



The FTSE 100 and their pension disclosures  
A Quarterly Report from Pension Capital Strategies  
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In association with  Numis  
Securities



PENSION CAPITAL STRATEGIES  
Innovative Alternatives

## Executive Summary

- The total surplus in FTSE 100 pension schemes at 30 September 2008 is estimated to be £18 billion. This is an improvement of £20 billion on the position 12 months ago.
- More significantly, we estimate that the total buyout solvency deficit in the FTSE 100 pension schemes has improved to £70 billion from a deficit of £200 billion 12 months ago. In part, this is due to insurance company prices becoming significantly more competitive with the arrival of several new entrants to the market.
- There is significant evidence emerging of moves in the last year to reduce the mismatching of assets to liabilities. 12 FTSE 100 companies increased their bond allocations by more than 10%, with Rolls-Royce alone switching more than £3 billion into bonds. Overall, the average pension scheme asset allocation to bonds has increased from 35% to 40% in just 12 months. This represents the largest 12-month shift in investment strategy for 20 years.
- Companies continue to offload pension liabilities. Cable & Wireless broke the £1 billion landmark in a deal which saw all of its pensioner liabilities transferred to Prudential. Smiths Group, sponsor to the TI Group Pension Scheme, has offloaded £500 million of pensioner liabilities evenly between L&G and Paternoster. Friends Provident also completed a £350 million deal with Norwich Union to cover its current pensioners. The PCS publication – 2008 Survey of Analysts' Views on Pensions – showed that 72% of analysts in the survey were neutral to such moves (despite the apparent cost).
- 21 FTSE 100 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 100 companies is now £2.4 billion. For British Airways the irrecoverable pension surplus is equivalent to 60% of the market value of the company. New IAS19 guidance (IFRIC14) could dramatically affect pension surpluses or deficits published in 2008 accounts.
- 36 companies disclosed a pension surplus in their most recent annual report and accounts; 55 companies disclosed pension deficits. However, we estimate that about 55 companies would disclose a surplus if they had a year-end of 30 September 2008.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen from £390 billion to £380 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £35 billion. 21 companies have pension liabilities of less than £100 million, of which 8 companies have no defined benefit pension liabilities.
- As pension funding positions have improved, so the financial significance of pension scheme deficits has reduced. However, 10 FTSE 100 companies have total pension liabilities greater than their equity market value. For British Airways, Invensys and BT, total pension liabilities are more than double their equity market value.
- In total, the amount contributed to FTSE 100 company pension schemes in their last financial year was £12.6 billion, down from £14.2 billion in the previous year. This is still more than the £7.9 billion cost of benefits accrued during the year. It therefore represents £4.7 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 FTSE 100 companies analysed and their relevant pension disclosures*



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## Funding Position

The overall funding position of pension schemes of FTSE 100 companies has improved 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
Old Mutual	1	855	675	180	127%
Royal Dutch Shell	2	38,168	31,318	6,850	122%
AMEC	3	1,328	1,091	237	122%
Cable & Wireless	4	2,342	1,951	391	120%
Lonmin	5	78	66	12	118%
Experian	6	525	451	74	116%
Associated British Foods	7	2,474	2,164	310	114%
Sainsbury	8	4,171	3,676	495	113%
Land Securities	9	139	124	15	112%
Marks & Spencer	10	5,046	4,544	502	111%

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
AstraZeneca	91	4,355	5,337	(982)	82%
Inmarsat	92	26	33	(7)	79%
WPP	93	504	638	(134)	79%
SABMiller	94	670	854	(184)	78%
Thomas Cook	95	636	812	(176)	78%
BG	96	591	792	(201)	75%
Sage Group	97	13	18	(5)	70%
Vedanta Resources	98	13	35	(21)	39%
Eurasian Natural Resources	99	0	52	(52)	0%
Shire	99	0	2	(2)	0%

Last year, new guidance on irrecoverable surpluses was issued in a statement – IFRIC14\*. 21 FTSE 100 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 100 companies is now £2.4 billion. For British Airways, the irrecoverable pension surplus is equivalent to 60% of the market value of the company. The largest reported irrecoverable surpluses in the FTSE 100 were as follows:

Name	Rank	Irrecoverable surplus £m
British Airways	1	1,159
Cable & Wireless	2	405
Scottish & Southern Energy	3	211
Thomson Reuters	4	119
Rolls-Royce	5	114
Compass	6	92
Anglo American	7	68
BHP Billiton	8	50
British American Tobacco	9	44
Associated British Foods	10	34

### Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension surplus in the FTSE 100 as at 30 September 2008 was £18 billion. This is an estimated improvement of £20 billion on the position 12 months ago. More significantly, we estimate that the total buyout solvency deficit in the FTSE 100 pension schemes has improved to £70 billion from a deficit of £200 billion 12 months ago. In part, this is due to insurance company prices becoming significantly more competitive with the arrival of several new entrants to the market.

\* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 30 September 2008.

## 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, 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
Lonmin	1	78	100%
Sage Group	2	13	83%
Fresnillo	3	6	83%
London Stock Exchange	4	233	82%
ICAP	5	6	76%
Rolls-Royce	6	6,903	74%
RSA	7	5,244	71%
Compass	8	1,442	69%
HSBC	9	15,175	67%
Standard Chartered	10	1,252	66%

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

Name	Rank	Assets £m	% of Assets in Bonds
Unilever	91	12,654	25%
Thomas Cook	92	636	24%
Centrica	93	3,327	24%
Stagecoach	94	1,475	23%
BP	95	21,427	22%
BG	96	591	15%
Wood Group	97	89	15%
International Power	98	264	14%
Inmarsat	99	26	11%
Hammerson	100	47	1%

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
Rolls-Royce	1	74%	32%	+42%
Lonmin	2	100%	75%	+25%
Morrison Supermarkets	3	41%	17%	+24%
AMEC	4	58%	36%	+22%
RSA	5	71%	50%	+21%
Sage Group	6	83%	68%	+16%
FirstGroup	7	31%	20%	+12%
Smith & Nephew	8	31%	20%	+12%
Scottish & Southern Energy	9	40%	28%	+11%
Pearson	10	37%	26%	+11%

### Commentary

There is significant evidence emerging of moves in the last year to reduce the mismatching of pension assets to liabilities. Morrison is the latest company to report a big switch, increasing from 17% of assets in bonds to 41%. 25 FTSE 100 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 to 40%, from 35% in the previous year's accounts. This represents the largest 12-month shift in investment strategy for 20 years.

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
BT	1	34,669	12,458
Royal Dutch Shell	2	31,318	100,913
Royal Bank of Scotland	3	27,322	29,783
BP	4	19,997	87,278
Barclays	5	17,476	27,329
BAE Systems	6	17,109	14,452
Lloyds TSB	7	16,795	13,397
National Grid	8	16,391	17,670
HSBC	9	16,128	108,162
British Airways	10	13,550	1,934
Unilever	11	12,879	46,600
GlaxoSmithKline	12	10,338	63,261
Aviva	13	10,017	12,754

\* as at 30 September 2008

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
Wood Group	80	94	1,787
British Land	81	80	3,808
Lonmin	82	66	3,521
Liberty International	83	59	3,477
Hammerson	84	53	2,820
Eurasian Natural Resources	85	52	6,503
Vedanta Resources	86	35	3,298
Inmarsat	87	33	2,209
Alliance Trust	88	19	1,920
Sage Group	89	18	2,528
Fresnillo	90	8	2,295
ICAP	91	7	2,286
Shire	92	2	4,942

*In addition, Admiral, Antofagasta, Autonomy Corporation, BSKyB, Cairn Energy, Kazakhmys, Petrofac and Tullow Oil all reported no defined benefit pension liabilities.* \* as at 30 September 2008

### Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen from £390 billion to £380 billion. 13 companies have pension liabilities of more than £10 billion, whilst 21 companies have pension liabilities of less than £100 million.

Companies continue to offload pension liabilities, tailoring buyout solutions to best fit their business plans and optimise value for money. Cable & Wireless broke the £1 billion landmark in a deal which saw all of its pensioner liabilities transferred to Prudential. Smiths Group, sponsor to the TI Group Pension Scheme, followed their March 2008 transfer of £250 million pensioner liabilities to Legal & General with a further £250 million tranche of pensioner liabilities secured with Paternoster in September 2008. Friends Provident also completed a £350 million deal with Norwich Union to cover its current pensioners. The PCS publication – 2008 Survey of Analysts' Views on Pensions – showed that 72% of analysts in the survey were neutral to such moves (despite the apparent cost).

Despite relatively stable aggregate pension liabilities and funding levels, many companies face in excess of a 50% increase in Pension Protection Fund (PPF) levy premium rates. The PPF's scaling factor for the 2008/9 risk-based levy has increased to 3.77 from 2.47; and the funding level at which schemes will pay no risk-based levy increased from 125% to 140%, subjecting more companies to the levy. Actual levy amounts charged may decrease for companies with an improved Section 179 funding position, but overall the PPF Board estimates to collect £675 million for both 2007/8 and 2008/9. This compares with a 2006/7 levy of £271 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 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	1,934	37%	701%
Invensys	2	1,634	(12%)	301%
BT	3	12,458	22%	278%
Marks & Spencer	4	3,197	16%	142%
Lloyds TSB	5	13,397	(5%)	125%
HBOS	6	6,423	(5%)	119%
BAE Systems	7	14,452	(14%)	118%
Rolls-Royce	8	6,078	(0%)	114%
FirstGroup	9	2,565	5%	109%
RSA	10	4,849	4%	104%
Rexam	11	2,523	(2%)	96%
National Grid	12	17,670	1%	93%
Royal Bank of Scotland	13	29,783	1%	92%
Stagecoach	14	1,790	2%	80%
Aviva	15	12,754	(1%)	79%

\* as at 30 September 2008

The FTSE 100 companies with the least 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
Lonmin	83	3,521	0%	2%
Liberty International	84	3,477	(0%)	2%
Inmarsat	85	2,209	(0%)	1%
Vedanta Resources	86	3,298	(1%)	1%
Alliance Trust	87	1,920	0%	1%
Eurasian Natural Resources	88	6,503	(1%)	1%
Sage Group	89	2,528	(0%)	1%
Fresnillo	90	2,295	(0%)	0%
ICAP	91	2,286	(0%)	0%
Shire	92	4,942	(0%)	0%

\* as at 30 September 2008

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

### Commentary

Whilst there are eight FTSE 100 companies with no defined benefit pension liabilities, 10 FTSE 100 companies have pension scheme liabilities that are bigger than the total equity value of the company. Three FTSE 100 companies have pension deficits bigger than 10% 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 (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
Marks & Spencer	1	3,197	699	22%
BT	2	12,458	2,616	21%
British Airways	3	1,934	329	17%
Invensys	4	1,634	221	14%
Rexam	5	2,523	239	9%
Sainsbury	6	6,045	540	9%
Lloyds TSB	7	13,397	1,128	8%
Royal Bank of Scotland	8	29,783	2,222	7%
Rolls-Royce	9	6,078	393	6%
HBOS	10	6,423	410	6%

\* as at 30 September 2008

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
Morrison Supermarkets	91	6,884	-36	-1%
RSA	92	4,849	-27	-1%
Cobham	93	2,153	-18	-1%
Severn Trent	94	3,155	-28	-1%
3i	95	2,710	-41	-2%
Rio Tinto	96	34,762	-769	-2%
Cable & Wireless	97	4,095	-95	-2%
British Energy	98	7,990	-198	-2%
United Utilities	99	4,691	-152	-3%
Smiths Group	100	5,772	-286	-5%

\* as at 30 September 2008

### Commentary

Over the year covered by their latest report and accounts, 63 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.

British Airways were ranked bottom in this analysis as at 30 September 2007, with an impact of -10% of equity value. The rise of British Airways to rank 3rd in this analysis further emphasises the volatility caused by their pension liabilities.



## 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 have come to a halt, with the amount contributed in the most recent accounting year being £1.6 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
British Airways	1	944	199	745
Unilever	2	790	241	549
Rolls-Royce	3	707	258	449
National Grid	4	465	132	333
BAE Systems	5	487	175	312
GlaxoSmithKline	6	504	249	255
HSBC	7	635	404	231
BP	8	583	433	150
Morrison Supermarkets	9	193	44	149
BT	10	708	576	132

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	12	16	-4
Johnson Matthey	92	26	31	-4
Eurasian Natural Resources	93	1	6	-5
Reckitt Benckiser	93	10	15	-5
Thomson Reuters	95	50	59	-9
Diageo	96	84	97	-13
Rio Tinto	97	116	134	-18
United Utilities	98	16	56	-40
Royal Bank of Scotland	99	599	706	-107
Tesco	100	340	461	-121

### Commentary

As funding levels improve, we are seeing evidence of a slowing down of additional funding. In total, the amount contributed to FTSE 100 company pension schemes was £12.6 billion, down from £14.2 billion in the previous accounting year. This is still more than the £7.9 billion cost of benefits accrued during the year. It therefore represents £4.7 billion of funding towards reducing pension scheme deficits.



# Appendix

Name	Year End	Equity Market Value £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level	Bonds	% Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unexpected Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus Funding £m
3i	31-Mar-2008	2,710	477	515	(38)	93%	45%	(1%)	19%	(41)	(2%)	9	10	(2)
Admiral	31-Dec-2007	2,651	-	-	-	-	-	-	-	-	-	-	-	-
Alliance Trust	31-Jan-2008	1,920	21	19	2	108%	51%	1%	52%	1	0%	1	1	(0)
AMEC	31-Dec-2007	2,110	1,328	1,091	237	122%	58%	11%	6%	113	5%	36	31	10
Anglo American	31-Dec-2007	24,540	1,574	1,548	27	102%	57%	0%	6%	61	0%	35	167	6
Antofagasta	31-Dec-2007	3,943	-	-	-	-	-	-	-	-	-	-	-	-
Associated British Foods	15-Sep-2007	5,623	2,474	2,164	310	114%	57%	6%	38%	111	2%	61	48	13
AstraZeneca	31-Dec-2007	35,801	4,355	5,337	(982)	82%	39%	(3%)	15%	(73)	(0%)	157	180	(2)
Autonomy Corporation	31-Dec-2007	2,178	-	-	-	-	-	-	-	-	-	-	-	-
Aviva	31-Dec-2007	12,754	9,839	10,017	(178)	98%	42%	(1%)	79%	636	5%	297	554	109
BAE Systems	31-Dec-2007	14,452	15,110	17,109	(1,999)	88%	28%	(14%)	118%	764	5%	487	1,097	312
Barclays	31-Dec-2007	27,329	18,027	17,476	551	103%	47%	2%	64%	989	4%	389	383	37
BG	31-Dec-2007	34,130	591	792	(201)	75%	15%	(1%)	2%	35	0%	62	39	10
BHP Billiton	30-Jun-2008	27,786	884	945	(61)	94%	65%	(0%)	3%	(55)	0%	47	36	9
BP	31-Dec-2007	87,278	21,427	19,997	1,430	107%	22%	2%	23%	476	1%	583	605	150
British Airways	31-Mar-2008	1,934	14,272	13,550	722	105%	49%	37%	701%	329	17%	944	543	745
British American Tobacco	31-Dec-2007	36,967	4,209	4,359	(150)	97%	41%	(0%)	12%	121	0%	138	144	56
British Energy	31-Mar-2008	7,990	2,710	2,926	(216)	93%	43%	(3%)	37%	(198)	(2%)	85	125	11
British Land	31-Mar-2008	3,808	80	80	0	100%	43%	0%	2%	(10)	(0%)	3	70	0
BSkyB	30-Jun-2008	7,266	-	-	-	-	-	-	-	-	-	-	-	-
BT	31-Mar-2008	12,458	37,448	34,669	2,779	108%	33%	22%	278%	2,616	21%	708	926	132
Bunzl	31-Dec-2007	2,156	230	243	(14)	94%	34%	(1%)	11%	10	0%	17	13	12
Cable & Wireless	31-Mar-2008	4,095	2,342	1,951	391	120%	49%	(10%)	48%	(95)	(2%)	35	18	19
Cadbury	31-Dec-2007	7,607	2,742	2,625	117	104%	44%	2%	35%	215	3%	120	133	44
Cairn Energy	31-Dec-2007	2,703	-	-	-	-	-	-	-	-	-	-	-	-
Capita	31-Dec-2007	4,249	488	484	4	101%	26%	0%	11%	25	1%	21	19	(1)
Carnival	30-Nov-2007	3,530	145	133	13	110%	62%	0%	4%	13	0%	19	6	16
Centrica	31-Dec-2007	11,523	3,230	3,230	97	103%	24%	1%	28%	247	2%	218	164	91
Cobham	31-Dec-2007	2,153	421	458	(37)	92%	39%	(2%)	21%	(18)	(1%)	11	9	5
Compass	30-Sep-2007	6,381	1,442	1,512	(70)	95%	69%	(1%)	24%	39	1%	110	329	83
Diageo	30-Jun-2008	24,201	5,165	5,401	(236)	96%	34%	(1%)	22%	(24)	(0%)	84	95	(13)
Drax	31-Dec-2007	2,557	105	119	(14)	89%	35%	(1%)	5%	(3)	(0%)	5	27	1
Eurasian Natural Resources	31-Dec-2007	6,503	0	52	(52)	0%	-	(1%)	1%	2	0%	1	1	(5)
Experian	31-Mar-2008	3,750	525	451	74	116%	34%	2%	12%	10	0%	10	20	0
FirstGroup	31-Mar-2008	2,565	2,911	2,792	120	104%	31%	5%	109%	14	1%	75	95	2
Fresnillo	31-Dec-2007	2,295	6	8	(1)	83%	83%	(0%)	0%	3	0%	0	0	0
Friends Provident	31-Dec-2007	2,186	1,126	1,148	(22)	98%	44%	(1%)	53%	44	2%	33	18	3
G4S	31-Dec-2007	2,852	1,240	1,408	(167)	88%	33%	(6%)	49%	56	2%	38	36	22
GlaxoSmithKline	31-Dec-2007	63,261	10,182	10,338	(156)	98%	33%	(0%)	16%	602	1%	504	606	255
Hammerston	31-Dec-2007	2,820	47	53	(6)	88%	1%	(0%)	2%	6	0%	1	7	(1)
HBOS	31-Dec-2007	6,423	7,329	7,623	(294)	96%	36%	(5%)	119%	410	6%	292	857	64
HSBC	31-Dec-2007	108,162	15,175	16,128	(953)	94%	67%	(1%)	15%	1,081	1%	635	235	231
ICAP	30-Sep-2007	2,286	6	7	(1)	86%	76%	(0%)	0%	(0)	(0%)	1	1	1
Imperial Tobacco	30-Sep-2007	18,270	3,238	3,033	205	107%	30%	(0%)	17%	182	1%	46	42	6
Inmarsat	31-Dec-2007	2,209	26	33	(7)	79%	11%	(0%)	1%	3	(0%)	3	3	1
InterContinental Hotels	31-Dec-2007	2,001	376	389	(13)	97%	55%	(1%)	19%	15	1%	37	5	32
International Power	31-Dec-2007	5,431	264	269	(5)	98%	14%	(0%)	5%	6	0%	11	12	0
Invensys	31-Mar-2008	1,634	4,722	4,913	(191)	96%	65%	(12%)	301%	221	14%	116	50	90
Johnson Matthey	31-Dec-2007	2,898	915	869	46	105%	44%	2%	30%	8	0%	26	28	(4)
Kazakhmys	31-Dec-2007	3,104	-	-	-	-	-	-	-	-	-	-	-	-
Kingfisher	02-Feb-2008	3,085	1,472	1,395	77	106%	42%	2%	45%	46	1%	103	122	74

# Appendix (continued)

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
Land Securities	31-Mar-2008	5,815	139	124	15	112%	49%	0%	2%	16	0%	2	4	(0)
Legal & General	31-Dec-2007	5,986	1,202	1,384	(182)	87%	63%	(3%)	23%	(12)	(0%)	39	41	22
Liberty International	31-Dec-2007	3,477	59	(0)	(683)	100%	34%	(0%)	2%	(3)	(0%)	2	2	2
Lloyds TSB	31-Dec-2007	13,397	16,112	16,795	(683)	96%	37%	(5%)	125%	1,128	8%	446	550	119
London Stock Exchange	31-Mar-2008	2,376	233	221	12	105%	82%	0%	9%	22	1%	6	6	5
Lonmin	30-Sep-2007	3,521	78	66	12	118%	100%	0%	2%	3	0%	2	1	2
Man Group	31-Mar-2008	5,750	172	177	(5)	97%	46%	(0%)	3%	20	0%	3	17	(1)
Marks & Spencer	31-Mar-2008	3,197	5,046	4,544	502	111%	52%	16%	142%	699	22%	111	611	5
Morrison Supermarkets	03-Feb-2008	6,884	1,939	2,007	(68)	97%	41%	(1%)	29%	(36)	(1%)	193	94	149
National Grid	31-Mar-2008	17,670	16,536	16,391	145	101%	55%	1%	93%	369	2%	465	276	333
Next	26-Jan-2008	2,041	383	428	(46)	89%	36%	(2%)	21%	2	0%	9	48	(1)
Old Mutual	31-Dec-2007	4,095	855	675	180	127%	49%	4%	16%	80	2%	14	14	7
Pearson	31-Dec-2007	4,827	1,853	1,811	42	102%	37%	1%	38%	81	2%	157	45	126
Petrofac	31-Dec-2007	2,012	-	-	-	-	-	-	-	-	-	-	-	-
Prudential	31-Dec-2007	12,661	5,462	5,015	447	109%	61%	4%	40%	295	2%	101	152	43
Reckitt Benckiser	31-Dec-2007	19,375	873	933	(60)	94%	34%	(0%)	5%	13	0%	10	13	(5)
Reed Elsevier	31-Dec-2007	6,119	3,018	2,968	50	102%	37%	1%	49%	242	4%	83	61	5
Rexam	31-Dec-2007	2,523	2,361	2,424	(63)	97%	28%	(2%)	96%	239	9%	44	41	28
Rio Tinto	31-Dec-2007	34,762	8,234	8,963	(729)	92%	33%	(2%)	26%	(769)	(2%)	116	92	(18)
Rolls-Royce	31-Dec-2007	6,078	6,903	6,912	(9)	100%	74%	(0%)	114%	393	6%	707	153	449
Royal Bank of Scotland	31-Dec-2007	29,783	27,662	27,322	340	101%	39%	1%	92%	2,222	7%	599	536	(107)
Royal Dutch Shell	31-Dec-2007	100,913	38,168	31,318	6,850	122%	33%	7%	31%	2,241	2%	630	712	36
RSA	31-Dec-2007	4,849	5,244	5,060	184	104%	71%	4%	104%	(27)	(0%)	168	203	104
SABMiller	31-Mar-2008	16,251	670	854	(184)	78%	41%	(1%)	5%	(9)	(0%)	12	14	(4)
Sage Group	30-Sep-2007	2,528	13	18	(5)	70%	83%	(0%)	1%	(3)	(0%)	1	1	(0)
Sainsbury	22-Mar-2008	6,045	4,171	3,676	495	113%	51%	8%	61%	540	9%	82	362	4
Schroders	31-Dec-2007	2,801	555	513	43	108%	42%	2%	18%	7	0%	19	8	9
Scottish & Southern Energy	31-Mar-2008	12,423	2,081	1,920	162	108%	40%	1%	15%	(26)	(0%)	74	62	44
Severn Trent	31-Mar-2008	3,155	1,332	1,458	(126)	91%	37%	(4%)	46%	(28)	(1%)	56	97	24
Shire	31-Dec-2007	4,942	0	2	(2)	0%	-	(0%)	0%	0	0%	0	0	0
Smith & Nephew	31-Dec-2007	5,234	516	593	(77)	87%	31%	(1%)	11%	(23)	(0%)	19	30	5
Smiths Group	31-Jul-2008	5,772	2,960	2,911	49	102%	48%	1%	50%	(286)	(5%)	56	103	35
Stagecoach	30-Apr-2008	1,790	1,475	1,432	43	103%	23%	2%	80%	1	0%	76	116	43
Standard Chartered	31-Dec-2007	19,103	1,252	1,404	(152)	89%	66%	(1%)	7%	122	1%	54	44	3
Standard Life	31-Dec-2007	5,216	1,384	1,587	(203)	87%	33%	(4%)	30%	(7)	(0%)	64	107	9
Tesco	23-Feb-2008	30,507	4,089	4,927	(838)	83%	25%	(3%)	16%	186	1%	340	321	(121)
Thomas Cook	31-Oct-2007	2,085	636	812	(176)	78%	24%	(8%)	39%	94	4%	37	102	8
Thomson Reuters	31-Dec-2007	14,801	2,487	2,374	113	105%	50%	1%	16%	225	2%	50	229	(9)
TUI Travel*	30-Sep-2007	2,409	*	*	(314)	*	*	*	*	*	*	*	*	*
Tullow Oil	31-Dec-2007	5,112	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31-Dec-2007	46,600	12,654	12,879	(225)	98%	25%	(0%)	28%	573	1%	790	744	549
United Utilities	31-Mar-2008	4,691	1,863	1,964	(101)	95%	34%	(2%)	42%	(152)	(3%)	16	8	(40)
Vedanta Resources	31-Mar-2008	3,298	13	35	(21)	39%	40%	(1%)	1%	(1)	(0%)	2	2	(1)
Vodafone	31-Mar-2008	64,149	1,271	1,310	(39)	97%	31%	(0%)	2%	(51)	(0%)	86	55	33
Whitbread	28-Feb-2008	1,859	1,372	1,405	(33)	98%	36%	(2%)	76%	96	5%	56	110	60
Wolseley	31-Jul-2007	2,739	711	818	(107)	87%	32%	(4%)	30%	61	2%	45	30	20
Wood Group	31-Dec-2007	1,787	89	94	(6)	94%	15%	(0%)	5%	4	0%	6	6	2
WPP	31-Dec-2007	5,289	504	638	(134)	79%	62%	(3%)	12%	27	1%	47	49	32
Xstrata	31-Dec-2007	16,674	1,257	1,369	(112)	92%	49%	(1%)	8%	(55)	(0%)	58	33	37

\* The deficit for TUI Travel is taken from pro-forma accounts as at 30 September 2007. Further details are not currently available.

## 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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