



The FTSE 100 and their pension disclosures  
A Quarterly Report from Pension Capital Strategies  
February 2010

In association with [CAZENOVE](#)



**PENSION CAPITAL STRATEGIES**  
Innovative Alternatives

## Executive Summary

- The total deficit in FTSE 100 pension schemes at 31 December 2009 is estimated to be £72 billion. This is a deterioration of £84 billion on the position 12 months ago and the worst calendar year performance on record.
- Pension schemes' flight out of equities into bonds continues and may be accelerating. The average pension scheme asset allocation to bonds has increased to 49% from 41%. This represents the largest 12-month shift in investment strategy for more than 20 years, and it comes on top of a very significant shift, from 35%, the previous year. Over just two years, therefore, bond holdings of FTSE 100 pension schemes have increased by more than a third.
- Within the overall general shift from equities into bonds, there are a large number of companies reporting very significant individual changes to investment strategies. 24 FTSE 100 companies increased their bond allocations by more than 10%.
- There has been a noticeable growth in the number of FTSE 100 companies where the pension scheme now represents a material risk to the business. 7 FTSE 100 companies have total disclosed pension liabilities greater than their equity market value. For British Airways, BT and Invensys, total disclosed pension liabilities are more than double their equity market value.
- 11 companies disclosed a pension surplus in their most recent annual report and accounts; 76 companies disclosed pension deficits. However, we estimate that only 5 companies would disclose a surplus if they had a year-end of 31 December 2009.
- In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £383 billion to £377 billion. 12 companies have disclosed pension liabilities of more than £10 billion, the largest of which is Royal Dutch Shell with disclosed pension liabilities of £36 billion. 24 companies have disclosed pension liabilities of less than £100 million, of which 12 companies have no defined benefit pension liabilities.
- If pension liabilities were measured on a risk-free basis rather than using a AA bond discount rate, the total disclosed pension liabilities of the FTSE 100 would increase from £377 billion to nearly £550 billion, and the total deficit at 31 December 2009 would be around £150 billion.
- In total, the amount contributed to FTSE 100 company pension schemes in their last financial year was £11.6 billion, down from £12.2 billion in the previous year. This is still more than the £7.3 billion cost of benefits accrued during the year. It therefore represents £4.3 billion of funding towards reducing pension scheme deficits.

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

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

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## Funding Position

The overall funding position of pension schemes of FTSE 100 companies has deteriorated significantly over the year covered by their latest annual report and accounts.

Including all pension arrangements, both UK and overseas, whether funded or unfunded, the FTSE 100 companies with the best-funded pension schemes overall were as follows:

Name	Rank	Assets £m	Liabilities £m	Surplus/(Deficit) £m	Funding Level
AMEC	1	1,221	1,065	156	115%
Prudential	2	5,317	4,673	644	114%
Rolls-Royce	3	7,446	6,546	900	114%
RSA	4	5,042	4,512	530	112%
Resolution	5	1,171	1,080	91	108%
Standard Life	6	1,629	1,513	116	108%
Old Mutual	7	828	778	50	106%
Schroders	8	548	525	22	104%
Carnival	9	123	119	4	104%
Land Securities	10	107	104	3	103%

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
Tesco	91	3,420	4,914	(1,494)	70%
AstraZeneca	92	3,914	5,674	(1,760)	69%
BG	93	506	734	(228)	69%
TUI Travel	94	1,079	1,580	(501)	68%
Smith & Nephew	95	467	690	(224)	68%
WPP	96	550	819	(269)	67%
Wolseley	97	640	981	(341)	65%
Sage Group	98	20	32	(12)	63%
Vedanta Resources	99	17	37	(21)	45%
Eurasian Natural Resources	100	0	26	(26)	0%

In 2007, IFRIC14\* provided new guidance on irrecoverable surpluses. 22 FTSE 100 companies have reported an irrecoverable surplus. The total reported irrecoverable surplus for FTSE 100 companies is now £2.5 billion. For Rolls-Royce, the irrecoverable pension surplus is equivalent to 12% of the market value of the company. The largest reported irrecoverable surpluses in the FTSE 100 were as follows:

Name	Rank	Irrecoverable Surplus £m
Rolls-Royce	1	1,042
Prudential	2	793
Standard Life	3	153
Scottish & Southern Energy	4	131
Resolution	5	113
British American Tobacco	6	61
BHP Billiton	7	47
Anglo American	8	42
Associated British Foods	9	26
Invensys	10	20

### Commentary

Adjusting these figures up to the quarter-end, we estimate that the total pension deficit in the FTSE 100 as at 31 December 2009 was £72 billion. This is an estimated deterioration of £84 billion on the position 12 months ago.

\* For more information on IFRIC14, see PCS publication – IAS19: A Quarterly Guide for Finance Directors, at 31 December 2009.

## Investment Mismatching

Legislation over a number of years has clarified that pension liabilities are a form of corporate debt. Despite the fact that there is an increasing weight of opinion from academics and analysts that mismatched investment strategies in pension schemes reduce shareholder value, many companies are still running very large mismatched equity positions in their pension schemes. This has the impact of creating balance sheet volatility which some academic evidence might suggest flows through to share price volatility. Inevitably, analysis of mismatching is limited to the information disclosed in the annual report and accounts. Given the bond-like nature of pension liabilities, the allocation of pension assets to bonds gives an indication of the level of investment mismatching that exists.

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

Name	Rank	Assets £m	% of Assets in Bonds
Fresnillo	1	18	91%
Invensys	2	4,627	91%
ICAP	3	8	88%
London Stock Exchange	4	235	86%
Rolls-Royce	5	7,446	83%
Sage Group	6	20	78%
Resolution	7	1,171	77%
Prudential	8	5,317	75%
BHP Billiton	9	873	74%
HSBC	10	14,330	74%

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

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

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

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

### Commentary

The pace at which companies and trustees are switching pension assets out of equities into bonds is accelerating. SABMiller and Morrisons are the latest companies to report a big switch, increasing their bond allocations by 24% and 21% respectively. Over the past two years, Morrisons has increased its bond allocation from 17% to 62%. 40 FTSE 100 companies now 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 reduce mismatching risk by LDI (liability-driven investment) strategies, which frequently make use of derivatives and other financial instruments. Overall, the average pension scheme asset allocation to bonds has increased to 49%, from 41% in the previous year's accounts. This represents the largest 12-month shift in investment strategy for more than 20 years, and it comes on top of a very significant shift, from 35%, the previous year.

We can also expect IFRIC14 to impact on pension scheme investment strategies. If shareholders see none of the upside of pension scheme investment in equities and all of the downside, there will inevitably be further pressure on company management to encourage moves towards lower risk investments in pension schemes.

## Size of Pension Scheme

In recent years, pension schemes have grown significantly. Attempts by many companies to stem the growth of their pension liabilities by closing defined benefit pension schemes to new entrants have had little impact. Changes in economic conditions and increasing life expectancy have contributed to the spiralling growth in pension liabilities. More recently, persistent problems in the credit markets have maintained a high spread on corporate bonds. This has countered the effects of rising inflation and increasing life expectancy, stifling the growth in pension liabilities over the last year.

The FTSE 100 companies with the largest pension scheme liabilities (all those over £10 billion) are as follows:

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
Royal Dutch Shell	1	36,374	115,977
BT	2	33,326	10,440
Royal Bank of Scotland	3	27,752	16,553
Lloyds Banking Group	4	22,326	32,327
BP	5	22,004	113,056
BAE Systems	6	17,133	12,676
HSBC	7	16,494	123,362
National Grid	8	16,000	16,620
Barclays	9	15,615	31,442
Unilever	10	14,038	60,697
British Airways	11	12,806	2,149
GlaxoSmithKline	12	10,980	69,148

\* as at 31 December 2009

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

Name	Rank	Total Pension Liabilities £m	Equity Market Value* £m
British Land	78	69	4,092
Liberty International	79	56	3,187
Hammerson	80	51	2,955
Aggreko	81	41	2,518
Vedanta Resources	82	37	7,124
Inmarsat	83	32	3,160
Sage Group	84	32	2,879
Eurasian Natural Resources	85	26	11,783
Alliance Trust	86	21	2,206
Fresnillo	87	20	5,680
ICAP	88	10	2,811

\* as at 31 December 2009

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

### Commentary

In the last 12 months, the total disclosed pension liabilities of the FTSE 100 companies have fallen slightly from £383 billion to £377 billion. 12 companies have disclosed pension liabilities of more than £10 billion, whilst 24 companies have disclosed pension liabilities of less than £100 million.

The possibility of measuring pension liabilities on a risk-free basis (i.e. using gilt-based discount rates rather than AA bond discount rates) has been debated at length, including in the recent 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 (in which case it is likely there is no value left for shareholders). It is therefore difficult to see that shareholders get any value out of their (very limited) ability to default on pension promises, and so applying a discount rate which allows for a probability of default is illogical.

If pension liabilities were to be measured on a risk-free basis, we estimate that it would add around 40% of the total pension liabilities, i.e. increasing the total disclosed pension liabilities from £377 billion to nearly £550 billion.

## Significance of the Pension Scheme in the Boardroom

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

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

Name	Rank	Equity Market Value* £m	Surplus / (Deficit) as a % of Equity Market Value	Liabilities as a % of Equity Market Value
British Airways	1	2,149	(28%)	596%
BT	2	10,440	(38%)	319%
Invensys	3	2,383	(8%)	202%
Royal Bank of Scotland	4	16,553	(12%)	168%
BAE Systems	5	12,676	(33%)	135%
RSA	6	4,064	13%	111%
Rexam	7	2,544	(3%)	102%
National Grid	8	16,620	(7%)	96%
Aviva	9	10,898	(6%)	91%
Smiths Group	10	3,932	(8%)	79%
Rolls-Royce	11	8,954	10%	73%
Lloyds Banking Group	12	32,327	(4%)	69%
Marks & Spencer	13	6,378	(2%)	64%
Sainsbury	14	5,976	(5%)	61%
TUI Travel	15	2,851	(18%)	55%

\* as at 31 December 2009

A further sign of the significance of pensions in the boardroom is the extent of continuing DB provision to employees. This can be measured by looking at the ongoing spend on DB pensions (the service cost) before any allowance for deficit spending. The FTSE 100 companies with the highest ongoing spending is shown in the table below, together with the previous year's spend for comparison.

Name	Rank	Current DB Service Cost	Previous DB Service Cost
Royal Bank of Scotland	1	705	684
Royal Dutch Shell	2	655	594
Lloyds Banking Group	3	469	524
BT	4	459	576
BP	5	442	425
Tesco	6	428	461
HSBC	7	405	401
Barclays	8	299	332
GlaxoSmithKline	9	246	255
Rio Tinto	10	227	131

### Commentary

Seven FTSE 100 companies have disclosed pension liabilities greater than the total equity value of the company, and three FTSE 100 companies now have disclosed pension liabilities valued at over double the company equity value. In addition, BAE Systems, British Airways, BT, Royal Bank of Scotland and TUI Travel have disclosed pension deficits bigger than 10% of the equity value of the company. For BT, their disclosed pension deficit is more than a third of the company's market value.

Increasingly companies are reacting to the combination of difficult economic conditions, rising pension costs and increasingly aggressive pension regulations by closing pension schemes to future and even current employees. Although there is not yet a significant decline in total DB pension provision shown in the accounts of FTSE 100 companies (total service cost in the latest accounts of £7.1 billion compares to £7.4 billion in the previous year), PCS believes that the majority of FTSE 100 companies will cease DB pension provision to all employees within 2 to 3 years.

## Impact of the Pension Scheme on the Company's Share Price

As already mentioned, there is some evidence that balance sheet volatility caused by pension schemes flows through to share price volatility. Changes in the balance sheet position resulting from pensions can be separated into expected changes and unexpected changes. Expected balance sheet changes arise largely from the contributions paid by the company and the costs shown in the company's income statement. Unexpected balance sheet changes arise largely from actuarial gains and losses (due to stock market volatility) and changes to actuarial assumptions.

In the analysis below, the unexpected change in balance sheet position (net of change in irrecoverable surplus) is expressed as a percentage of the equity market value of the company. We are not suggesting that the balance sheet impact will translate into a £ for £ impact on a company's share price (not least because of the impact of deferred tax), but this analysis gives a good indication of those companies most positively (and negatively) affected by their pension schemes in their last financial year.

The FTSE 100 companies most positively affected by their pension schemes were:

Name	Rank	Equity Market Value* £m	Unanticipated Balance Sheet Gain (£m)	Impact as a % of Equity Value
RSA	1	4,064	275	7%
Standard Life	2	4,791	156	3%
Invensys	3	2,383	41	2%
Legal & General	4	4,724	33	1%
SABMiller	5	28,659	111	0%
Eurasian Natural Resources	6	11,783	5	0%
Vedanta Resources	7	7,124	0	0%

\* as at 31 December 2009

And the FTSE 100 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
TUI Travel	91	2,851	-295	-10%
Smiths Group	92	3,932	-409	-10%
Marks & Spencer	93	6,378	-694	-11%
Royal Dutch Shell	94	115,977	-13,741	-12%
National Grid	95	16,620	-2,068	-12%
Royal Bank of Scotland	96	16,553	-2,431	-15%
Sainsbury	97	5,976	-903	-15%
BAE Systems	98	12,676	-2,554	-20%
British Airways	99	2,149	-1,447	-67%
BT	100	10,440	-7,047	-68%

\* as at 31 December 2009

### Commentary

Over the year covered by their latest report and accounts, seven companies felt the benefit of an unexpected gain to their balance sheet as a result of their pension schemes, whilst 81 companies suffered an unexpected loss to their balance sheet as a result of their pension schemes. This is in stark contrast to 12 months ago when 60 companies reported an unexpected gain and 30 reported an unexpected loss.

BT and British Airways were ranked 1st and 4th in this analysis as at 31 December 2008, with impacts of +25% and +16% respectively. These two companies are now at the bottom of this table, with impacts of a staggering -68% and -67% of equity market value. This emphasises the volatility that can be caused by pension schemes.

## Contributions Paid Into Pension Schemes

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

The increases in pension scheme contributions seen in recent years seem to be slowing, with the amount contributed in the most recent accounting year being £0.6 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
National Grid	1	799	136	663
Aviva	2	620	163	457
Unilever	3	594	195	399
BAE Systems	4	486	139	347
Lloyds Banking Group	5	762	504	258
Royal Dutch Shell	6	891	655	237
GlaxoSmithKline	7	443	258	185
British Airways	8	331	154	177
Centrica	9	243	103	140
Rolls-Royce	10	279	162	117

The FTSE 100 companies who made the lowest surplus contributions were as follows:

Name	Rank	Pension Contributions £m	Cost of Benefits £m	Surplus Contributions £m
Hammerson	91	1	2	-1
SABMiller	92	5	6	-1
Eurasian Natural Resources	93	0	2	-2
International Power	94	7	10	-3
BG	95	45	51	-6
Home Retail Group	96	14	20	-7
BT	97	441	459	-18
HSBC	98	381	410	-29
Tesco	99	376	428	-52
BP	100	271	487	-215

### Commentary

In total, the amount contributed to FTSE 100 company pension schemes was £11.6 billion, down from £12.2 billion in the previous accounting year. This is still more than the £7.3 billion cost of benefits accrued during the year. It therefore represents £4.3 billion of funding towards reducing pension scheme deficits.

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

The huge cash contributions announced by Royal Dutch Shell come at a time when most companies have precious little spare cash. Widening deficits and perhaps weaker perceived sponsor covenants will inevitably lead to trustees requesting larger deficit-correcting contributions from sponsoring employers. This year we expect to see a trend towards companies looking at alternative sources to fund their pension schemes. Most recently, Tesco and Whitbread have utilised prime properties to create £500 million and £150 million worth of contingent assets respectively.

# Appendix

Name	Year End	Equity Market Value		Pension Assets		Pension Liabilities		Surplus / (Deficit)		Funding Level		% Bonds		Surplus / (Deficit) as % of Market Value		Liabilities as % of Market Value		Unanticipated Balance Sheet Impact		Balance Sheet Impact as % of Market Value		Current Funding		Previous Funding		Surplus / (Deficit) Funding	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level	Level
3i	31-Mar-2009	2,727	419	437	(18)	96%	48%	(1%)	16%	(8)	(0%)	37	9	29													
Admiral	31-Dec-2008	3,145	-	-	(18)	-	-	(1%)	-	-	-	6	-	-													
Aggreko	31-Dec-2008	2,518	33	41	(8)	80%	47%	(0%)	2%	(4)	(0%)	1	7	4													
Alliance Trust	31-Jan-2009	2,206	19	21	(2)	93%	53%	(0%)	1%	(3)	(0%)	26	1	0													
AMEC	31-Dec-2008	2,626	1,221	1,065	156	115%	61%	6%	41%	(113)	(4%)	27	35	14													
Anglo American	31-Dec-2008	35,690	1,430	1,488	(58)	96%	57%	(0%)	4%	(80)	(0%)	27	35	3													
Antofagasta	31-Dec-2008	9,780	-	-	-	-	-	-	-	-	-	-	-	-													
Associated British Foods	12-Sep-2009	6,510	2,373	2,452	(79)	97%	64%	(1%)	38%	(217)	(3%)	76	54	39													
Astrazeneca	31-Dec-2008	42,203	3,914	5,674	(1,760)	69%	48%	(4%)	13%	(799)	(2%)	207	158	22													
Autonomy Corporation	31-Dec-2008	3,589	-	-	-	-	-	-	-	-	-	-	-	-													
Aviva	31-Dec-2008	10,898	9,338	9,951	(613)	94%	56%	(6%)	91%	(949)	(9%)	620	297	457													
BAE Systems	31-Dec-2008	12,676	12,978	17,133	(4,155)	76%	30%	(33%)	135%	(2,554)	(20%)	486	487	347													
Barclays	31-Dec-2008	31,442	14,496	15,615	(1,119)	93%	47%	(4%)	50%	(1,949)	(6%)	407	389	95													
BG	31-Dec-2008	40,328	506	734	(228)	69%	27%	(1%)	2%	(19)	(0%)	45	62	(6)													
BHP Billiton	30-Jun-2009	44,030	873	1,042	(169)	84%	74%	(0%)	2%	(139)	(0%)	70	47	33													
BP	31-Dec-2008	113,056	18,063	22,004	(3,941)	82%	25%	(3%)	19%	(5,584)	(5%)	271	374	(215)													
British Airways	31-Mar-2009	2,149	12,205	12,806	(601)	95%	53%	(28%)	596%	(1,447)	(67%)	331	944	177													
British American Tobacco	31-Dec-2008	40,260	4,169	4,752	(583)	88%	46%	(1%)	12%	(551)	(1%)	145	138	66													
British Land	31-Mar-2009	4,092	69	69	0	100%	42%	0%	2%	(2)	(0%)	4	3	2													
BSkyB	30-Jun-2009	9,851	-	-	-	-	-	-	-	-	-	-	-	-													
BT	31-Mar-2009	10,440	29,353	33,326	(3,973)	88%	40%	(38%)	319%	(7,047)	(68%)	441	708	(18)													
Bunzl	31-Dec-2008	2,215	202	253	(51)	80%	43%	(2%)	11%	(43)	(2%)	9	17	3													
Burberry	31-Mar-2009	2,591	-	-	-	-	-	-	-	-	-	-	-	-													
Cable & Wireless	31-Mar-2009	3,634	1,939	1,988	(49)	98%	62%	(1%)	55%	(86)	(2%)	28	35	15													
Cadbury	31-Dec-2008	10,844	2,269	2,494	(225)	91%	50%	(2%)	23%	(390)	(4%)	84	120	22													
Cairn Energy	31-Dec-2008	4,643	-	-	-	-	-	-	-	-	-	-	-	-													
Capita	31-Dec-2008	4,674	427	452	(25)	95%	30%	(1%)	10%	(48)	(1%)	39	21	13													
Carnival	30-Nov-2008	4,538	123	119	4	104%	64%	0%	3%	(8)	(0%)	4	19	1													
Centrica	31-Dec-2008	14,331	2,642	2,755	(113)	96%	27%	(1%)	19%	(409)	(3%)	243	218	140													
Cobham	31-Dec-2008	2,852	407	458	(51)	89%	53%	(2%)	16%	(22)	(1%)	11	11	6													
Compass	30-Sep-2009	8,284	1,525	1,861	(336)	82%	59%	(4%)	22%	(226)	(3%)	57	56	33													
Diageo	30-Jun-2009	27,303	4,592	5,789	(1,197)	79%	44%	(4%)	21%	(996)	(4%)	128	84	27													
Eurasian Natural Resources	31-Dec-2008	11,783	0	26	(26)	0%	-	(0%)	0%	5	0%	0	0	(2)													
Experian	31-Mar-2009	6,275	416	448	(32)	93%	36%	(1%)	7%	(116)	(2%)	8	10	1													
Fresnillo	31-Dec-2008	5,680	18	20	(2)	88%	91%	(0%)	0%	(1)	(0%)	0	1	(0)													
G4S	31-Dec-2008	3,670	1,121	1,448	(328)	77%	43%	(9%)	39%	(201)	(5%)	53	38	37													
GlaxoSmithKline	31-Dec-2008	69,148	9,288	10,980	(1,692)	85%	46%	(2%)	16%	(1,809)	(3%)	443	504	185													
Hammerston	31-Dec-2008	2,955	42	51	(8)	84%	0%	(0%)	2%	(1)	(0%)	1	1	(1)													
Home Retail Group	28-Feb-2009	2,474	504	551	(46)	92%	40%	(2%)	22%	(135)	(5%)	14	14	(7)													
HSBC	31-Dec-2008	123,362	14,330	16,494	(2,164)	87%	74%	(2%)	13%	(1,278)	(1%)	381	634	(29)													
ICAP	31-Mar-2009	2,811	8	10	(2)	80%	88%	(0%)	0%	(2)	(0%)	1	1	1													
Imperial Tobacco	30-Sep-2009	19,927	2,798	3,592	(794)	78%	36%	(4%)	18%	(691)	(3%)	53	42	20													
Inmarsat	31-Dec-2008	3,160	24	32	(8)	75%	12%	(0%)	1%	(3)	(0%)	3	3	2													
InterContinental Hotels	31-Dec-2008	2,555	379	411	(32)	92%	72%	(1%)	16%	(41)	(2%)	18	37	13													
International Power	31-Dec-2008	4,694	219	301	(82)	73%	16%	(2%)	6%	(78)	(2%)	7	11	(3)													
Intertek	31-Dec-2008	1,972	59	77	(19)	76%	34%	(1%)	4%	(14)	(1%)	5	4	3													
Invensys	31-Mar-2009	2,383	4,627	4,814	(187)	96%	91%	(8%)	20%	(41)	(2%)	64	116	41													
Johnson Matthey	31-Mar-2009	3,287	778	889	(112)	87%	43%	(3%)	27%	(166)	(5%)	28	26	1													

Appendix (continued)

Name	Year End	Equity Market Value £m	Pension Assets £m	Pension Liabilities £m	Surplus / (Deficit) £m	Funding Level £m	% Bonds	Surplus / (Deficit) as % of Market Value	Liabilities as % of Market Value	Unanticipated Balance Sheet Impact £m	Balance Sheet Impact as % of Market Value	Current Funding £m	Previous Funding £m	Surplus / (Deficit) Funding £m
Kazakhmys	31-Dec-2008	7,108	-	-	-	-	-	-	-	-	-	-	-	-
Kingfisher	31-Jan-2009	5,364	1,363	1,437	(74)	95%	63%	(1%)	27%	(189)	(4%)	48	103	25
Land Securities	31-Mar-2009	5,178	107	104	3	103%	59%	0%	2%	(12)	(0%)	4	2	3
Legal & General	31-Dec-2008	4,724	1,047	1,187	(140)	88%	68%	(3%)	25%	33	1%	58	39	35
Liberty International	31-Dec-2008	3,187	50	56	(6)	89%	42%	(0%)	2%	(8)	(0%)	3	2	1
Lloyds Banking Group	31-Dec-2008	32,327	20,934	22,326	(1,392)	94%	43%	(4%)	69%	(863)	(3%)	762	738	258
London Stock Exchange	31-Mar-2009	1,956	235	230	5	102%	86%	0%	12%	(11)	(1%)	7	6	6
Lonmin	30-Sep-2009	3,751	-	-	-	-	-	-	-	-	-	-	-	-
Man Group	31-Mar-2009	5,280	173	206	(33)	84%	40%	(1%)	4%	(31)	(1%)	8	3	3
Marks & Spencer	28-Mar-2009	6,378	3,977	4,113	(136)	97%	58%	(2%)	64%	(694)	(11%)	92	111	20
Morrison Supermarkets	01-Feb-2009	7,295	1,758	1,807	(49)	97%	62%	(1%)	25%	(101)	(1%)	141	193	103
National Grid	31-Mar-2009	16,620	14,797	16,000	(1,203)	92%	59%	(7%)	96%	(2,068)	(12%)	799	465	663
Next	24-Jan-2009	4,115	326	395	(69)	83%	50%	(2%)	10%	(36)	(1%)	22	9	12
Old Mutual	31-Dec-2008	5,808	828	778	50	106%	55%	1%	13%	(154)	(3%)	13	14	4
Pearson	31-Dec-2008	7,168	1,578	1,594	(16)	99%	43%	(0%)	22%	(89)	(1%)	57	157	20
Petrafac	31-Dec-2008	3,602	-	-	-	-	-	-	-	-	-	-	-	-
Prudential	31-Dec-2008	16,152	5,317	4,673	644	114%	75%	4%	29%	(63)	(0%)	95	101	50
Randgold Resources	31-Dec-2008	5,490	-	-	-	-	-	-	-	-	-	-	-	-
Reckitt Benckiser	31-Dec-2008	23,773	710	881	(171)	81%	48%	(1%)	4%	(122)	(1%)	20	10	3
Reed Elsevier	31-Dec-2008	6,201	2,682	3,051	(369)	88%	48%	(6%)	49%	(462)	(7%)	79	83	4
Resolution	31-Dec-2008	2,157	1,171	1,080	91	108%	77%	4%	50%	(29)	(1%)	49	33	25
Rexam	31-Dec-2008	2,544	2,505	2,586	(81)	97%	71%	(3%)	102%	(53)	(2%)	50	44	35
Rio Tinto	31-Dec-2008	51,775	7,295	9,121	(1,826)	80%	40%	(4%)	18%	(1,189)	(2%)	315	117	117
Rolls-Royce	31-Dec-2008	8,954	7,446	6,546	900	114%	83%	10%	73%	(114)	(1%)	279	707	117
Royal Bank of Scotland	31-Dec-2008	16,553	25,756	27,752	(1,996)	93%	54%	(12%)	168%	(2,431)	(15%)	810	599	77
Royal Dutch Shell	31-Dec-2008	115,977	30,611	36,374	(5,763)	84%	49%	(5%)	31%	(13,741)	(12%)	891	630	237
RSA	31-Dec-2008	4,064	5,042	4,512	530	112%	70%	13%	11%	275	7%	123	168	52
SABMiller	31-Mar-2009	28,659	209	293	(84)	71%	65%	(0%)	1%	111	0%	5	12	(1)
Sage Group	30-Sep-2009	2,879	20	32	(12)	63%	78%	(0%)	1%	(7)	(0%)	1	1	(0)
Sainsbury	21-Mar-2009	5,976	3,310	3,619	(309)	91%	58%	(5%)	61%	(903)	(15%)	128	82	75
Schroders	31-Dec-2008	3,655	548	525	22	104%	46%	1%	14%	(30)	(1%)	12	19	4
Scottish & Southern Energy	31-Mar-2009	10,686	1,787	1,930	(143)	93%	63%	(1%)	18%	(279)	(3%)	71	74	49
Segro	31-Dec-2008	2,530	110	116	(5)	95%	58%	(0%)	5%	(16)	(1%)	16	4	13
Serco	31-Dec-2008	2,592	1,194	1,343	(149)	89%	58%	(6%)	52%	(4)	(0%)	61	105	13
Severn Trent	31-Mar-2009	2,558	1,075	1,308	(233)	82%	45%	(9%)	51%	(123)	(5%)	42	56	18
Shire	31-Dec-2008	6,768	-	-	-	-	-	-	-	-	-	-	-	-
Smith & Nephew	31-Dec-2008	5,677	467	690	(224)	68%	41%	(4%)	12%	(155)	(3%)	23	20	8
Smiths Group	31-Jul-2009	3,932	2,775	3,087	(312)	90%	47%	(8%)	79%	(409)	(10%)	53	56	35
Standard Chartered	31-Dec-2008	31,667	1,188	1,478	(291)	80%	55%	(1%)	5%	(166)	(1%)	81	54	31
Standard Life	31-Dec-2008	4,791	1,629	1,513	116	108%	49%	2%	32%	156	3%	60	64	13
Tesco	28-Feb-2009	33,687	3,420	4,914	(1,494)	70%	35%	(4%)	15%	(629)	(2%)	376	340	(52)
Thomas Cook	30-Sep-2008	1,975	582	771	(190)	75%	30%	(10%)	39%	(27)	(1%)	33	37	12
TUI Travel	30-Sep-2009	2,851	1,079	1,580	(501)	68%	44%	(18%)	55%	(295)	(10%)	92	71	65
Tullow Oil	31-Dec-2008	10,441	-	-	-	-	-	-	-	-	-	-	-	-
Unilever	31-Dec-2008	60,697	11,447	14,038	(2,591)	82%	28%	(4%)	23%	(2,878)	(5%)	594	790	399
United Utilities	31-Mar-2009	3,346	1,484	1,697	(213)	87%	44%	(6%)	51%	(124)	(4%)	45	16	6
Vedanta Resources	31-Mar-2009	7,124	17	37	(21)	45%	40%	(0%)	1%	0	0%	7	4	4
Vodafone	31-Mar-2009	75,628	1,100	1,332	(232)	83%	44%	(0%)	2%	(254)	(0%)	98	86	52
Whitbread	26-Feb-2009	2,479	1,107	1,340	(233)	83%	45%	(9%)	54%	(256)	(10%)	55	56	13
Wolseley	31-Jul-2009	3,520	640	981	(341)	65%	35%	(10%)	28%	(103)	(3%)	47	34	13
WPP	31-Dec-2008	7,671	550	819	(269)	67%	68%	(4%)	11%	(154)	(2%)	44	47	25
Xstrata	31-Dec-2008	32,744	1,146	1,363	(217)	84%	62%	(1%)	4%	(122)	(0%)	41	58	12

## Notes

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

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