



Advanced Economic Modeling, Forecasting, and Simulation

FutureMetrics

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3/17/2007

Corporate Pension Funds – Data Validates Our Predictions from Last Year

56% of U.S. Corporate Pension Assets Represented in the Data used in this summary

Median Defined Benefit Cost per Employee hits a record high

Data is now public for a number of firms (most of the largest plans in our database) with fiscal years ending between July, 2006 and June, 2007 (called the 2006 cohort and centering on December 31, 2006). The majority of firms have a December fiscal year end and their data has or will become public by the end of March. The data used in this release for 2006 cohort information represents about **56% of the total assets** in U.S. corporate pension plans.

In our November, 2006 paper that used our model for investing returns and the valuation of pension liabilities, we forecasted that the funded level for the 2006 cohort for the median plan would be 89.6%. Data so far for the 2006 cohort shows that the median company is 89.75% funded*. In 2005 the median plan was 80.9% funded.

Part of the improvement is also due to a slightly more aggressive median interest rate assumption for discounting liabilities. The median spread between the median interest assumption and our benchmark interest rate increased from 0.72% for the 2005 cohort to 0.87% for the 2006 cohort.

The estimated **investing returns for the 2006 cohort are significantly higher than those of the 2005 cohort**. The median investing return on pension assets for 2005 firms was estimated to be 7.98%. **The data for the firms thus far included in the 2006 cohort firms yields a median estimated investing return of 11.90%.**

The median pension cost per employee hits a record high of \$1,903. The last five years have each seen new record highs increasing from \$617 in 2002 to this year's \$1,903.

Please see the following pages for tables and charts.

FutureMetrics can provide you with the complete comprehensive pension database with data from 1986 to the present. The data is updated weekly from February until the cohort is essentially complete. This is data on over 2000 active and inactive firms. Currently there are about 900 active firms in the database representing more than \$1,300,000,000 in assets.

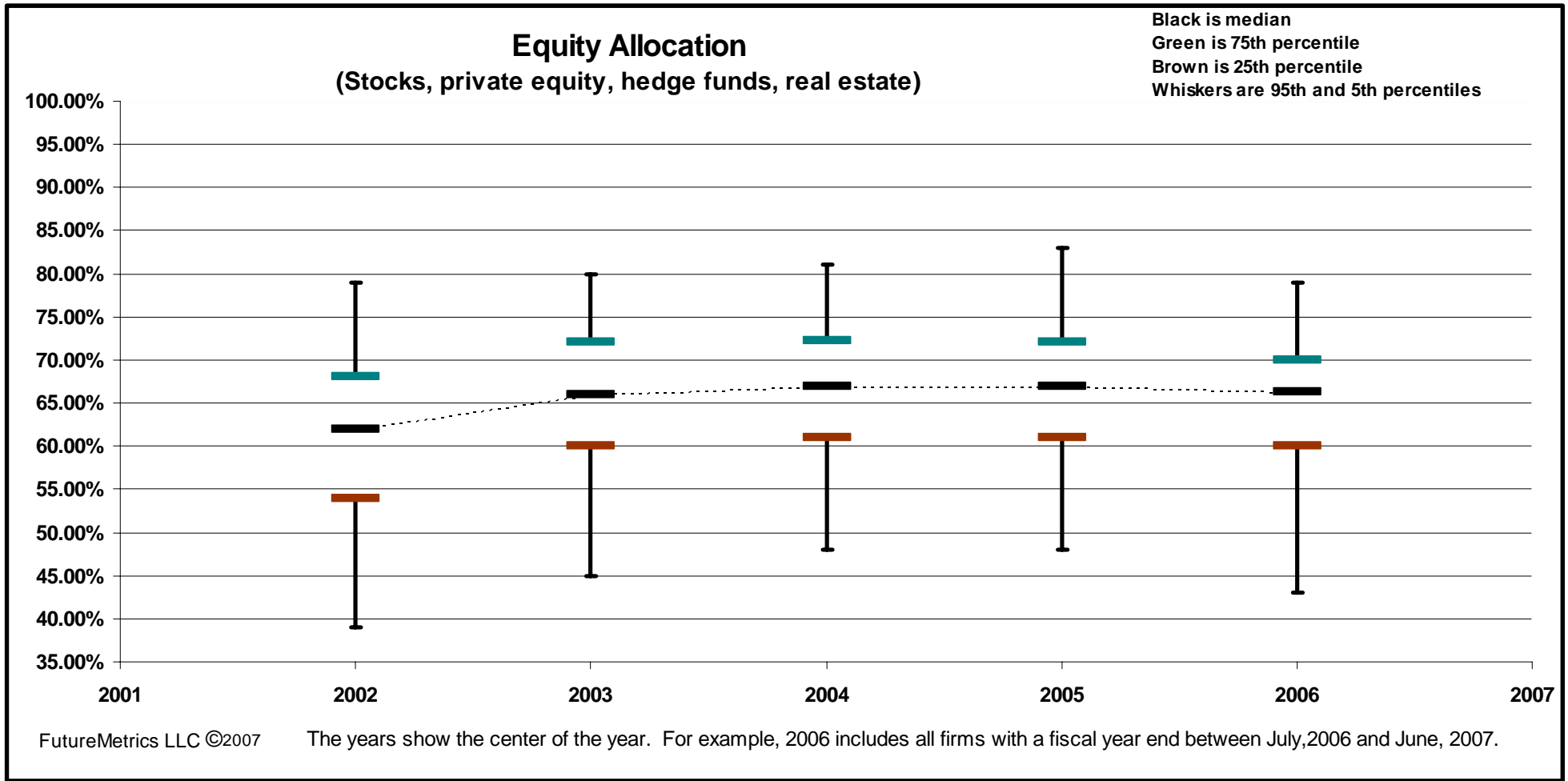
* If the plan's liabilities are calculated using a benchmark discount rate rather than the firm's assumed discount rate assumptions, **funding levels are worse**. Using FutureMetrics' adjustment algorithm to recalculate the plan liabilities based on the benchmark interest rate (30-year treasuries plus 50 basis points) and median of the reported salary inflation rates, the median plan of those reporting so far is **82.98% funded in 2006**.

FutureMetrics is a quantitative research firm that maintains a database of pension plan information. We also provide online information and analysis about corporate pension plans through PLAA, our web-based product. Contact William Strauss for information.

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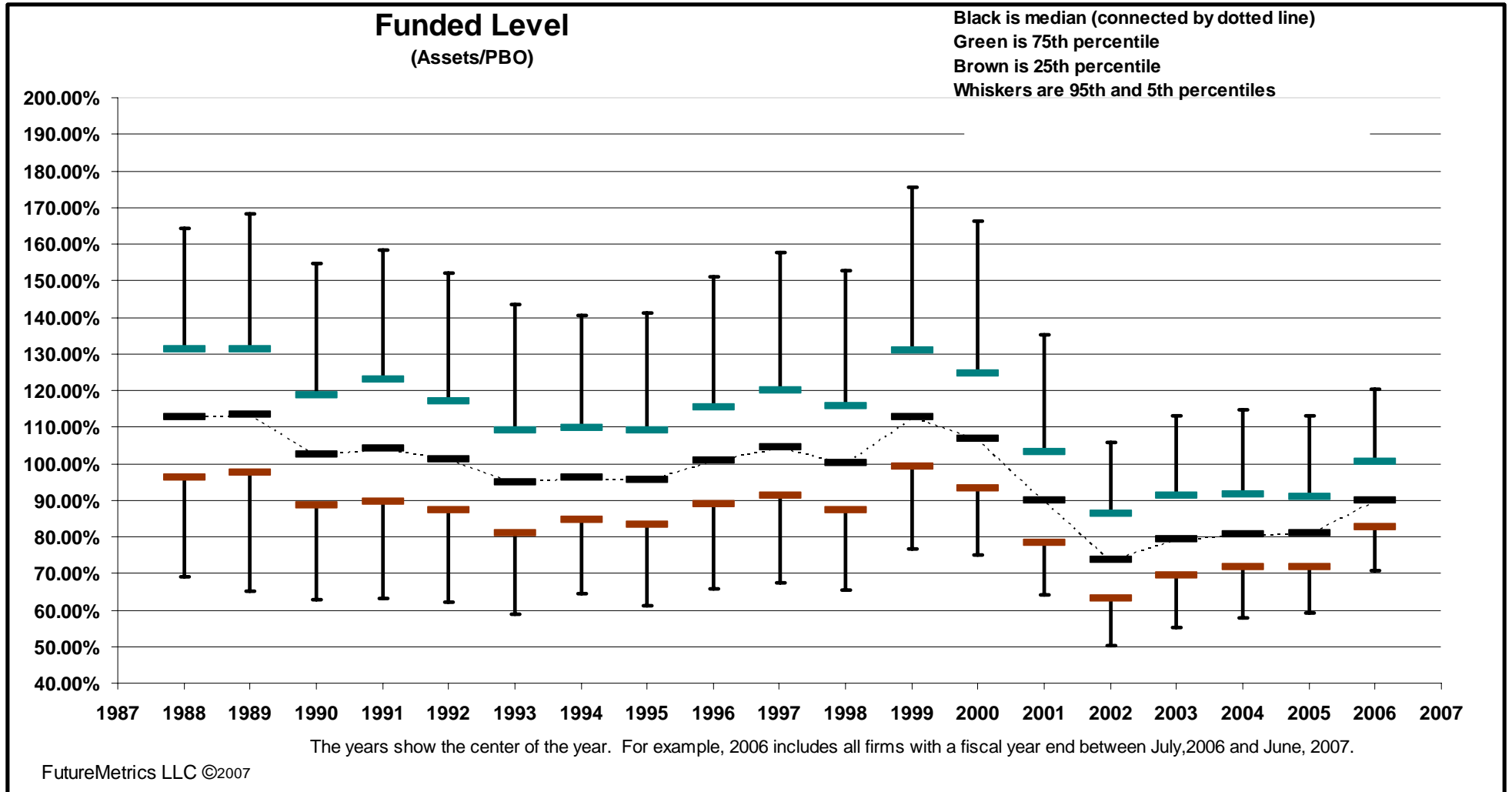
Asset Allocations							
2006 Cohort - July, 2006 - June, 2007							
	Private Equity and related funds	Real estate and related funds	Common stock and S&P 500 total return index exposure	Bonds, Lehman government/ credit and T-bills	Short-term investments, cash and cash equivalents	Hedge funds	International Equity
max	12.000%	75.000%	99.000%	100.000%	100.000%	18.000%	68.600%
min	3.000%	0.300%	4.000%	1.000%	0.400%	5.000%	7.000%
5th	3.000%	1.000%	40.400%	18.000%	1.000%	5.150%	9.100%
10th	3.000%	2.000%	46.040%	20.000%	1.000%	5.300%	11.200%
15th	3.000%	3.000%	51.000%	22.000%	1.000%	5.450%	13.300%
20th	3.000%	3.400%	54.800%	23.280%	1.080%	5.600%	15.000%
25th	3.000%	4.000%	57.000%	25.000%	2.000%	5.750%	15.000%
30th	3.000%	4.000%	59.140%	26.000%	2.000%	5.900%	15.000%
35th	3.000%	4.000%	60.000%	27.000%	2.909%	6.100%	15.350%
40th	3.000%	4.000%	62.000%	28.000%	3.000%	6.400%	16.120%
45th	3.750%	4.500%	63.000%	29.000%	4.000%	6.700%	16.615%
median	4.500%	5.000%	65.000%	29.000%	5.000%	7.000%	17.500%
55th	5.250%	5.000%	65.880%	30.000%	5.000%	7.300%	18.330%
60th	6.000%	5.000%	67.000%	31.000%	6.000%	7.600%	18.840%
65th	6.500%	5.250%	68.000%	32.000%	7.000%	7.900%	19.650%
70th	7.000%	6.000%	68.000%	33.000%	7.840%	9.000%	20.000%
75th	7.500%	7.000%	69.000%	34.000%	9.000%	10.500%	20.750%
80th	8.000%	8.000%	70.000%	36.000%	10.000%	12.000%	21.000%
85th	9.000%	9.000%	70.590%	38.000%	11.000%	13.500%	21.000%
90th	10.000%	10.000%	73.820%	40.000%	16.020%	15.000%	21.900%
95th	11.000%	11.000%	77.300%	47.000%	23.300%	16.500%	24.850%
99th	11.800%	34.700%	81.636%	64.976%	79.600%	17.700%	59.444%
stdv	3.656%	9.039%	11.800%	10.933%	13.294%	5.965%	11.847%
2005 Cohort - July 2005 - June, 2006							
max	24.000%	93.000%	99.000%	100.000%	64.000%	46.000%	30.000%
min	0.100%	0.200%	2.000%	1.000%	0.200%	1.000%	14.000%
5th	0.865%	1.000%	43.950%	14.000%	1.000%	1.000%	14.400%
10th	1.000%	1.000%	50.000%	18.000%	1.000%	1.800%	14.800%
15th	1.550%	2.000%	55.000%	21.000%	1.000%	3.600%	15.200%
20th	2.000%	2.000%	58.000%	22.800%	1.000%	4.800%	15.600%
25th	2.000%	3.000%	59.000%	24.000%	2.000%	5.000%	16.000%
30th	2.200%	4.000%	61.000%	25.000%	2.000%	6.400%	16.400%
35th	3.900%	4.000%	62.000%	27.000%	2.000%	8.400%	16.800%
40th	4.000%	5.000%	63.000%	28.000%	3.000%	9.000%	17.200%
45th	4.000%	5.000%	64.000%	29.000%	4.000%	9.800%	17.600%
median	5.000%	5.000%	65.000%	29.000%	4.000%	12.500%	18.000%
55th	6.000%	6.000%	66.000%	30.000%	5.000%	14.400%	19.200%
60th	6.200%	6.000%	67.000%	31.000%	6.000%	16.400%	20.400%
65th	7.000%	7.000%	68.350%	32.100%	7.000%	17.600%	21.600%
70th	7.000%	7.000%	70.000%	34.000%	8.400%	19.600%	22.800%
75th	8.500%	8.000%	70.000%	35.000%	10.000%	21.000%	24.000%
80th	9.000%	9.000%	72.000%	36.000%	13.000%	21.000%	25.200%
85th	9.450%	10.000%	73.000%	38.000%	15.000%	21.000%	26.400%
90th	11.500%	12.000%	75.000%	40.000%	18.800%	24.000%	27.600%
95th	16.350%	41.050%	79.000%	44.300%	30.000%	39.600%	28.800%
99th	22.470%	75.930%	93.000%	58.260%	55.960%	45.280%	29.760%
stdv	5.863%	15.095%	11.637%	9.985%	10.492%	11.771%	8.327%

Equity Allocation (stocks, private equity, hedge funds, real estate)					
	2002-03	2003-04	2004-05	2005-06	2006-07
95th percentile	79%	80%	81%	83%	79%
75th percentile	68%	72%	72%	72%	70%
median	62%	66%	67%	67%	66%
25th percentile	54%	60%	61%	61%	60%
5th percentile	39%	45%	48%	48%	43%



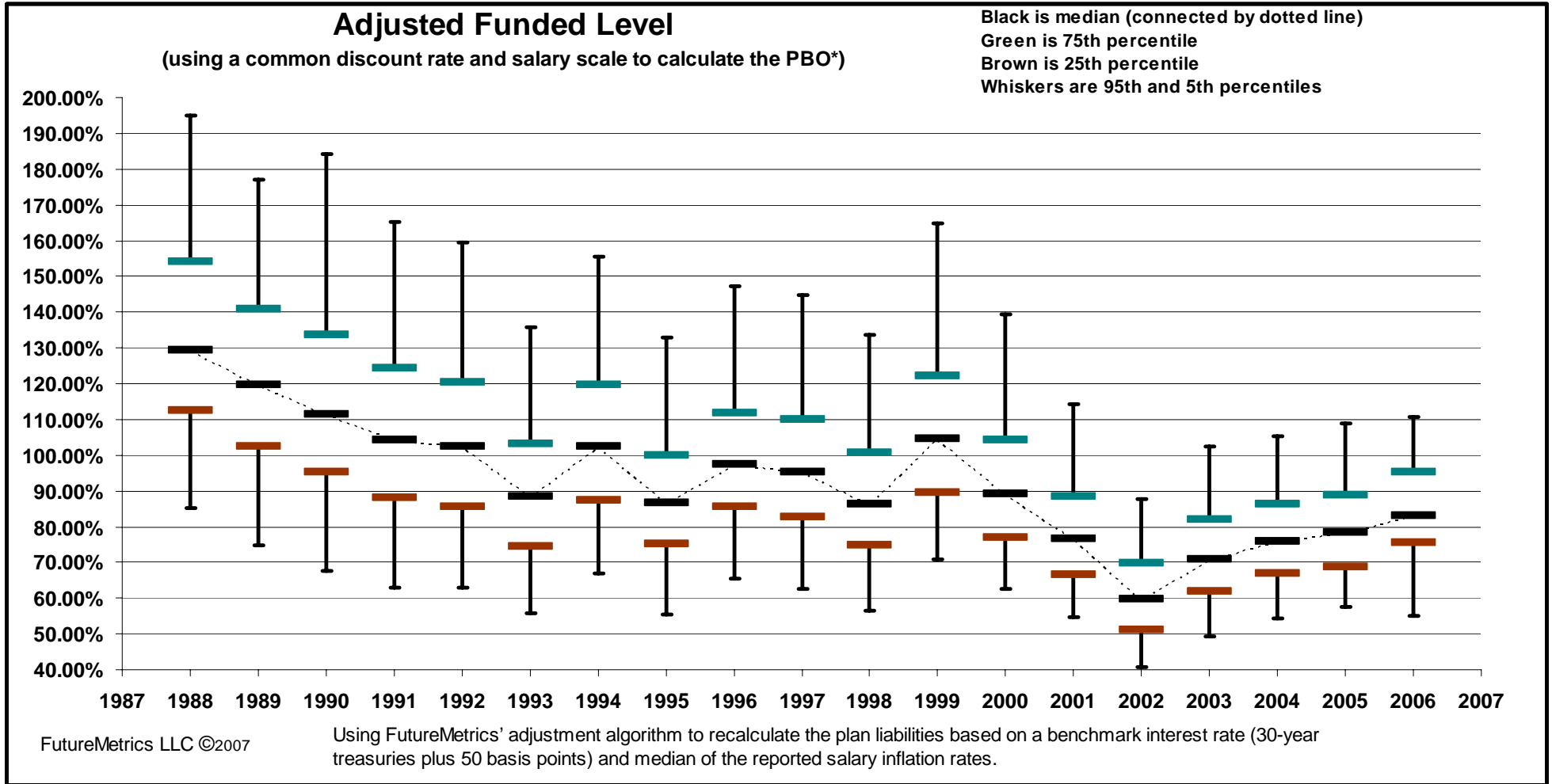
Funded Levels (Assets/PBO)

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	179%	172%	164%	168%	155%	158%	152%	143%	140%	141%	151%	158%	153%	176%	166%	135%	106%	113%	115%	113%	120%
75th percentile	138%	136%	131%	131%	119%	123%	117%	109%	110%	109%	115%	120%	116%	131%	125%	103%	86%	91%	92%	91%	100%
median	118%	117%	113%	113%	102%	104%	101%	95%	96%	95%	101%	104%	100%	113%	107%	90%	74%	79%	81%	81%	90%
25th percentile	101%	101%	96%	98%	89%	90%	87%	81%	85%	83%	89%	91%	87%	99%	93%	78%	63%	69%	72%	72%	83%
5th percentile	84%	78%	69%	65%	63%	63%	62%	59%	64%	61%	66%	67%	65%	77%	75%	64%	50%	55%	58%	59%	71%



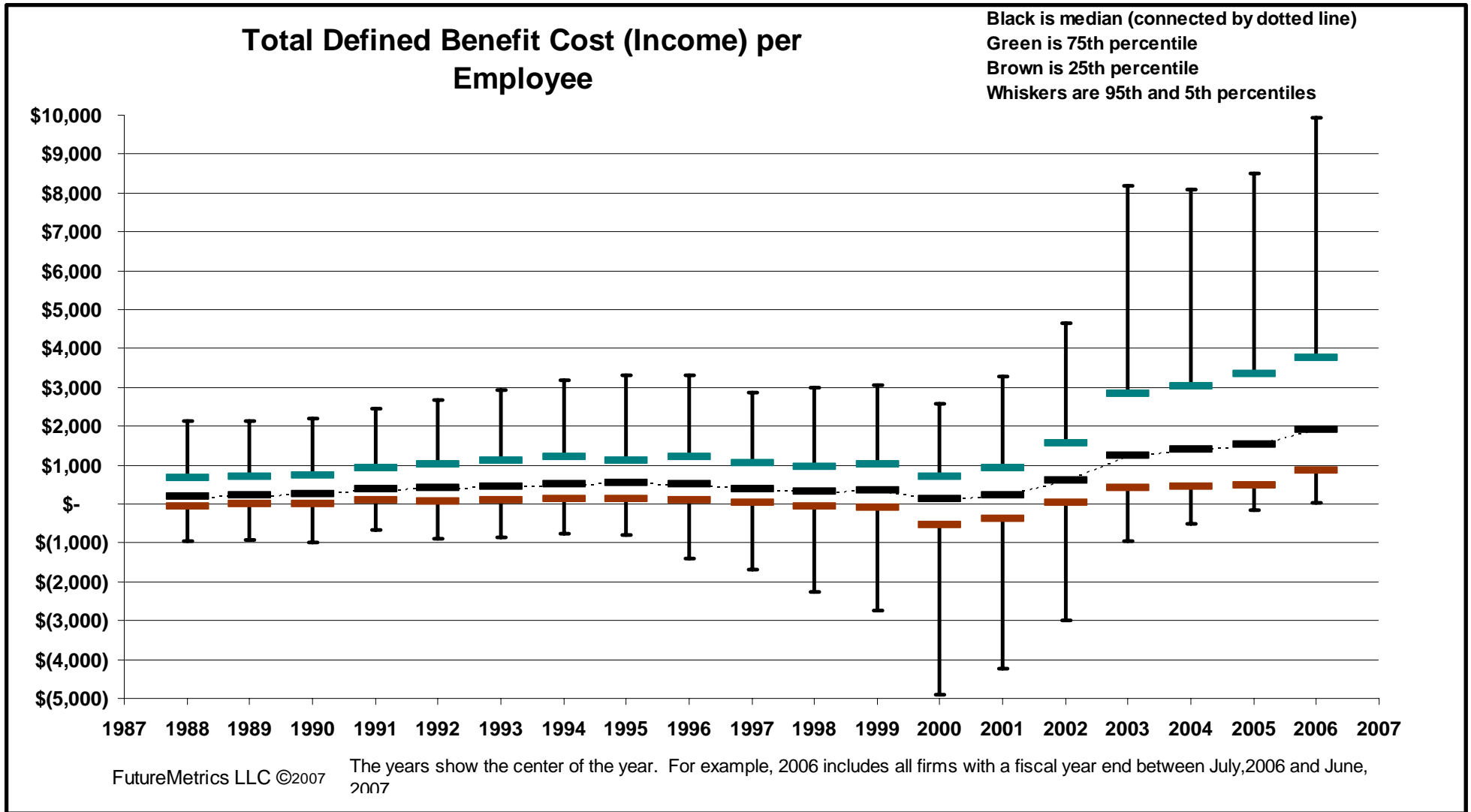
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ADJUSTED Funded Levels (Assets/AdjPBO) Using 30-Year Gov't Bonds plus 50 Basis Points as Benchmark																					
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	220%	194%	195%	177%	184%	165%	159%	136%	156%	133%	147%	145%	134%	165%	139%	114%	88%	102%	105%	109%	111%
75th percentile	184%	155%	154%	141%	134%	124%	121%	103%	120%	100%	112%	110%	101%	122%	104%	89%	70%	82%	86%	89%	95%
median	165%	130%	129%	120%	111%	104%	102%	88%	102%	86%	97%	95%	86%	105%	89%	76%	60%	71%	86%	78%	83%
25th percentile	146%	111%	112%	102%	95%	88%	86%	74%	87%	75%	86%	83%	75%	90%	77%	66%	51%	62%	67%	69%	76%
5th percentile	102%	78%	85%	75%	68%	63%	63%	56%	67%	55%	65%	63%	56%	71%	63%	55%	41%	49%	54%	57%	55%



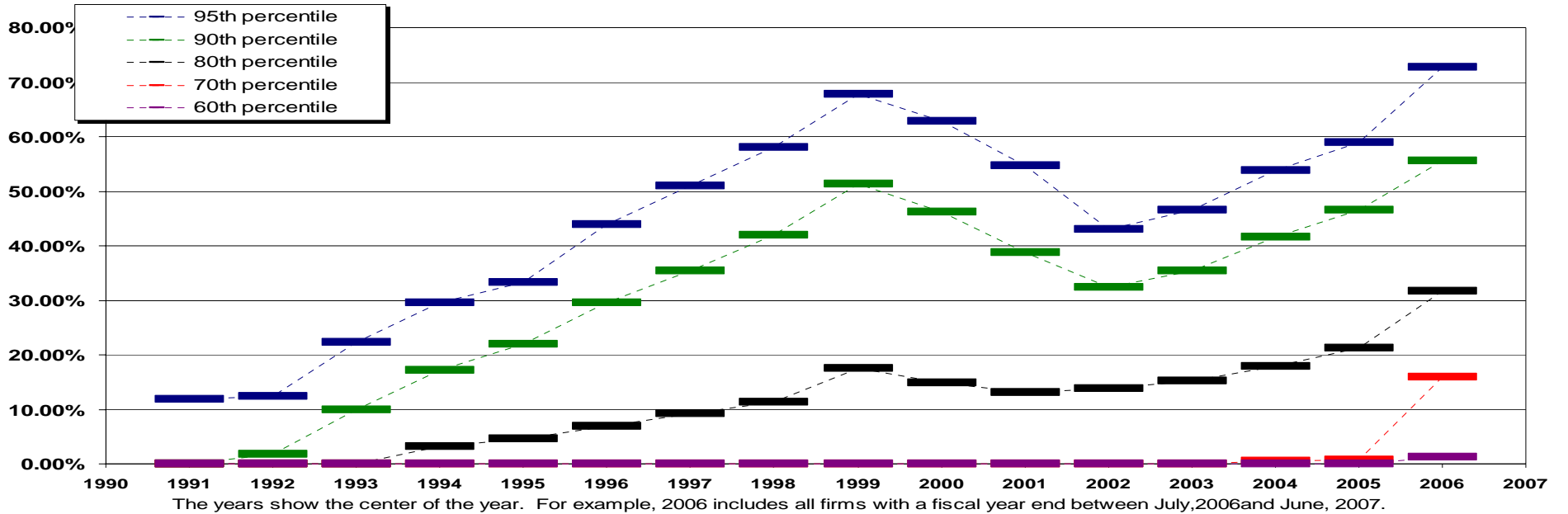
Total Defined Benefit Cost (Income) per Employee

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	\$ 2,128	\$2,124	\$ 2,187	\$ 2,455	\$ 2,674	\$ 2,929	\$ 3,189	\$ 3,316	\$ 3,323	\$ 2,872	\$ 2,996	\$ 3,057	\$ 2,576	\$ 3,279	\$ 4,663	\$ 8,180	\$ 8,091	\$ 8,519	\$ 9,945
75th percentile	\$ 680	\$ 714	\$ 743	\$ 939	\$ 1,020	\$ 1,114	\$ 1,215	\$ 1,126	\$ 1,212	\$ 1,042	\$ 968	\$ 1,033	\$ 686	\$ 934	\$ 1,560	\$ 2,848	\$ 3,012	\$ 3,334	\$ 3,746
median	\$ 180	\$ 238	\$ 257	\$ 391	\$ 401	\$ 439	\$ 517	\$ 529	\$ 507	\$ 386	\$ 308	\$ 362	\$ 122	\$ 239	\$ 617	\$ 1,251	\$ 1,412	\$ 1,523	\$ 1,903
25th percentile	\$ (77)	\$ (11)	\$ 9	\$ 97	\$ 69	\$ 100	\$ 138	\$ 124	\$ 101	\$ 36	\$ (50)	\$ (106)	\$ (545)	\$ (373)	\$ 47	\$ 426	\$ 451	\$ 488	\$ 863
5th percentile	\$ (946)	\$ (921)	\$ (1,003)	\$ (678)	\$ (884)	\$ (852)	\$ (768)	\$ (810)	\$ (1,417)	\$ (1,696)	\$ (2,248)	\$ (2,737)	\$ (4,904)	\$ (4,245)	\$ (2,994)	\$ (961)	\$ (513)	\$ (161)	\$ 17



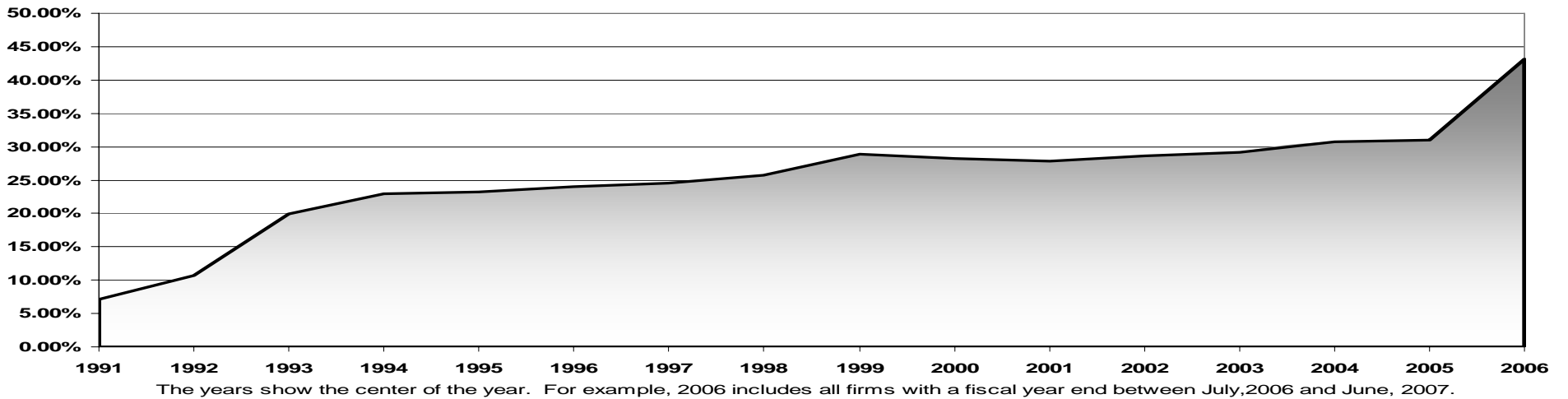
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Funded Levels of Retiree Medical Plans (Assets/ABO)



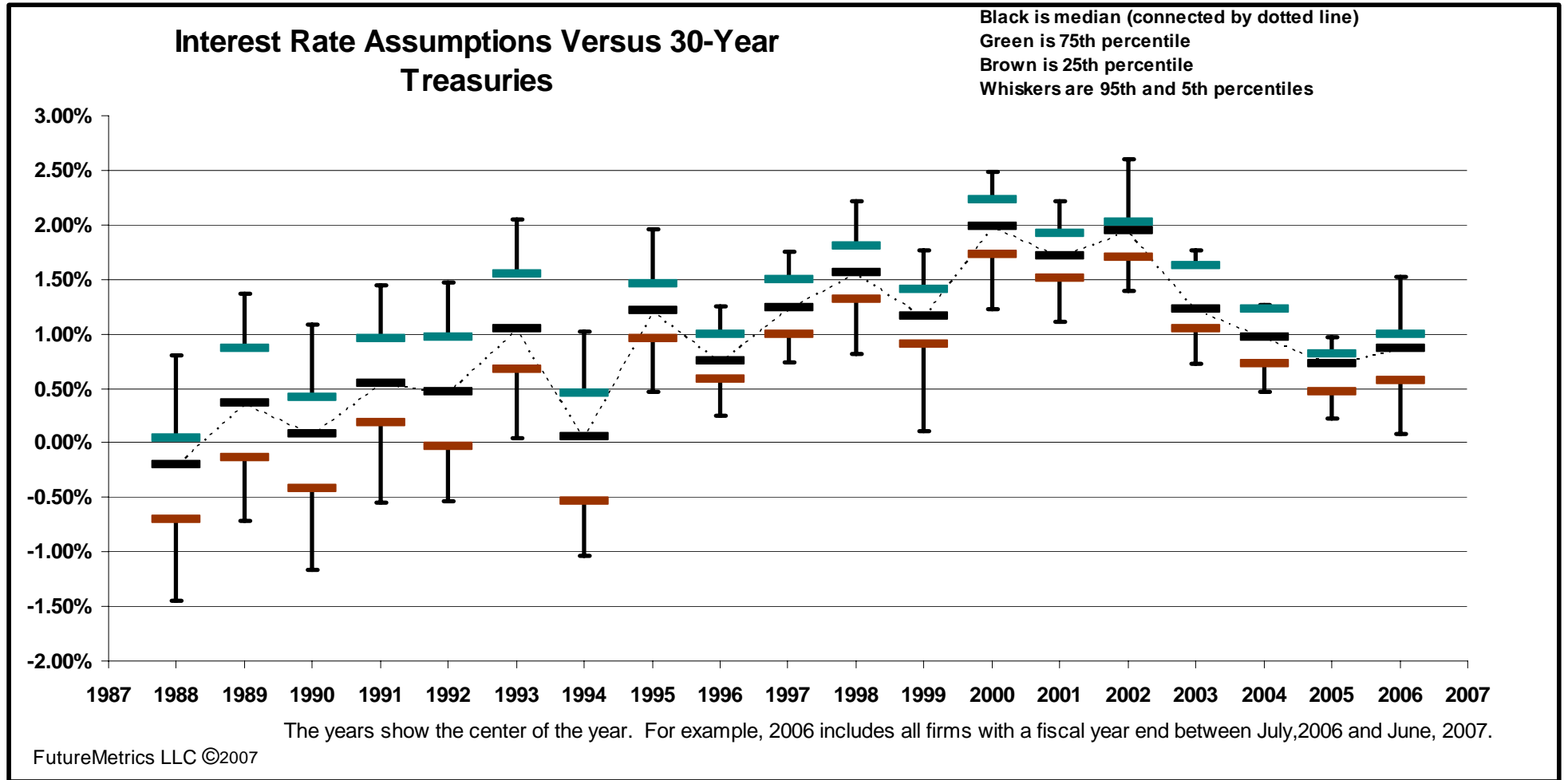
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Percent of Retiree Medical Plans that are Funded

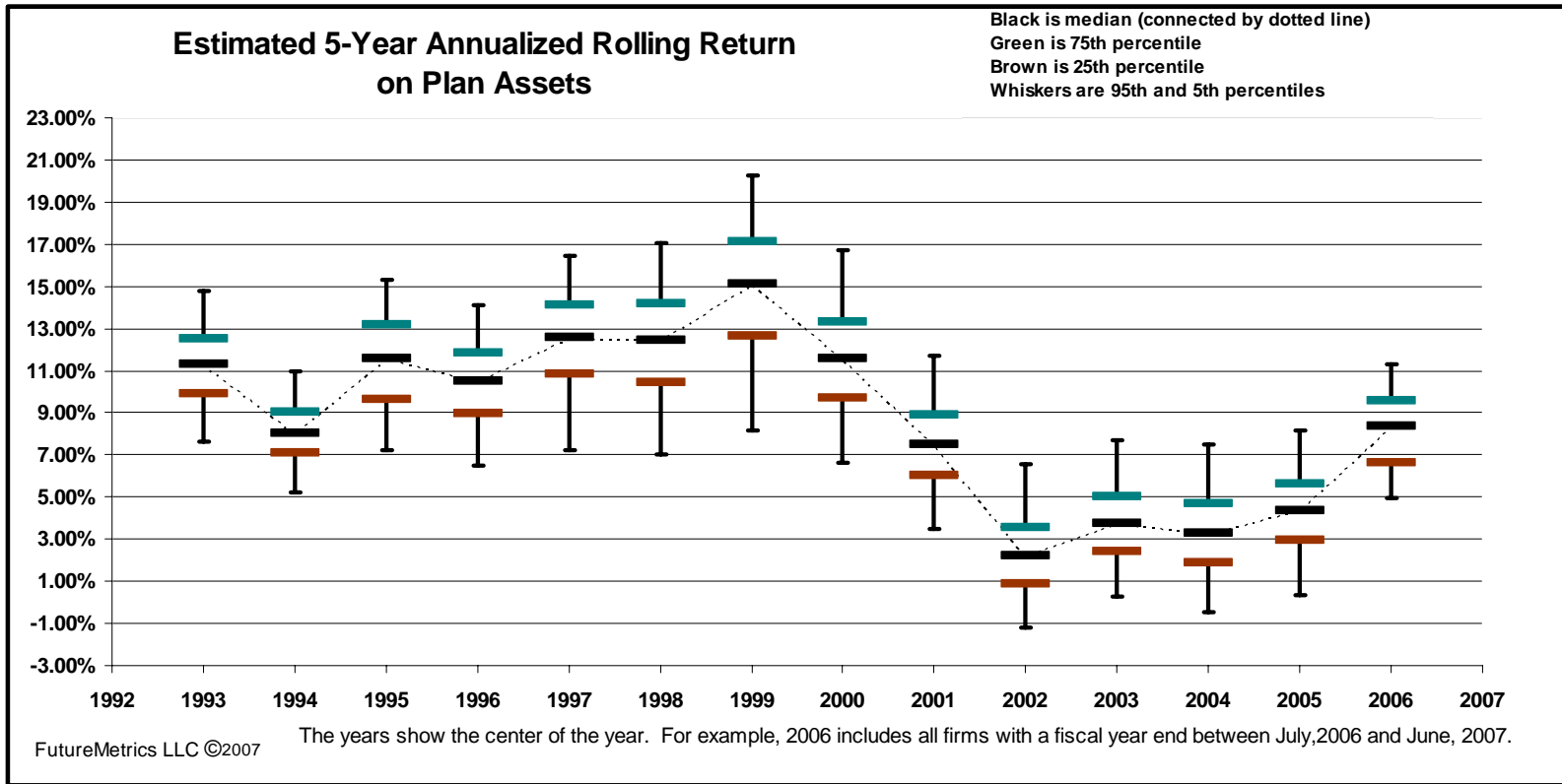


Interest Rate Assumptions vs. 30-Year Treasuries

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	1.05%	0.80%	1.37%	1.08%	1.45%	1.47%	2.05%	1.03%	1.96%	1.25%	1.75%	2.21%	1.77%	2.48%	2.21%	2.60%	1.77%	1.27%	0.97%	1.52%
75th percentile	0.05%	0.05%	0.87%	0.42%	0.95%	0.97%	1.55%	0.46%	1.46%	1.00%	1.49%	1.81%	1.41%	2.23%	1.92%	2.02%	1.62%	1.22%	0.82%	1.00%
median	-0.23%	-0.20%	0.37%	0.08%	0.54%	0.47%	1.05%	0.06%	1.21%	0.75%	1.24%	1.56%	1.16%	1.98%	1.71%	1.95%	1.22%	0.97%	0.72%	0.87%
25th percentile	-0.70%	-0.70%	-0.13%	-0.42%	0.19%	-0.03%	0.67%	-0.54%	0.96%	0.58%	0.99%	1.31%	0.91%	1.73%	1.51%	1.70%	1.05%	0.72%	0.47%	0.57%
5th percentile	-1.45%	-1.45%	-0.72%	-1.17%	-0.55%	-0.53%	0.05%	-1.04%	0.47%	0.25%	0.74%	0.81%	0.11%	1.23%	1.11%	1.39%	0.72%	0.47%	0.22%	0.08%

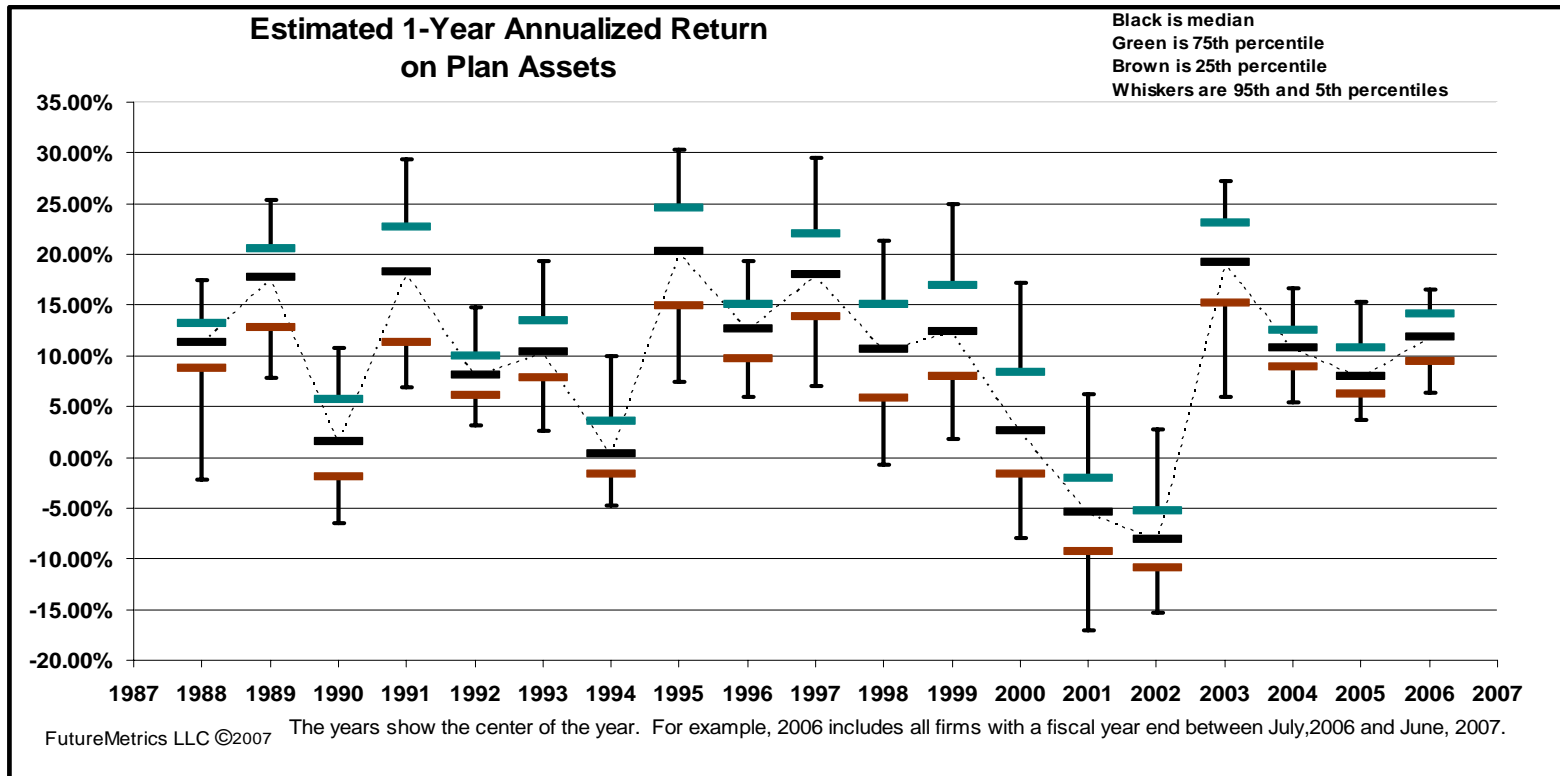


Estimated 5-Year Annualized Rolling Return																
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	14.1%	14.2%	14.8%	10.9%	15.3%	14.1%	16.5%	17.0%	20.3%	16.7%	11.7%	6.5%	7.7%	7.5%	8.2%	11.31%
75th percentile	11.9%	12.3%	12.5%	9.0%	13.2%	11.8%	14.1%	14.2%	17.1%	13.3%	8.9%	3.6%	5.0%	4.7%	5.6%	9.56%
median	10.7%	11.2%	11.3%	8.0%	11.5%	10.5%	12.6%	12.5%	15.1%	11.6%	7.5%	2.2%	3.7%	3.3%	4.3%	8.39%
25th percentile	9.5%	9.8%	9.9%	7.1%	9.7%	8.9%	10.8%	10.4%	12.6%	9.7%	6.0%	0.9%	2.4%	1.9%	2.9%	6.60%
5th percentile	7.1%	7.4%	7.6%	5.2%	7.2%	6.5%	7.2%	7.1%	8.2%	6.6%	3.5%	-1.2%	0.3%	-0.5%	0.3%	4.96%



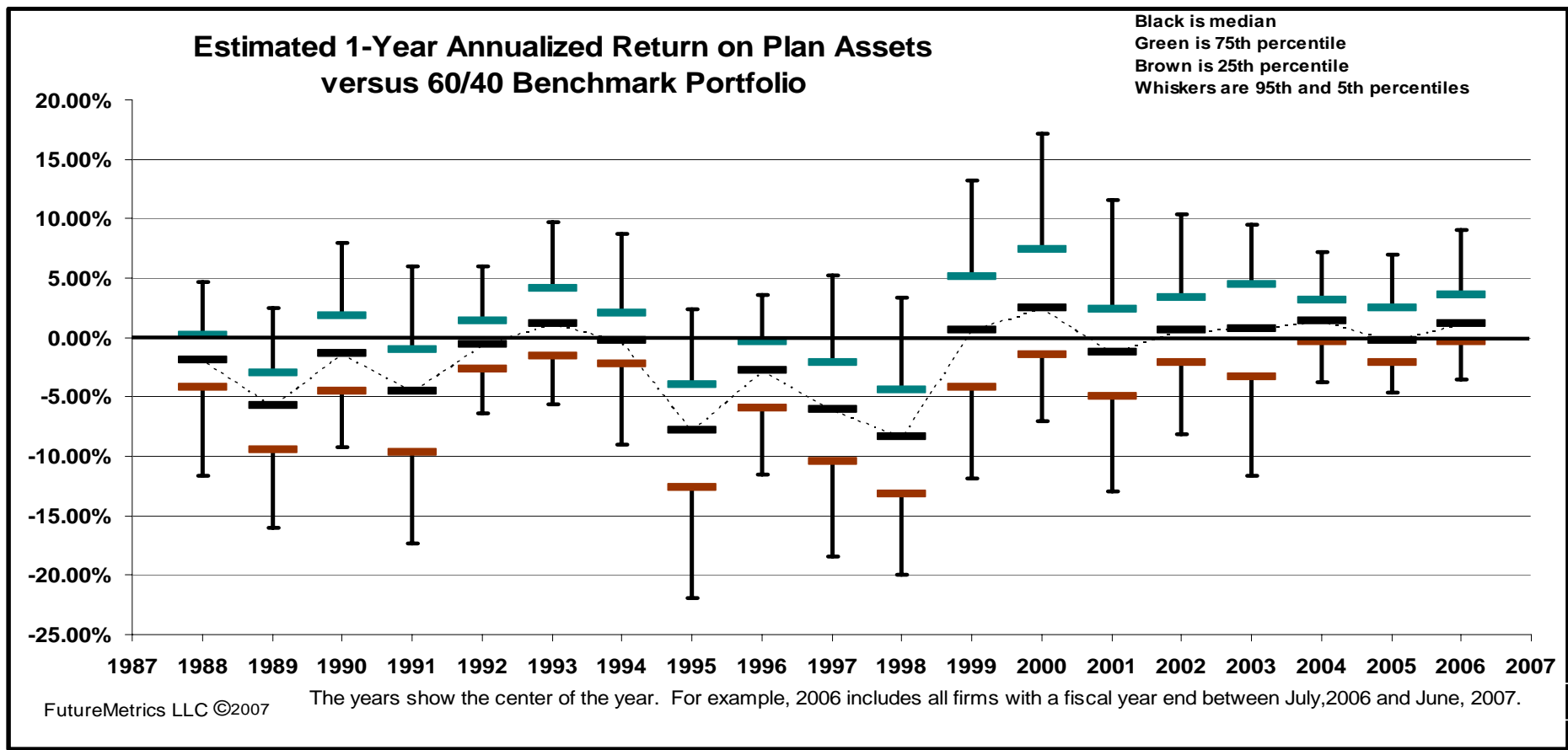
The exact timing of the cash flows for payouts, settlements, acquisitions and divestitures is not known. FutureMetrics assumes, for all firms, that the cash flows are evenly distributed around the center of the fiscal year. This will lead to small errors in the one year return estimates. The five year rolling estimates tend to minimize these errors. FutureMetrics recognizes that these estimates are general indications of the investing performance of the firms and does not represent that these values are the true investing returns. Estimates are for the U.S. plans only unless the firm does not account for the plans separately. If foreign plans are not separated, currency gains or losses are included in the investing return analysis.

Estimated 1-Year Annualized Return																
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	29.4%	14.8%	19.4%	9.9%	30.3%	19.3%	29.5%	21.4%	25.0%	17.2%	6.3%	2.8%	27.2%	16.7%	15.3%	16.5%
75th percentile	22.7%	10.0%	13.5%	3.6%	24.5%	15.0%	22.0%	15.1%	17.0%	8.3%	-2.1%	-5.2%	23.0%	12.5%	10.8%	14.1%
median	18.2%	8.1%	10.4%	0.3%	20.3%	12.7%	18.0%	10.6%	12.4%	2.6%	-5.5%	-8.1%	19.2%	10.8%	8.0%	11.9%
25th percentile	11.4%	6.2%	7.8%	-1.7%	14.9%	9.7%	13.9%	5.8%	8.0%	-1.6%	-9.4%	-10.9%	15.2%	8.9%	6.2%	9.4%
5th percentile	6.9%	3.2%	2.7%	-4.8%	7.4%	6.0%	7.0%	-0.7%	1.8%	-7.9%	-17.1%	-15.4%	6.0%	5.4%	3.7%	6.3%

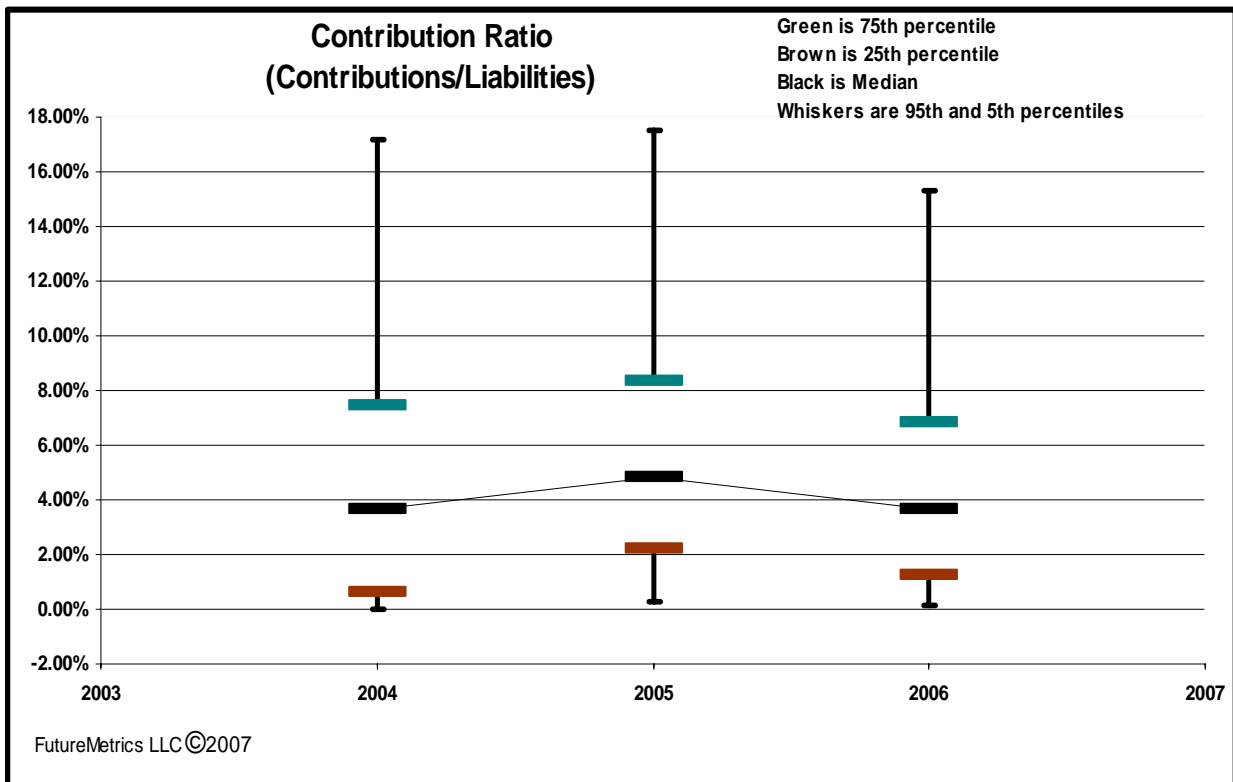
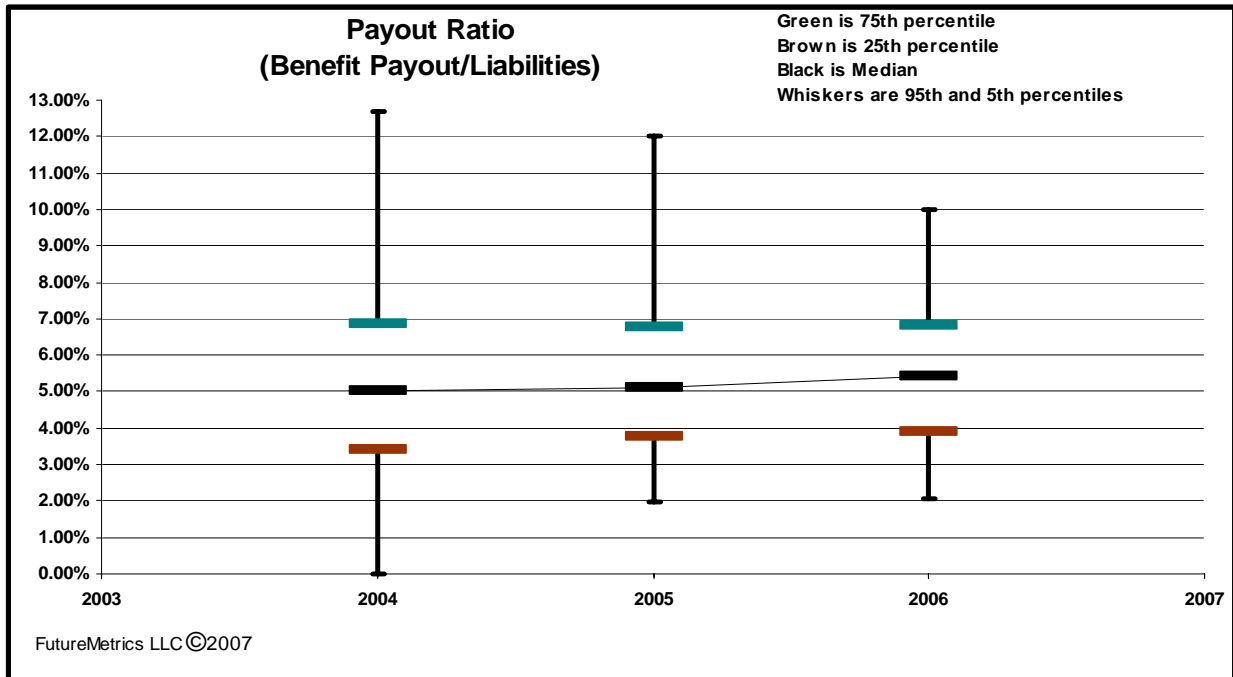


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Estimated 1-Year Annualized Return Versus 60/40 Benchmark Portfolio																
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
95th percentile	6.0%	6.0%	9.8%	8.8%	2.3%	3.5%	5.2%	3.3%	13.2%	17.2%	11.6%	10.3%	9.5%	7.2%	7.0%	9.0%
75th percentile	-1.0%	1.4%	4.1%	2.0%	-4.0%	-0.4%	-2.2%	-4.4%	5.1%	7.4%	2.3%	3.3%	4.5%	3.1%	2.5%	3.6%
median	-4.5%	-0.5%	1.1%	-0.2%	-7.9%	-2.8%	-6.0%	-8.4%	0.7%	2.5%	-1.2%	0.6%	0.7%	1.4%	-0.3%	1.2%
25th percentile	-9.6%	-2.7%	-1.6%	-2.2%	-12.6%	-6.0%	-10.5%	-13.2%	-4.2%	-1.5%	-5.0%	-2.1%	-3.3%	-0.4%	-2.1%	-0.4%
5th percentile	-17.3%	-6.4%	-5.6%	-9.0%	-21.9%	-11.5%	-18.4%	-20.0%	-11.8%	-7.0%	-13.0%	-8.1%	-11.7%	-3.8%	-4.6%	-3.6%



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FutureMetrics maintains an extensive database on corporate defined benefit plans. Our database contains accounting data and unique analysis information on the 900 largest corporate active plans (currently that includes all plans with plan assets greater than \$20 million). Data and information on the smaller plans is available on special request.

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