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Press Release

Milliman analysis: Corporate pension gains evaporate in May

**A \$30 billion decline in assets and a \$60 billion increase in liabilities
combine to erase year-to-date gains in pension funded status**

Seattle – June 6, 2012 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index, which consists of 100 of the nation's largest defined benefit pension plans. In May, these pensions experienced a \$90 billion decrease in pension funded status based on a \$60 billion increase in the pension benefit obligation (PBO) and a \$30 billion decline in asset value. The \$90 billion decrease in funded status pairs with last month's \$39 billion decrease, depriving these pensions of all year-to-date gains.

"The promising start to 2012 has been undercut by the same factors that have plagued these pensions for several years now: Plummeting discount rates and volatile asset returns," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "It's worth noting, however, that it could have been worse. Our year-end Pension Funding Study showed an unprecedented move toward fixed income, and that movement helped counteract the worst single-month equity market we've seen since last September. May's \$30 billion decrease in asset value would have totaled \$49 billion had these pensions been using the typical 60% stocks/40% fixed income approach that had been the status quo until last year."

In May, the discount rate used to calculate pension liabilities fell from 4.76% to 4.56%, pushing the PBO up to \$1.621 trillion at the end of the month. The overall asset value for these 100 pensions decreased from \$1.294 trillion to \$1.264 trillion.

Looking forward, if these 100 pensions were to achieve their expected 7.8% median asset return and if the current discount rate of 4.56% were to be maintained throughout 2012 and 2013, these pensions would improve the pension funded ratio from 78.0% to 80.2% by the end of 2012 and to 84.9% by the end of 2013.

To view the complete study, go to <http://ow.ly/4xFIt>. 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 providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.



About the Milliman 100 Pension Funding Index

For the past 12 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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