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Press Release

Milliman analysis: Corporate pensions end 2010 on strong note but funded status still down for the year

79.8% funded status at year end compared to 81.9% at end of 2009; deficit sits at \$291 billion

Seattle – January 11, 2010 – Milliman, Inc., a premier global consulting and actuarial firm, today released the latest update to the Milliman 100 Pension Funding Index, which consists of 100 of the nation's largest defined benefit pension plans. In December, these plans experienced asset increases of \$24 billion and liability decreases of \$20 billion, resulting in a \$44 billion increase in pension funded status for the month. For the year, these pensions experienced asset increases of \$50 billion but a liability increase of \$99 billion, increasing the pension funded status deficit by \$49 billion.

"The year started strong but then came the massive liability increases of this summer, which took us to a ten-year low in pension funded status," said John Ehrhardt, co-author of the Milliman 100 Pension Funding Index. "A market rally and generally positive interest rate performance since August has helped make up for that all-time low but it wasn't enough to counteract the ballooning pension obligation. Looking to 2011, these 100 plans sponsors face an estimated \$4 billion in additional pension expense."

This month's study offers projections for 2011 and 2012, which help to illustrate the size of the pension funding deficit. If interest rates continue along their current lines and these 100 pensions achieve their 8.1% median return, the deficit will persist into 2012. An optimistic forecast—6.52% interest rates by the end of 2012 and 12.1% annual returns—would help the pension funded status grow to 107% by the end of 2012.

To view the complete monthly update, go to <http://www.milliman.com/expertise/employee-benefits/products-tools/pension-funding-index/>. To receive regular updates of Milliman's pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947 as Milliman & Robertson, the company currently has 54 offices in key locations worldwide. Milliman employs over 2,500 people. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit www.milliman.com

About the Milliman 100 Pension Funding Index

For the past ten years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The Milliman 100 Pension Funding Index projects the funded status for pension plans included in our study, reflecting the monthly impact of market returns and



interest-rate changes on pension funded status, utilizing the actual reported asset values, liabilities, and asset allocations of the companies' pension plans.

The results of the Milliman 100 Pension Funding Index were based on the actual pension plan accounting information disclosed in the footnotes to the companies' annual reports for the preceding fiscal year and for previous fiscal years. In addition to providing the financial information on the funded status of U.S. qualified pension plans, the footnotes may also include figures for the companies' nonqualified and foreign plans, both of which are often unfunded or subject to funding standards different from those for U.S. qualified pension plans. The results do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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