



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

In association with  Numis
Securities



PENSION CAPITAL STRATEGIES
Innovative Alternatives

Executive Summary

- The total surplus in FTSE100 pension schemes at 30 June 2007 is estimated to be £4bn. This is an improvement of £35bn on the position 12 months ago. However, the pension disclosures on mortality assumptions suggest that FTSE100 companies are still underestimating the impact of future improvements in longevity.
- Recent announcements and new mortality tables published by the Actuarial Profession and its Continuous Mortality Investigation Bureau confirm what we have been saying for some time that FTSE100 companies are underestimating future life expectancy possibly by between one and three years. We therefore estimate that the total pension deficit could be understated by as much as £40 billion. This could mean that the total deficit in FTSE100 pension schemes is at least £3 billion and possibly more.
- 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 £200 billion.
- 18 companies disclosed a pension surplus in their most recent annual report and accounts; 77 companies disclosed pension deficits. However we estimate that about 45 companies would disclose a surplus if they had a year end of 30 June 2007.
- In 12 months the total disclosed pension liabilities of the current FTSE 100 companies have grown from £370 billion to £379 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £39 billion. 12 companies have pension liabilities of less than £100 million, of which 4 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 and a few FTSE250 companies have stopped future accrual of DB benefit for all employees.
- 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. British Airways, BT, ICI and BAE Systems 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 £14.5 billion - up from £11.6 billion in the previous year. This is more than the £8.2 billion cost of benefits provided to employees during the year. It therefore represents £6.3 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.



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It has taken an active interest in the future of defined benefit pension schemes including raising £500m for Paternoster Limited, the bulk buy-out insurer.

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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
British Land	1	79	70	9	113%
Royal Dutch Shell	2	34,444	30,758	3,686	112%
Experian	3	545	492	53	111%
Old Mutual	4	836	758	78	110%
Lonmin	5	79	73	6	108%
Resolution	6	1,117	1,037	80	108%
Associated British Foods	7	2,393	2,230	163	107%
Schroders	8	518	501	17	103%
Johnson Matthey	9	952	922	30	103%
United Utilities	10	2,706	2,644	62	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
DSG International	91	595	749	-154	79%
Hammerson	92	43	55	-12	78%
SABMiller	93	564	726	-162	78%
Wolseley	94	613	801	-188	77%
WPP	95	470	657	-187	72%
Persimmon	96	257	361	-104	71%
BG	97	482	727	-245	66%
Barratt Developments	98	141	232	-91	61%
Vedanta Resources	99	9	27	-18	32%
Shire	100	0	2	-2	0%

Commentary

Adjusting these figures up to the quarter end, we estimate that the total pension surplus in the FTSE100 as at 30 June 2007 was £4bn. This is an estimated improvement of £35bn on the position 12 months ago. However, the pension disclosures on mortality assumptions would suggest that FTSE100 companies are still underestimating the impact of future improvements in longevity. Recent announcements and new mortality tables published by the Actuarial Profession and its Continuous Mortality Investigation Bureau confirm what we have been saying for some time that FTSE100 companies are underestimating future life expectancy possibly by between one and three years. We therefore estimate that the total pension deficit could be understated by as much as £40 billion. This could mean that the total deficit in FTSE100 pension schemes is at least £36 billion and possibly more.

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 £200 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
Resolution	1	1,117	82%
ICI	2	8,039	80%
Lonmin	3	79	75%
ICAP	4	6	73%
Standard Chartered	5	1,195	67%
Northern Rock	6	329	63%
HSBC	7	14,101	62%
Hanson	8	2,027	60%
WPP	9	470	59%
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	91	34,444	22%
Tesco	92	4,007	21%
BAE Systems	93	14,289	21%
Smith & Nephew	94	455	20%
Centrica	95	2,988	19%
BP	96	20,369	18%
Morrison Supermarkets	97	1,774	17%
BG	98	482	16%
International Power	99	226	14%
Diageo	100	4,647	14%

Commentary

There is evidence emerging of moves in the last year to reduce the mismatching of pension assets to liabilities. 18 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 36%.

* 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	38,779	27,150
Royal Dutch Shell	2	30,758	131,951
Royal Bank of Scotland	3	20,951	59,859
BP	4	19,985	115,387
Barclays	5	18,150	45,549
BAE Systems	6	17,456	14,156
Lloyds TSB	7	17,378	31,356
HSBC	8	16,414	107,157
National Grid	9	16,127	19,716
British Airways	10	14,610	4,820
Unilever	11	13,040	53,095
GlaxoSmithKline	12	10,345	74,383
Aviva	13	10,196	19,295

* as at June 30 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
Lonmin	89	73	6,231
British Land	90	70	6,989
Hammerson	91	55	4,167
Liberty International	92	47	4,154
Vedanta Resources	93	27	4,646
Enterprise Inns	94	19	3,694
ICAP	95	7	3,196
Shire	96	2	6,910
Antofagasta	97	0	6,053
BSkyB	98	0	11,218
Kazakhmys	99	0	5,914
Sage Group	100	0	3,053

* as at June 30 2007

Commentary

In the last 12 months the total disclosed pension liabilities of the FTSE 100 companies have grown from £370 billion to £379 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	4,820	27%	303%
BT	2	27,150	1%	143%
ICI	3	7,435	16%	124%
BAE Systems	4	14,156	22%	123%
Royal & Sun Alliance	5	4,672	1%	103%
Rexam	6	3,201	10%	82%
National Grid	7	19,716	3%	82%
Rolls-Royce	8	9,729	10%	71%
Smiths Group	9	4,580	1%	67%
Daily Mail	10	2,827	5%	65%

* as at June 30 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	91	4,154	0%	1%
British Land	92	6,989	0%	1%
Vedanta Resources	93	4,646	0%	1%
Enterprise Inns	94	3,694	0%	1%
ICAP	95	3,196	0%	0%
Shire	96	6,910	0%	0%
Antofagasta	97=	6,053	0%	0%
Sage Group	97=	3,053	0%	0%
Kazakhmys	97=	5,914	0%	0%
BSkyB	97=	11,218	0%	0%

* as at June 30 2007

Commentary

Whilst there are four FTSE100 companies with no defined benefit pension liabilities, five 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	14,156	1,285	9%
Royal & Sun Alliance	2	4,672	320	7%
Rolls-Royce	3	9,729	640	7%
Rexam	4	3,201	180	6%
BT	5	27,150	1,412	5%
Barclays	6	45,549	1,978	4%
Centrica	7	14,259	477	3%
Royal Bank of Scotland	8	59,859	1,943	3%
Lloyds TSB	9	31,356	877	3%
Prudential	10	17,565	485	3%

* as at June 30 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
Friends Provident	91	3,853	-10	0%
Xstrata	92	29,024	-81	0%
Scottish & Newcastle	93	6,046	-17	0%
Northern Rock	94	3,656	-12	0%
Hanson	95	7,681	-30	0%
Home Retail Group	96	4,028	-18	0%
Johnson Matthey	97	3,665	-31	-1%
Persimmon	98	3,502	-36	-1%
Punch Taverns	99	3,271	-51	-2%
British Airways	100	4,820	-445	-9%

* as at June 30 2007

Commentary

Over the year covered by their latest report & accounts, 76 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 17 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 almost £3 billion greater than the amount contributed the previous year. Of those companies with substantial defined benefit pension schemes, only two FTSE100 companies (Enterprise Inns and Resolution) made no pension scheme contributions in their last financial year.

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
British Airways	3	543	-63	606
Marks & Spencer	4	611	114	497
Unilever	5	744	252	492
Aviva	6	554	199	355
Sainsbury	7	362	15	347
BT	8	926	600	326
GlaxoSmithKline	9	606	288	318
Compass	10	329	38	291

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=	39	48	-9
Friends Provident	90=	18	27	-9
Home Retail Group	92	13	23	-10
Rio Tinto	93	92	110	-18
Vodafone	94	55	74	-19
Barclays	95	383	407	-24
Daily Mail	96	22	53	-31
United Utilities	97	8	50	-42
Reed Elsevier	98	61	105	-44
HSBC	99	235	413	-178
Royal Bank of Scotland	100	380	668	-288

Commentary

In total, the amount contributed to FTSE100 company pension schemes was £14.5 billion, up from £11.6 billion in the previous accounting year. This is more than the £8.2 billion cost of benefits provided to employees during the year. It therefore represents £6.3 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. However it is clear that companies are investigating ways to make large contributions of non-cash assets. For instance Marks & Spencer contributed £500 million in the form of an interest in the company's property portfolio.

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-2007	5,379	479	480	(1)	100%	44%	0%	9%	14	0%	10	31	(2)
Alliance & Leicester	31-Dec-2006	4,812	1,311	1,337	(26)	98%	48%	1%	28%	47	1%	26	77	3
Anglo American	31-Dec-2006	43,323	2,122	2,171	(49)	98%	49%	0%	5%	67	0%	167	48	130
Antofagasta	31-Dec-2006	6,053	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
Associated British Foods	16-Sep-2006	7,030	2,393	2,230	163	107%	57%	(2%)	32%	73	1%	48	50	1
AstraZeneca	31-Dec-2006	40,139	4,235	5,159	(924)	82%	35%	2%	13%	14	0%	180	97	12
Aviva	31-Dec-2006	19,295	9,223	10,196	(973)	90%	35%	5%	53%	106	1%	554	383	355
BAE Systems	31-Dec-2006	14,156	14,289	17,456	(3,167)	82%	21%	22%	123%	1,285	9%	1,097	323	901
Barclays	31-Dec-2006	45,549	17,506	18,150	(644)	96%	43%	1%	40%	1,978	4%	383	369	(24)
Barratt Developments	30-Jun-2006	3,442	141	232	(91)	61%	39%	3%	7%	17	0%	13	9	5
BAT	31-Dec-2006	34,814	3,938	4,296	(358)	92%	39%	1%	12%	237	1%	144	146	45
BG	31-Dec-2006	27,853	482	727	(245)	66%	16%	1%	3%	13	0%	39	18	(9)
BHP Billiton	30-Jun-2006	32,048	872	968	(96)	90%	56%	0%	3%	19	0%	86	36	47
BP	31-Dec-2006	115,387	20,369	19,985	384	102%	18%	0%	17%	1,337	1%	605	607	135
British Airways	31-Mar-2007	4,820	13,316	14,610	(1,294)	91%	43%	27%	303%	(445)	(9%)	543	286	606
British Energy	31-Mar-2007	5,554	2,671	2,736	(65)	98%	36%	1%	49%	69	1%	125	124	48
British Land	31-Mar-2007	6,989	79	70	9	113%	38%	0%	1%	10	0%	10	6	10
BSkyB	30-Jun-2006	11,218	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
BT	31-Mar-2007	27,150	38,390	38,779	(389)	99%	33%	1%	143%	1,412	5%	926	452	326
Cable & Wireless	31-Mar-2007	4,759	2,289	2,238	51	102%	39%	(1%)	47%	113	2%	18	15	4
Cadbury Schweppes	31-Dec-2006	14,300	2,537	2,708	(171)	94%	40%	1%	19%	72	1%	133	89	63
Capita	31-Dec-2006	4,496	444	471	(27)	94%	25%	1%	10%	13	0%	19	17	(1)
Carnival	30-Nov-2006	5,084	113	132	(19)	86%	57%	0%	3%	17	0%	6	6	2
Centrica	31-Dec-2006	14,259	2,988	3,284	(296)	91%	19%	2%	23%	477	3%	164	155	21
Compass	30-Sep-2006	6,887	1,408	1,690	(282)	83%	35%	4%	25%	(7)	0%	329	67	291
Daily Mail	30-Sep-2006	2,827	1,830	1,830	(151)	92%	33%	5%	65%	38	1%	22	39	(31)
Diageo	30-Jun-2006	27,530	4,647	5,282	(635)	88%	14%	2%	19%	475	2%	108	144	2
Drax	31-Dec-2006	2,560	97	109	(13)	89%	30%	0%	4%	9	0%	27	4	23
DSG International	29-Apr-2006	2,927	595	749	(154)	79%	23%	5%	26%	49	2%	17	18	(5)
Enterprise Inns	30-Sep-2006	3,694	19	19	0	100%	32%	0%	1%	0	0%	0	2	0
Experian	31-Mar-2007	6,436	545	492	53	111%	31%	(1%)	8%	37	1%	20	12	(6)
Friends Provident	31-Dec-2006	3,853	1,045	1,122	(77)	93%	40%	2%	29%	(10)	0%	18	16	(9)
GlaxoSmithKline	31-Dec-2006	74,383	9,248	10,345	(1,097)	89%	33%	1%	14%	291	0%	606	673	318
Hammerson	31-Dec-2006	4,167	43	55	(12)	78%	45%	0%	1%	0	0%	7	5	5
Hanson	31-Dec-2006	7,681	2,027	2,040	(14)	99%	60%	0%	27%	(30)	0%	53	43	21
HBOS	31-Dec-2006	36,869	6,644	7,501	(857)	89%	25%	2%	20%	239	1%	857	366	630
Home Retail Group	3-Mar-2007	4,028	637	628	9	101%	29%	0%	16%	(18)	0%	13	175	(10)
HSBC	31-Dec-2006	107,157	14,101	16,414	(2,313)	86%	62%	2%	15%	60	0%	235	1,339	(178)
ICAP	31-Mar-2007	3,196	6	7	(1)	81%	73%	0%	0%	0	0%	1	1	1
ICI	31-Dec-2006	7,435	8,039	9,198	(1,159)	87%	80%	16%	124%	170	2%	235	152	174
Imperial Tobacco	30-Sep-2006	15,630	3,035	3,072	(37)	99%	26%	0%	20%	97	1%	42	41	(1)
Intercontinental Hotels	31-Dec-2006	3,788	325	387	(62)	84%	45%	2%	10%	4	0%	5	47	0
International Power	31-Dec-2006	6,443	226	241	(15)	94%	14%	0%	4%	13	0%	12	9	1
Invesco	31-Dec-2006	5,436	168	193	(25)	87%	23%	0%	4%	10	0%	15	3	11
ITV	31-Dec-2006	4,441	2,372	2,657	(285)	89%	39%	6%	60%	27	1%	225	142	202
Johnson Matthey	31-Mar-2007	3,665	952	922	30	103%	41%	(1%)	25%	(31)	(1%)	28	24	(5)
Kazakhmys	31-Dec-2006	5,914	0	0	0	90%	40%	0%	0%	0	0%	-	-	-
Kelda	31-Mar-2007	2,599	865	878	(13)	99%	31%	0%	34%	27	1%	59	34	39
Kingfisher	4-Feb-2007	5,305	1,377	1,432	(55)	96%	40%	1%	27%	96	2%	122	172	83
Land Securities	31-Mar-2007	8,199	1,44	150	(6)	96%	51%	0%	2%	(1)	0%	4	5	1
Legal & General	31-Dec-2006	9,809	1,170	1,346	(176)	87%	55%	2%	14%	31	0%	41	33	22
Liberty International	31-Dec-2006	4,154	47	47	0	101%	40%	0%	1%	1	0%	2	2	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	£m	£m	£m	£m	£m	%	%	Value	Value	Value	Value	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Lloyds TSB	31-Dec-2006	31,356	15,279	17,378	(2,099)	88%	28%	7%	55%	877	3%	550	419	193													
Lonmin	30-Sep-2006	6,231	79	73	6	108%	75%	0%	1%	(2)	0%	1	1	0													
Man Group	31-Mar-2007	11,878	182	208	(26)	88%	42%	0%	2%	14	0%	17	16	3													
Marks & Spencer	31-Mar-2007	10,681	5,228	5,487	(260)	95%	48%	2%	51%	(3)	0%	611	130	497													
Mitchells & Butlers	30-Sep-2006	3,540	1,182	1,281	(99)	92%	41%	3%	36%	27	1%	31	42	17													
Morrison Supermarkets	4-Feb-2007	8,101	1,774	1,972	(198)	90%	17%	2%	24%	170	2%	95	92	42													
National Grid	31-Mar-2007	19,716	15,468	16,127	(659)	96%	53%	3%	82%	376	2%	276	191	161													
Next	27-Jan-2007	4,506	380	427	(47)	89%	34%	1%	9%	37	1%	48	28	31													
Northern Rock	31-Dec-2006	3,656	329	351	(22)	94%	63%	1%	10%	(12)	1%	51	26	40													
Old Mutual	31-Dec-2006	9,297	836	758	78	110%	57%	(1%)	8%	52	1%	14	7	6													
Pearson	31-Dec-2006	6,803	1,633	1,810	(177)	90%	26%	3%	27%	103	2%	45	45	16													
Persimmon	31-Dec-2006	3,502	257	361	(104)	71%	27%	3%	10%	(36)	(1%)	14	8	7													
Prudential	31-Dec-2006	17,565	5,275	5,210	65	101%	57%	0%	30%	485	3%	152	29	83													
Punch Taverns	19-Aug-2006	3,271	369	394	(25)	94%	32%	1%	12%	(51)	(2%)	34	1	34													
Reckitt Benckiser	31-Dec-2006	19,576	850	959	(109)	89%	32%	1%	5%	34	0%	13	11	(4)													
Resol Elsevier	31-Dec-2006	8,364	2,772	3,008	(236)	92%	28%	3%	36%	179	2%	61	47	(44)													
Resolution	31-Dec-2006	4,294	1,117	1,037	80	108%	82%	(2%)	24%	(4)	0%	0	0	(6)													
Reuters	31-Dec-2006	7,806	1,298	1,408	(110)	92%	47%	1%	18%	12	0%	207	19	168													
Rexam	31-Dec-2006	3,201	2,313	2,639	(326)	88%	52%	10%	82%	180	6%	41	22	19													
Rio Tinto	31-Dec-2006	38,272	3,077	3,054	23	101%	29%	0%	8%	207	1%	92	99	(18)													
Rolls-Royce	31-Dec-2006	9,729	5,906	6,899	(993)	86%	32%	10%	71%	32	7%	153	177	21													
Royal & Sun Alliance	31-Dec-2006	4,672	4,870	4,814	56	101%	50%	(1%)	103%	320	7%	203	215	128													
Royal Bank of Scotland	31-Dec-2006	59,859	18,959	20,951	(1,992)	90%	35%	3%	35%	1,943	3%	380	452	(288)													
Royal Dutch Shell	31-Dec-2006	131,951	34,444	30,758	3,686	112%	22%	(3%)	23%	3,541	3%	704	702	12													
SABMiller	31-Mar-2007	19,028	564	726	(162)	78%	32%	1%	4%	(8)	0%	14	8	(8)													
Sage Group	30-Sep-2006	3,053	0	0	0	0%	40%	0%	0%	0	0%	-	-	-													
Sainsbury	24-Mar-2007	10,171	4,298	4,401	(103)	98%	44%	1%	43%	167	2%	362	188	347													
Schroders	31-Dec-2006	3,660	518	501	17	103%	44%	0%	14%	6	0%	8	41	(5)													
Scottish & Newcastle	31-Dec-2006	6,046	2,057	2,337	(280)	88%	43%	5%	39%	(17)	0%	64	58	40													
Scottish & Southern Energy	31-Mar-2007	12,480	2,110	2,202	(92)	96%	28%	1%	18%	47	0%	62	56	32													
SEGRO	31-Dec-2006	2,950	112	127	(15)	88%	45%	1%	4%	12	0%	4	19	0													
Severn Trent	31-Mar-2007	3,241	1,365	1,500	(135)	91%	34%	4%	46%	17	1%	97	105	56													
Shire	31-Dec-2006	6,910	0	2	(2)	0%	33%	0%	0%	0	0%	0	0	0													
Smith & Nephew	31-Dec-2006	5,746	455	518	(63)	88%	20%	1%	9%	25	0%	30	75	14													
Smiths Group	5-Aug-2006	4,580	3,103	3,061	43	101%	39%	(1%)	67%	92	2%	110	52	58													
Standard Chartered	31-Dec-2006	22,847	1,195	1,425	(230)	84%	67%	1%	6%	41	0%	44	39	(4)													
Standard Life	31-Dec-2006	6,956	1,271	1,491	(220)	85%	27%	3%	21%	2	0%	107	46	53													
Tate & Lyle	31-Mar-2007	2,780	1,188	1,240	(52)	96%	46%	2%	45%	(4)	0%	40	39	22													
Tesco	24-Feb-2007	32,997	4,007	4,957	(950)	81%	21%	3%	15%	114	0%	321	270	113													
Unilever	31-Dec-2006	53,095	11,585	13,040	(1,485)	89%	23%	3%	25%	929	2%	744	572	492													
United Utilities	31-Mar-2007	6,244	2,706	2,644	62	102%	35%	(1%)	42%	54	1%	8	4	(42)													
Vedanta Resources	31-Mar-2007	4,646	9	27	(18)	32%	34%	0%	1%	5	0%	2	2	1													
Vodafone	31-Mar-2007	88,802	1,251	1,292	(41)	97%	27%	0%	1%	67	0%	55	85	(19)													
Whitbread	1-Mar-2007	3,491	1,366	1,562	(196)	87%	40%	6%	45%	39	1%	110	113	104													
Wolseley	31-Jun-2006	7,937	613	801	(188)	77%	33%	2%	10%	1	0%	30	27	10													
WPP	31-Dec-2006	9,158	470	657	(187)	72%	59%	2%	7%	22	0%	49	36	30													
Xstrata	31-Dec-2006	29,024	1,222	1,291	(69)	95%	48%	0%	4%	(81)	0%	33	3	21													
Yell	31-Mar-2007	3,602	302	330	(27)	92%	40%	1%	9%	16	0%	18	86	(4)													

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.

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