

PRESS RELEASE

**S&P 500 Companies Post Record Level of Pension & OPEB Underfunding;
Might be too Late for Baby Boomers to Safely Build-up Assets**

S&P Dow Jones Indices Releases Annual Report on U.S. Pension Funding, OPEB Status

New York, July 17, 2012 – A report published today by S&P Dow Jones Indices reveals record Pension and OPEB underfunding for the S&P 500 companies. Data for fiscal 2011 shows that S&P 500 defined pensions reached an underfunding status of \$354.7 billion in 2011, an increase of over \$100 billion from the end of 2010 and surpassing the record \$308.4 billion underfunding level set in 2008. OPEB underfunded levels increased to \$223.4 billion in 2011 from \$210.1 billion at the end of 2010. Combined, the amount of assets that S&P 500 companies set aside to fund pensions and OPEB amounted to \$1.38 trillion, covering \$1.96 trillion in obligations with the resulting underfunding equating to \$578 billion, or a 70.5% overall funding rate.

The report, “*S&P 500 2011: Pensions and Other Post Employment Benefits (OPEB)*”, can be accessed in full by going to www.spindices.com/sp500.

“Companies are continuing the trend of moving away from pension obligations and into 401 types of investments as they shift the responsibility of retirement away from the corporation and over to the individual,” says Howard Silverblatt, Senior Index Analyst at S&P Dow Jones Indices and author of the annual report. “Despite the record underfunding level, both pensions and OPEB have, in aggregate, become a manageable expense as cash levels remain at near record highs and cash-flows at an all-time high.”

The report also shows that estimated pension return rates declined for the 11th consecutive year, dropping to an estimated 7.60% in 2011 versus 7.73% in 2010 and 7.83% in 2009. Discount rates declined for the third year in a row, falling 60 basis points to 4.71% from 5.31% in 2010, significantly increasing projected obligations.

The S&P Dow Jones Indices report also reviewed the status of Other Post Employment Benefits (OPEB). Within the S&P 500, 292 companies offered OPEBs in 2011. With \$285.6 billion in OPEB obligations, only \$62.3 billion was funded, pushing OPEB funding levels down to 21.8% from the 23.5% registered in 2010, as its funding status continues to pale in comparison to that of pensions (78.8%).

“The American dream of a golden retirement for baby boomers is quickly dissipating,” adds Silverblatt. “Plans have been reduced and the burden shifted with future retirees needing to save more for their retirement. For many baby-boomers it may already be too late to safely build-up assets, outside of working longer or living more frugally in retirement.”

Parts of this report will also be used in a series of published Standard & Poor's CreditWeek special reports that explores different aspects of the retirement issue.

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S&P DOW JONES INDICES PENSION REPORT							
S&P 500 2011 PENSION STATUS REPORT: HISTORICAL PENSION DATA							
S&P 500	PENSION ASSETS	PENSION OBLIGATIONS	PENSION FUNDING STATUS	PENSION FUNDING STATUS RATIO	PENSION DISCOUNT RATE	PENSION RETURN RATE	S&P 500 TOTAL RETURN
	\$ MILLIONS	\$ MILLIONS	\$ MILLIONS				
2011	\$1,321,962	\$1,676,615	-\$354,654	0.788	4.71%	7.60%	2.11%
2010	\$1,273,321	\$1,518,314	-\$244,993	0.839	5.31%	7.73%	15.06%
2009	\$1,160,202	\$1,420,912	-\$260,709	0.817	5.81%	7.83%	26.46%
2008	\$1,100,149	\$1,408,580	-\$308,432	0.781	6.29%	7.95%	-37.00%
2007	\$1,504,516	\$1,441,135	\$63,380	1.044	6.13%	8.02%	5.49%
2006	\$1,470,964	\$1,511,301	-\$40,337	0.973	5.75%	8.03%	15.79%
2005	\$1,318,010	\$1,458,439	-\$140,430	0.904	5.11%	8.13%	4.91%
2004	\$1,265,338	\$1,429,667	-\$164,328	0.885	5.80%	8.27%	10.88%
2003	\$1,113,478	\$1,278,265	-\$164,787	0.871	6.09%	8.38%	28.69%
2002	\$950,963	\$1,169,472	-\$218,509	0.813	6.64%	8.63%	-22.10%
2001	\$1,089,896	\$1,086,950	\$2,946	1.003	7.13%	9.15%	-11.89%
2000	\$1,238,920	\$1,012,893	\$226,027	1.223	7.43%	9.17%	-9.10%
1999	\$1,274,083	\$994,061	\$280,022	1.282	7.44%	9.13%	21.04%

Source: S&P Dow Jones Indices

About S&P Dow Jones Indices

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