



The FTSE 100 and their pension disclosures  
A Quarterly Report from Pension Capital Strategies  
July 2009

In association with [CAZENOVE](#)



**PENSION CAPITAL STRATEGIES**  
Innovative Alternatives

## Executive Summary

- The total deficit in FTSE 100 pension schemes at 30 June 2009 is estimated to be £90 billion. This is a deterioration of £82 billion on the position 12 months ago.
- Pension schemes' flight out of equities into bonds continues and may be accelerating. The average pension scheme asset allocation to bonds has increased to 49% from 41%. This represents the largest 12-month shift in investment strategy for more than 20 years, and it comes on top of a very significant shift, from 35%, the previous year. Over just two years, therefore, bond holdings of FTSE 100 pension schemes have increased by more than a third.
- Within the overall general shift from equities into bonds, there are a large number of companies reporting very significant individual changes to investment strategies. 24 FTSE 100 companies increased their bond allocations by more than 10%.
- There has been a noticeable growth in the number of FTSE 100 companies where the pension scheme now represents a material risk to the business. 12 FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For British Airways, BT and Invensys, total disclosed pension liabilities are more than treble their equity market value.
- 13 companies disclosed a pension surplus in their most recent annual report and accounts; 75 companies disclosed pension deficits. However, we estimate that only around 5 companies would disclose a surplus if they had a year-end of 30 June 2009.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £381 billion to £378 billion. 12 companies have disclosed pension liabilities of more than £10 billion, the largest of which is Royal Dutch Shell with disclosed pension liabilities of £36 billion. 22 companies have disclosed pension liabilities of less than £100 million, of which 11 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 100 would increase from £378 billion to over £550 billion, and the total deficit at 30 June 2009 would be approaching £250 billion.
- In total, the amount contributed to FTSE 100 company pension schemes in their last financial year was £11.6 billion, down from £12.5 billion in the previous year. This is still more than the £7.4 billion cost of benefits accrued during the year. It therefore represents £4.2 billion of funding towards reducing pension scheme deficits. Royal Dutch Shell has announced that it plans to inject an additional \$5 billion (£3.3 billion) into its pension schemes this year, on top of its regular contributions, which totalled £891 million in 2008. The announcement was in response to the deficit of £5.8 billion disclosed in its latest accounts – the highest deficit in the FTSE 100. This compares to a surplus of £6.8 billion just 12 months before. We believe that this will be the largest ever pension deficit contribution in the UK.

*The appendix at the end of this report contains a full list of all the FTSE 100 companies analysed and their relevant pension disclosures.*

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### CAZENOVE

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Cazenove combines outstanding research with highly competitive sales and execution services for institutional investors worldwide. It has been consistently voted number one for UK sales and UK country analysis in the Thomson Extel Survey. It has also been voted first for UK research for the fourth year running in the Institutional Investor 2008 All Europe Research Team Survey.

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## Funding Position

The overall funding position of pension schemes of FTSE 100 companies has deteriorated significantly 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 100 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
AMEC	1	1,221	1,065	156	115%
Prudential	2	5,317	4,673	644	114%
Rolls-Royce	3	7,446	6,546	900	114%
RSA	4	5,042	4,536	506	111%
Friends Provident	5	1,171	1,080	91	108%
Standard Life	6	1,629	1,513	116	108%
Old Mutual	7	828	778	50	106%
Schroders	8	548	525	22	104%
Associated British Foods	9	2,424	2,328	96	104%
Carnival	10	123	119	4	104%

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
Wolseley	91	672	908	(236)	74%
International Power	92	219	301	(82)	73%
SABMiller	93	209	293	(84)	71%
Tesco	94	3,420	4,914	(1,494)	70%
AstraZeneca	95	3,914	5,674	(1,760)	69%
BG	96	506	734	(228)	69%
Smith & Nephew	97	467	690	(224)	68%
WPP	98	550	819	(269)	67%
Vedanta Resources	99	17	37	(21)	45%
Eurasian Natural Resources	100	0	26	(26)	0%

In 2007, IFRIC14\* provided new guidance on irrecoverable surpluses. 21 FTSE 100 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 100 companies is now £2.5 billion. For Rolls-Royce, the irrecoverable pension surplus is equivalent to 16% of the market value of the company. The largest reported irrecoverable surpluses in the FTSE 100 were as follows:

Name	Rank	Irrecoverable surplus £m
Rolls-Royce	1	1,042
Prudential	2	793
Standard Life	3	153
Scottish & Southern Energy	4	131
Friends Provident	5	113
British American Tobacco	6	61
BHP Billiton	7	50
Anglo American	8	42
Associated British Foods	9	35
Invensys	10	20

### Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 100 as at 30 June 2009 was £90 billion. This is an estimated deterioration of £82 billion on the position 12 months ago.

\* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 30 June 2009.

## 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.

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

Name	Rank	Assets £m	% of Assets in Bonds
Fresnillo	1	18	91%
Invensys	2	4,627	91%
ICAP	3	8	88%
London Stock Exchange	4	235	86%
Sage Group	5	16	84%
Rolls-Royce	6	7,446	83%
Friends Provident	7	1,171	77%
Prudential	8	5,317	75%
HSBC	9	14,330	74%
InterContinental Hotels	10	379	72%

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

Name	Rank	Assets £m	% of Assets in Bonds
Capita	91	427	30%
BAE Systems	92	12,978	30%
Thomas Cook	93	582	30%
Unilever	94	11,447	28%
BG	95	506	27%
Centrica	96	2,642	27%
BP	97	18,063	25%
International Power	98	219	16%
Inmarsat	99	24	12%
Hammerson	100	42	0%

The FTSE 100 companies with the greatest change in equity-to-bonds allocation were:

Name	Rank	Current bond allocation	Previous bond allocation	Switch to bonds
SABMiller	1	65%	41%	+24%
Kingfisher	2	63%	42%	+21%
Morrison Supermarkets	3	62%	41%	+21%
Friends Provident	4	77%	59%	+19%
InterContinental Hotels	5	72%	56%	+17%
Standard Life	6	49%	33%	+16%
Royal Bank of Scotland	7	54%	39%	+15%
Cobham	8	53%	39%	+15%
Aviva	9	56%	42%	+14%
Next	10	50%	36%	+14%

### Commentary

The pace at which companies and trustees are switching pension assets out of equities into bonds is accelerating. SABMiller and Morrisons are the latest companies to report a big switch, increasing their bond allocations by 24% and 21% respectively. Over the past two years, Morrisons has increased its bond allocation from 17% to 62%. 41 FTSE 100 companies now have more than 50% of assets in bonds. Moreover, 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 to 49%, from 41% in the previous year's accounts. This represents the largest 12-month shift in investment strategy for more than 20 years, and it comes on top of a very significant shift, from 35%, the previous year.

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 risk investments in pension schemes.

## 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. More recently, persistent problems in the credit markets have maintained a high spread on corporate bonds. This has countered the effects of rising inflation and increasing life expectancy, stifling the growth in pension liabilities over the last year.

The FTSE 100 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
Royal Dutch Shell	1	36,374	95,308
BT	2	33,326	7,849
Royal Bank of Scotland	3	27,752	21,904
Lloyds Banking Group	4	22,326	19,943
BP	5	22,004	90,030
BAE Systems	6	17,133	11,936
HSBC	7	16,494	86,454
National Grid	8	16,000	13,401
Barclays	9	15,615	23,688
Unilever	10	14,038	43,312
British Airways	11	12,806	1,434
GlaxoSmithKline	12	10,980	55,994

\* as at 30 June 2009

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

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Intertek	79	77	1,638
British Land	80	69	3,257
Liberty International	81	56	2,236
Hammerson	82	51	2,140
Vedanta Resources	83	37	3,571
Inmarsat	84	32	2,491
Eurasian Natural Resources	85	26	8,428
Alliance Trust	86	21	1,828
Sage Group	87	20	2,331
Fresnillo	88	20	3,729
ICAP	89	10	2,907

\* as at 30 June 2009

*In addition, Admiral, Antofagasta, Autonomy Corporation, BSKyB, Cairn Energy, Kazakhmys, Lonmin, Petrofac, Randgold Resources, Shire and Tullow Oil all reported no defined benefit pension liabilities.*

### Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £381 billion to £378 billion. 12 companies have disclosed pension liabilities of more than £10 billion, whilst 22 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 the detailed discussion paper from the Accounting Standards Board last year.

In the UK, a company can no longer default on its promises to pension scheme members unless it goes into liquidation (in which case it is likely there is no value left for shareholders). It is therefore difficult to see that shareholders get any value out of their (very limited) ability to default on pension promises, and so applying a discount rate which allows for a probability of default is illogical.

If pension liabilities were to be measured on a risk-free basis, we estimate that it would add around 50% of the total pension liabilities, i.e. increasing the total disclosed pension liabilities from £378 billion to over £550 billion.

## Significance of the Pension Scheme in the Boardroom

The impact of the pension liabilities on corporate decision-making and its importance in the boardroom depends on the relative size of the pension scheme. In the analysis below, the pension scheme deficit and liabilities are expressed as a percentage of the equity market value of the company.

The FTSE 100 companies with the most significant pension scheme liabilities are as follows:

Name	Rank	Equity Market Value* £m	Surplus / (Deficit) as a % of MV	Liabilities as a % of Equity Market Value
British Airways	1	1,434	(42%)	893%
BT	2	7,849	(51%)	425%
Invensys	3	1,393	(13%)	346%
BAE Systems	4	11,936	(35%)	144%
Balfour Beatty	5	1,473	(18%)	143%
Rexam	6	1,826	(4%)	142%
Royal Bank of Scotland	7	21,904	(9%)	127%
National Grid	8	13,401	(9%)	119%
RSA	9	4,004	13%	113%
Lloyds Banking Group	10	19,943	(7%)	112%
Smiths Group	11	2,720	2%	107%
Aviva	12	9,350	(7%)	106%
Rolls-Royce	13	6,694	13%	98%
Marks & Spencer	14	4,855	(3%)	85%
Friends Provident	15	1,536	6%	70%

\* as at 30 June 2009

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 100 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	Previous DB Service Cost
Royal Bank of Scotland	1	705	684
Royal Dutch Shell	2	655	594
Lloyds Banking Group	3	469	524
BT	4	459	576
BP	5	442	425
Tesco	6	428	461
HSBC	7	405	401
Barclays	8	299	332
GlaxoSmithKline	9	246	255
Rio Tinto	10	227	130

### Commentary

12 FTSE 100 companies have disclosed pension liabilities greater than the total equity value of the company and three FTSE 100 companies now have disclosed pension liabilities valued at over treble the company equity value. In addition, BAE Systems, Balfour Beatty, British Airways, BT, G4S, Invensys and Thomas Cook have pension deficits bigger than 10% of the equity value of the company. For BT, their pension deficit is more than half the company's 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. Although there is not yet a significant decline in total DB pension provision shown in the accounts (total service cost in the latest accounts of £7.2 billion compares to £7.5 billion in the previous year), PCS believes that the majority of FTSE 100 companies will cease DB pension provision to all employees within 2 to 3 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 100 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
RSA	1	4,004	277	7%
Standard Life	2	4,045	156	4%
Invensys	3	1,393	41	3%
Legal & General	4	3,329	33	1%
SABMiller	5	19,221	111	1%
TUI Travel	6	2,591	4	0%
Foreign & Colonial	7	1,562	1	0%
Sage Group	8	2,331	2	0%
Eurasian Natural Resources	9	8,428	5	0%
Vedanta Resources	10	3,571	0	0%

\* as at 30 June 2009

And the FTSE 100 companies most negatively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unexpected Balance Sheet Gain (£m)	Impact as a % of Equity Value
Aviva	91	9,350	-946	-10%
Smiths Group	92	2,720	-286	-11%
Royal Bank of Scotland	93	21,904	-2,431	-11%
Marks & Spencer	94	4,855	-694	-14%
Royal Dutch Shell	95	95,308	-13,741	-14%
National Grid	96	13,401	-2,068	-15%
Sainsbury	97	5,681	-903	-16%
BAE Systems	98	11,936	-2,554	-21%
BT	99	7,849	-7,047	-90%
British Airways	100	1,434	-1,447	-101%

\* as at 30 June 2009

### Commentary

Over the year covered by their latest report and accounts, 10 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 79 companies suffered an unexpected loss to their balance sheet as a result of their pension schemes. This is in stark contrast to 12 months ago when 66 companies reported an unexpected gain and 24 reported an unexpected loss.

BT and British Airways were ranked 1st and 2nd in this analysis as at 30 June 2008, with impacts of +17% and +13% respectively. These two companies are now at the bottom of this table, with impacts of an astonishing -90% and -101% of equity market value. This emphasises the volatility that can be caused by pension schemes.



## Contributions Paid Into Pension Schemes

This analysis compares the pension scheme contributions actually paid by companies with the cost of pension benefits accrued during the year. Surplus pension contributions paid in excess of the cost of benefits will reduce pension scheme deficits. But where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

The increases in pension scheme contributions seen in recent years seem to be slowing, with the amount contributed in the most recent accounting year being £1.0 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 100 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
National Grid	1	799	136	663
Aviva	2	620	166	454
Unilever	3	594	195	399
BAE Systems	4	486	139	347
Lloyds Banking Group	5	762	504	258
Royal Dutch Shell	6	891	655	237
GlaxoSmithKline	7	443	258	185
British Airways	8	331	154	177
Centrica	9	243	103	140
Rolls-Royce	10	279	162	117

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	91	5	6	-1
Eurasian Natural Resources	92	0	2	-2
International Power	93	7	10	-3
BG	94	45	51	-6
Home Retail Group	95	14	20	-7
Diageo	96	84	97	-13
BT	97	441	459	-18
HSBC	98	381	410	-29
Tesco	99	376	428	-52
BP	100	271	487	-215

### Commentary

In total, the amount contributed to FTSE 100 company pension schemes was £11.6 billion, down from £12.5 billion in the previous accounting year. This is still more than the £7.4 billion cost of benefits accrued during the year. It therefore represents £4.2 billion of funding towards reducing pension scheme deficits.

Royal Dutch Shell has announced that it plans to inject an additional \$5 billion (£3.3 billion) into its pension schemes this year, on top of its regular contributions, which totalled £891 million in 2008. The announcement was in response to the deficit of £5.8 billion disclosed in its latest accounts – the highest deficit in the FTSE 100. This compares to a surplus of £6.8 billion just 12 months before. We believe that this will be the largest ever pension deficit contribution in the UK.

The huge cash contributions announced by Royal Dutch Shell come 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. Most recently, Tesco and Whitbread have utilised prime properties to create £500 million and £150 million worth of contingent assets respectively.



# Appendix

Name	Year End	Equity Market Value		Pension Assets		Pension Liabilities		Surplus / (Deficit)		Funding Level	% Bonds		Surplus / (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	£m	£m		£m	£m		£m	£m	£m	£m	£m	£m
3i	31-Mar-2009	2,332	419	437	(18)	96%	48%	(1%)	19%	(9)	(0%)	38	10	30										
Admiral	31-Dec-2008	2,302	-	-	(18)	96%	-	(1%)	-	(9)	(0%)	-	-	-										
Alliance Trust	31-Jan-2009	1,828	19	21	(2)	93%	53%	(0%)	1%	(3)	(0%)	1	1	0										
AMEC	31-Dec-2008	2,165	1,221	1,065	156	115%	61%	7%	49%	(113)	(5%)	26	36	14										
Anglo American	31-Dec-2008	23,383	1,430	1,488	(58)	96%	57%	(0%)	6%	(80)	(0%)	27	35	3										
Antofagasta	31-Dec-2008	5,792	-	-	-	-	-	-	-	-	-	-	-	-										
Associated British Foods	13-Sep-2008	6,039	2,424	2,328	96	104%	60%	2%	39%	(255)	(4%)	54	61	17										
AstraZeneca	31-Dec-2008	38,973	3,914	5,674	(1,760)	69%	48%	(5%)	15%	(799)	(2%)	207	158	22										
Autonomy Corporation	31-Dec-2008	3,413	-	-	-	-	-	-	-	-	-	-	-	-										
Aviva	31-Dec-2008	9,350	9,338	9,951	(613)	94%	56%	(7%)	106%	(946)	(10%)	620	297	454										
BAE Systems	31-Dec-2008	11,936	12,978	17,133	(4,155)	76%	30%	(35%)	144%	(2,554)	(21%)	486	487	347										
Balfour Beatty	31-Dec-2008	1,473	1,841	2,102	(261)	88%	63%	(18%)	143%	(65)	(4%)	70	44	85										
Barclays	31-Dec-2008	23,688	14,496	15,615	(1,119)	93%	47%	(5%)	66%	(1,949)	(8%)	407	389	95										
BG	31-Dec-2008	34,299	506	734	(228)	69%	34%	(1%)	2%	(19)	(0%)	45	62	(6)										
BHP Billiton	30-Jun-2008	30,104	884	945	(61)	94%	65%	(0%)	3%	(55)	(0%)	47	36	9										
BP	31-Dec-2008	90,030	18,063	22,004	(3,941)	82%	25%	(4%)	24%	(5,584)	(6%)	271	583	(215)										
British Airways	31-Mar-2009	1,434	12,205	12,806	(601)	95%	53%	(42%)	893%	(1,447)	(101%)	331	944	177										
British American Tobacco	31-Dec-2008	33,402	4,169	4,752	(583)	88%	46%	(2%)	14%	(551)	(2%)	145	138	66										
British Land	31-Mar-2009	3,257	69	69	0	100%	42%	0%	2%	(2)	(0%)	4	3	2										
BSkyB	30-Jun-2008	7,975	-	-	-	-	-	-	-	-	-	-	-	-										
BT	31-Mar-2009	7,849	29,353	33,326	(3,973)	88%	40%	(51%)	425%	(7,047)	(90%)	441	708	(18)										
Bunzl	31-Dec-2008	1,649	202	253	(51)	80%	43%	(3%)	15%	(43)	(3%)	9	17	3										
Cable & Wireless	31-Mar-2009	3,378	1,939	1,988	(49)	98%	62%	(1%)	59%	(86)	(3%)	28	35	15										
Cadbury	31-Dec-2008	7,044	2,269	2,527	(258)	90%	50%	(4%)	36%	(423)	(6%)	84	120	22										
Caim Energy	31-Dec-2008	3,055	-	-	-	-	-	-	-	-	-	-	-	-										
Capita	31-Dec-2008	4,401	427	452	(25)	95%	30%	(1%)	10%	(48)	(1%)	39	21	13										
Carnival	30-Nov-2008	3,416	123	119	4	104%	64%	0%	3%	(8)	(0%)	4	19	1										
Centrica	31-Dec-2008	11,369	2,642	2,755	(113)	96%	27%	(1%)	24%	(409)	(4%)	243	218	140										
Cobham	31-Dec-2008	1,958	407	458	(51)	89%	53%	(3%)	23%	(22)	(1%)	11	11	6										
Compass	30-Sep-2008	6,359	1,419	1,552	(133)	91%	66%	(2%)	24%	(8)	(0%)	56	170	35										
Diageo	30-Jun-2008	21,951	5,165	5,401	(236)	96%	34%	(1%)	25%	(24)	(0%)	84	95	(13)										
Eurasian Natural Resources	31-Dec-2008	8,428	0	26	(26)	0%	-	(0%)	0%	5	0%	0	0	(2)										
Experian	31-Mar-2009	4,635	416	448	(32)	93%	36%	(1%)	10%	(116)	(3%)	8	10	1										
Foreign & Colonial	31-Dec-2008	1,562	146	168	(22)	87%	41%	(1%)	11%	1	0%	7	13	4										
Fresnillo	31-Dec-2008	3,729	18	20	(2)	88%	91%	(0%)	1%	(1)	(0%)	0	1	(0)										
Friends Provident	31-Dec-2008	1,536	1,171	1,080	91	108%	77%	6%	70%	(29)	(2%)	49	33	25										
G4S	31-Dec-2008	2,936	1,121	1,448	(328)	77%	43%	(11%)	49%	(201)	(7%)	53	38	37										
GlaxoSmithKline	31-Dec-2008	55,994	9,288	10,980	(1,692)	85%	46%	(3%)	20%	(1,809)	(3%)	443	504	185										
Hammerston	31-Dec-2008	2,140	42	51	(8)	84%	0%	(0%)	2%	(1)	(0%)	1	1	(1)										
Home Retail Group	28-Feb-2009	2,277	504	551	(46)	92%	40%	(2%)	24%	(135)	(6%)	14	14	(7)										
HSBC	31-Dec-2008	86,454	14,330	16,494	(2,164)	87%	74%	(3%)	19%	(1,278)	(1%)	381	634	(29)										
ICAP	31-Mar-2009	2,907	8	10	(2)	80%	88%	(0%)	0%	(2)	(0%)	1	1	1										
Imperial Tobacco	30-Sep-2008	16,043	2,769	2,874	(105)	96%	41%	(1%)	18%	(357)	(2%)	42	46	2										
Inmarsat	31-Dec-2008	2,491	24	32	(8)	75%	12%	(0%)	1%	(3)	(0%)	3	3	2										
InterContinental Hotels	31-Dec-2008	1,783	379	411	(32)	92%	72%	(2%)	23%	(41)	(2%)	18	37	13										
International Power	31-Dec-2008	3,615	219	301	(82)	73%	16%	(2%)	8%	(78)	(2%)	7	11	(3)										
Intertek	31-Dec-2008	1,638	59	77	(19)	76%	34%	(1%)	5%	(14)	(1%)	5	4	3										
Invensys	31-Mar-2009	1,393	4,627	4,814	(187)	96%	91%	(13%)	346%	41	(7%)	64	116	41										
Johnson Matthey	31-Mar-2009	2,471	778	889	(112)	87%	43%	(5%)	36%	(166)	(7%)	28	26	1										

# Appendix (continued)

Name	Year End	Equity Market Value £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level £m	Bonds %	% Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unexpected Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus Funding £m
Kazakhmys	31-Dec-2008	3,372	-	-	-	-	-	-	-	-	-	-	-	-
Kingfisher	31-Jan-2009	4,165	1,363	1,437	(74)	95%	63%	(2)	35%	(189)	(5)	48	103	25
Land Securities	31-Mar-2009	3,562	107	104	3	103%	59%	0	3%	(12)	(0)	4	2	3
Legal & General	31-Dec-2008	3,329	1,047	1,187	(140)	88%	68%	(4)	36%	33	1%	58	39	35
Liberty International	31-Dec-2008	2,236	50	56	(6)	89%	42%	(0)	3%	(8)	(0)	3	2	1
Lloyds Banking Group	31-Dec-2008	19,943	20,934	22,326	(1,392)	94%	43%	(7)	112%	(863)	(4)	762	738	258
London Stock Exchange	31-Mar-2009	1,914	235	230	5	102%	86%	0	12%	(11)	(1)	7	6	6
Lonmin	30-Sep-2008	2,246	-	-	-	-	-	-	-	-	-	-	-	-
Man Group	31-Mar-2009	4,696	173	206	(33)	84%	40%	(1)	4%	(31)	(1)	8	3	3
Marks & Spencer	28-Mar-2009	4,855	3,977	4,113	(136)	97%	58%	(3)	85%	(694)	(14)	92	111	20
Morrison Supermarkets	01-Feb-2009	6,219	1,758	1,807	(49)	97%	62%	(1)	29%	(101)	(2)	141	193	103
National Grid	31-Mar-2009	13,401	14,797	16,000	(1,203)	92%	59%	(9)	119%	(2,068)	(15)	799	465	663
Next	24-Jan-2009	2,902	326	395	(69)	83%	50%	(2)	14%	(36)	(1)	22	9	12
Old Mutual	31-Dec-2008	4,304	828	778	50	106%	55%	1	18%	(154)	(4)	13	14	4
Pearson	31-Dec-2008	4,904	1,578	1,594	(16)	99%	43%	(0)	33%	(89)	(2)	57	157	20
Pennon	31-Mar-2009	1,689	276	342	(66)	81%	35%	(4)	20%	(67)	(4)	40	21	29
Petrofac	31-Dec-2008	2,313	-	-	-	-	-	-	-	-	-	-	-	-
Prudential	31-Dec-2008	10,293	5,317	4,673	644	114%	75%	6	45%	(63)	(1)	95	101	50
Randgold Resources	31-Dec-2008	3,990	-	-	-	-	-	-	-	-	-	-	-	-
Reckitt Benckiser	31-Dec-2008	19,593	710	881	(171)	81%	48%	(1)	4%	(122)	(1)	20	10	3
Reed Elsevier	31-Dec-2008	4,989	2,682	3,051	(369)	88%	48%	(7)	61%	(462)	(9)	79	83	4
Rexam	31-Dec-2008	1,826	2,505	2,586	(81)	97%	71%	(4)	142%	(53)	(3)	50	44	35
Rio Tinto	31-Dec-2008	32,973	7,295	9,121	(1,826)	80%	40%	(6)	28%	(643)	(2)	315	117	84
Rolls-Royce	31-Dec-2008	6,694	7,446	6,546	900	114%	83%	13	98%	(114)	(2)	279	707	117
Royal Bank of Scotland	31-Dec-2008	21,904	25,756	27,752	(1,996)	93%	54%	(9)	127%	(2,431)	(11)	810	599	77
Royal Dutch Shell	31-Dec-2008	95,308	30,611	36,374	(5,763)	84%	49%	(6)	38%	(13,741)	(14)	891	629	237
RSA	31-Dec-2008	4,004	5,042	4,536	506	111%	70%	13	113%	277	7	123	168	52
SABMiller	31-Mar-2009	19,221	209	293	(84)	71%	65%	(0)	2%	111	1%	5	12	(1)
Sage Group	30-Sep-2008	2,331	16	20	(4)	81%	84%	(0)	1%	2	0	1	1	(0)
Sainsbury	21-Mar-2009	5,681	3,310	3,619	(309)	91%	58%	(5)	64%	(903)	(16)	128	82	75
Schroders	31-Dec-2008	2,259	548	525	22	104%	46%	1	23%	(30)	(1)	12	19	4
Scottish & Southern Energy	31-Mar-2009	10,483	1,787	1,930	(143)	93%	63%	(1)	18%	(279)	(3)	71	74	49
Serco	31-Dec-2008	2,042	1,194	1,343	(149)	89%	58%	(7)	66%	(4)	(0)	61	105	13
Severn Trent	31-Mar-2009	2,577	1,075	1,308	(233)	82%	45%	(9)	51%	(123)	(5)	42	56	18
Shire	31-Dec-2008	4,673	-	-	-	-	-	-	-	-	-	-	-	-
Smith & Nephew	31-Dec-2008	3,990	467	690	(224)	68%	41%	(6)	17%	(155)	(4)	23	20	8
Smiths Group	31-Jul-2008	2,720	2,960	2,911	49	102%	48%	2	107%	(286)	(11)	56	103	35
Standard Chartered	31-Dec-2008	21,529	1,188	1,478	(291)	80%	55%	(1)	7%	(166)	(1)	81	54	31
Standard Life	31-Dec-2008	4,045	1,629	1,513	116	108%	49%	3	37%	156	4	60	64	13
Tesco	28-Feb-2009	27,831	3,420	4,914	(1,494)	70%	35%	(5)	18%	(629)	(2)	376	340	(52)
Thomas Cook	30-Sep-2008	1,764	582	771	(190)	75%	30%	(11)	44%	(27)	(2)	33	37	12
Thomson Reuters	31-Dec-2008	14,627	2,517	2,651	(133)	95%	61%	(1)	18%	(174)	(1)	67	50	26
TUI Travel	30-Sep-2008	2,591	924	1,178	(254)	78%	48%	(10)	45%	4	0	70	33	39
Tullow Oil	31-Dec-2008	7,501	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31-Dec-2008	43,312	11,447	14,038	(2,591)	82%	28%	(6)	32%	(2,878)	(7)	594	790	399
United Utilities	31-Mar-2009	3,355	1,484	1,697	(213)	87%	44%	(6)	51%	(124)	(4)	45	16	6
Vedanta Resources	31-Mar-2009	3,571	17	37	(21)	45%	40%	(1)	1%	0	0	7	2	4
Vodafone	31-Mar-2009	61,681	1,100	1,332	(232)	83%	44%	(0)	2%	(254)	(0)	98	86	52
Wolseley	31-Jul-2008	3,269	672	908	(236)	74%	37%	(7)	28%	(135)	(4)	34	45	7
WPP	31-Dec-2008	5,075	550	819	(269)	67%	68%	(5)	16%	(154)	(3)	44	47	25
Xstrata	31-Dec-2008	19,160	1,146	1,363	(217)	84%	62%	(1)	7%	(122)	(1)	41	58	12

## Notes

- All of the analysis contained in this report is based on the IAS19 numbers disclosed in a company's most recently published annual report and accounts.
- No adjustment is made for the fact that companies have applied different interpretations of IAS19 and have used different actuarial assumptions (for example, different mortality assumptions can make a significant difference to a company's pension liabilities).
- No adjustment is made in the individual analysis for the fact that companies have different year-ends. Inevitably, different market conditions applying at different year-ends will affect the comparisons.
- The assets and liabilities shown are the total global pension assets and liabilities, not just the UK figures.
- The figures shown in this report are before adjustment for IFRIC14 (and before adjustment for any other unrecognised pension surpluses), except for Unanticipated Balance Sheet Impact, which is shown net of the change in irrecoverable surplus.

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