



PENSION CAPITAL STRATEGIES

London, 16 October 2006 - A new quarterly report investigating the pension disclosures of the FTSE100 companies has today been published by Pension Capital Strategies Ltd ("PCS"), the leading company pensions corporate risk management and recovery advisers. PCS was established in 2006 to offer a new approach to managing corporate pension obligations and is a subsidiary of the Jardine Lloyd Thomson Group.

The PCS quarterly report, *The FTSE100 and their pension disclosures* (the "Report"), explores the pension disclosures of the FTSE100 companies, as well as the steps being taken to address pension scheme deficits. The report's findings reveal that the total pension fund deficit in FTSE100 pension schemes, as at the 30 September 2006, is now an estimated £46bn. More importantly, the report also suggests that FTSE100 companies are underestimating the impact of future improvements in longevity, which has lead PCS to conclude that the total deficit in FTSE100 pension schemes could be more than £100bn.

Other key findings in the report include:

- Only eight of the FTSE100 companies disclosed a pension surplus in their most recent accounts
- In just 12 months, the total disclosed pension liabilities of the 100 largest companies listed in the UK, have grown from £355bn to £407bn
- Average asset allocations to bonds has not changed over the last year, with the latest annual report showing just a 34% allocation to bonds
- The total amount contributed to FTSE100 company pension schemes in the last financial year was £11.5bn, an increase from £10.6bn the year before
- However, the report's findings also show that improved pension funding positions has helped to reduce the financial significance of pension scheme deficits.

Commenting on the findings of the report, Charles Cowling, Managing Director of PCS said:

"While many companies are making significant advancements in managing their pension schemes, there are still some major structural problems in the management of pension schemes by the UK's leading companies. This research highlights that FTSE100 companies do not fully recognise the impact of improving longevity and the significant mismatching of assets to pension liabilities and are therefore taking an inefficient approach to the funding of pension scheme deficits."

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