

# The FTSE 250 and their pension disclosures

A Quarterly Report from JLT Pension Capital Strategies  
December 2011

Strategies to Solutions



JLT PENSION CAPITAL STRATEGIES

FTSE 250



In association with **J.P.Morgan CAZENOVE**

## Executive Summary

- The total deficit in FTSE 250 pension schemes at 30 September 2011 is estimated to be £10 billion. This is an improvement of £1 billion from the position 12 months ago.
- Only 82 FTSE 250 companies are still providing more than a handful of current employees with DB benefits (i.e. ignoring companies who are incurring ongoing DB service costs of less than 1% of total payroll). Of these, only 17 companies (i.e. just 7% of the FTSE 250) are still providing DB benefits to a significant number of employees (defined as incurring ongoing DB service cost of more than 5% of total payroll).
- There continues to be significant funding of pension deficits – and this at a time when most companies have precious little spare cash. Last year saw total deficit funding of £1.6 billion, up from £1.3 billion the previous year. Taylor Wimpey led the way with a deficit contribution of £122 million, but 50 other FTSE 250 companies also reported significant deficit funding contributions in their most recent annual report and accounts.
- The significant decline in ongoing DB pensions continues. We estimate that after allowing for the impact of changes in assumptions and market conditions, the underlying reduction in ongoing DB pension provision is approximately 10% in the last 12 months alone.
- The average pension scheme asset allocation to bonds is 50%, a slight increase on last year's figure of 48%. This compares to 49% the previous year and 42% three years ago. But this disguises some significant changes. In eight companies, pension scheme asset allocation to bonds has increased by more than 20%.
- There are a significant number of FTSE 250 companies where the pension scheme represents a material risk to the business. Twenty-five FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Premier Foods, total disclosed pension liabilities are more than 12 times their equity market value.
- Only 27 companies disclosed a pension surplus in their most recent annual report and accounts; 121 companies disclosed pension deficits. However, we estimate that only 20 companies would disclose a surplus if they had a year-end of 30 September 2011.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have risen from £70 billion to £75 billion. A total of 20 companies have disclosed pension liabilities of more than £1 billion, the largest of which is Invensys with disclosed pension liabilities of £5.5 billion. A total of 151 companies have disclosed pension liabilities of less than £100 million, of which 102 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 250 would increase from £75 billion to around £97 billion, and the total deficit at 30 September 2011 would be around £32 billion.

*The appendix at the end of this report contains a full list of all the FTSE 250 companies analysed and their relevant pension disclosures.*

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## Funding Position

The overall funding position of pension schemes of FTSE 250 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 250 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
Henderson	1	449	337	113	133%
Tullett Prebon	2	170	146	24	116%
London Stock Exchange	3	282	245	38	115%
Ladbrokes	4	263	229	35	115%
WH Smith	5	855	761	94	112%
Cape	6	126	113	13	112%
Dignity	7	85	76	9	111%
Ashtead	8	64	58	6	111%
Derwent London	9	12	11	1	110%
Provident Financial	10	514	473	41	109%

The FTSE 250 companies with the worst funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
RPC Group	241	96	141	(46)	68%
Millennium & Copthorne Hotels	242	35	52	(17)	68%
Ultra Electronics Holdings	243	143	222	(79)	65%
Thomas Cook	244	703	1,118	(415)	63%
Chemring	245	39	62	(23)	63%
Aegis	246	4	12	(7)	37%
Ferrexpo	247	1	13	(12)	8%
AZ Electronic Materials	248	0	6	(6)	0%
Lamprell	248	0	12	(12)	0%
New World Resources	248	0	82	(82)	0%

In 2007, IFRIC14\* provided new guidance on irrecoverable surpluses. Within the FTSE 250, 13 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 250 companies is now £301 million. The largest reported irrecoverable surpluses in the FTSE 250 were as follows:

Name	Rank	Irrecoverable Surplus £m
FirstGroup	1	82
Mitchells & Butlers	2	56
Inchcape	3	37
Invensys	4	30
WH Smith	5	26
Electrocomponents	6	25
Stagecoach	7	17
Cape	8	14
Genus	9	7
Misys	10	4

**Commentary**  
Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 250 as at 30 September 2011 was £10 billion. This is an improvement of £1 billion from the position 12 months ago.

\* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 30 September 2011.

## 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. This report refers to investment mismatching in terms of the IAS19 accounting position, where liabilities are being valued using AA corporate bonds; therefore assets other than these bonds will lead to a mismatch.

The FTSE 250 companies with the highest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Hansen Transmissions	1	3	100%
Hunting	1	224	100%
WH Smith	3	855	96%
Aegis	4	4	95%
Cape	5	126	90%
Phoenix Group	6	3,051	85%
BTG	7	95	83%
Rentokil Initial	8	1,070	81%
Misys	9	49	80%
Cable & Wireless Communications	10	1,203	79%

The FTSE 250 companies with the lowest allocation to bonds were:

Name	Rank	Assets £m	% of Assets in Bonds
Capital & Counties Properties	241	11	21%
Electrocomponents	242	326	21%
Mondi	243	300	19%
Derwent London	244	12	19%
Northumbrian Water	245	713	18%
Wood Group (John)	246	99	16%
Tullett Prebon	247	170	10%
Homeserve	248	18	8%
RIT Capital Partners	249	15	8%
Renishaw	250	101	2%

The FTSE 250 companies with the greatest change in bond allocation were:

Name	Rank	Current Bond Allocation	Previous Bond Allocation	Switch to Bonds
Aegis	1	95%	47%	+48%
RPC Group	2	58%	31%	+27%
Brewin Dolphin Holdings	3	60%	33%	+27%
Cookson	4	77%	52%	+25%
Foreign & Colonial	5	57%	32%	+25%
Scottish Investment Trust	6	34%	58%	-24%
F&C Asset Management	7	62%	39%	+23%
Kentz	8	42%	20%	+22%
Synergy Health	9	65%	43%	+21%
Qinetiq	10	35%	16%	+18%

### Commentary

Several companies and trustees are continuing to switch pension assets out of equities into bonds. Aegis Group is the latest company to report a big switch, with bond allocations increasing by 48%. A total of 53 FTSE 250 companies have more than 50% of pension scheme assets in bonds. Moreover, company disclosures reveal little of the extensive activity there has been by a number of companies to use LDI (liability-driven investment) strategies, which frequently make use of derivatives and other financial instruments. Overall though, the average pension scheme asset allocation to bonds is now 50%, a slight increase on last year's figure of 48%. This compares to 49% the previous year and 42% three years ago.

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 volatility investments in pension schemes. In addition, a further cause of movement towards bond-based assets could be one of the recently announced changes to IAS19 due to be implemented from 1 January 2013, subject to EU endorsement. In the P&L the expected return on assets will effectively be replaced by the discount rate applied to the assets, so there will be no benefit in the P&L of holding outperforming assets.

## 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. Following the credit crunch, high spreads on corporate bonds prevailed over 2009, which countered the effects of rising inflation and increasing life expectancy, stifling the growth of pension liabilities. Over 2010, spreads on corporate bonds returned closer to historically normal levels and this significantly inflated pension liabilities reported in 2010 year-end accounts.

The FTSE 250 companies with the largest pension scheme liabilities (all those over £1 billion) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Invensys	1	5,452	1,819
FirstGroup	2	3,450	1,545
Premier Foods	3	3,120	248
Phoenix Group	4	2,995	823
Babcock International	5	2,795	2,343
Balfour Beatty	6	2,785	1,740
Carillion	7	2,129	1,440
Stagecoach	8	2,050	1,767
Daily Mail & General Trust	9	1,878	1,435
Taylor Wimpey	10	1,853	1,119
TUI Travel	11	1,709	1,669
Go-Ahead	12	1,568	565
Mitchells & Butlers	13	1,548	958
Cable & Wireless Worldwide	14	1,470	832
Atkins (WS)	15	1,282	543
Cable & Wireless Communications	16	1,212	963
Thomas Cook	17	1,118	342
Qinetiq	18	1,106	763
Rentokil Initial	19	1,082	1,297
Melrose	20	1,039	1,552

\* as at 30 September 2011

### Commentary

*In the last 12 months, the total disclosed pension liabilities of the FTSE 250 companies have risen from £70 billion to £75 billion. A total of 20 companies have disclosed pension liabilities of more than £1 billion, whilst 151 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 a detailed discussion paper from the Accounting Standards Board. In the UK, a company can no longer default on its promises to pension scheme members unless it goes into liquidation; however, last year the government changed the index linkage for many inflation-linked benefits which has had the effect of reducing the expected benefit outgo. If pension liabilities were to be measured on a "risk-free" basis, with no allowance for default or further reduction in benefits, we estimate that it would add around 30% to the total pension liabilities, increasing the total disclosed pension liabilities from £75 billion to around £97 billion. The total deficit at 30 September 2011 on a "risk-free" basis would be around £32 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 250 companies with the most significant pension scheme liabilities are as follows:

Name	Rank	Equity Market Value* £m	Surplus / (Deficit) as a % of Equity Market Value	Liabilities as a % of Equity Market Value
Premier Foods	1	248	(130%)	1260%
Phoenix Group	2	823	7%	364% <i>355%**</i>
Thomas Cook	3	342	(121%)	327%
Invensys	4	1,819	(24%)	300%
Go-Ahead	5	565	(14%)	278%
Atkins (WS)	6	543	(62%)	236%
Dixons Retail	7	417	(58%)	228%
FirstGroup	8	1,545	(10%)	223%
Kier	9	479	(6%)	181%
Cable & Wireless Worldwide	10	832	(11%)	177% <i>138%**</i>
Interserve	11	376	(14%)	171%
Dairy Crest	12	465	(13%)	168% <i>110%**</i>
Taylor Wimpey	13	1,119	(22%)	166%
Mitchells & Butlers	14	958	(15%)	162%
Balfour Beatty	15	1,740	(25%)	160%

\* as at 30 September 2011

\*\* These companies' pension schemes have purchased contracts which insure part of their liabilities; the figures in italics represent the impact of the liabilities without these insured sections.

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 250 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 £m	Previous DB Service Cost £m
FirstGroup	1	88	57
Stagecoach	2	56	42
Go-Ahead	3	55	50
Balfour Beatty	4	53	32
Babcock International	5	46	23
TUI Travel	6	37	27
Daily Mail & General Trust	7	30	30
Thomas Cook	8	24	21
Qinetiq	9	23	20
Premier Foods	10	21	12

### Commentary

Twenty-five FTSE 250 companies have total disclosed pension liabilities greater than their equity market value. For Premier Foods, total disclosed pension liabilities are more than 12 times their equity market value. Premier Foods also has a pension deficit bigger than their equity market value, and a further 25 companies have disclosed pension deficits bigger than 10% of their equity 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. This decline in total DB pension provision is now apparent in the accounts of FTSE 250 companies, with several companies closing their scheme to future accrual or freezing pensionable salaries. We estimate that after allowing for the impact of changes in assumptions and market conditions, the underlying reduction in ongoing DB pension provision is approximately 10% in the last 12 months alone. We believe that the majority of FTSE 250 companies will cease DB pension provision to all employees within two 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 250 companies most positively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain (£m)	Impact as a % of Equity Value
WH Smith	1	692	160	23%
Premier Foods	2	248	40	16%
Atkins (WS)	3	543	86	16%
Dairy Crest	4	465	61	13%
Daily Mail & General Trust	5	1,435	156	11%
KCOM Group	6	361	34	10%
Stagecoach	7	1,767	149	8%
Cable & Wireless Worldwide	8	832	56	7%
Phoenix Group	9	823	53	6%
Go-Ahead	10	565	36	6%

\* as at 30 September 2011

The FTSE 250 companies most negatively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain (£m)	Impact as a % of Equity Value
Morgan Crucible Co	241	668	-7	-1%
Fenner	242	599	-6	-1%
Paragon	243	458	-6	-1%
TUI Travel	244	1,669	-32	-2%
De La Rue	245	823	-18	-2%
Travis Perkins	246	1,824	-44	-2%
Debenhams	247	725	-37	-5%
Britvic	248	755	-47	-6%
Thomas Cook	249	342	-34	-10%
Mitchells & Butlers	250	958	-99	-10%

\* as at 30 September 2011

### Commentary

Over the year covered by their latest report and accounts, 107 companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 40 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 accrued during the year. Surplus pension contributions paid in excess of the cost of benefits will reduce pension scheme deficits. However, where the contributions paid are less than the cost of benefits, this will increase pension scheme deficits (or reduce pension scheme surpluses).

The large increases in the contributions seen in the last couple of years have ended, with the amount contributed in the most recent accounting year being £0.3 billion higher than the amount contributed the previous year.

Only contributions actually paid in the relevant accounting year are included in the analysis below.

The FTSE 250 companies who have made the largest surplus contributions to their pension schemes were as follows:

Name	Rank	Pension Contributions	Cost of Benefits	Surplus Contributions
		£m	£m	£m
Taylor Wimpey	1	126	4	122
Cable & Wireless Communications	2	106	5	101
Phoenix Group	3	85	5	80
Balfour Beatty	4	121	53	68
TUI Travel	5	94	37	57
Premier Foods	6	66	9	57
Travis Perkins	7	58	6	53
Invensys	8	70	19	51
Croda International	9	28	-22	50
3i	10	54	6	48
De La Rue	11	50	8	43
Kier	12	34	-5	39
Mitchells & Butlers	13	45	8	37
Babcock International	14	83	46	37
Carillion	15	43	7	36

### Commentary

*In total, the amount contributed to FTSE 250 company pension schemes was £2.3 billion, up from £2.0 billion in the previous accounting year. This is more than the £0.7 billion cost of benefits accrued during the year. It therefore represents £1.6 billion of funding towards reducing pension scheme deficits. This is an increase on the previous year's deficit funding of £1.3 billion.*

*Taylor Wimpey injected an additional £122 million into its pension schemes in 2010, on top of its regular contributions, which totalled £4 million. The decision was in response to the deficit of £406 million at 31 December 2009 – the seventh highest deficit in the FTSE 250 at the time.*

*The huge cash contributions paid by Taylor Wimpey came 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, such as property partnership deals.*

# 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	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) funding £m
3i	31-Mar-2011	1,809	670	626	44	107%	47%	2%	35%	19	1%	54	67	13
Aberdeen Asset Management	30-Sep-2010	1,980	117	150	(33)	78%	51%	(2%)	8%	(4)	(0%)	6	8	2
Aeglis	31-Dec-2010	1,598	4	12	(7)	37%	95%	(0%)	1%	2	(0%)	0	0	0
Alliance Trust	31-Jan-2011	2,030	29	28	1	103%	41%	0%	1%	3	0%	4	1	3
Amlin	31-Dec-2010	1,402	356	365	(9)	97%	64%	(1%)	26%	13	1%	5	7	2
Ashtead	30-Apr-2011	669	64	58	6	111%	31%	1%	9%	13	2%	2	1	1
Atkins (WS)	31-Mar-2011	543	944	1,282	(338)	74%	41%	(62%)	236%	86	16%	37	39	2
Aveva	31-Mar-2011	949	48	51	(3)	94%	29%	(0%)	5%	8	1%	4	2	2
Avis Europe	31-Dec-2010	614	137	195	(58)	70%	49%	(9%)	32%	9	1%	20	9	16
AZ Electronic Materials	31-Dec-2010	842	0	6	(6)	0%	-	(1%)	1%	0	0%	0	0	(0)
Babcock International	31-Mar-2011	2,343	2,580	2,795	(215)	92%	48%	(9%)	119%	56	2%	83	46	37
Balfour Beatty	31-Dec-2010	1,740	2,344	2,785	(441)	84%	58%	(25%)	160%	98	6%	121	69	68
Barr (A.G.)	31-Jan-2011	462	80	77	2	103%	31%	0%	17%	5	1%	4	4	0
Barratt Developments	30-Jun-2011	757	239	251	(12)	95%	50%	(2%)	33%	22	3%	13	13	0
BBA Aviation	31-Dec-2010	797	404	399	5	101%	77%	1%	50%	17	2%	3	3	0
Beazley	31-Dec-2010	606	16	17	(1)	93%	32%	(0%)	3%	0	0%	1	1	0
Bellway	31-Jul-2011	751	36	44	(8)	81%	34%	(1%)	6%	1	0%	0	2	0
Berendsen	31-Dec-2010	732	238	242	(4)	99%	52%	(0%)	33%	14	2%	10	10	0
Berkeley	30-Apr-2011	1,562	13	12	1	104%	0%	0%	1%	(0)	0%	1	1	0
Bodycote	31-Dec-2010	473	75	76	(1)	99%	51%	(0%)	16%	3	1%	1	1	0
Booker	25-Mar-2011	1,113	542	550	(8)	99%	41%	(1%)	49%	(1)	(0%)	11	12	1
Bovis Homes	31-Dec-2010	539	74	76	(3)	96%	45%	(1%)	14%	4	1%	2	3	1
Brewin Dolphin Holdings	26-Sep-2010	289	49	62	(12)	80%	60%	(4%)	21%	(2)	(1%)	6	2	6
Britvic	03-Oct-2010	755	524	641	(117)	82%	42%	(16%)	85%	(47)	(6%)	24	20	4
Brown (N.)	26-Feb-2011	749	72	69	3	105%	47%	0%	9%	1	0%	6	6	0
BTG	31-Mar-2011	814	95	97	(2)	98%	83%	(0%)	12%	4	0%	4	4	0
Cable & Wireless Communications	31-Mar-2011	963	1,203	1,212	(9)	99%	79%	(1%)	126%	9	1%	106	60	46
Cable & Wireless Worldwide	31-Mar-2011	832	1,379	1,470	(91)	94%	50%	(11%)	177%	56	7%	28	12	14
Caledonia Investments	31-Mar-2011	876	64	69	(5)	93%	37%	(1%)	8%	1	0%	3	2	0
Cape	31-Dec-2010	535	126	113	13	112%	90%	2%	21%	(1)	(0%)	0	1	0
Capital & Counties Properties	31-Dec-2010	1,149	11	13	(2)	85%	21%	(0%)	1%	2	0%	0	0	(0)
Carillion	31-Dec-2010	1,440	1,889	2,129	(240)	89%	49%	(17%)	148%	15	1%	43	43	0
Carpetright	30-Apr-2011	335	17	21	(4)	81%	43%	(1%)	6%	0	0%	0	1	0
Catlin	31-Dec-2010	1,338	17	16	1	108%	50%	0%	1%	1	0%	0	0	0
Charter International	31-Dec-2010	1,447	594	721	(127)	82%	55%	(9%)	50%	0	0%	20	19	1
Chemring	31-Oct-2010	1,027	39	62	(23)	63%	29%	(2%)	6%	4	0%	2	2	0
Close Brothers	31-Jul-2011	965	35	40	(5)	88%	28%	(0%)	4%	(6)	(1%)	3	3	0
Cobham	31-Dec-2010	1,960	511	593	(82)	86%	45%	(4%)	30%	16	1%	24	17	7
Coit Group SA	31-Dec-2010	905	20	24	(4)	81%	67%	(1%)	3%	(2)	(0%)	3	2	1
Cookson	31-Dec-2010	1,194	590	695	(104)	85%	77%	(9%)	58%	7	1%	20	21	1
Cranwick	31-Mar-2011	300	14	17	(3)	82%	40%	(1%)	6%	1	0%	2	1	0
Croda International	31-Dec-2010	2,223	642	790	(148)	81%	35%	(19%)	131%	4	11%	28	25	3
Daily Mail & General Trust	03-Oct-2010	1,435	1,607	1,878	(271)	86%	50%	(19%)	168%	156	11%	35	31	4
Dairy Crest	31-Mar-2011	465	719	779	(60)	92%	71%	(13%)	16%	61	(2%)	22	30	8
De La Rue	26-Mar-2011	823	639	742	(103)	86%	43%	(13%)	90%	(18)	(2%)	50	25	25
Debenham's	28-Aug-2010	725	524	605	(81)	87%	49%	(11%)	83%	(37)	(5%)	8	7	1
Derwent London	31-Dec-2010	1,448	12	11	1	110%	19%	0%	1%	(0)	0%	0	0	0
Devro	31-Dec-2010	383	199	212	(13)	94%	49%	(4%)	55%	16	4%	5	5	0
Dignity	31-Dec-2010	465	85	76	9	111%	42%	2%	16%	(2)	(0%)	2	1	1
Dixons Retail	01-May-2011	417	706	950	(244)	74%	28%	(58%)	228%	13	3%	12	21	9
Drax	31-Dec-2010	1,751	130	167	(37)	78%	47%	(2%)	10%	(6)	(0%)	8	8	0
Electrocomponents	31-Mar-2011	825	326	306	20	106%	21%	2%	37%	7	1%	6	6	0
Elementis	31-Dec-2010	551	488	534	(36)	93%	52%	(7%)	97%	17	3%	13	9	4

\* as at 30 September 2011

# Appendix *(continued)*

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	Unanticipated Balance Sheet Impact £m	Balance Sheet % of Market Value	Current Funding £m	Previous Funding £m	Surplus/ (Deficit) funding £m
Euromoney Institutional Investors	30-Sep-2010	741	24	26	(2)	94%	74%	(0%)	3%	(2)	(0%)	1	1	1
F&C Asset Management	31-Dec-2010	348	190	218	(28)	87%	62%	(8%)	63%	15	4%	9	7	6
Fenner	31-Aug-2010	599	122	168	(46)	73%	30%	(8%)	28%	(6)	(1%)	5	4	4
Ferrexpo	31-Dec-2010	1,561	1	13	(12)	8%	46%	(1%)	1%	(1)	0%	0	0	(1)
Filtrona	31-Dec-2010	724	187	205	(18)	91%	42%	(2%)	28%	(6)	(1%)	12	8	10
FirstGroup	31-Mar-2011	1,545	3,289	3,450	(161)	95%	26%	(10%)	223%	15	1%	85	85	(3)
Foreign & Colonial	31-Dec-2010	1,616	190	218	(28)	87%	57%	(2%)	13%	15	1%	9	7	6
Genus	30-Jun-2011	628	146	163	(17)	90%	37%	(3%)	26%	2	0%	3	2	(5)
Go-Ahead	02-Jul-2011	565	1,492	1,568	(77)	95%	21%	(14%)	278%	36	6%	44	43	(11)
Granger	30-Sep-2010	359	19	25	(6)	76%	65%	(2%)	7%	(1)	(0%)	1	1	1
Great Portland Estates	31-Mar-2011	1,063	18	19	(0)	98%	60%	(0%)	2%	(0)	(0%)	0	0	0
Greene King	01-May-2011	935	235	281	(46)	84%	22%	(5%)	30%	25	3%	13	7	8
Greggs	01-Jan-2011	469	84	93	(9)	91%	28%	(2%)	20%	3	1%	1	1	1
Halma	02-Apr-2011	1,188	141	177	(36)	80%	30%	(3%)	15%	1	0%	9	9	6
Hansen Transmissions	31-Mar-2011	437	3	5	(1)	69%	100%	(0%)	1%	2	0%	1	1	(0)
Hays	30-Jun-2011	962	441	452	(12)	97%	49%	(1%)	47%	44	5%	17	6	13
Henderson	31-Dec-2010	1,108	449	337	113	133%	47%	(10%)	30%	15	1%	5	5	2
Hiscox	31-Dec-2010	1,404	144	147	(3)	98%	55%	(0%)	10%	6	0%	14	2	13
Home Retail Group	27-Feb-2011	923	749	756	(8)	99%	41%	(1%)	82%	2	0%	28	31	11
Homeserve	31-Mar-2011	1,496	18	18	(0)	100%	8%	(0%)	1%	4	0%	1	1	0
Howden Joinery	25-Dec-2010	650	595	731	(36)	81%	42%	(21%)	112%	41	6%	33	28	25
Hunting	31-Dec-2010	867	224	218	6	103%	100%	1%	25%	(3)	(0%)	2	2	0
Inchcape	31-Dec-2010	1,283	880	865	14	102%	64%	1%	67%	29	2%	30	38	23
Informa	31-Dec-2010	1,969	73	84	(11)	87%	33%	(1%)	4%	(1)	(0%)	4	3	2
International Personal Finance	31-Dec-2010	574	35	38	(3)	91%	44%	(1%)	7%	1	0%	1	1	4
Interserve	31-Dec-2010	376	591	642	(52)	92%	62%	(24%)	171%	19	5%	33	88	27
Invenys	31-Mar-2011	1,819	5,024	5,452	(428)	92%	59%	(5%)	300%	56	3%	70	68	51
Jardine Lloyd Thompson	31-Dec-2010	1,367	480	552	(73)	87%	49%	(2%)	40%	13	1%	4	13	4
KCOM Group	31-Mar-2011	361	169	176	(7)	96%	43%	(2%)	49%	34	10%	10	10	9
Kentz	31-Dec-2010	525	19	24	(7)	77%	42%	(1%)	5%	0	0%	3	1	2
Kesa Electricals	30-Apr-2011	444	272	339	(68)	80%	39%	(15%)	76%	(1)	(0%)	15	9	12
Kier	30-Jun-2010	479	840	869	(30)	97%	23%	(6%)	181%	13	3%	24	34	39
Ladbroke	31-Dec-2010	1,075	263	229	35	115%	58%	3%	21%	16	1%	7	7	3
Laird	31-Dec-2010	364	98	95	3	103%	64%	1%	26%	2	1%	0	0	(0)
Lamprell	31-Dec-2010	671	0	12	(12)	0%	-	(2%)	2%	(0)	(0%)	0	0	(1)
Law Debenture Corp	31-Dec-2010	404	33	34	(1)	97%	35%	(0%)	8%	0	0%	1	1	1
Logica	31-Dec-2010	1,264	471	516	(45)	91%	78%	(4%)	41%	(5)	(0%)	16	18	7
London Stock Exchange	31-Mar-2011	2,220	282	245	38	115%	78%	2%	11%	32	1%	1	4	1
Marston	02-Oct-2010	530	358	383	(25)	93%	35%	(5%)	72%	(1)	(0%)	14	14	11
Meggitt	31-Dec-2010	2,572	568	778	(211)	73%	38%	(8%)	30%	(13)	(0%)	35	32	31
Meitrose	31-Dec-2010	1,552	920	1,039	(120)	88%	55%	(8%)	67%	30	2%	28	32	23
Millennium & Copthorne Hotels	31-Dec-2010	1,275	35	52	(17)	68%	46%	(1%)	4%	1	0%	3	3	1
Misys	31-May-2011	721	49	52	(3)	95%	80%	(0%)	7%	2	0%	1	1	(1)
Mitchells & Butlers	25-Sep-2010	958	1,405	1,548	(143)	91%	67%	(15%)	162%	(99)	(10%)	45	39	37
MITIE Group	31-Mar-2011	841	124	127	(3)	98%	23%	(0%)	15%	6	1%	8	7	8
Mondi	31-Dec-2010	1,740	300	366	(66)	82%	19%	(4%)	21%	21	1%	5	4	(2)
Morgan Crucible Co	02-Jan-2011	668	418	522	(104)	80%	57%	(16%)	78%	(7)	(1%)	16	14	11
Mothercare	26-Mar-2011	278	208	246	(38)	85%	28%	(14%)	89%	17	6%	5	6	2
National Express	31-Dec-2010	1,184	807	818	(10)	99%	24%	(1%)	69%	24	2%	22	28	6
New World Resources	31-Dec-2010	1,198	0	82	(82)	0%	-	(7%)	7%	12	1%	0	0	(4)
Northgate	30-Apr-2011	332	5	5	(0)	97%	65%	(0%)	0%	(0)	(0%)	1	0	1
Northumbrian Water	31-Mar-2011	2,404	713	759	(46)	94%	18%	(2%)	32%	74	3%	25	4	11
Oxford Instruments	31-Mar-2011	446	173	185	(12)	94%	55%	(3%)	41%	19	4%	6	5	6
Paragon	30-Sep-2010	458	57	74	(17)	78%	38%	(4%)	16%	(6)	(1%)	2	2	1
Pennon	31-Mar-2011	2,422	454	540	(86)	84%	38%	(4%)	22%	2	0%	36	16	18

\* as at 30 September 2011

# Appendix *(continued)*

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	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) funding £m
Persimmon	31-Dec-2010	1,377	305	403	(98)	76%	38%	(7%)	29%	3	0%	19	19	16
Phoenix Group	31-Dec-2010	823	3,051	2,995	56	102%	85%	7%	364%	53	6%	85	69	80
Premier Farnell	31-Jan-2011	568	187	211	(24)	89%	75%	(4%)	37%	0	0%	4	4	4
Premier Foods	31-Dec-2010	248	2,799	3,120	(321)	90%	54%	(130%)	1260%	40	16%	66	65	57
Premier Oil	31-Dec-2010	1,617	18	21	(3)	87%	50%	(0%)	1%	0	0%	1	0	1
Provident Financial	31-Dec-2010	1,375	514	473	41	109%	52%	3%	34%	15	1%	10	8	2
PZ Cussons	31-May-2011	1,410	262	259	3	101%	39%	0%	18%	(5)	(0%)	7	5	14
QinetiQ	31-Mar-2011	763	981	1,106	(125)	89%	35%	(16%)	145%	0	0%	37	38	13
Rathbone Brothers	31-Dec-2010	449	95	101	(7)	93%	25%	(1%)	23%	10	3%	7	7	5
Redrow	30-Jun-2011	345	86	81	5	106%	49%	1%	23%	10	3%	1	1	(0)
Remishaw	30-Jun-2011	743	101	139	(38)	73%	2%	(5%)	19%	(2)	(0%)	1	0	1
Rentokil Initial	31-Dec-2010	1,297	1,070	1,082	(12)	99%	81%	(0%)	83%	18	1%	1	2	35
RIT Capital Partners	31-Mar-2011	1,883	15	15	1	103%	8%	(0%)	1%	(0)	(0%)	1	1	1
Robork	31-Dec-2010	1,340	100	118	(17)	85%	42%	(1%)	9%	2	0%	3	3	1
RPC Group	31-Mar-2011	543	96	141	(46)	68%	58%	(8%)	26%	(1)	(0%)	9	6	8
Sawills	31-Dec-2010	376	120	142	(22)	84%	27%	(6%)	38%	11	3%	6	4	5
Scottish Investment Trust	31-Oct-2010	512	8	10	(2)	80%	34%	(0%)	2%	(1)	(0%)	1	1	0
Segro	31-Dec-2010	1,617	169	184	(15)	92%	58%	(1%)	11%	0	0%	2	2	0
Senior	31-Dec-2010	576	196	234	(38)	84%	72%	(7%)	41%	1	0%	13	21	12
Shanks	31-Mar-2011	434	113	108	5	105%	40%	1%	25%	9	2%	3	2	2
SIG	31-Dec-2010	549	98	123	(25)	80%	44%	(5%)	22%	(2)	(0%)	3	2	1
Smith (DS)	30-Apr-2011	758	732	879	(148)	83%	40%	(19%)	116%	40	5%	32	17	23
Spectris	31-Dec-2010	1,347	109	123	(14)	89%	73%	(1%)	9%	2	0%	6	4	8
Spirax-Sarco Engineering	31-Dec-2010	1,379	240	303	(63)	79%	24%	(5%)	22%	0	0%	18	15	11
Sprint Communications	31-Dec-2010	828	149	143	6	104%	65%	1%	17%	6	1%	1	0	1
Sports Direct International	26-Apr-2011	1,254	37	53	(16)	69%	40%	(1%)	4%	2	0%	2	1	2
Stagecoach	30-Apr-2011	1,767	1,970	2,050	(80)	96%	25%	(5%)	116%	149	8%	0	0	(56)
Synergy Health	03-Apr-2011	468	44	56	(12)	78%	65%	(3%)	12%	2	0%	3	2	2
Taylor Wimpey	31-Dec-2010	1,119	1,604	1,853	(249)	87%	63%	(22%)	166%	60	5%	126	50	122
Thomas Cook	30-Sep-2010	342	703	1,118	(415)	63%	37%	(121%)	327%	(34)	(10%)	31	33	7
Travis Perkins	31-Dec-2010	1,824	813	841	(28)	97%	25%	(2%)	46%	(44)	(2%)	58	31	53
TUI Travel	30-Sep-2010	1,669	1,215	1,709	(494)	71%	44%	(30%)	102%	(32)	(2%)	94	92	57
Tullitt Prebon	31-Dec-2010	730	170	146	24	116%	10%	3%	20%	15	2%	9	8	9
Ultra Electronics Holdings	31-Dec-2010	1,035	143	222	(79)	65%	26%	(8%)	21%	5	0%	5	6	(3)
United Business Media	31-Dec-2010	1,094	467	475	(8)	98%	40%	(1%)	43%	38	3%	5	7	4
Victrix	30-Sep-2010	916	31	41	(10)	77%	45%	(1%)	4%	(1)	(0%)	4	4	2
WH Smith	31-Aug-2010	692	855	761	94	112%	96%	14%	110%	160	23%	13	10	13
William Hill	28-Dec-2010	1,577	262	293	(31)	89%	43%	(2%)	19%	6	0%	14	14	8
Wood Group (John)	31-Dec-2010	1,958	99	120	(21)	82%	16%	(1%)	6%	0	0%	4	3	(0)
Yule Catto & Co	31-Dec-2010	548	199	265	(66)	75%	39%	(12%)	48%	1	0%	14	12	13

\* as at 30 September 2011

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## 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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