



The FTSE 100 and their pension disclosures
A Quarterly Report from Pension Capital Strategies
April 2008

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Securities



PENSION CAPITAL STRATEGIES
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Executive Summary

- The total surplus in FTSE 100 pension schemes at 31 March 2008 is estimated to be £36 billion. This is an improvement of £56 billion on the position 12 months ago.
- More significantly, we estimate that the total buy-out solvency deficit in the FTSE 100 pension schemes has improved to £70 billion from a deficit of £230 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.
- Lonmin has become the first FTSE 100 company to offload its pension liabilities to an insurance company. Our view is that this is the first of many. 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). Also of note, Friends Provident has recently completed a £350 million deal with Norwich Union to cover its current pensioners.
- New IAS19 guidance (IFRIC14) could dramatically impact pension surpluses or deficits published in 2008 accounts. Compass Group was the first FTSE 100 company to adjust its accounts for IFRIC14, resulting in a £92 million increase in its overall pension deficit.
- 33 companies disclosed a pension surplus in their most recent annual report and accounts; 60 companies disclosed pension deficits. However we estimate that about 70 companies would disclose a surplus if they had a year-end of 31 March 2008.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £394 billion to £389 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £39 billion. 18 companies have pension liabilities of less than £100 million, of which 7 companies have no defined benefit pension liabilities
- As pension funding positions have improved, so the financial significance of pension scheme deficits has reduced. But British Airways has reported pension deficits of almost 50% of their equity market value. British Airways, BT, Royal & Sun Alliance, ITV, FirstGroup and BAE Systems all have total pension liabilities greater than their equity market value.
- In total, the amount contributed to FTSE 100 company pension schemes in their last financial year was £13.1 billion – the same as in the previous year. This is more than the £7.7 billion cost of benefits provided to employees during the year. It therefore represents £5.4 billion of funding towards reducing pension scheme deficits.
- There is significant evidence emerging of moves in the last year to reduce the mismatching of assets to liabilities. Twelve FTSE 100 companies increased their bond allocations by more than 10%, with Rolls-Royce alone switching more than £3 billion into bonds.

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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Underlining the quality of its Research team, Numis was ranked in the top 3 for ten sectors in the UK Equity market, including No.1 in five of those sectors, more than any other UK stockbroker. 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 FTSE 100 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 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%
Lonmin	4	78	66	12	118%
Associated British Foods	5	2,474	2,164	310	114%
British Land	6	79	70	9	113%
Enterprise Inns	7	19	17	2	112%
Experian	8	545	492	53	111%
Reuters	9	1,345	1,220	125	110%
Carnival	10	145	133	13	110%

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%
ICAP	92	6	7	-1	81%
WPP	93	504	638	-134	79%
Thomas Cook	94	636	812	-176	78%
SABMiller	95	564	726	-162	78%
BG	96	591	792	-201	75%
Sage Group	97	13	18	-5	70%
Vedanta Resources	98	9	27	-18	32%
Eurasian Natural Resources	99	0	52	-52	0%
Shire	99	0	2	-2	0%

Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension surplus in the FTSE 100 as at 31 March 2008 was £36 billion. This is an estimated improvement of £56 billion on the position 12 months ago. However, the pension disclosures on mortality assumptions would suggest that FTSE 100 companies are still underestimating the impact of future improvements in longevity. We believe that FTSE 100 companies are underestimating future life expectancy possibly by between one and two years. We therefore estimate that the total pension deficit could be understated by as much as £25 billion.

More significantly, we estimate that the total buy-out solvency deficit in the FTSE 100 pension schemes has improved to £70 billion from a deficit of £230 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. Lonmin has become the first FTSE 100 company to offload its pension liabilities to an insurance company. Our view is that this is the first of many. 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) and that was before the recent improvement in the price of buy-outs. Also of note, Friends Provident has recently completed a £350 million deal with Norwich Union to cover its current pensioners.

New guidance on IAS19 – IFRIC14 – has recently been published by the International Financial Reporting Committee. IFRIC14 could have significant implications for companies – pension surpluses could be reduced or deficits increased.* Whilst IFRIC14 is effective only for years commencing on or after 1 January 2008, many auditors are requiring early disclosure of the impact of IFRIC14. One FTSE 100 company, Compass Group, has already adjusted its accounts, increasing its overall pension deficit by £92 million.

Despite the improvement in pension scheme funding levels, many companies continue to face increases in Pension Protection Fund (PPF) levy premiums. The total levy which the PPF Board estimates for 2007-8 is £675 million. This compares with a 2006-7 levy of £271 million. For 2008-9, the PPF is again estimating that it needs to collect £675 million, but the funding level at which schemes will pay no risk-based levy is being raised from 125% to 140%. This will therefore bring more companies within the scope of the levy.

* For more information on IFRIC14 see PCS publication – IAS19 : A Quarterly Guide for Finance Directors, at 31 March 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 £m
Lonmin	1	78	100%
Sage Group	2	13	83%
London Stock Exchange	3	225	82%
Resolution	4	1,117	82%
Rolls-Royce	5	6,903	74%
ICAP	6	6	73%
Royal & Sun Alliance	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 £m
Capita	91	488	26%
Tesco	92	4,089	25%
Unilever	93	12,654	25%
Thomas Cook	94	636	24%
Centrica	95	3,327	24%
BP	96	21,427	22%
FirstGroup	97	2,507	20%
BG	98	591	15%
International Power	99	264	14%
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%
Royal & Sun Alliance	5	71%	50%	21%
Diageo	6	32%	14%	18%
Sage Group	7	83%	68%	16%
London Stock Exchange	8	82%	69%	14%
Smith & Nephew	9	31%	20%	12%
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. Rolls-Royce are the latest company to report a big switch, increasing from 32% of assets in bonds to 74%. Lonmin had become the latest FTSE 100 company to switch to 100% bonds, before recently offloading the whole scheme in a buy-out with Paternoster. 23 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 39%, from 34% in the previous year's accounts.

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. However, recent problems in the credit markets have seen spreads on corporate bonds widen. This has meant that the values placed on pension liabilities in companies' accounts have reduced slightly over the last few months. Indeed this is the main reason for the improvement in the overall funding position of the FTSE 100 pension schemes since 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	38,779	17,433
Royal Dutch Shell	2	31,318	109,196
Royal Bank of Scotland	3	27,322	33,984
BP	4	19,997	97,204
Barclays	5	17,476	29,639
BAE Systems	6	17,109	17,021
Lloyds TSB	7	16,795	25,392
HSBC	8	16,128	98,155
National Grid	9	16,127	17,620
British Airways	10	14,610	2,694
Unilever	11	12,879	51,200
GlaxoSmithKline	12	10,338	58,280
Aviva	13	10,017	16,024

* as at 31 March 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
British Land	83	70	4,693
Lonmin	84	66	4,755
Liberty International	85	59	3,539
Hammerson	86	53	3,237
Eurasian Natural Resources	87	52	12,684
Vedanta Resources	88	27	5,995
Alliance Trust	89	19	2,211
Sage Group	90	18	2,434
Enterprise Inns	91	17	2,038
ICAP	92	7	3,663
Shire	93	2	5,361
Admiral	94	0	2,097
Antofagasta	94	0	6,911
BSkyB	94	0	9,755
Cairn Energy	94	0	3,697
Carphone Warehouse	94	0	2,587
Kazakhmys	94	0	7,378
Tullow Oil	94	0	4,736

* as at 31 March 2008

Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £394 billion to £389 billion. 13 companies have pension liabilities of more than £10 billion, whilst 18 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 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	Deficit as a % of Equity Market Value	Liabilities as a % of Equity Market Value
British Airways	1	2,694	48%	542%
BT	2	17,433	2%	222%
Royal & Sun Alliance	3	4,134	-4%	122%
ITV	4	2,462	5%	106%
FirstGroup	5	2,450	-1%	101%
BAE Systems	6	17,021	12%	101%
National Grid	7	17,620	4%	92%
Rexam	8	2,738	2%	89%
Rolls-Royce	9	7,904	0%	87%
Marks & Spencer	10	6,488	4%	85%
Royal Bank of Scotland	11	33,984	-1%	80%
Sainsbury	12	5,958	2%	74%
Whitbread	13	2,016	2%	70%
Lloyds TSB	14	25,392	3%	66%
Aviva	15	16,024	1%	63%

* as at 31 March 2008

The FTSE 100 companies with the least 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
Lonmin	86	4,755	0%	1%
Alliance Trust	87	2,211	0%	1%
Enterprise Inns	88	2,038	0%	1%
Sage Group	89	2,434	0%	1%
Vedanta Resources	90	5,995	0%	0%
Eurasian Natural Resources	91	12,684	0%	0%
ICAP	92	3,663	0%	0%
Shire	93	5,361	0%	0%
Admiral	94	2,097	0%	0%
Antofagasta	94	6,911	0%	0%
BSkyB	94	9,755	0%	0%
Cairn Energy	94	3,697	0%	0%
Carphone Warehouse	94	2,587	0%	0%
Kazakhmys	94	7,378	0%	0%
Tullow Oil	94	4,736	0%	0%

* as at 31 March 2008

Commentary

Whilst there are seven FTSE 100 companies with no defined benefit pension liabilities, six 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 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
Rexam	1	2,738	239	9%
BT	2	17,433	1,412	8%
Royal Bank of Scotland	3	33,984	2,222	7%
Rolls-Royce	4	7,904	505	6%
Whitbread	5	2,016	96	5%
AMEC	6	2,424	113	5%
ITV	7	2,462	111	5%
BAE Systems	8	17,021	764	5%
Lloyds TSB	9	25,392	1,128	4%
Aviva	10	16,024	636	4%

* as at 31 March 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
Scottish & Newcastle	91	7,478	-17	0%
AstraZeneca	92	27,495	-73	0%
Smith & Nephew	93	5,978	-23	0%
Morrison Supermarkets	94	7,360	-36	-1%
Royal & Sun Alliance	95	4,134	-27	-1%
Johnson Matthey	96	4,304	-31	-1%
Home Retail Group	97	2,288	-18	-1%
Cobham	98	2,268	-18	-1%
Rio Tinto	99	52,408	-769	-2%
British Airways	100	2,694	-445	-17%

* as at 31 March 2008

Commentary

Over the year covered by their latest report and accounts, 70 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 20 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).

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 the same as the amount contributed the previous year. When only the most recent disclosures are considered (those with year-ends on or after 31 December 2007), contributions have fallen by £1 billion compared to the previous year's accounts.

Of those companies with defined benefit pension schemes, only two FTSE 100 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.

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	543	-63	606
Unilever	2	790	241	549
Marks & Spencer	3	611	114	497
Rolls-Royce	4	707	258	449
Sainsbury	5	362	15	347
BT	6	926	600	326
BAE Systems	7	487	175	312
GlaxoSmithKline	8	504	249	255
HSBC	9	635	404	231
National Grid	10	276	115	161

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
Johnson Matthey	91	28	33	-5
Resolution	92	0	6	-6
Diageo	93	95	102	-7
SABMiller	94	14	22	-8
Home Retail Group	95	13	23	-10
Rio Tinto	96	116	134	-18
Vodafone	97	55	74	-19
United Utilities	98	8	50	-42
Royal Bank of Scotland	99	599	706	-107
Tesco	100	340	461	-121

Commentary

In total, the amount contributed to FTSE 100 company pension schemes was £13.1 billion – the same as in the previous accounting year. This is more than the £7.7 billion cost of benefits provided to employees during the year. It therefore represents £5.4 billion of funding towards reducing pension scheme deficits.

As funding levels improve we are seeing evidence of a slowing down of additional funding.

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
3i	31-Mar-2007	3,249	479	480	(1)	100%	44%	0%	15%	14	0%	10	31	(2)
Admiral	31-Dec-2007	2,097	-	-	-	-	-	-	-	-	-	-	-	-
Alliance & Leicester	31-Dec-2007	2,181	1,377	1,335	42	103%	50%	(2)%	61%	55	2%	23	26	3
Alliance Trust	31-Jan-2008	2,211	21	19	2	108%	51%	(0)%	1%	1	0%	1	7	(0)
AMEC	31-Dec-2007	2,424	1,328	1,091	237	122%	58%	(10)%	45%	113	4%	36	31	10
Anglo American	31-Dec-2007	40,138	1,574	1,548	27	102%	57%	(0)%	4%	46	0%	35	167	6
Antofagasta	31-Dec-2007	6,911	-	-	-	-	-	-	-	-	-	-	-	-
Associated British Foods	15-Sep-2007	6,930	2,474	2,164	310	114%	57%	(4)%	31%	109	2%	61	48	13
AstraZeneca	31-Dec-2007	27,495	4,355	5,337	(982)	82%	39%	4%	19%	(73)	(0)%	157	180	(2)
Aviva	31-Dec-2007	16,024	9,839	10,017	(178)	98%	42%	1%	63%	636	4%	297	554	109
BAE Systems	31-Dec-2007	17,021	15,110	17,109	(1,999)	88%	28%	12%	101%	764	4%	487	1,097	312
Barclays	31-Dec-2007	29,639	18,027	17,476	551	103%	47%	(2)%	59%	989	3%	389	383	37
BG	31-Dec-2007	39,319	591	792	(201)	75%	15%	1%	2%	35	0%	62	39	10
BHP Billiton	30-Jun-2007	33,742	878	894	(16)	98%	58%	0%	3%	75	0%	36	81	3
BP	31-Dec-2007	97,204	21,427	19,997	1,430	107%	22%	(1)%	21%	476	0%	583	605	150
British Airways	31-Mar-2007	2,694	13,316	14,610	(1,294)	91%	43%	48%	542%	(445)	(17)%	543	286	606
British American Tobacco	31-Dec-2007	38,128	4,209	4,359	(150)	97%	41%	0%	11%	104	0%	138	144	56
British Energy	31-Mar-2007	6,860	2,671	2,736	(65)	98%	36%	1%	40%	69	1%	125	124	48
British Land	31-Mar-2007	4,693	79	70	9	113%	38%	(0)%	1%	10	0%	10	6	10
BSkyB	30-Jun-2007	9,755	-	-	-	-	-	-	-	-	-	-	-	-
BT	31-Mar-2007	17,433	38,390	38,779	(389)	99%	33%	2%	222%	1,412	8%	926	452	326
Cable & Wireless	31-Mar-2007	3,685	2,289	2,238	51	102%	39%	(1)%	61%	113	3%	18	115	4
Cadbury Schweppes	31-Dec-2007	11,633	2,742	2,625	117	104%	44%	(1)%	23%	215	2%	120	133	44
Carin Energy	31-Dec-2007	3,697	-	-	-	-	-	-	-	-	-	-	-	-
Capita	31-Dec-2007	4,072	488	484	4	101%	26%	(0)%	12%	25	1%	21	19	(1)
Carnival	30-Nov-2007	4,253	145	133	13	110%	62%	(0)%	3%	16	0%	19	6	16
Carphone Warehouse	31-Mar-2007	2,587	-	-	-	-	-	-	-	-	-	-	-	-
Centrica	31-Dec-2007	10,945	3,327	3,230	97	103%	24%	(1)%	30%	247	2%	218	164	91
Cobham	31-Dec-2007	2,268	421	458	(37)	92%	39%	2%	20%	(18)	(1)%	11	9	5
Compass	30-Sep-2007	6,072	1,442	1,512	(70)	95%	69%	1%	25%	131	2%	110	329	83
Diageo	30-Jun-2007	26,328	5,019	5,269	(250)	95%	32%	1%	20%	337	1%	95	108	(7)
Enterprise Inns	30-Sep-2007	2,038	19	17	2	112%	32%	(0)%	1%	2	0%	0	0	0
Eurasian Natural Resources	31-Dec-2007	12,684	0	52	(52)	0%	-	0%	0%	2	0%	1	7	(5)
Experian	31-Mar-2007	3,745	545	492	53	111%	31%	(1)%	13%	37	1%	20	12	(5)
FirstGroup	31-Mar-2007	2,450	2,507	2,476	31	101%	20%	(1)%	101%	90	4%	95	68	33
Friends Provident	31-Dec-2007	2,853	1,126	1,148	(22)	98%	44%	1%	40%	44	2%	33	18	3
G4S	31-Dec-2007	2,911	1,240	1,408	(167)	88%	33%	6%	48%	56	2%	38	36	22
GlaxoSmithKline	31-Dec-2007	58,280	10,182	10,338	(156)	88%	33%	0%	18%	602	1%	504	606	255
Hammerson	31-Dec-2007	3,237	47	53	(6)	88%	1%	0%	2%	6	0%	1	7	(1)
HBO	31-Dec-2007	20,989	7,329	7,623	(294)	96%	36%	1%	36%	410	2%	292	857	64
Home Retail Group	03-Mar-2007	2,288	637	628	9	101%	29%	(0)%	27%	(18)	(1)%	13	115	(10)
HSBC	31-Dec-2007	98,155	15,175	16,128	(953)	94%	67%	1%	16%	1,103	1%	635	235	231
ICAP	31-Mar-2007	3,663	6	7	(1)	81%	73%	0%	0%	0	0%	1	1	1
Imperial Tobacco	30-Sep-2007	15,711	3,238	3,033	205	107%	30%	(1)%	19%	182	1%	46	42	6
InterContinental Hotels	31-Dec-2007	2,229	376	389	(13)	97%	55%	1%	17%	15	1%	37	5	32
International Power	31-Dec-2007	5,975	264	269	(5)	98%	14%	0%	5%	6	0%	11	12	0
ITV	31-Dec-2007	2,462	2,491	2,603	(112)	96%	48%	5%	106%	111	5%	59	225	44
Johnson Matthey	31-Mar-2007	4,304	952	922	30	103%	41%	(1)%	21%	(31)	(1)%	28	24	(5)
Kazakhmys	31-Dec-2007	7,378	-	-	-	-	-	-	-	-	-	-	-	-
Kingfisher	02-Feb-2008	3,092	1,472	1,395	77	106%	42%	(2)%	45%	46	1%	103	122	74
Land Securities	31-Mar-2007	7,020	144	150	(6)	96%	51%	0%	2%	(1)	(0)%	4	5	1
Legal & General	31-Dec-2007	7,948	1,202	1,384	(182)	87%	63%	2%	17%	(12)	(0)%	39	41	22

Appendix (continued)

Name	Year End	Equity Market Value	Pension Assets	Pension Liabilities	Surplus / (Deficit)	Funding Level	% Bonds	Deficit as % of Market Value	Liabilities as % of Market Value	Unexpected Balance Sheet Impact	Balance Sheet Impact as % of Market Value	Current Funding	Previous Funding	Surplus Funding
		£m	£m	£m	£m	£m		Value	Value	£m		£m	£m	£m
Liberty International	31-Dec-2007	3,539	59	59	(0)	100%	34%	0%	2%	(3)	(0%)	2	2	2
Lloyds TSB	31-Dec-2007	25,392	16,112	16,795	(683)	96%	37%	3%	66%	1,128	4%	446	550	119
London Stock Exchange	31-Mar-2007	3,395	225	240	(15)	94%	82%	0%	7%	0	0%	6	4	5
Lonmin	30-Sep-2007	4,755	78	66	12	118%	100%	(0%)	1%	3	0%	2	1	2
Man Group	31-Mar-2007	9,501	182	208	(26)	88%	42%	0%	2%	14	0%	17	16	3
Marks & Spencer	31-Mar-2007	6,488	5,287	5,487	(260)	95%	48%	4%	85%	(3)	(0%)	611	130	497
Morrison Supermarkets	03-Feb-2008	7,360	1,939	2,007	(68)	97%	41%	1%	27%	(36)	(0%)	193	94	149
National Grid	31-Mar-2007	17,620	15,468	16,127	(659)	96%	53%	4%	92%	376	2%	276	191	161
Next	26-Jan-2008	2,326	383	428	(46)	89%	36%	2%	18%	2	0%	9	48	(1)
Old Mutual	31-Dec-2007	6,020	855	675	180	127%	49%	(1%)	11%	80	1%	14	14	7
Pearson	31-Dec-2007	5,483	1,853	1,811	42	102%	37%	(1%)	33%	81	1%	157	45	126
Persimmon	31-Dec-2007	2,310	279	340	(61)	82%	34%	3%	15%	36	2%	13	14	7
Prudential	31-Dec-2007	16,371	5,462	5,015	447	109%	61%	(3%)	31%	295	2%	101	152	43
Reckitt Benckiser	31-Dec-2007	19,948	873	933	(60)	94%	34%	0%	5%	43	0%	10	13	(5)
Reed Elsevier	31-Dec-2007	7,057	3,018	2,968	50	102%	37%	(1%)	42%	242	3%	83	61	5
Resolution	31-Dec-2006	4,722	1,117	1,037	80	108%	82%	(2%)	22%	(4)	(0%)	0	0	(6)
Reuters	31-Dec-2007	7,257	1,345	1,220	125	110%	52%	(2%)	17%	220	3%	31	207	3
Rio Tinto	31-Dec-2007	2,738	2,361	2,424	(63)	97%	28%	2%	89%	239	9%	44	41	28
Roxam	31-Dec-2007	52,408	8,234	8,963	(729)	92%	33%	1%	17%	(769)	(1%)	116	92	(18)
Rolls-Royce	31-Dec-2007	7,904	6,903	6,912	(9)	100%	74%	0%	87%	505	6%	707	153	449
Royal & Sun Alliance	31-Dec-2007	4,134	5,244	5,060	184	104%	71%	(4%)	122%	(27)	(1%)	168	203	104
Royal Bank of Scotland	31-Dec-2007	33,984	27,662	27,322	340	101%	39%	(1%)	80%	2,222	7%	599	536	(107)
Royal Dutch Shell	31-Dec-2007	109,196	38,168	31,318	6,850	122%	33%	(6%)	29%	2,241	2%	630	712	36
SABMiller	31-Mar-2007	16,520	564	726	(162)	78%	32%	1%	4%	(8)	(0%)	14	8	(8)
Sage Group	30-Sep-2007	2,434	13	18	(5)	70%	83%	0%	1%	(3)	(0%)	1	1	(0)
Sainsbury	24-Mar-2007	5,958	4,298	4,401	(103)	98%	44%	2%	74%	167	3%	362	188	347
Schroders	31-Dec-2007	2,657	555	513	43	108%	42%	(2%)	19%	7	0%	19	8	9
Scottish & Newcastle	31-Dec-2006	7,478	2,057	2,337	(280)	88%	43%	4%	31%	(17)	(0%)	64	58	40
Scottish & Southern Energy	31-Mar-2007	12,009	2,110	2,202	(92)	96%	28%	1%	18%	47	0%	62	56	32
Severn Trent	31-Mar-2007	3,307	1,365	1,500	(135)	91%	34%	4%	45%	17	1%	97	105	56
Shire	31-Dec-2007	5,361	0	2	(2)	0%	-	0%	0%	0	0%	0	0	0
Smith & Nephew	31-Dec-2007	5,978	516	593	(77)	87%	31%	1%	10%	(23)	(0%)	19	30	5
Smiths Group	31-Jul-2007	5,701	3,319	3,071	248	108%	39%	(4%)	54%	113	2%	103	110	62
Standard Chartered	31-Dec-2007	24,094	1,252	1,404	(152)	89%	66%	1%	6%	122	1%	54	44	3
Standard Life	31-Dec-2007	5,360	1,384	1,587	(203)	87%	33%	4%	30%	(7)	(0%)	64	107	9
Tate & Lyle	31-Mar-2007	2,477	1,188	1,240	(52)	96%	46%	2%	50%	(4)	(0%)	40	39	22
Tesco	23-Feb-2008	29,780	4,089	4,927	(838)	83%	25%	3%	17%	186	1%	340	321	(121)
Thomas Cook	31-Oct-2007	2,799	636	812	(176)	78%	24%	6%	29%	94	3%	37	102	8
TUI Travel	30-Sep-2007	2,882	*	*	(314)	*	*	*	*	*	*	*	*	*
Tullow Oil	31-Dec-2007	4,736	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31-Dec-2007	51,200	12,654	12,879	(225)	98%	25%	0%	25%	573	1%	790	744	549
United Utilities	31-Mar-2007	6,032	2,706	2,644	62	102%	35%	(1%)	44%	54	1%	8	4	(42)
Vedanta Resources	31-Mar-2007	5,995	9	27	(18)	32%	34%	0%	0%	5	0%	2	2	1
Vodafone	31-Mar-2007	79,418	1,251	1,292	(41)	97%	27%	0%	2%	67	0%	55	85	(19)
Whitbread	28-Feb-2008	2,016	1,372	1,405	(33)	98%	36%	2%	70%	96	5%	56	110	60
Wolseley	31-Jul-2007	3,483	711	818	(107)	87%	32%	3%	23%	63	2%	45	30	20
WPP	31-Dec-2007	7,183	504	638	(134)	79%	62%	2%	9%	27	0%	47	49	32
Xstrata	31-Dec-2007	34,271	1,257	1,369	(112)	92%	49%	0%	4%	(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).

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