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Press Release

Standard & Poor's Report: S&P 500 Pension Under Funding Improves Slightly in '05; OPEB Worsens

Leading Index Provider Releases 2005 Pensions & Other Post Employment Benefits Report

New York, June 6, 2006 – While corporate operating earnings post 16 consecutive quarters of double-digit growth, corporate pension plans remain in the red with minimal contributions continuing to be made, Standard & Poor's announced today in its *2005 Pensions & Other Post Employment Benefits Report.*

According to the Standard & Poor's report, S&P 500 defined-benefit plans as a group were $140.4 billion under funded for 2005, a slight improvement from the $164.3 billion under funded position of 2004, but still in stark contrast to the $280 billion of over funding posted in 1999 at the height of the bull market. Funding improved to 90.4% in 2005 from 88.5% in 2004, but remains well below the 128.2% level of 1999. Fully funded plans decreased to 47 in 2005, from 55 in 2004.

"At the beginning of the 2005, pensions were expected to improve in both their under funding and evaluation ratios. This belief was based upon projected higher interest rates and a continued improvement in the equity markets," says Howard Silverblatt, Senior Index Analyst at Standard & Poor's and author of the report. "However, interest rates were little changed for 2005, and the lack of rate increase weighed heavily on lack of reduction in the discounted liability levels."

Standard & Poor's report also examines the current state of Other Post Employment Benefits ("OPEB"). Within the S&P 500, 295 companies offer OPEB, with the aggregate under funding for 2005 being $320.9 billion, which is 129% greater than that of the 2005 S&P 500 pension under funding. The OPEB funding rate, at 22.1%, is a fraction of the pension rate of 90.4%. Combined, pension and OPEB assets set aside for issues in the S&P 500 amounted to $1,409.2 billion in 2005 to cover $1,870.5 billion in obligations, with the resulting under funding of $461.4 billion being a record deficit.

"The light at the end of the OPEB tunnel is clearly another train, as it has now become evident that many companies plan to limit their OPEB costs and exposure by capping their annual contribution and limiting the annual increases," adds Silverblatt. "Since companies are not required to set up separate funds for OPEB, the majority of them choose not to. Within the S&P 500, only four issues were over funded in OPEB for 2005: Comerica, First Horizon National, PerkinElmer and Principal Financial. Simply put, the state of OPEB is extremely poor."

The *2005 Pensions & Other Post Employment Benefits Report* contains an overview for the current year, as well as estimates for 2006. Within the report, Standard & Poor's has included a detailed listing of all S&P 500 issues along with their relevant data.

The full report can be located at www.standardandpoors.com/indices.

S&P 500 PENSION AND OPEB, IN $ BILLIONS	2005	2004	CHANGE
COMBINED PENSION AND OPEB STATUS	-$461	-$451	2.2%
PENSION ASSETS	$1,318	$1,265	4.2%
PENSION OBLIGATIONS	$1,458	$1,430	2.0%
PENSION FUNDING STATUS	-$140	-$164	14.5%
OPEB ASSETS	$91	$82	10.7%
OPEB OBLIGATIONS	$412	$369	11.6%
OPEB FUNDING STATUS	-$321	-$287	-11.8%

About Standard & Poor's
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