	99	16%
Tullett Prebon	247	170	10%
Homeserve	248	18	8%
RIT Capital Partners	249	15	8%
Renishaw	250	101	2%

The FTSE 250 companies with the greatest change in bond allocation were:

Name	Rank	Current Bond Allocation	Previous Bond Allocation	Switch to Bonds
Aegis	1	95%	47%	+48%
Debenhams	2	21%	49%	-28%
RPC Group	3	58%	31%	+27%
Cookson	4	77%	52%	+25%
Foreign & Colonial	5	57%	32%	+25%
F&C Asset Management	6	62%	39%	+23%
Kentz	7	42%	20%	+22%
Scottish Investment Trust	8	56%	34%	+22%
Synergy Health	9	65%	43%	+21%
Qinetiq	10	35%	16%	+18%

Commentary

Several companies and trustees are continuing to switch pension assets out of equities into bonds. Aegis Group is the latest company to report a big switch, with bond allocations increasing by 48%. A total of 56 FTSE 250 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. Overall though, the average pension scheme asset allocation to bonds is now 50%, a slight increase on last year's figure of 48%. This compares to 49% the previous year and 42% 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 volatility investments in pension schemes. In addition, a further cause of movement towards bond-based assets could be one of the recently announced changes to IAS19 due to be implemented from 1 January 2013, subject to EU endorsement. In the P&L the expected return on assets will effectively be replaced by the discount rate applied to the assets, so there will be no benefit in the P&L 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. 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. Over 2010, spreads on corporate bonds returned closer to historically normal levels and this significantly inflated pension liabilities reported in 2010 year-end accounts.

The FTSE 250 companies with the largest pension scheme liabilities (all those over £1 billion) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Invensys	1	5,452	1,702
FirstGroup	2	3,450	1,628
Phoenix Group	3	2,995	900
Babcock International	4	2,795	2,641
Balfour Beatty	5	2,785	1,803
Carillion	6	2,129	1,294
Stagecoach	7	2,050	1,565
TUI Travel	8	2,045	1,854
Daily Mail & General Trust	9	1,921	1,549
Taylor Wimpey	10	1,853	1,199
Go-Ahead	11	1,568	589
Mitchells & Butlers	12	1,509	952
Cable & Wireless Worldwide	13	1,470	435
Atkins (WS)	14	1,282	623
Cable & Wireless Communications	15	1,212	966
Qinetiq	16	1,106	867
Rentokil Initial	17	1,082	1,134
Melrose	18	1,039	1,329

* as at 31 December 2011

Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have risen from £67 billion to £69 billion. A total of 18 companies have disclosed pension liabilities of more than £1 billion, whilst 155 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 around 25% to the total pension liabilities, increasing the total disclosed pension liabilities from £69 billion to around £85 billion. The total deficit at 31 December 2011 on a "risk-free" basis would be around £30 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 250 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	
Cable & Wireless Worldwide	1	435	(21%)	338%	<i>264%**</i>
Phoenix Group	2	900	6%	333%	<i>325%**</i>
Invensys	3	1,702	(25%)	320%	
Dixons Retail	4	356	(69%)	267%	
Go-Ahead	5	589	(13%)	266%	
FirstGroup	6	1,628	(10%)	212%	
Atkins (WS)	7	623	(54%)	206%	
Dairy Crest	8	445	(14%)	175%	<i>115%**</i>
Kier	9	515	(6%)	169%	
Carillion	10	1,294	(19%)	164%	
Interserve	11	401	(13%)	160%	
Mitchells & Butlers	12	952	(4%)	159%	
Taylor Wimpey	13	1,199	(21%)	155%	
Balfour Beatty	14	1,803	(24%)	154%	
Stagecoach	15	1,565	(5%)	131%	

* as at 31 December 2011

** 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 250 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
FirstGroup	1	88	57
Stagecoach	2	56	42
Go-Ahead	3	55	50
Balfour Beatty	4	53	32
Babcock International	5	46	23
TUI Travel	6	35	40
Qinetiq	7	23	20
Daily Mail & General Trust	8	23	30
Invensys	9	19	18
Pennon	10	18	12

Commentary

Twenty-three FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Cable & Wireless Worldwide, Phoenix Group and Invensys, total disclosed pension liabilities are more than triple their equity market value. Dixons Retail and Atkins (WS) have pension deficits more than half their equity market value, and a further 18 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 250 companies, with several companies closing their scheme to future accrual or freezing pensionable salaries. 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 10% in the last 12 months alone. We believe that the majority of FTSE 250 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 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 250 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
Atkins (WS)	1	623	86	14%
Dairy Crest	2	445	61	14%
Cable & Wireless Worldwide	3	435	56	13%
Debenhams	4	753	76	10%
KCOM Group	5	359	34	10%
Stagecoach	6	1,565	149	10%
Britvic	7	771	64	8%
Mitchells & Butlers	8	952	71	7%
Howden Joinery	9	637	41	6%
Go-Ahead	10	589	36	6%

* as at 31 December 2011

The FTSE 250 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
Dignity	241	450	-2	0%
Logica	242	986	-5	0%
Rathbone Brothers	243	457	-3	-1%
Close Brothers	244	904	-6	-1%
Filtrona	245	791	-6	-1%
Morgan Crucible Co	246	718	-7	-1%
Ferrexpo	247	1,582	-17	-1%
De La Rue	248	878	-18	-2%
Travis Perkins	249	1,909	-44	-2%
Daily Mail & General Trust	250	1,549	-90	-6%

* as at 31 December 2011

Commentary

Over the year covered by their latest report and accounts, 113 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 32 companies suffered an unexpected loss to their balance sheet as a result of their 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. 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 £0.2 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 250 companies who have made the largest surplus contributions to their pension schemes were as follows:

Name	Rank	Pension Contributions	Cost of Benefits	Surplus Contributions
		£m	£m	£m
Taylor Wimpey	1	126	4	122
Cable & Wireless Communications	2	106	5	101
Phoenix Group	3	85	5	80
Balfour Beatty	4	121	53	68
Travis Perkins	5	58	6	53
Invensys	6	70	19	51
Croda International	7	28	-22	50
3i	8	54	6	48
De La Rue	9	50	8	43
Mitchells & Butlers	10	44	4	40
Kier	11	24	-15	39
Babcock International	12	83	46	37
Carillion	13	43	7	36
Rentokil Initial	14	1	-34	35
Atkins (WS)	15	37	6	31

Commentary

In total, the amount contributed to FTSE 250 company pension schemes was £2.1 billion, up from £1.9 billion in the previous accounting year. This is more than the £0.6 billion cost of benefits accrued during the year. It therefore represents £1.5 billion of funding towards reducing pension scheme deficits. This is an increase on the previous year's deficit funding of £1.2 billion.

Taylor Wimpey injected an additional £122 million into its pension schemes in 2010, on top of its regular contributions, which totalled £4 million. The decision was in response to the deficit of £406 million at 31 December 2009 – the seventh highest deficit in the FTSE 250 at the time.

The huge cash contributions paid by Taylor Wimpey came 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, such as property partnership deals.

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
31	31-Mar-2011	1,744	670	626	44	107%	47%	3%	36%	19	1%	54	67	48
Aberdeen Asset Management	30-Sep-2011	2,426	130	154	(24)	84%	70%	(1%)	6%	3	0%	9	7	9
Aeglis	31-Dec-2010	1,685	4	12	(7)	37%	95%	(0%)	1%	1	0%	0	0	0
Alliance Trust	31-Jan-2011	2,106	29	28	1	103%	41%	0%	1%	3	0%	4	1	3
Amlin	31-Dec-2010	1,550	356	365	(9)	97%	64%	(1%)	24%	13	1%	5	7	3
Ashtead	30-Apr-2011	1,138	64	58	6	111%	31%	1%	5%	13	1%	2	1	1
Atkins (WS)	31-Mar-2011	623	944	1,282	(338)	74%	41%	(54%)	206%	86	14%	37	39	31
Aveva	31-Mar-2011	965	48	51	(3)	94%	29%	(0%)	1%	8	1%	4	2	2
AZ Electronic Materials	31-Dec-2010	914	0	6	(6)	0%	-	(1%)	1%	0	0%	0	0	(0)
Babcock International	31-Mar-2011	2,641	2,580	2,795	(215)	92%	48%	(6%)	106%	56	2%	83	46	37
Balfour Beatty	31-Dec-2010	1,803	2,344	2,785	(441)	84%	58%	(24%)	154%	98	5%	121	69	68
Barr (A.G.)	29-Jan-2011	471	80	77	16	103%	31%	0%	16%	5	1%	4	4	3
Barratt Developments	30-Jun-2011	896	239	251	(12)	95%	50%	(2%)	28%	22	2%	13	13	13
BBA Aviation	31-Dec-2010	847	427	441	(14)	97%	75%	(2%)	52%	16	2%	6	5	4
Beazley	31-Dec-2010	698	16	17	(1)	93%	32%	(0%)	2%	0	0%	1	1	1
Bellway	31-Jul-2011	860	36	44	(8)	81%	34%	(1%)	5%	1	0%	0	2	0
Berendsen	31-Dec-2010	748	242	242	(4)	99%	52%	(0%)	32%	14	2%	10	10	14
Berkeley	30-Apr-2011	1,675	13	12	0	104%	59%	0%	1%	(0)	(0%)	1	1	1
Bodycote	31-Dec-2010	502	86	98	(12)	88%	56%	(2%)	19%	4	1%	2	2	(1)
Booker	25-Mar-2011	1,132	542	550	(8)	99%	41%	(1%)	49%	(1)	(0%)	11	12	11
Bovis Homes	31-Dec-2010	585	74	76	(3)	96%	45%	(0%)	13%	4	1%	2	3	1
Brewin Dolphin Holdings	30-Sep-2011	339	64	62	(7)	88%	68%	(2%)	18%	3	1%	3	6	3
Britvic	02-Oct-2011	771	527	571	(44)	92%	47%	(6%)	74%	64	8%	15	24	10
Brown (N.)	26-Feb-2011	660	72	69	3	105%	47%	(0%)	0%	1	0%	6	6	5
BTC	31-Mar-2011	1,025	95	97	(2)	98%	83%	(0%)	9%	4	0%	4	4	4
Cable & Wireless Communications	31-Mar-2011	966	1,203	1,212	(9)	99%	79%	(1%)	126%	9	1%	106	60	101
Cable & Wireless Worldwide	31-Mar-2011	435	1,379	1,470	(91)	94%	50%	(21%)	338%	56	13%	28	12	14
Caledonia Investments	31-Mar-2011	801	64	69	(5)	93%	37%	(1%)	9%	1	0%	3	2	2
Cape	31-Dec-2010	387	126	113	13	112%	90%	3%	29%	(1)	(0%)	0	1	0
Capital & Counties Properties	31-Dec-2010	1,263	11	13	(2)	85%	21%	(0%)	1%	2	0%	0	0	(0)
Carillon	31-Dec-2010	1,294	1,889	2,129	(240)	89%	49%	(19%)	164%	15	1%	43	43	36
Carpetright	30-Apr-2011	325	17	21	(4)	81%	43%	(1%)	7%	0	0%	0	1	0
Catlin	31-Dec-2010	1,430	17	16	1	108%	50%	0%	1%	0	0%	0	0	0
Charter International	31-Dec-2010	1,578	594	721	(127)	82%	55%	(9%)	46%	0	0%	20	19	18
Chemring	31-Oct-2011	777	40	65	(25)	61%	31%	(3%)	8%	(2)	(0%)	2	2	0
Close Brothers	31-Jul-2011	904	35	40	(5)	88%	28%	(1%)	4%	(6)	(1%)	3	3	3
Cobham	31-Dec-2010	2,028	511	593	(82)	86%	45%	(4%)	29%	16	1%	24	17	19
Coit Group SA	31-Dec-2010	813	20	24	(5)	81%	67%	(1%)	3%	(2)	(0%)	3	2	1
Cookson	31-Dec-2010	1,404	590	695	(104)	85%	77%	(7%)	49%	7	1%	20	21	14
Cranswick	31-Mar-2011	351	14	17	(3)	82%	40%	(1%)	5%	1	0%	2	1	2
Croda International	31-Dec-2010	2,432	642	790	(148)	81%	50%	(6%)	32%	3	0%	28	25	50
Daily Mail & General Trust	02-Oct-2011	1,549	1,585	1,921	(336)	82%	36%	(22%)	124%	(90)	(6%)	35	35	13
Dairy Crest	31-Mar-2011	445	719	779	(60)	92%	71%	(14%)	175%	61	14%	22	30	22
De La Rue	26-Mar-2011	878	639	742	(103)	86%	83%	(12%)	85%	(18)	(2%)	50	25	43
Debenhams	03-Sep-2011	753	562	548	4	101%	21%	1%	73%	76	10%	8	8	8
Derwent London	31-Dec-2010	1,569	12	11	1	110%	19%	0%	1%	(0)	(0%)	0	0	0
Devro	31-Dec-2010	424	199	212	(13)	94%	49%	(3%)	50%	16	4%	5	5	4
Dignity	31-Dec-2010	450	85	76	9	111%	42%	2%	17%	(2)	(0%)	2	1	1
Diploma	30-Sep-2011	385	18	24	(6)	77%	24%	(1%)	6%	(1)	(0%)	0	1	0
Dixons Retail	30-Apr-2011	356	706	950	(244)	74%	28%	(69%)	267%	13	4%	12	21	12
Drax	31-Dec-2010	1,968	130	167	(37)	78%	47%	(2%)	8%	(6)	(0%)	8	8	3
Electrocomponents	31-Mar-2011	817	326	306	20	106%	21%	2%	38%	7	1%	6	6	1
Elementis	31-Dec-2010	613	488	534	(36)	93%	52%	(6%)	87%	17	3%	13	9	12

* as at 31 December 2012

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 % of Market Value	Current Funding £m	Previous Funding £m	Surplus/(Deficit) funding £m
Euromoney Institutional Investors	30-Sep-2011	753	24	26	(2)	93%	70%	(0%)	3%	(1)	(0%)	1	1	1
F&C Asset Management	31-Dec-2010	348	190	218	(28)	87%	62%	(8%)	63%	15	4%	9	7	4%
Fenner	31-Aug-2011	769	134	166	(32)	81%	27%	(4%)	22%	9	1%	7	5	5
Ferrexpo	31-Dec-2010	1,582	1	37	(36)	3%	46%	(2%)	2%	(17)	(1%)	0	0	(1)
Filtrona	31-Dec-2010	791	187	205	(18)	91%	42%	(2%)	26%	(6)	(1%)	12	8	10
FirstGroup	31-Mar-2011	1,628	3,289	3,450	(161)	95%	26%	(10%)	212%	15	1%	85	85	(3)
Foreign & Colonial	31-Dec-2010	1,722	190	218	(28)	87%	57%	(2%)	13%	15	1%	9	7	6
Galliford Try	30-Jun-2011	387	158	155	3	102%	74%	1%	40%	12	3%	7	7	10
Genus	30-Jun-2011	625	146	163	(17)	90%	37%	(3%)	26%	2	0%	3	2	3
Go-Ahead	02-Jul-2011	589	1,492	1,568	(77)	95%	21%	(13%)	266%	36	6%	44	43	(11)
Granger	30-Sep-2011	444	19	23	(5)	81%	66%	(1%)	5%	1	0%	1	1	1
Great Portland Estates	31-Mar-2011	1,010	18	19	(0)	98%	60%	(0%)	2%	(0)	(0%)	0	0	0
Greene King	01-May-2011	1,047	235	281	(46)	84%	22%	(4%)	27%	25	2%	13	7	8
Greggs	01-Jan-2011	513	84	93	(9)	91%	28%	(2%)	18%	3	1%	1	1	1
Halma	02-Apr-2011	1,244	141	177	(36)	80%	30%	(3%)	14%	1	0%	9	9	6
Hays	30-Jun-2011	890	441	452	(12)	97%	49%	(1%)	51%	44	5%	17	6	13
Henderson	31-Dec-2010	1,118	449	337	113	133%	47%	10%	30%	15	1%	5	5	2
Hiscox	31-Dec-2010	1,446	144	147	(3)	98%	55%	(0%)	10%	6	0%	14	2	13
Home Retail Group	26-Feb-2011	685	749	756	(8)	99%	41%	(1%)	110%	2	0%	28	31	11
Homeserve	31-Mar-2011	934	18	18	(0)	100%	8%	(0%)	2%	4	0%	1	1	0
Howden Joinery	25-Dec-2010	637	595	731	(136)	81%	42%	(21%)	115%	41	6%	33	28	25
Hunting	31-Dec-2010	1,097	224	218	6	103%	100%	1%	20%	(3)	(0%)	2	2	0
Inchcape	31-Dec-2010	1,348	880	865	14	102%	64%	1%	64%	29	2%	30	38	23
Informa	31-Dec-2010	2,171	73	84	(11)	87%	33%	(0%)	4%	(1)	(0%)	4	3	2
Inmarsat	31-Dec-2010	1,834	42	48	(6)	88%	18%	(0%)	3%	4	0%	4	4	2
International Personal Finance	31-Dec-2010	441	35	38	(3)	91%	44%	(1%)	9%	1	0%	1	1	4
Interserve	31-Dec-2010	401	591	642	(52)	92%	41%	(13%)	160%	19	5%	33	88	27
Invensys	31-Mar-2011	1,702	5,024	5,452	(428)	92%	62%	(25%)	320%	56	3%	70	68	51
Investec	31-Mar-2011	2,003	124	104	20	119%	70%	1%	5%	14	1%	4	4	4
Jardine Lloyd Thompson	31-Dec-2010	1,490	480	552	(73)	87%	58%	(5%)	37%	13	1%	4	13	4
KCOM Group	31-Mar-2011	359	169	176	(7)	96%	43%	(2%)	49%	34	10%	10	10	9
Kentz	31-Dec-2010	491	19	24	(6)	77%	42%	(1%)	5%	0	0%	3	3	2
Kesa Electricals	30-Apr-2011	356	272	339	(68)	80%	39%	(19%)	95%	(1)	(0%)	15	9	12
Kier	30-Jun-2011	515	840	869	(30)	97%	23%	(6%)	169%	13	2%	24	34	39
Ladbrokes	31-Dec-2010	1,173	263	229	35	115%	58%	3%	19%	16	1%	7	7	3
Laird	31-Dec-2010	407	98	95	3	103%	64%	1%	23%	2	1%	0	0	(0)
Lamprell	31-Dec-2010	699	0	12	(12)	0%	-	(2%)	2%	(0)	(0%)	0	0	(1)
Law Debenture Corp	31-Dec-2010	393	33	34	(1)	97%	35%	(0%)	9%	0	0%	1	1	1
Logica	31-Dec-2010	986	471	516	(45)	91%	78%	(5%)	52%	(5)	(0%)	16	18	7
London Stock Exchange	31-Mar-2011	2,166	282	245	38	115%	78%	2%	11%	32	1%	1	4	1
Marston	01-Oct-2011	523	369	362	7	102%	53%	1%	69%	18	3%	15	14	12
Melrose	31-Dec-2010	1,329	920	1,039	(120)	88%	55%	(9%)	78%	30	2%	28	32	23
Millennium & Copthorne Hotels	31-Dec-2010	1,291	35	52	(17)	68%	46%	(1%)	4%	1	0%	3	3	1
Misys	31-May-2011	768	49	52	(3)	95%	80%	(0%)	7%	2	0%	1	1	(1)
Mitchells & Butlers	24-Sep-2011	952	1,472	1,509	(37)	98%	71%	(4%)	159%	71	7%	44	45	40
MITIE Group	31-Mar-2011	869	124	127	(3)	98%	23%	(0%)	15%	6	1%	8	7	8
Mondi	31-Dec-2010	1,671	300	366	(66)	82%	19%	(4%)	22%	21	1%	5	4	(2)
Morgan Crucible Co	02-Jan-2011	718	418	522	(104)	80%	57%	(14%)	73%	(7)	(1%)	16	14	11
National Express	31-Dec-2010	1,133	807	869	(61)	93%	24%	(5%)	77%	29	3%	22	28	6
New World Resources	31-Dec-2010	1,168	0	82	(82)	0%	-	(7%)	7%	12	1%	0	0	(4)
Northgate	30-Apr-2011	255	5	5	(0)	97%	65%	(0%)	2%	(0)	(0%)	1	1	1
Oxford Instruments	31-Mar-2011	524	173	185	(12)	94%	55%	(2%)	35%	19	4%	6	5	6
Paragon	30-Sep-2011	546	59	74	(14)	80%	42%	(3%)	21%	0	0%	4	2	2
Pennon	31-Mar-2011	2,560	454	540	(86)	84%	38%	(3%)	21%	2	0%	36	16	18
Persimmon	31-Dec-2010	1,421	305	403	(98)	76%	38%	(7%)	28%	3	0%	19	19	16

* as at 31 December 2012

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
Phoenix Group	31-Dec-2010	900	3,051	2,995	56	102%	85%	6%	333%	53	6%	85	69	80
Premier Farnell	30-Jan-2011	662	187	211	(24)	89%	75%	(4%)	32%	0	0%	4	4	4
Premier Oil	31-Dec-2010	1,690	18	21	(3)	87%	50%	(0%)	1%	0	0%	1	0	1
Provident Financial	31-Dec-2010	1,289	514	473	41	109%	52%	3%	37%	15	1%	10	8	2
PZ Cussons	31-May-2011	1,501	262	259	3	101%	39%	0%	17%	(5)	(0%)	7	5	14
Qinetiq	31-Mar-2011	867	981	1,106	(125)	89%	35%	(14%)	127%	0	0%	37	38	13
Rathbone Brothers	31-Dec-2010	457	95	101	(7)	93%	25%	(1%)	22%	(3)	(1%)	7	7	5
Redrow	30-Jun-2011	349	86	81	5	106%	49%	1%	3%	10	3%	1	1	(0)
Renishaw	30-Jun-2011	732	101	139	(38)	73%	2%	(5%)	19%	(2)	(0%)	1	0	(1)
Rentokil Initial	31-Dec-2010	1,134	1,070	1,082	(12)	99%	81%	(1%)	95%	18	2%	1	2	35
RIT Capital Partners	31-Mar-2011	1,897	15	15	1	103%	8%	0%	1%	(0)	(0%)	1	1	1
Rotork	31-Dec-2010	1,666	100	118	(17)	85%	42%	(1%)	7%	2	0%	3	3	1
RPC Group	31-Mar-2011	577	96	141	(46)	68%	58%	(8%)	24%	(1)	(0%)	9	6	8
Savills	31-Dec-2010	431	120	142	(22)	84%	27%	(5%)	33%	11	2%	6	4	5
Scottish Investment Trust	31-Oct-2011	518	9	11	(2)	80%	56%	(0%)	2%	1	(0%)	1	1	0
Segro	31-Dec-2010	1,546	169	184	(15)	92%	58%	(1%)	12%	0	0%	2	2	0
Senior	31-Dec-2010	681	196	234	(38)	84%	72%	(6%)	34%	1	0%	13	21	12
Shanks	31-Mar-2011	357	113	108	5	105%	40%	1%	30%	9	2%	3	2	2
SIG	31-Dec-2010	496	98	123	(25)	80%	44%	(5%)	25%	(2)	(0%)	3	2	1
Smith (DS)	30-Apr-2011	857	732	879	(148)	83%	40%	(17%)	103%	40	5%	32	17	23
Spirax-Sarco Engineering	31-Dec-2010	1,440	109	123	(14)	89%	73%	(1%)	8%	2	0%	6	4	8
Spirit Communications	31-Dec-2010	797	149	143	6	104%	65%	(4%)	21%	0	0%	18	15	11
Sport Direct International	24-Apr-2011	1,223	37	53	(16)	69%	40%	(1%)	4%	2	0%	2	1	2
Stagecoach	30-Apr-2011	1,565	1,970	2,050	(80)	96%	25%	(5%)	131%	149	10%	0	0	(56)
Synergy Health	03-Apr-2011	463	44	56	(12)	78%	65%	(3%)	12%	2	0%	3	2	2
Taylor Wimpey	31-Dec-2010	1,199	1,604	1,853	(249)	87%	63%	(21%)	155%	60	5%	126	50	122
Travis Perkins	31-Dec-2010	1,909	813	841	(28)	97%	25%	(1%)	44%	(44)	(2%)	58	31	53
TUI Travel	30-Sep-2011	1,854	1,250	2,045	(795)	61%	52%	(43%)	110%	(7)	(0%)	57	96	22
Tulleit Prebon	31-Dec-2010	581	170	146	24	116%	10%	4%	25%	15	2%	9	8	9
Ultra Electronics Holdings	31-Dec-2010	1,016	143	222	(79)	65%	26%	(8%)	22%	5	0%	5	6	(3)
United Business Media	31-Dec-2010	1,164	467	475	(8)	98%	40%	(1%)	41%	38	3%	5	7	4
Victrex	30-Sep-2011	918	35	41	(6)	85%	47%	(1%)	4%	1	0%	4	4	2
WH Smith	31-Aug-2011	737	785	716	69	110%	96%	9%	97%	29	4%	14	73	14
William Hill	28-Dec-2010	1,414	262	293	(31)	89%	43%	(2%)	21%	6	0%	14	15	8
Wood Group (John)	31-Dec-2010	2,368	99	120	(21)	82%	16%	(1%)	5%	0	0%	4	3	(0)
Yule Catto & Co	31-Dec-2010	560	199	265	(66)	75%	39%	(12%)	47%	1	0%	14	12	13

* as at 31 December 2012

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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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