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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded status drops by \$5 billion in July

Investment losses counteract rising interest rates

Seattle –August 14, 2014 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which consists of 100 of the nation's largest defined benefit pension plans. In July, these plans experienced a \$3 billion decrease in pension liabilities and an \$8 billion decrease in asset value, resulting in a \$5 billion increase in the pension funded status deficit.

"For months it's been interest rates driving up the deficit, but in July the rates cooperated and it was instead poor financial market performance negatively impacting funded status," said John Ehrhardt, co-author of the Milliman 100 Pension Funding Index. "We've seen the deficit increase by more than \$70 billion so far in 2014."

This month's study includes perspective on how the Highway and Transportation Funding Act of 2014 (HATFA) may affect pension contributions next year.

Looking forward, if the Milliman 100 pension plans were to achieve the expected 7.4% median asset return for their pension portfolios, and if the current discount rate of 4.10% were maintained, funded status would improve, with the funded status deficit shrinking to \$237 billion (86.1% funded ratio) by the end of 2014 and to \$202 billion (88.2% funded ratio) by the end of 2015.

To view the complete study, go to <http://us.milliman.com/pfi/>. 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 www.milliman.com

About the Milliman 100 Pension Funding Index

For the past 14 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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