



The FTSE100 and their pension disclosures
A Quarterly Report from Pension Capital Strategies
April 2007

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Securities



PENSION CAPITAL STRATEGIES
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Executive Summary

- The total deficit in FTSE100 pension schemes at 31 March 2007 is estimated to be £20bn. This is an improvement of £20bn on the position 12 months ago. However, the pension disclosures on mortality assumptions suggest that FTSE100 companies are underestimating the impact of future improvements in longevity. Whilst there has been considerable improvement in the disclosure of mortality assumptions and some attempt to update mortality tables, we still believe that FTSE100 companies are underestimating future life expectancy by between two and four years. We therefore estimate that the total pension deficit could be understated by as much as £60 billion. This could mean that the total deficit in FTSE100 pension schemes could be as much as £80 billion.
- Despite improvements in pension scheme funding levels, companies are facing huge increases in Pension Protection Fund (PPF) levies. The total levy projected to be collected in 2007-8 is £675 million, which compares with the latest estimate of the 2006-7 levy of between £300 million and £320 million.
- In its recently published "purple book" the Pension Regulator has estimated that full buy-out solvency liabilities are nearly 50% higher than the IAS19 liabilities recorded in company accounts. Applying a similar adjustment to the FTSE100 pension liabilities would suggest that the total buy-out solvency deficit in FTSE100 pension schemes currently amounts to approximately £230 billion.
- 16 companies disclosed a pension surplus in their most recent annual report and accounts; 79 companies disclosed pension deficits.
- In 12 months the total disclosed pension liabilities of the current FTSE 100 companies have grown from £383 billion to £394 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £38 billion. 12 companies have pension liabilities of less than £100 million, of which 5 companies have no defined benefit pension liabilities.
- To date there has been little sign of FTSE100 companies backing away entirely from DB pension provision; although many FTSE100 companies have closed their DB schemes to new entrants. Rentokil Initial were the first FTSE100 company to announce that they were stopping future accrual of DB benefits for all employees last year; whilst another former FTSE100 company, WH Smith, recently announced its intention to stop providing DB pension benefits to all employees. Is this the beginning of a wider trend? We will be monitoring developments closely in 2007.
- As pension funding positions have improved so the financial significance of pension scheme deficits has reduced. But BAE Systems and British Airways have reported pension deficits of more than 20% of their equity market value. BAE Systems, ICI, British Airways and BT all have total pension liabilities greater than their equity market value.
- In total, the amount contributed to FTSE100 company pension schemes in their last financial year was £13.4 billion - up from £11.8 billion in the previous year. This is more than the £8.3 billion cost of benefits provided to employees during the year. It therefore represents £5.1 billion of funding towards reducing pension scheme deficits.

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The appendix at the end of this report contains a full list of all the FTSE100 companies analysed and their relevant pension disclosures. There are two entries for Alliance Boots – one for each of Alliance Unichem and Boots, whose merger completed on 1 July 2006.



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Funding Position

The overall funding position of pension schemes of FTSE100 companies has improved slightly over the year covered by their latest annual report and accounts.

Including all pension arrangements, both UK and overseas, whether funded or unfunded, the FTSE100 companies with the best funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
Royal Dutch Shell	1	34,444	30,758	3,686	112%
Old Mutual	2	836	758	78	110%
Resolution	3	1,123	1,034	88	109%
Lonmin	4	79	73	6	108%
Associated British Foods	5	2,393	2,230	163	107%
Johnson Matthey	6	909	858	52	106%
Home Retail Group	7	605	579	26	104%
Gallaher	8	1,024	988	36	104%
Schroders	9	518	501	17	103%
BP	10	20,369	19,985	384	102%

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
Whitbread	92	1,238	1,576	(338)	79%
Hammerson	93	43	55	(12)	78%
Wolseley	94	613	801	(188)	77%
Tesco	95	3,448	4,659	(1,211)	74%
ICAP	96	6	8	(2)	73%
Persimmon	97	257	361	(104)	71%
Alliance Boots (Alliance Unichem)	98	154	223	(69)	69%
BG	99	482	727	(245)	66%
WPP	100	453	685	(231)	66%
Vedanta Resources	101	8	30	(22)	27%

Commentary

Adjusting these figures up to the quarter end, we estimate that the total pension deficit in the FTSE100 as at 31 March 2007 was £20bn. This is an estimated improvement of £20bn on the position 12 months ago. However, the pension disclosures on mortality assumptions would suggest that FTSE100 companies are underestimating the impact of future improvements in longevity. We believe that FTSE100 companies are underestimating future life expectancy by between two and four years. We therefore estimate that the total pension deficit could be understated by as much as £60 billion. This could mean that the total deficit in FTSE100 pension schemes could be as much as £80 billion.

Despite this improvement in pension scheme funding levels, companies are facing huge increases in Pension Protection Fund (PPF) levy premiums. The total levy which the PPF Board estimates it needs to collect for 2007-8 is £675 million. This compares with the latest estimate of the 2006-7 levy of between £300 million and £320 million. Part of the reason for this significant increase in PPF levies is down to the £343 million deficit the PPF revealed in its first Annual Report and Accounts as at 31 March 2006. The PPF Board is also proposing changes in the method of calculating the levy which will mean that the burden of the levy increases will fall more heavily on the least well funded pension schemes - giving greater incentives to companies to improve pension funding levels further.

In its recently published "purple book" the Pension Regulator has estimated that full buy-out solvency liabilities are nearly 50% higher than the IAS19 liabilities recorded in company accounts. Applying a similar adjustment to the FTSE100 pension liabilities would suggest that the total buy-out solvency deficit in FTSE100 pension schemes currently amounts to approximately £230 billion.

Investment Mismatching

Recent legislation 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, 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 FTSE100 companies with the highest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Alliance Boots (Boots)	1	3,468	84%
Resolution	2	1,123	83%
ICI	3	8,039	80%
Lonmin	4	79	75%
ICAP	5	6	70%
Standard Chartered	6	1,195	67%
HSBC	7	14,101	62%
Hanson	8	2,027	60%
WPP	9	453	60%
British Land	10	67	58%

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

Name	Rank	Assets £m	% of Assets in Bonds
Tesco	92	3,448	23%
Royal Dutch Shell	93	34,444	22%
BAE Systems	94	14,289	21%
Smith & Nephew	95	455	20%
Centrica	96	2,988	19%
BP	97	20,369	18%
Morrison Supermarkets	98	1,774	17%
BG	99	482	16%
International Power	100	226	14%
Diageo	101	4,647	14%

Commentary

There is evidence emerging of moves in the last year to reduce the mismatching of pension assets to liabilities. 21 FTSE100 companies now have more than 50% of assets in bonds. However, 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 slightly to 35%.

* Jin, Merton, Bodie – *Do a firm's equity returns reflect the risk of its pension plan?*

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. Noticeable too is the growing difference between those companies with very large pension liabilities, and those with little or no pension liabilities.

The FTSE100 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
BT	1	38,187	25,135
Royal Dutch Shell	2	30,758	108,916
Royal Bank of Scotland	3	20,951	62,762
BP	4	19,985	106,492
Barclays	5	18,150	47,115
BAE Systems	6	17,456	14,714
Lloyds TSB	7	17,378	31,577
National Grid	8	16,616	21,541
HSBC	9	16,414	103,057
British Airways	10	14,337	5,596
Unilever	11	13,040	50,760
GlaxoSmithKline	12	10,345	80,107
Aviva	13	10,196	19,223

* as at 31 March 2007

The FTSE100 companies with the smallest pension liabilities (all those under £100 million) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
British Land	90	78	7,964
Lonmin	91	73	5,130
Hammerson	92	55	5,030
Liberty International	93	47	4,524
Vedanta Resources	94	30	3,817
Enterprise Inns	95	19	3,639
ICAP	96	8	3,432
Antofagasta	97	0	5,104
BSkyB	98	0	9,886
Kazakhmys	99	0	5,474
Sage Group	100	0	3,359
Shire	101	0	5,367

* as at 31 March 2007

Commentary

In the last 12 months the total disclosed pension liabilities of the FTSE 100 companies have grown from £383 billion to £394 billion. 13 companies have pension liabilities of more than £10 billion, whilst 12 companies have pension liabilities of less than £100 million.

Significance of the Pension Scheme in the Board Room

The impact of the pension liabilities on corporate decision making and its importance in the board room 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 FTSE100 companies with the most significant pension scheme liabilities are as follows:

Name	Rank	Equity Market Value* £m	Deficit as a % of Equity Market Value	Liabilities as a % of Equity Market Value
British Airways	1	5,596	27%	256%
ICI	2	5,975	19%	154%
BT	3	25,135	10%	152%
BAE Systems	4	14,714	22%	119%
Royal & Sun Alliance	5	4,841	1%	99%
Rexam	6	3,209	10%	82%
Rolls-Royce	7	8,925	11%	77%
National Grid	8	21,541	6%	77%
ITV	9	4,239	7%	63%
Daily Mail	10	3,008	5%	61%

* as at 31 March 2007

The FTSE100 companies with the least significant pension liabilities are as follows:

Name	Rank	Equity Market Value* £m	Surplus as a % of Equity Market Value	Liabilities as a % of Equity Market Value
Liberty International	92	4,524	0%	1%
British Land	93	7,964	0%	1%
Vedanta Resources	94	3,817	1%	1%
Enterprise Inns	95	3,639	0%	1%
ICAP	96	3,432	0%	0%
Antofagasta	97=	5,104	0%	0%
BSkyB	97=	9,886	0%	0%
Kazakhmys	97=	5,474	0%	0%
Sage Group	97=	3,359	0%	0%
Shire	97=	5,367	0%	0%

* as at 31 March 2007

Commentary

Whilst there are five FTSE100 companies with no defined benefit pension liabilities, four FTSE100 companies have pension scheme liabilities, which are bigger than the total equity value of the company. Two FTSE 100 companies have pension deficits, which are bigger than 20% of the equity value of the company.

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 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 FTSE100 companies most positively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unexpected Balance Sheet Gain (£m)	Impact as a % of Equity Value
BAE Systems	1	14,714	1,285	9%
BT	2	25,135	2,122	8%
Rolls-Royce	3	8,925	640	7%
Royal & Sun Alliance	4	4,841	320	7%
Rexam	5	3,209	180	6%
Barclays	6	47,115	1,978	4%
Centrica	7	14,159	477	3%
Royal Dutch Shell	8	108,916	3,541	3%
British Airways	9	5,596	180	3%
Royal Bank of Scotland	10	62,762	1,943	3%

* as at 31 March 2007

And the FTSE100 companies most negatively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unexpected Balance Sheet Loss (£m)	Impact as a % of Equity Value
WPP	92	9,529	(39)	0%
Hanson	93	5,825	(30)	(1%)
Alliance Boots (Boots)	94	9,932	(59)	(1%)
Kingfisher	95	6,507	(46)	(1%)
Persimmon	96	4,209	(42)	(1%)
Cable & Wireless	97	3,973	(45)	(1%)
Tesco	98	35,294	(443)	(1%)
Marks & Spencer	99	11,496	(158)	(1%)
Whitbread	100	3,712	(88)	(2%)
Sainsbury	101	9,530	(252)	(3%)

* as at 31 March 2007

Commentary

Over the year covered by their latest report & accounts, 68 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 27 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 provided by companies to their employees during the year. Surplus pension contributions paid in excess of the cost of benefits will reduce pension scheme deficits (or increase pension scheme surpluses). But where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

Pension scheme contributions continue to increase with the amount contributed in the most recent accounting year being over £1 billion greater than the amount contributed the previous year. Of those companies with defined benefit pension schemes, only two FTSE100 companies (Enterprise Inns and Resolution) made no pension scheme contributions in their last financial year. Only contributions actually paid in the relevant accounting year are included in the analysis below. Several companies, in particular BT, have announced significant increases in future contributions.

The FTSE100 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
BAE Systems	1	1,097	196	901
HBOS	2	857	227	630
Unilever	3	744	252	492
Aviva	4	554	199	355
GlaxoSmithKline	5	606	288	318
Compass	6	329	38	291
ITV	7	225	23	202
Lloyds TSB	8	550	357	193
ICI	9	235	61	174
Reuters	10	207	39	168

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
SABMiller	92	9	23	(14)
Rio Tinto	93	92	110	(18)
Barclays	94	383	407	(24)
Daily Mail	95	22	53	(31)
Reed Elsevier	96	61	105	(44)
United Utilities	97	4	59	(55)
Tesco	98	270	328	(58)
BT	99	452	568	(116)
HSBC	100	235	413	(178)
Royal Bank of Scotland	101	380	668	(288)

Commentary

In total, the amount contributed to FTSE100 company pension schemes was £13.3 billion, up from £11.8 billion in the previous accounting year. This is more than the £8.3 billion cost of benefits provided to employees during the year. It therefore represents £5.1 billion of funding towards reducing pension scheme deficits.

Whilst this is a significant level of additional funding, it is surprising that FTSE100 companies have not contributed more to their pension schemes. With the tax advantages of gross roll up of interest in a UK pension scheme (as well as the opportunity to reduce PPF levy premiums, which look set for a significant increase in 2007) it should make financial sense for FTSE100 companies to borrow money in the capital markets rather than run a deficit in the pension scheme - given that their net borrowing costs, after corporation tax relief, are likely to be less than the gross interest they could earn in the pension scheme.

Appendix

Name	Year End	Equity Market Value	Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Deficit as % of Market Value	Liabilities as % of Market Value	Unexpected Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding	Previous Funding	Surplus Funding
		£m	£m	£m	£m			Value	Value	£m	£m	£m	£m	£m
3i	31-Mar-2006	5,236	455	472	(17)	96%	46%	0%	9%	(16)	0%	31	72	20
Alliance & Leicester	31-Dec-2006	4,967	1,311	1,337	(26)	98%	48%	1%	27%	47	1%	26	17	3
Alliance Boots (Alliance Unichem)	31-Dec-2005	9,932	154	223	(69)	69%	32%	1%	2%	(19)	0%	12	11	4
Alliance Boots (Boots)	31-Mar-2006	9,932	3,468	3,524	(56)	69%	84%	1%	35%	(59)	(1%)	112	64	44
Amvescap	31-Dec-2006	4,691	168	193	(25)	87%	23%	1%	4%	10	0%	15	3	11
Anglo American	31-Dec-2006	39,748	2,122	2,171	(49)	98%	49%	0%	5%	67	0%	167	48	130
Antofagasta	31-Dec-2006	5,104	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
Associated British Foods	16-Sep-2006	6,840	2,393	2,230	163	107%	57%	(2%)	33%	73	1%	48	50	1
AstraZeneca	31-Dec-2006	41,349	4,235	5,159	(924)	82%	35%	2%	12%	14	0%	180	97	12
Aviva	31-Dec-2006	19,223	9,223	10,196	(973)	90%	35%	5%	53%	106	1%	554	383	355
BAE Systems	31-Dec-2006	14,714	14,289	17,456	(3,167)	82%	21%	22%	119%	1,285	9%	1,097	323	901
Barclays	31-Dec-2006	47,115	17,506	18,150	(644)	96%	43%	1%	39%	1,978	4%	383	369	(24)
BAT	31-Dec-2006	32,772	3,938	4,296	(358)	92%	39%	1%	13%	237	1%	144	146	45
BG	31-Dec-2006	24,926	482	727	(245)	66%	16%	1%	3%	13	0%	39	18	(9)
BHP Billiton	30-Jun-2006	26,547	872	968	(96)	90%	56%	0%	4%	19	0%	86	36	47
BP	31-Dec-2006	106,492	20,369	19,985	384	102%	18%	0%	19%	1,337	1%	605	607	135
Bradford & Bingley	31-Dec-2006	2,882	549	622	(73)	88%	38%	3%	22%	23	1%	15	8	7
British Airways	31-Mar-2006	5,596	12,836	14,337	(1,501)	90%	40%	27%	256%	180	3%	286	317	34
British Land	31-Mar-2006	7,964	67	78	(11)	86%	58%	0%	1%	(1)	0%	6	3	(6)
BSKYB	30-Jun-2006	9,886	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
BT	31-Mar-2006	25,135	35,640	38,187	(2,547)	93%	25%	10%	152%	2,122	8%	452	382	(116)
Cable & Wireless	31-Mar-2006	3,973	2,214	2,305	(91)	96%	56%	2%	58%	(45)	(1%)	127	128	106
Cadbury Schweppes	31-Dec-2006	13,683	2,537	2,708	(171)	94%	40%	1%	20%	72	1%	133	89	63
Capita	31-Dec-2006	4,183	444	471	(27)	94%	25%	1%	3%	17	0%	11	17	(1)
Carnival	30-Nov-2006	5,219	113	132	(19)	86%	57%	0%	3%	13	0%	6	6	2
Centrica	31-Dec-2006	14,159	2,988	3,284	(296)	91%	19%	2%	23%	477	3%	164	155	21
Compass	30-Sep-2006	6,847	1,408	1,690	(282)	83%	35%	4%	25%	(7)	0%	329	67	291
Daily Mail	30-Sep-2006	3,008	1,679	1,830	(151)	92%	N/K	5%	61%	38	1%	22	39	(31)
Diageo	30-Jun-2006	27,705	4,647	5,282	(635)	88%	14%	2%	19%	475	2%	108	144	2
Drax	31-Dec-2006	2,903	97	109	(13)	89%	30%	0%	4%	9	0%	27	4	23
DSG International	29-Apr-2006	3,132	595	749	(154)	79%	23%	5%	24%	49	2%	17	18	(5)
Enterprise Inns	30-Sep-2006	3,639	19	19	0	100%	32%	0%	1%	-	0%	-	2	-
Experian	31-Mar-2006	5,985	553	554	(1)	100%	38%	0%	9%	16	0%	12	39	(3)
Friends Provident	31-Dec-2006	4,075	1,045	1,122	(77)	93%	40%	2%	28%	(10)	0%	18	16	(9)
Gallagher	31-Dec-2005	7,445	1,024	988	36	104%	43%	0%	13%	32	0%	30	31	15
GlaxoSmithKline	31-Dec-2006	80,107	9,248	10,345	(1,097)	89%	33%	1%	13%	291	0%	606	673	318
Hammerson	31-Dec-2006	5,030	43	55	(12)	78%	45%	0%	1%	0	0%	7	5	5
Hanson	31-Dec-2006	5,825	2,027	2,040	(14)	99%	60%	0%	35%	(30)	(1%)	53	43	21
HBO	31-Dec-2006	39,322	6,644	7,501	(857)	89%	25%	2%	19%	239	1%	857	366	630
Home Retail Group	31-Mar-2006	3,896	605	579	26	104%	29%	(1%)	15%	3	0%	115	63	93
HSBC	31-Dec-2006	103,057	14,101	16,414	(2,313)	86%	62%	2%	16%	60	0%	235	1,339	(178)
ICAP	31-Mar-2006	3,432	6	8	(2)	73%	70%	0%	0%	0	0%	1	1	1
ICI	31-Dec-2006	5,975	8,039	9,198	(1,159)	87%	80%	19%	154%	170	3%	235	152	174
Imperial Tobacco	30-Sep-2006	15,413	3,035	3,072	(37)	99%	26%	0%	20%	97	1%	42	41	(1)
Intercontinental Hotels	31-Dec-2006	4,473	325	387	(62)	84%	45%	1%	9%	4	0%	5	47	-
International Power	31-Dec-2006	5,917	226	241	(15)	94%	14%	0%	4%	13	0%	12	9	1
ITV	31-Dec-2006	4,239	2,372	2,657	(285)	89%	39%	7%	63%	27	1%	225	142	202
Johnson Matthey	31-Mar-2006	3,421	909	858	52	106%	42%	(2%)	25%	15	0%	24	20	(1)
Kazakhmys	31-Dec-2006	5,474	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
Kelda	31-Mar-2006	3,363	782	867	(85)	90%	24%	3%	26%	3	0%	34	11	15
Kingfisher	28-Jan-2006	6,507	1,220	1,460	(240)	84%	40%	4%	22%	(46)	(1%)	172	44	135
Land Securities	31-Mar-2006	10,075	150	157	(7)	96%	57%	0%	2%	3	0%	5	15	1

Appendix (continued)

Name	Year End	Equity Market Value	Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Deficit as % of Market Value	Liabilities as % of Market Value	Unexpected Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding	Previous Funding	Surplus Funding
		£m	£m	£m	£m	£m		Value	Value	£m		£m	£m	£m
Legal & General	31-Dec-2006	10,387	1,170	1,346	(176)	87%	55%	2%	13%	31	0%	41	33	22
Liberty International	31-Dec-2006	4,524	47	47	0	101%	40%	0%	1%	1	0%	2	2	1
Lloyds TSB	31-Dec-2006	31,577	15,279	17,378	(2,099)	88%	28%	7%	55%	877	3%	550	419	193
Lonmin	30-Sep-2006	5,130	79	73	6	108%	75%	0%	1%	(2)	0%	1	1	-
Man Group	31-Mar-2006	10,450	187	230	(43)	81%	47%	0%	2%	(19)	0%	16	8	10
Marks & Spencer	31-Mar-2006	11,496	4,606	5,383	(777)	86%	53%	7%	47%	(158)	(1%)	130	156	20
Morrison Supermarkets	4-Feb-2007	8,265	1,972	1,972	(198)	90%	17%	2%	24%	(158)	2%	95	92	42
National Grid	31-Mar-2006	21,541	15,341	16,616	(1,275)	92%	49%	6%	77%	311	1%	191	184	72
Next	27-Jan-2007	5,106	380	427	(47)	89%	34%	1%	8%	37	1%	48	28	31
Northern Rock	31-Dec-2006	4,823	329	351	(22)	94%	37%	0%	7%	(17)	0%	51	26	45
Old Mutual	31-Dec-2006	8,577	836	758	78	110%	57%	(1%)	9%	52	1%	14	7	6
Pearson	31-Dec-2006	7,033	1,633	1,810	(177)	90%	26%	3%	26%	103	1%	45	45	16
Persimmon	31-Dec-2006	4,209	257	361	(104)	71%	27%	2%	(1%)	(42)	1%	14	8	7
Prudential	31-Dec-2006	17,539	5,275	5,210	65	101%	57%	0%	30%	485	3%	152	29	83
Reckitt Benckiser	31-Dec-2006	18,958	850	959	(109)	89%	32%	1%	5%	34	0%	13	11	(4)
Reed Elsevier	31-Dec-2006	7,726	2,772	3,008	(236)	92%	28%	3%	39%	179	2%	61	47	(44)
Resolution	31-Dec-2005	4,252	1,123	1,034	88	109%	83%	(2%)	24%	(7)	0%	-	-	(6)
Reuters	31-Dec-2006	5,911	1,298	1,408	(110)	92%	47%	2%	24%	12	0%	207	19	168
Rexam	31-Dec-2006	3,209	2,313	2,639	(326)	88%	52%	10%	82%	180	6%	41	22	19
Rio Tinto	31-Dec-2006	29,214	3,077	3,054	23	101%	29%	0%	10%	207	1%	92	99	(18)
Rolls-Royce	31-Dec-2006	8,925	5,906	6,899	(993)	86%	32%	11%	77%	640	7%	153	177	21
Royal & Sun Alliance	31-Dec-2006	4,841	4,870	4,814	56	101%	50%	(1%)	99%	320	7%	203	215	128
Royal Bank of Scotland	31-Dec-2006	62,762	18,959	20,951	(1,992)	90%	35%	3%	33%	1,943	3%	380	452	(288)
Royal Dutch Shell	31-Dec-2006	108,916	34,444	30,758	3,686	112%	22%	(3%)	28%	3,541	3%	704	702	12
SABMiller	31-Mar-2006	16,748	599	744	(145)	81%	36%	1%	4%	(66)	0%	9	52	(14)
Sage Group	30-Sep-2006	3,359	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
Sainsbury	31-Mar-2006	9,530	3,710	4,368	(658)	85%	34%	7%	46%	(252)	0%	188	81	107
Schroders	31-Dec-2006	3,657	518	501	17	103%	44%	0%	14%	6	(3%)	8	41	(5)
Scottish & Newcastle	31-Dec-2006	5,666	2,057	2,337	(280)	88%	43%	5%	41%	(17)	0%	64	58	40
Scottish & Southern Energy	31-Mar-2006	13,282	2,017	2,211	(194)	91%	26%	1%	17%	(15)	0%	56	22	33
Scottish Power	31-Mar-2006	11,916	2,704	2,857	(153)	95%	31%	1%	24%	316	3%	102	89	23
Severn Trent	31-Mar-2006	3,343	1,403	1,625	(222)	86%	30%	7%	49%	26	1%	105	62	66
Shire	31-Dec-2005	5,367	0	0	0	90%	40%	0%	0%	0	0%	-	-	0
Slough Estates	31-Dec-2006	3,701	112	127	(15)	88%	45%	0%	3%	12	0%	4	19	0
Smith & Nephew	31-Dec-2006	6,087	455	518	(63)	88%	20%	1%	9%	25	0%	30	75	14
Smiths Group	5-Aug-2006	5,896	3,103	3,061	43	101%	39%	(1%)	52%	92	2%	110	52	58
Standard Chartered	31-Dec-2006	20,283	1,195	1,425	(230)	84%	67%	1%	7%	41	0%	44	39	(4)
Standard Life	31-Dec-2006	6,656	1,271	1,491	(220)	85%	27%	3%	22%	2	0%	107	46	53
Tate & Lyle	12-Mar-2006	2,816	1,179	1,256	(77)	94%	45%	3%	45%	38	1%	39	32	21
Tesco	25-Feb-2006	35,294	3,448	4,659	(1,211)	74%	23%	3%	13%	(443)	(1%)	270	437	(58)
Unilever	31-Dec-2006	50,760	11,585	13,040	(1,455)	89%	23%	3%	26%	929	2%	744	572	492
United Utilities	31-Mar-2006	6,632	2,740	2,721	19	101%	33%	0%	41%	138	2%	4	369	(55)
Vedanta Resources	31-Mar-2006	3,817	8	30	(22)	27%	N/A	1%	1%	3	0%	2	1	(2)
Vodafone	31-Mar-2006	71,598	1,123	1,224	(101)	92%	28%	0%	2%	(10)	0%	85	167	28
Whitbread	2-Mar-2006	3,712	1,238	1,576	(338)	79%	43%	9%	42%	(88)	(2%)	113	18	103
Wolseley	31-Jul-2006	7,852	613	801	(188)	77%	33%	2%	10%	1	0%	30	27	10
WPP	31-Dec-2005	9,529	453	685	(231)	66%	60%	2%	7%	(39)	0%	36	36	18
Xstrata	31-Dec-2006	25,336	1,222	1,291	(69)	95%	48%	0%	5%	(81)	0%	33	3	21
Yell	31-Mar-2006	4,659	271	311	(40)	87%	43%	1%	7%	(4)	0%	86	16	68

Notes

- All of the analysis contained in this report is based on the IAS19 (FRS17) 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.
- There are 101 companies listed because Alliance Boots appears twice: once as Alliance Unichem and once as Boots.

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