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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis indicates worst pension funded status in a decade

Significant decrease in corporate bond interest rates drives \$108 billion decrease in funded status

Seattle – September 14, 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 August, defined benefit pension plans experienced asset declines of \$17 billion and liability increases of \$91 billion, resulting in a \$108 billion decline in pension funded status for the month. The decline brings the funded ratio down to 70.1%—the lowest in the ten-year history of this study. The last time the funded ratio was nearly this low was on May 31, 2003, when it stood at 70.5%.

"It's all about the interest rates," said John Ehrhardt, co-author of the Milliman 100 Pension Funding Index. "For months we've been tracking how corporate bond interest rates are contributing to a ballooning projected benefit obligation. Combine this kind of interest rate activity with lackluster asset performance and what you have is the worst funded status in a decade."

Overall, the pension funding deficit increased to \$460 billion at the end of August. If, for the remainder of 2010, the current discount were to hold steady at 4.78% and if the Milliman Pension Funding Index companies were to achieve the expected 8.1% median asset return, these plans would experience a slight diminishment of the benefit deficit (\$457 billion) and a slight improvement of the funded ratio (70.3%). A 25-point change in the discount rate between now and the end of the year could swing the pension deficit by \$52 billion in either direction.

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 52 offices in key locations worldwide. Milliman employs over 2,400 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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