



The FTSE100 and their pension disclosures

A Quarterly Report from Pension Capital Strategies
January 2007



PENSION CAPITAL STRATEGIES

Innovative Alternatives

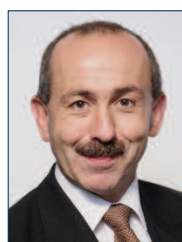
Executive Summary

- The total deficit in FTSE100 pension schemes at 31 December 2006 is estimated to be £35bn. This is an improvement of £25bn 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. 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 £100 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 £240 billion.
- Only nine companies disclosed a pension surplus in their most recent annual report and accounts; 85 companies disclosed pension deficits.
- In just 12 months the total disclosed pension liabilities of the current FTSE 100 companies have grown from £356 billion to £408 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £38 billion. 14 companies have pension liabilities of less than £100 million, of which six 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, has just 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, ICI, British Airways and Rolls-Royce all have reported pension deficits of more than 20% of their equity market value. BAE Systems, ICI, British Airways, BT, Royal & SunAlliance and Corus 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 £12.0 billion - up from £10.8 billion in the previous year. This is more than the £7.8 billion cost of benefits provided to employees during the year. It therefore represents £4.2 billion of funding towards reducing pension scheme deficits.

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 31 July 2006.



Charles Cowling
Pension Capital Strategies
0161 242 5388
charles_cowling@pensionstrategies.co.uk



Peter Redhead
Pension Capital Strategies
0161 242 5363
peter_redhead@pensionstrategies.co.uk

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
Resolution	1	1,123	1,034	88	109%
Lonmin	2	79	73	6	108%
Associated British Foods	3	2,393	2,230	163	107%
Johnson Matthey	4	909	858	52	106%
Home Retail Group	5	605	579	26	104%
Gallaher	6	1,024	988	36	104%
Old Mutual	7	508	497	11	102%
Smiths Group	8	3,103	3,061	43	101%
United Utilities	9	2,740	2,721	19	101%
Enterprise Inns	10	19	19	0	100%

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
ICAP	92	6	8	(2)	73%
Next	93	313	429	(116)	73%
BAE Systems	94	12,461	17,767	(5,306)	70%
Persimmon	95	165	238	(74)	69%
Alliance Boots (Alliance Unichem)	96	154	223	(69)	69%
Hammerson	97	34	51	(17)	67%
WPP	98	453	685	(231)	66%
BG	99	400	647	(247)	62%
Drax	100	62	107	(45)	58%
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 December 2006 was £35bn. This is an estimated improvement of £25bn 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 £100 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 £240 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	8,189	78%
Lonmin	4	79	75%
ICAP	5	6	70%
Carnival	6	119	68%
WPP	7	453	60%
Standard Chartered	8	1,121	59%
British Land	9	67	58%
Associated British Foods	10	2,393	57%

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

Name	Rank	Assets £m	% of Assets in Bonds
Royal Dutch Shell	92	31,697	20%
Morrison Supermarkets	93	1,536	19%
BP	94	19,005	19%
Centrica	95	2,570	18%
BG	96	400	16%
International Power	97	198	16%
HBOS	98	5,343	14%
Diageo	99	4,647	14%
Standard Life	100	1,162	9%
Drax	101	62	5%

Commentary

There is little evidence of any move in the last year towards reducing the mismatching of pension assets to liabilities. 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 remained broadly unchanged at 34%.

* 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	24,991
Royal Dutch Shell	2	32,293	115,362
Royal Bank of Scotland	3	21,123	63,046
BP	4	20,449	111,715
Barclays	5	19,087	47,707
BAE Systems	6	17,767	13,697
Lloyds TSB	7	17,320	32,221
National Grid	8	16,616	20,033
HSBC	9	16,087	107,719
British Airways	10	14,337	6,063
Unilever	11	13,816	42,814
Corus	12	13,805	4,971
GlaxoSmithKline	13	10,126	77,358

* as at 31 December 2006

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	88	78	8,922
Lonmin	89	73	4,640
Xstrata	90	62	24,050
Hammerson	91	51	4,498
Liberty International	92	44	5,064
Vedanta Resources	93	30	3,502
Enterprise Inns	94	19	3,970
ICAP	95	8	3,103
Antofagasta	96=	-	5,018
BSkyB	96=	-	9,150
Cairn Energy	96=	-	2,884
Kazakhmys	96=	-	5,189
Sage Group	96=	-	3,513
Shire	96=	-	5,332

* as at 31 December 2006

Commentary

In just 12 months the total disclosed pension liabilities of the FTSE 100 companies have grown from £356 billion to £408 billion. 13 companies have pension liabilities of more than £10 billion, whilst 14 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 deficits are as follows:

Name	Rank	Equity Market Value* £m	Deficit as a % of Equity Market Value	Liabilities as a % of Equity Market Value
BAE Systems	1	13,697	39%	130%
ICI	2	5,391	28%	180%
British Airways	3	6,063	25%	236%
Rolls-Royce	4	7,976	21%	91%
Rexam	5	3,065	17%	94%
ITV	6	4,142	13%	63%
Lloyds TSB	7	32,221	10%	54%
BT	8	24,991	10%	153%
Sainsbury	9	7,022	9%	62%
Royal & SunAlliance	10	4,547	9%	119%

* as at 31 December 2006

The FTSE100 companies with no pension liabilities or with pension scheme surpluses are as follows:

Name	Rank	Equity Market Value* £m	Surplus as a % of Equity Market Value	Liabilities as a % of Equity Market Value
Antofagasta	86=	5,018	-	-
BSkyB	86=	9,150	-	-
Cairn Energy	86=	2,884	-	-
Kazakhmys	86=	5,189	-	-
Sage Group	86=	3,513	-	-
Shire	86=	5,332	-	-
Enterprise Inns	86=	3,970	0%	0%
Old Mutual	93	9,581	0%	5%
Lonmin	94	4,640	0%	2%
United Utilities	95	6,839	0%	40%
Gallaher	96	7,532	0%	13%
Home Retail Group	97	3,598	1%	16%
Smiths Group	98	5,650	1%	54%
Johnson Matthey	99	3,091	2%	28%
Resolution	100	4,395	2%	24%
Associated British Foods	101	6,535	2%	34%

* as at 31 December 2006

Commentary

Whilst there are six FTSE100 companies with no defined benefit pension liabilities, six FTSE100 companies have pension scheme liabilities which are bigger than the total equity value of the company. Four 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
BT	1	24,991	2,122	8%
British Airways	2	6,063	180	3%
Scottish Power	3	11,133	316	3%
United Utilities	4	6,839	138	2%
Royal & SunAlliance	5	4,547	91	2%
Diageo	6	27,248	475	2%
Smiths Group	7	5,650	92	2%
National Grid	8	20,033	311	2%
Intercontinental Hotels	9	4,494	68	2%
DSG International	10	3,524	49	1%

* as at 31 December 2006

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
Royal Bank of Scotland	92	63,046	(785)	(1%)
Marks & Spencer	93	12,105	(158)	(1%)
Tesco	94	32,166	(443)	(1%)
Whitbread	95	3,701	(88)	(2%)
Corus	96	4,971	(141)	(3%)
Sainsbury	97	7,022	(252)	(4%)
Rolls-Royce	98	7,976	(307)	(4%)
Aviva	99	21,067	(842)	(4%)
BAE Systems	100	13,697	(1,037)	(8%)
ICI	101	5,391	(618)	(11%)

* as at 31 December 2006

Commentary

Over the year covered by their latest report & accounts, 37 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 55 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. 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
HSBC	1	1,339	366	973
GlaxoSmithKline	2	673	232	441
Unilever	3	572	260	312
Compass	4	329	38	291
Aviva	5	383	151	232
BP	6	607	435	172
HBOS	7	366	207	159
Royal & SunAlliance	8	215	74	141
Kingfisher	9	172	37	135
ITV	10	142	26	116

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
BG	90=	18	30	(12)
Reuters	90=	19	31	(12)
Standard Life	90=	46	58	(12)
SABMiller	93	9	23	(14)
Prudential	94	29	65	(36)
AstraZeneca	95	97	140	(43)
Reed Elsevier	96	47	91	(44)
United Utilities	97	4	59	(55)
Tesco	98	270	328	(58)
Royal Bank of Scotland	99	452	526	(74)
Corus	100	75	163	(88)
BT	101	452	568	(116)

Commentary

In total, the amount contributed to FTSE100 company pension schemes was £12.0 billion, up from £10.8 billion in the previous accounting year. This is more than the £7.8 billion cost of benefits provided to employees during the year. It therefore represents £4.2 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	£m		Value	Value	£m		£m	£m	£m
3i	31 Mar 2006	4,668	455	472	(17)	96%	46%	0%	10%	(16)	0%	31	72	20
Alliance & Leicester	31 Dec 2005	5,011	1,230	1,314	(84)	94%	48%	2%	26%	(22)	0%	17	148	1
Alliance Boots (Alliance Unichem)	31 Dec 2005	8,103	154	223	(69)	69%	32%	1%	3%	(59)	0%	12	11	4
Alliance Boots (Boots)	31 Mar 2006	8,103	3,468	3,524	(56)	98%	84%	1%	43%	(59)	(1%)	112	64	44
Amvescap	31 Dec 2005	4,957	147	194	(47)	76%	22%	1%	4%	4	0%	3	3	(8)
Anglo American	31 Dec 2005	37,266	2,053	2,311	(258)	89%	46%	1%	6%	24	0%	40	49	3
Antofagasta	31 Dec 2005	5,018	-	-	-	-	-	-	-	-	-	-	-	-
Associated British Foods	16 Sep 2006	6,535	2,393	2,230	163	107%	57%	(2%)	34%	73	1%	48	50	1
AstraZeneca	31 Dec 2005	42,043	4,274	5,248	(974)	81%	39%	2%	12%	(36)	0%	97	161	(43)
Aviva	31 Dec 2005	21,067	8,209	9,680	(1,471)	85%	34%	7%	46%	(842)	(4%)	383	220	232
BAE Systems	31 Dec 2005	13,697	12,461	17,767	(5,306)	70%	20%	39%	130%	(1,037)	(8%)	260	243	68
Barclays	31 Dec 2005	47,707	16,390	19,087	(2,697)	86%	38%	6%	40%	(431)	(1%)	369	274	8
BAT	31 Dec 2005	29,464	3,824	4,494	(670)	85%	38%	2%	15%	(326)	(1%)	146	195	59
BG	31 Dec 2005	24,642	400	647	(247)	62%	16%	1%	3%	(62)	0%	18	19	(12)
BHP Billiton	30 Jun 2006	22,199	872	968	(96)	90%	56%	0%	4%	19	0%	86	36	47
BP	31 Dec 2005	111,715	19,005	20,449	(1,444)	93%	19%	1%	18%	598	1%	607	389	172
Bradford & Bingley	31 Dec 2005	2,983	501	604	(104)	83%	40%	3%	20%	(28)	(1%)	8	70	(2)
British Airways	31 Mar 2006	6,063	12,836	14,337	(1,501)	90%	40%	25%	236%	180	3%	286	317	34
British Land	31 Mar 2006	8,922	67	78	(11)	86%	58%	0%	1%	(1)	0%	6	3	(6)
BSkyB	30 Jun 2006	9,150	-	-	-	-	-	-	-	-	-	-	-	-
BT	31 Mar 2006	24,991	35,640	38,187	(2,547)	93%	25%	10%	153%	2,122	8%	452	382	(116)
Cable & Wireless	31 Mar 2006	3,894	2,214	2,305	(91)	96%	56%	2%	59%	(45)	(1%)	127	128	106
Cadbury Schweppes	31 Dec 2005	11,441	2,294	2,625	(331)	87%	29%	3%	23%	102	1%	89	33	12
Cairn Energy	31 Dec 2005	2,884	-	-	-	-	-	-	-	-	-	-	-	-
Capita	31 Dec 2005	3,746	395	438	(43)	90%	27%	1%	12%	(4)	0%	17	67	3
Carnival	30 Nov 2005	4,419	119	159	(40)	75%	68%	1%	4%	(3)	0%	6	4	2
Centrica	31 Dec 2005	12,973	2,570	3,390	(820)	76%	18%	6%	26%	(140)	(1%)	155	238	36
Compass	30 Sep 2006	5,965	1,408	1,690	(282)	83%	0%	5%	28%	(7)	0%	329	67	291
Corus	31 Dec 2005	4,971	13,497	13,805	(308)	98%	49%	6%	278%	(141)	(3%)	75	72	(88)
Diageo	30 Jun 2006	27,248	4,647	5,282	(635)	88%	14%	2%	19%	475	2%	108	144	2
Drax	31 Dec 2005	3,010	62	107	(45)	58%	5%	1%	4%	(8)	0%	4	2	1
DSG International	29 Apr 2006	3,524	595	749	(154)	79%	23%	4%	21%	49	1%	17	18	(5)
Enterprise Inns	30 Sep 2006	3,970	19	19	0	100%	32%	0%	0%	0	0%	0	0	0
Experian	31 Mar 2006	6,123	553	554	(1)	100%	38%	0%	9%	16	0%	12	39	(3)
Friends Provident	31 Dec 2005	4,593	1,004	1,071	(67)	94%	43%	1%	23%	(37)	(1%)	16	13	(6)
Gallagher	31 Dec 2005	7,532	1,024	988	36	104%	43%	0%	13%	32	0%	30	31	15
GlaxoSmithKline	31 Dec 2005	77,358	8,377	10,126	(1,749)	83%	33%	2%	13%	(715)	(1%)	673	469	441
Hammerston	31 Dec 2005	4,498	34	51	(17)	67%	39%	0%	1%	(6)	0%	5	2	3
Hanson	31 Dec 2005	5,678	1,992	2,012	(21)	99%	53%	0%	35%	6	0%	43	46	12
HBOS	31 Dec 2005	42,576	5,343	7,135	(1,792)	75%	14%	4%	17%	(238)	(1%)	366	194	159
Home Retail Group	31 Mar 2006	3,598	605	579	26	104%	29%	(1%)	16%	3	0%	115	63	93
HSBC	31 Dec 2005	107,719	13,800	16,087	(2,287)	86%	47%	2%	15%	(408)	0%	1,339	250	973
ICAP	31 Mar 2006	3,103	6	8	(2)	73%	70%	0%	0%	0	0%	1	1	1
ICI	31 Dec 2005	5,391	8,189	9,660	(1,491)	85%	78%	28%	180%	(618)	(11%)	152	176	90
Imperial Tobacco	30 Sep 2006	14,657	3,035	3,072	(37)	99%	26%	0%	21%	97	1%	42	41	(1)
Intercontinental Hotels	31 Dec 2005	4,494	312	377	(65)	83%	44%	1%	8%	68	2%	47	84	28
International Power	31 Dec 2005	5,704	198	240	(42)	83%	16%	1%	4%	(19)	0%	9	6	0
ITV	31 Dec 2005	4,142	2,072	2,604	(532)	80%	31%	13%	63%	37	1%	142	41	116
Johnson Matthey	31 Mar 2006	3,091	909	858	52	106%	42%	(2%)	28%	15	0%	24	20	(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			Value	Value	£m	£m	£m	£m	£m
Kazakhmys	31 Dec 2005	5,189	-	-	-	-	-	-	-	-	-	-	-	-
Kelda	31 Mar 2006	3,320	782	867	(85)	90%	24%	3%	26%	3	0%	34	11	15
Kingfisher	28 Jan 2006	5,576	1,220	1,460	(240)	84%	40%	4%	26%	(46)	(1%)	172	44	135
Land Securities	31 Mar 2006	10,894	150	157	(7)	96%	57%	0%	1%	3	0%	5	15	1
Legal & General	31 Dec 2005	10,286	1,089	1,304	(215)	84%	55%	2%	13%	(56)	(1%)	33	19	15
Liberty International	31 Dec 2005	5,064	42	44	(2)	96%	41%	0%	1%	(3)	0%	2	7	1
Lloyds TSB	31 Dec 2005	32,221	14,026	17,320	(3,294)	81%	27%	10%	54%	(252)	(1%)	419	369	112
Lommin	30 Sep 2006	4,640	79	73	6	108%	75%	0%	2%	(2)	0%	1	1	0
Man Group	31 Mar 2006	9,843	187	230	(43)	81%	47%	0%	2%	(19)	0%	16	8	10
Marks & Spencer	1 Apr 2006	12,105	4,606	5,383	(777)	86%	53%	6%	44%	(158)	(1%)	130	156	20
Morrison Supermarkets	29 Jan 2006	6,811	1,536	1,952	(416)	79%	19%	6%	29%	(40)	(1%)	92	63	35
National Grid	20,033	15,341	16,616	(1,275)	92%	49%	6%	83%	311	2%	2%	191	184	72
Next	31 Jan 2006	4,087	313	429	(116)	73%	26%	3%	10%	(35)	(1%)	28	18	13
Northern Rock	31 Dec 2005	4,962	257	311	(54)	83%	43%	1%	6%	(19)	0%	26	6	17
Old Mutual	31 Dec 2005	9,581	508	497	11	102%	53%	0%	5%	7	0%	7	6	3
Pearson	31 Dec 2005	6,217	1,500	1,803	(303)	83%	27%	5%	29%	18	0%	45	39	18
Perisimmon	31 Dec 2005	4,560	165	238	(74)	69%	22%	2%	5%	(8)	0%	8	5	3
Prudential	31 Dec 2005	17,098	4,875	5,418	(543)	90%	36%	3%	32%	171	1%	29	30	(36)
Reckitt Benckiser	31 Dec 2005	16,719	818	965	(147)	85%	33%	1%	6%	8	0%	11	16	(5)
Reed Elsevier	31 Dec 2005	7,100	2,575	2,980	(405)	86%	30%	6%	42%	(52)	(1%)	47	68	(44)
Resolution	31 Dec 2005	4,395	1,123	1,034	88	109%	83%	-2%	24%	(7)	0%	0	0	(6)
Reuters	31 Dec 2005	5,714	1,041	1,338	(297)	78%	39%	5%	23%	(36)	(1%)	19	23	(12)
Rexam	31 Dec 2005	3,065	2,357	2,871	(514)	82%	53%	17%	94%	(24)	(1%)	22	20	0
Rio Tinto	31 Dec 2005	27,823	2,957	3,144	(187)	94%	31%	1%	11%	24	0%	99	83	8
Rolls-Royce	31 Dec 2005	7,976	5,563	7,220	(1,657)	77%	32%	21%	91%	(307)	(4%)	177	142	68
Royal & Sun Alliance	31 Dec 2005	4,547	4,967	5,392	(425)	92%	46%	9%	119%	91	2%	215	150	141
Royal Bank of Scotland	31 Dec 2005	63,046	17,388	21,123	(3,735)	82%	35%	6%	34%	(785)	(1%)	452	1,146	(74)
Royal Dutch Shell	31 Dec 2005	115,362	31,697	32,293	(596)	98%	20%	1%	28%	427	0%	702	851	62
SABMiller	31 Mar 2006	17,643	599	744	(145)	81%	36%	1%	4%	(66)	0%	9	52	(14)
Sage Group	30 Sep 2006	3,513	-	-	-	-	-	-	-	-	-	-	-	-
Sainsbury	31 Mar 2006	7,022	3,710	4,368	(658)	85%	34%	9%	62%	(252)	(4%)	188	81	107
Scottish & Newcastle	31 Dec 2005	5,267	1,997	2,310	(313)	86%	42%	6%	44%	61	1%	58	286	28
Scottish & Southern Energy	31 Mar 2006	13,394	2,017	2,211	(194)	91%	26%	1%	17%	(15)	0%	56	22	33
Scottish Power	31 Mar 2006	11,133	2,704	2,857	(153)	95%	31%	1%	26%	316	3%	102	89	23
Severn Trent	31 Mar 2006	3,426	1,403	1,625	(222)	86%	30%	6%	47%	26	1%	105	62	66
Shire	31 Dec 2005	5,332	-	-	-	-	-	-	-	-	-	-	-	-
Slough Estates	31 Dec 2005	3,700	104	129	(25)	80%	37%	1%	3%	(2)	0%	19	3	16
Smith & Nephew	31 Dec 2005	5,021	414	510	(96)	81%	20%	2%	10%	(17)	0%	75	19	58
Smiths Group	5 Aug 2006	5,650	3,103	3,061	43	101%	39%	(1%)	54%	92	2%	110	52	58
Standard Chartered	31 Dec 2005	20,645	1,121	1,385	(264)	81%	59%	1%	7%	(190)	(1%)	39	35	0
Standard Life	31 Dec 2005	6,229	1,162	1,437	(275)	81%	9%	4%	23%	33	1%	46	63	(12)
Tate & Lyle	12 Mar 2006	3,766	1,179	1,256	(77)	94%	45%	2%	33%	38	1%	39	32	21
Tesco	25 Feb 2006	32,166	3,448	4,659	(1,211)	74%	23%	4%	14%	(443)	(1%)	270	437	(58)
Unilever	31 Dec 2005	42,814	10,968	13,816	(2,848)	79%	24%	7%	32%	(157)	0%	572	538	312
United Utilities	31 Mar 2006	6,839	2,740	2,721	19	101%	33%	0%	40%	138	2%	4	369	(55)
Vedanta Resources	31 Mar 2006	3,502	8	30	(22)	27%	0%	1%	1%	3	0%	2	1	(2)
Vodafone	31 Mar 2006	74,664	1,123	1,224	(101)	92%	28%	0%	2%	(10)	0%	85	167	28
Whitbread	2 Mar 2006	3,701	1,238	1,576	(338)	79%	43%	9%	43%	(88)	(2%)	113	18	103
Wolseley	31 Jul 2006	8,112	613	801	(188)	77%	33%	2%	10%	1	0%	30	27	10
WPP	31 Dec 2005	8,569	463	685	(231)	66%	60%	3%	8%	(39)	0%	36	36	18
Xstrata	31 Dec 2005	24,050	49	62	(12)	80%	46%	0%	0%	0	0%	3	4	1
Yell	31 Mar 2006	4,432	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 have 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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PENSION CAPITAL STRATEGIES

Innovative Alternatives

Pension Capital Strategies
Lloyds Chambers
1 Portsoken Street
London
E1 8LN

Telephone: 020 7309 8235

Fax: 020 7309 8330

solutions@pensionstrategies.co.uk

www.pensionstrategies.co.uk

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A member of the Jardine Lloyd Thompson Group.
Registered Office: 6 Crutched Friars, London EC3N 2PH.
Registered in England No 5651461. VAT No. 244 2321 96