The FTSE 250 and their pension disclosures

A Quarterly Report from JLT Pension Capital Strategies
November 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 30 June 2012 is estimated to be £9 billion. This is a deterioration of £3 billion from the position 12 months ago.
- Only 65 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 9 companies (i.e. just 4% 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 £1.3 billion the previous year. Balfour Beatty led the way with a deficit contribution of £102 million, but 35 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 20% in the last 12 months alone.
- The average pension scheme asset allocation to bonds is 54%, an increase on last year's figure of 50%. This compares to 48% the previous year and 42% four years ago. But this disguises some significant changes. In nine companies, pension scheme asset allocation to bonds has changed by more than 20%.
- There are a significant number of FTSE 250 companies where the pension scheme represents a material risk to the business. Nineteen FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Phoenix Group, FirstGroup, Invensys and Go-Ahead, total disclosed pension liabilities are more than triple their equity market value.
- Only 28 companies disclosed a pension surplus in their most recent annual report and accounts; 113 companies disclosed pension deficits. However, we estimate that only 26 companies would disclose a surplus if they had a year-end of 30 June 2012.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have fallen from £73 billion to £63 billion. However, this fall is largely due to changes in the constitutents of the FTSE 250 rather than falls in the liabilities for any particular company. A total of 15 companies have disclosed pension liabilities of more than £1 billion, the largest of which is Invensys with disclosed pension liabilities of £5.8 billion. A total of 160 companies have disclosed pension liabilities of less than £100 million, of which 109 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 £63 billion to around £82 billion, and the total deficit at 30 June 2012 would be around £22 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 worsened 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	704	469	235	150%
Tullett Prebon	2	184	148	36	124%
Investec	3	141	115	26	122%
Ladbrokes	4	281	243	37	115%
Phoenix Group	5	3,451	3,043	408	113%
Cape	6	136	121	16	113%
Alliance Trust	7	32	29	3	111%
Rentokil Initial	8	1,274	1,149	125	111%
Petra Diamonds	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
Sports Direct International	241	40	59	(19)	67%
Ultra Electronics Holdings	242	149	232	(83)	64%
Yule Catto & Co	243	204	322	(118)	63%
Chemring	244	40	65	(25)	61%
TUI Travel	245	1,250	2,045	(795)	61%
Avocet Mining	246	0	0	(0)	43%
Aegis	247	4	10	(6)	42%
Ferrexpo	248	1	44	(42)	3%
AZ Electronic Materials	249	0	6	(6)	0%
New World Resources	249	0	74	(74)	0%

In 2007, IFRIC14* provided new guidance on irrecoverable surpluses. Within the FTSE 250, eight companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 250 companies is now £73 million. The largest reported irrecoverable surpluses in the FTSE 250 were as follows:

Name	Rank	Irrecoverable Surplus £m
Inchcape	1	73
FirstGroup	2	30
Cape	3	16
Electrocomponents	4	11
Genus	5	7
Laird	6	4
Stagecoach	7	3
Segro	8	3

Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 250 as at 30 June 2012 was £9 billion. This is a deterioration of £3 billion from the position 12 months ago.

** For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 30 September 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
Aegis	1	4	100%
Avocet Mining	1	0	100%
Catlin	1	18	100%
Dechra Pharmaceuticals	1	2	100%
Hunting	1	238	100%
Petra Diamonds	1	12	100%
Synergy Health	7	52	99%
WH Smith	8	785	96%
Cape	9	136	91%
Phoenix Group	10	3,451	87%

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

Name	Rank	Assets £m	% of Assets in Bonds
Inmarsat	241	46	22%
Debenhams	242	552	21%
Go-Ahead	243	1,492	21%
Stagecoach	244	1,974	17%
Wood Group (John)	245	104	17%
RIT Capital Partners	246	13	15%
Homeserve	247	19	13%
Tullett Prebon	248	184	7%
Greene King	249	237	3%
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
Petra Diamonds	1	100%	25%	+75%
Kentz	2	78%	42%	+36%
Mondi	3	80%	44%	+35%
Synergy Health	4	99%	65%	+34%
Debenhams	5	21%	49%	-28%
Premier Farnell	6	48%	75%	-27%
Shanks	7	62%	40%	+22%
Scottish Investment Trust	8	56%	34%	+22%
Hiscox	9	35%	55%	-21%
Greene King	10	3%	22%	-19%

Commentary

Several companies and trustees are continuing to switch pension assets out of equities into bonds. Petra Diamonds is the latest company to report a big switch, with bond allocations increasing by 75%. A total of 66 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 54%, an increase on last year's figure of 50%. This compares to 48% the previous year and 42% four 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. 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. Over 2011, the Euro crisis has depressed bond yields, but this has been countered to some extent by falling inflation expectations, so the net effect being that pension liabilities have risen.

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	5,801	1,810
FirstGroup	2	3,636	1,080
Phoenix Group	3	3,043	837
Balfour Beatty	4	2,915	2,049
Carillion	5	2,204	1,188
Stagecoach	6	2,095	1,534
TUI Travel	7	2,045	1,895
Taylor Wimpey	8	1,887	1,541
Go-Ahead	9	1,568	513
Mitchells & Butlers	10	1,509	1,025
Atkins (WS)	11	1,330	691
Cable & Wireless Communications	12	1,326	748
Rentokil Initial	13	1,149	1,335
Qinetiq	14	1,139	1,040
Melrose	15	1,077	1,571

** as at 30 June 2012*

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Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have fallen from £73 billion to £63 billion. A total of 15 companies have disclosed pension liabilities of more than £1 billion, whilst 160 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 30% to the total pension liabilities, increasing the total disclosed pension liabilities from £63 billion to around £82 billion. The total deficit at 30 June 2012 on a "risk-free" basis would be around £22 billion.

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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	
Phoenix Group	1	837	49%	363%	*352%***
FirstGroup	2	1,080	(22%)	337%	
Invensys	3	1,810	(22%)	320%	
Go-Ahead	4	513	(15%)	306%	
Atkins (WS)	5	691	(36%)	192%	
Dairy Crest	6	441	(18%)	192%	*128%***
Carillion	7	1,188	(26%)	185%	
Kier	8	488	(6%)	178%	
Cable & Wireless Communications	9	748	(10%)	177%	*75%***
Interserve	10	396	(14%)	176%	
Dixons Retail	11	664	(39%)	149%	
Mitchells & Butlers	12	1,025	(4%)	147%	
Balfour Beatty	13	2,049	(13%)	142%	
Stagecoach	14	1,534	(8%)	137%	
Home Retail Group	15	689	(17%)	128%	*92%***

** as at 30 June 2012*
*** 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	88
Stagecoach	2	55	56
Go-Ahead	3	55	50
Balfour Beatty	4	52	53
TUI Travel	5	35	40
Qinetiq	6	21	23
Invensys	7	18	19
Home Retail Group	8	17	17
National Express	9	15	16
Kier	10	11	11

Commentary

Eighteen FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Phoenix Group, FirstGroup, Invensys and Go-Ahead, total disclosed pension liabilities are more than triple their equity market value. Dixons Retail and Atkins (WS) have pension deficits more than a third their equity market value, and a further 15 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 20% 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
Phoenix Group	1	837	282	34%
Henderson	2	1,129	121	11%
Atkins (WS)	3	691	72	10%
Rentokil Initial	4	1,335	135	10%
Go-Ahead	5	513	36	7%
Mitchells & Butlers	6	1,025	71	7%
Debenhams	7	1,097	76	7%
Britvic	8	993	64	6%
Hays	9	1,023	44	4%
WH Smith	10	702	29	4%

** as at 30 June 2012*

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
Menzies	241	360	-26	-7%
Devro	242	502	-38	-8%
Interserve	243	396	-33	-8%
Carillion	244	1,188	-107	-9%
Cable & Wireless Communications	245	748	-71	-9%
Dairy Crest	246	441	-46	-10%
Qinetiq	247	1,040	-117	-11%
Yule Catto & Co	248	493	-62	-13%
Home Retail Group	249	689	-121	-18%
FirstGroup	250	1,080	-196	-18%

** as at 30 June 2012*

Commentary

Over the year covered by their latest report and accounts, 45 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 96 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 (this includes changes made during the year to the value of past service benefits). 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 £0.1 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 250 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
Qinetiq	1	83	-121	204
Balfour Beatty	2	152	50	102
FirstGroup	2	117	15	102
Taylor Wimpey	4	85	0	85
Phoenix Group	5	58	-23	81
Invensys	6	88	18	70
Cobham	7	41	-8	49
Mitchells & Butlers	8	44	4	40
Kier	9	24	-15	39
3i	10	72	34	38
Carillion	11	44	7	38
Howden Joinery	12	42	9	33
Persimmon	13	36	3	33
Smith (DS)	14	30	1	30
Melrose	15	29	1	28

Commentary

In total, the amount contributed to FTSE 250 company pension schemes was £1.8 billion, down from £1.9 billion in the previous accounting year. This is more than the £0.3 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 £1.3 billion.

Balfour Beatty injected an additional £102 million into its pension schemes in 2011, on top of its regular contributions, which totalled £50 million. The decision was in response to the deficit of £441 million at 31 December 2010 – the second highest deficit in the FTSE 250 at the time.

The huge cash contributions paid by Balfour Beatty 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
3i	31-Mar-2012	1,914	798	742	56	108%	66%	3%	39%	(66)	(3%)	72	54	38
Aegis	31-Dec-2011	1,891	4	10	(6)	42%	100%	(0%)	1%	2	0%	0	0	0
Alliance Trust	31-Dec-2011	1,833	32	29	3	111%	49%	0%	2%	1	0%	2	4	1
Amlin	31-Dec-2011	1,760	421	446	(25)	94%	68%	(1%)	25%	(18)	(1%)	6	5	3
Ashtead	30-Apr-2012	1,308	67	64	3	105%	33%	0%	5%	(6)	(0%)	3	2	2
Atkins (WS)	31-Mar-2012	691	1,079	1,330	(251)	81%	44%	(36%)	192%	72	10%	29	37	26
Aveva	31-Mar-2012	1,108	50	58	(8)	87%	37%	(1%)	5%	(7)	(1%)	2	4	1
Avocet Mining	31-Dec-2011	179	0	0	(0)	43%	100%	(0%)	0%	0	0%	0	0	0
AZ Electronic Materials	31-Dec-2011	1,093	0	6	(6)	0%	-	(1%)	1%	0	0%	0	0	(0)
Balfour Beatty	31-Dec-2011	2,049	2,640	2,915	(275)	91%	62%	(13%)	142%	67	3%	152	121	102
Barr (A.G.)	28-Jan-2012	466	83	83	(0)	100%	35%	(0%)	18%	(9)	(2%)	4	4	5
Barratt Developments	30-Jun-2011	1,357	239	251	(12)	95%	50%	(1%)	18%	22	2%	13	13	13
BBA Aviation	31-Dec-2011	978	443	475	(32)	93%	76%	(3%)	49%	(20)	(2%)	10	6	9
Beazley	31-Dec-2011	715	17	18	(1)	97%	48%	(0%)	2%	(0)	(0%)	1	1	1
Bellway	31-Jul-2011	1,015	36	44	(8)	81%	34%	(1%)	4%	1	0%	0	2	0
Berendsen	31-Dec-2011	859	251	279	(28)	90%	60%	(3%)	33%	(34)	(4%)	9	10	7
Berkeley	30-Apr-2012	1,850	14	13	1	106%	55%	0%	1%	(0)	(0%)	1	1	1
Bodycote	31-Dec-2011	637	90	104	(14)	86%	64%	(2%)	16%	(1)	(0%)	2	2	0
Booker	30-Mar-2012	1,427	556	575	(19)	97%	43%	(1%)	40%	(26)	(2%)	8	11	8
Bovis Homes	31-Dec-2011	630	77	79	(2)	97%	45%	(0%)	13%	(3)	(1%)	4	2	3
Brewin Dolphin Holdings	30-Sep-2011	343	54	62	(7)	88%	68%	(2%)	18%	3	1%	3	6	3
Britvic	02-Oct-2011	993	527	571	(44)	92%	47%	(4%)	58%	64	6%	15	24	10
Brown (N.)	03-Mar-2012	693	82	83	(1)	99%	52%	(0%)	12%	(6)	(1%)	3	6	2
BTG	31-Mar-2012	1,337	109	109	(0)	100%	85%	(0%)	8%	(3)	(0%)	5	4	5
Cable & Wireless Communications	31-Mar-2012	748	1,254	1,326	(71)	95%	77%	(10%)	177%	(71)	(9%)	9	106	5
Caledonia Investments	31-Mar-2012	817	69	73	(4)	94%	42%	(1%)	9%	(5)	(1%)	5	3	4
Cape	31-Dec-2011	318	136	121	16	113%	91%	5%	38%	(1)	(0%)	0	0	0
Capital & Counties Properties	31-Dec-2011	1,435	15	14	1	107%	30%	0%	1%	(1)	(0%)	4	0	4
Carillion	31-Dec-2011	1,188	1,898	2,204	(306)	86%	52%	(26%)	185%	(107)	(9%)	44	43	38
Carpetright	28-Apr-2012	458	18	23	(4)	81%	46%	(1%)	5%	(1)	(0%)	1	0	1
Catlin	31-Dec-2011	1,526	18	17	1	108%	100%	0%	1%	0	0%	0	0	0
Chemring	31-Oct-2011	530	40	65	(25)	61%	31%	(5%)	12%	(2)	(0%)	2	2	0
Close Brothers	31-Jul-2011	1,094	35	40	(5)	88%	28%	(0%)	4%	(6)	(1%)	3	3	3
Cobham	31-Dec-2011	2,504	529	600	(71)	88%	58%	(3%)	24%	(39)	(2%)	41	24	49
Colt Group SA	31-Dec-2011	1,115	20	24	(4)	83%	67%	(0%)	2%	1	0%	2	3	(1)
Cookson	31-Dec-2011	1,642	640	690	(50)	93%	70%	(3%)	42%	41	2%	20	20	15
Cranswick	31-Mar-2012	390	16	21	(5)	75%	43%	(1%)	5%	(4)	(1%)	1	2	1
Dairy Crest	31-Mar-2012	441	766	846	(80)	91%	75%	(18%)	192%	(46)	(10%)	21	22	21
De La Rue	31-Mar-2012	1,009	698	843	(146)	83%	49%	(14%)	84%	(66)	(7%)	30	50	22
Debenhams	03-Sep-2011	1,097	552	548	4	101%	21%	0%	50%	76	7%	8	8	8
Dechra Pharmaceuticals	30-Jun-2012	422	2	3	(0)	87%	100%	(0%)	1%	(0)	(0%)	0	0	(0)
Derwent London	31-Dec-2011	1,885	13	15	(2)	90%	27%	(0%)	1%	(3)	(0%)	1	0	1
Devro	31-Dec-2011	502	197	243	(46)	81%	52%	(9%)	48%	(38)	(8%)	5	5	4
Dialight	31-Dec-2011	334	21	20	1	104%	64%	0%	6%	(1)	(0%)	3	1	3
Dignity	31-Dec-2011	442	85	83	1	102%	47%	0%	19%	(8)	(2%)	1	2	0
Diploma	30-Sep-2011	504	18	24	(5)	77%	24%	(1%)	5%	(1)	(0%)	0	1	0
Dixons Retail	28-Apr-2012	664	730	992	(262)	74%	29%	(39%)	149%	(28)	(4%)	16	12	16
Drax	31-Dec-2011	2,045	145	182	(37)	80%	53%	(2%)	9%	(4)	(0%)	10	8	5
Electrocomponents	31-Mar-2012	896	350	347	3	101%	28%	0%	39%	(8)	(1%)	5	6	1
Elementis	31-Dec-2011	898	516	569	(54)	91%	56%	(6%)	63%	(32)	(4%)	14	13	13

* as at 30 June 2012

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
Euromoney Institutional Investors	30-Sep-2011	922	24	26	(2)	93%	70%	(0%)	3%	(1)	(0%)	1	*1*	1
F&C Asset Management	31-Dec-2011	450	216	236	(21)	91%	73%	(5%)	53%	3	1%	7	*9*	4
Fenner	31-Aug-2011	698	134	166	(32)	81%	27%	(5%)	24%	9	1%	7	*5*	5
Ferrexpo	31-Dec-2011	1,267	1	44	(42)	3%	43%	(3%)	3%	(13)	(1%)	0	*0*	10
Filtrona	31-Dec-2011	1,005	199	223	(24)	89%	53%	(2%)	22%	(16)	(2%)	10	*12*	8
FirstGroup	31-Mar-2012	1,080	3,397	3,636	(238)	93%	28%	(22%)	337%	(196)	(18%)	117	*85*	102
Foreign & Colonial	31-Dec-2011	1,729	216	236	(21)	91%	62%	(1%)	14%	3	0%	7	*9*	4
Galliford Try	30-Jun-2011	515	158	155	3	102%	74%	1%	30%	12	2%	7	*7*	10
Genus	30-Jun-2011	750	146	163	(17)	90%	37%	(2%)	22%	2	0%	3	*2*	3
Go-Ahead	02-Jul-2011	513	1,492	1,568	(77)	95%	21%	(15%)	306%	36	7%	44	*43*	(11)
Grainger	30-Sep-2011	378	19	23	(5)	81%	66%	(1%)	6%	1	0%	1	*1*	1
Great Portland Estates	31-Mar-2012	1,230	20	20	0	102%	60%	0%	2%	0	0%	1	*0*	0
Greene King	29-Apr-2012	1,197	237	305	(67)	78%	3%	(6%)	25%	(33)	(3%)	13	*13*	9
Greggs	31-Dec-2011	511	79	88	(9)	90%	30%	(2%)	17%	(1)	(0%)	0	*1*	0
Halma	31-Mar-2012	1,575	153	186	(33)	82%	33%	(2%)	12%	(3)	(0%)	8	*9*	6
Hays	30-Jun-2011	1,023	441	452	(12)	97%	49%	(1%)	44%	44	4%	17	*6*	13
Henderson	31-Dec-2011	1,129	704	469	235	150%	45%	21%	42%	121	11%	4	*5*	(3)
Hiscox	31-Dec-2011	1,674	141	156	(15)	90%	35%	(1%)	9%	(15)	(1%)	2	*14*	1
Home Retail Group	03-Mar-2012	689	764	880	(115)	87%	41%	(17%)	128%	(121)	(18%)	26	*28*	9
Homeserve	31-Mar-2012	515	19	19	(1)	97%	13%	(0%)	4%	(1)	(0%)	1	*1*	0
Howden Joinery	24-Dec-2011	816	641	778	(137)	82%	41%	(17%)	95%	(31)	(4%)	42	*33*	33
Hunting	31-Dec-2011	1,055	238	233	5	102%	100%	0%	22%	(2)	(0%)	3	*2*	1
Inchcape	31-Dec-2011	1,525	942	884	58	107%	66%	4%	58%	(13)	(1%)	26	*30*	19
Informa	31-Dec-2011	2,291	74	86	(12)	86%	37%	(1%)	4%	(5)	(0%)	4	*4*	3
Inmarsat	31-Dec-2011	2,201	46	50	(4)	91%	22%	(0%)	2%	(2)	(0%)	5	*3*	3
International Personal Finance	31-Dec-2011	615	32	36	(4)	89%	46%	(1%)	6%	(7)	(1%)	6	*1*	6
Interserve	31-Dec-2011	396	639	695	(56)	92%	47%	(14%)	176%	(33)	(8%)	32	*33*	27
Invensys	31-Mar-2012	1,810	5,409	5,801	(392)	93%	72%	(22%)	320%	8	0%	88	*70*	70
Investec	31-Mar-2012	2,246	141	115	26	122%	74%	1%	5%	0	0%	4	*4*	4
Jardine Lloyd Thompson	31-Dec-2011	1,529	469	590	(121)	80%	55%	(8%)	39%	(55)	(4%)	5	*4*	5
KCOM Group	31-Mar-2012	370	185	199	(14)	93%	58%	(4%)	54%	(25)	(7%)	17	*10*	17
Kentz	31-Dec-2011	441	20	26	(6)	77%	78%	(1%)	6%	(2)	(0%)	2	*3*	2
Kier	30-Jun-2011	488	840	869	(30)	97%	23%	(6%)	178%	13	3%	24	*34*	39
Ladbrokes	31-Dec-2011	1,428	281	243	37	115%	64%	3%	17%	(4)	(0%)	8	*7*	5
Laird	31-Dec-2011	493	103	98	5	105%	75%	1%	20%	1	0%	0	*0*	(0)
Law Debenture Corp	31-Dec-2011	443	33	36	(3)	91%	40%	(1%)	8%	(3)	(1%)	1	*1*	1
London Stock Exchange	31-Mar-2012	2,735	264	274	(10)	96%	76%	(0%)	10%	(48)	(2%)	1	*1*	1
Man Group	31-Dec-2011	1,384	245	248	(3)	99%	33%	(0%)	18%	(27)	(2%)	2	*21*	(1)
Marstons	01-Oct-2011	593	369	362	7	102%	53%	1%	61%	18	3%	15	*14*	12
Melrose	31-Dec-2011	1,571	959	1,077	(118)	89%	64%	(7%)	69%	(26)	(2%)	29	*28*	28
Menzies	31-Dec-2011	360	242	306	(64)	79%	28%	(18%)	85%	(26)	(7%)	9	*6*	8
Millennium & Copthorne Hotels	31-Dec-2011	1,554	42	59	(18)	70%	42%	(1%)	4%	(2)	(0%)	4	*3*	2
Mitchells & Butlers	24-Sep-2011	1,025	1,472	1,509	(37)	98%	71%	(4%)	147%	71	7%	44	*45*	40
MITIE Group	31-Mar-2012	942	131	149	(17)	88%	26%	(2%)	16%	(17)	(2%)	5	8	0
Mondi	31-Dec-2011	2,001	270	339	(69)	80%	80%	(3%)	17%	1	0%	6	5	1
Morgan Crucible Co	01-Jan-2012	774	432	567	(135)	76%	60%	(17%)	73%	(46)	(6%)	17	16	15
National Express	31-Dec-2011	1,097	821	863	(42)	95%	39%	(4%)	79%	1	0%	26	22	11
New World Resources	31-Dec-2011	853	0	74	(74)	0%	-	(9%)	9%	15	2%	0	0	(4)
Oxford Instruments	31-Mar-2011	688	173	185	(12)	94%	55%	(2%)	27%	19	3%	6	5	6
Paragon	30-Sep-2011	503	59	74	(14)	80%	42%	(3%)	15%	0	0%	4	*2*	2

** as at 30 June 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
Persimmon	31-Dec-2011	1,843	333	393	(60)	85%	50%	(3%)	21%	8	0%	36	*19*	33
Petra Diamonds	30-Jun-2011	610	12	11	1	110%	100%	0%	2%	(2)	(0%)	0	*0*	(0)
Phoenix Group	31-Dec-2011	837	3,451	3,043	408	113%	87%	49%	363%	282	34%	58	*85*	81
Premier Farnell	29-Jan-2012	640	213	243	(30)	88%	48%	(5%)	38%	(9)	(1%)	4	*4*	4
Premier Oil	31-Dec-2011	1,788	18	20	(2)	91%	56%	(0%)	1%	1	0%	0	*1*	0
Provident Financial	31-Dec-2011	1,679	525	512	14	103%	58%	1%	30%	(37)	(2%)	10	*10*	3
PZ Cussons	31-May-2012	1,356	273	264	9	103%	40%	1%	19%	(10)	(1%)	15	*7*	15
Qinetiq	31-Mar-2012	1,040	1,108	1,139	(32)	97%	40%	(3%)	110%	(117)	(11%)	83	*37*	204
Rathbone Brothers	31-Dec-2011	542	109	117	(7)	94%	36%	(1%)	21%	(6)	(1%)	7	*7*	5
Redrow	30-Jun-2012	447	86	88	(3)	97%	69%	(1%)	20%	(8)	(2%)	1	*1*	0
Regus	31-Dec-2011	847	2	3	(0)	96%	87%	(0%)	0%	(0)	(0%)	0	*0*	0
Renishaw	30-Jun-2011	1,019	101	139	(38)	73%	2%	(4%)	14%	(2)	(0%)	1	*0*	1
Rentokil Initial	31-Dec-2011	1,335	1,274	1,149	125	111%	82%	9%	86%	135	10%	1	*1*	1
RIT Capital Partners	31-Mar-2012	1,926	13	15	(1)	91%	15%	(0%)	1%	(3)	(0%)	1	*1*	1
Rotork	31-Dec-2011	1,712	107	133	(25)	81%	48%	(1%)	8%	(11)	(1%)	5	*3*	3
RPC Group	31-Mar-2012	641	110	161	(51)	68%	59%	(8%)	25%	(12)	(2%)	9	*9*	8
Savills	31-Dec-2011	464	129	165	(36)	78%	32%	(8%)	35%	(20)	(4%)	6	*6*	6
Scottish Investment Trust	31-Oct-2011	510	9	11	(2)	80%	56%	(0%)	2%	(1)	(0%)	1	*1*	0
Segro	31-Dec-2011	1,612	179	190	(11)	94%	65%	(1%)	12%	(5)	(0%)	8	*2*	8
Senior	31-Dec-2011	760	221	255	(34)	87%	76%	(4%)	33%	(2)	(0%)	9	*13*	8
Shanks	31-Mar-2012	303	118	126	(8)	94%	62%	(3%)	41%	(16)	(5%)	3	*3*	2
SIG	31-Dec-2011	572	100	145	(45)	69%	50%	(8%)	25%	(22)	(4%)	5	*3*	3
Smith (DS)	30-Apr-2012	1,366	765	869	(104)	88%	42%	(8%)	64%	18	1%	30	*32*	30
Spectris	31-Dec-2011	1,797	120	133	(13)	90%	73%	(1%)	7%	(2)	(0%)	4	*6*	3
Spirax-Sarco Engineering	31-Dec-2011	1,542	251	323	(72)	78%	33%	(5%)	21%	(19)	(1%)	16	*18*	9
Spirent Communications	31-Dec-2011	1,063	151	159	(8)	95%	58%	(1%)	15%	(15)	(1%)	2	*1*	2
Sports Direct International	29-Apr-2012	1,831	40	59	(19)	67%	48%	(1%)	3%	(5)	(0%)	3	*2*	3
St. Modwen Properties	30-Nov-2011	338	27	25	2	109%	35%	1%	7%	(0)	(0%)	0	*0*	0
Stagecoach	30-Apr-2012	1,534	1,974	2,095	(121)	94%	17%	(8%)	137%	8	1%	0	*0*	(55)
Synergy Health	01-Apr-2012	524	52	70	(18)	74%	99%	(3%)	13%	(8)	(2%)	3	*3*	3
Taylor Wimpey	31-Dec-2011	1,541	1,681	1,887	(206)	89%	62%	(13%)	122%	(31)	(2%)	85	*126*	85
Travis Perkins	31-Dec-2011	2,367	819	864	(46)	95%	34%	(2%)	37%	(50)	(2%)	27	*58*	20
TUI Travel	30-Sep-2011	1,895	1,250	2,045	(795)	61%	52%	(42%)	108%	(7)	(0%)	57	*96*	22
Tullett Prebon	31-Dec-2011	618	184	148	36	124%	7%	6%	24%	8	1%	1	*9*	1
Ultra Electronics Holdings	31-Dec-2011	1,098	149	232	(83)	64%	24%	(8%)	21%	(8)	(1%)	12	*5*	6
United Business Media	31-Dec-2011	1,431	463	489	(26)	95%	44%	(2%)	34%	3	0%	5	*5*	5
Victrex	30-Sep-2011	1,073	35	41	(6)	85%	47%	(1%)	4%	1	0%	4	*4*	2
WH Smith	31-Aug-2011	702	785	716	69	110%	96%	10%	102%	29	4%	14	*13*	14
William Hill	27-Dec-2011	1,990	275	309	(34)	89%	50%	(2%)	16%	(10)	(1%)	10	*14*	8
Wood Group (John)	31-Dec-2011	2,535	104	133	(29)	78%	17%	(1%)	5%	(14)	(1%)	10	*4*	5
Yule Catto & Co	31-Dec-2011	493	204	322	(118)	63%	40%	(24%)	65%	(62)	(13%)	14	*14*	13
William Hill	27-Dec-2011	1,836	275	309	(34)	89%	50%	(2%)	17%	(10)	(1%)	10	*14*	8
Wood Group (John)	31-Dec-2011	2,647	104	133	(29)	78%	17%	(1%)	5%	(14)	(1%)	10	*4*	5
Yule Catto & Co	31-Dec-2011	845	204	322	(118)	63%	40%	(14%)	38%	(62)	(7%)	14	14	13

** as at 30 June 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.

Produced by JLT Pension Capital Strategies, 11/12