Pension Change Fact Sheet

Center for Retirement Research at Boston College

March 2006

Company Name: ALCOA (Aluminum Company of America)

U.S. Employees: 48,000

Type of Plan(s): Traditional Defined Benefit

Date Announced: January 16, 2006

Date Effective: March 1, 2006

Description of Freeze: *Freeze for New Employees.* As of March 1, 2006, new U.S. hires to ALCOA will not be able to participate in ALCOA's defined benefit pension plan.

Plan Solvency: As of December 31, 2004, the defined benefit pension plan was 85 percent funded.

Reported Financial Implication: The financial implication of the freeze is not public information.

New Arrangements for Employees: Those hired after March 1, 2006 will be enrolled in a 401(k) plan. ALCOA will contribute 3 percent of the employee's annual salary and bonus to their 401(k), regardless of whether the employee contributes or not. ALCOA will also match the employee's contributions dollar-for-dollar up to 6 percent of their salary.

Background: ALCOA leads the world's producers of primary aluminum, fabricated aluminum, and alumina. With their design, engineering, and production abilities, among others, ALCOA assists the aerospace, automotive, packaging, building and construction, commercial transportation, and industrial markets. ALCOA currently has both defined benefit and defined contribution plans for their employees. Current ALCOA employees and retirees will not be affected by this change and will continue to participate in their current plan, whether it be defined benefit or defined contribution.

References

ALCOA. 2006. "Alcoa to Eliminate Defined Benefit Pension Plan for New U.S. Hires Effective March 1, 2006." *News Release*. (January 16).

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Siewert, Jake (media contact at ALCOA). 2006. Personal communication.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Aon Corporation

U.S. Employees: 21,000

Type of Plan(s): Traditional Defined Benefit

Date Announced: October 28, 2003

Date Effective: January 1, 2004

Description of Freeze: *Freeze for New Employees*. Since January 1, 2004, the defined benefit plan has been closed to new hires in the United States.

Plan Solvency: At year end 2003, defined benefit pension assets were $950 million and pension obligations were $1.06 billion.

Reported Financial Implication: The financial impact of the freeze is not public information.

New Arrangements for Employees: All employees hired in the United States as of Jan. 1, 2004, have been enrolled in a new defined contribution plan that complements an existing 401(k) plan. The plan works as follows: employees that have completed 1,000 hours of service in a calendar year, and are employed by Aon at year end, are entitled to a company contribution for the year. The contribution depends on eligible compensation and years of service. For employees with 0-4 years of service, 3 percent of their compensation is contributed by Aon; 5-9 years: 4 percent; 10-19 years: 5 percent; 20-29 years: 6 percent; and 30+ years: 7 percent. After five years of service, employees are 100 percent vested in regards to company contributions.

Background: Aon is the world's second largest insurance brokerage and consulting firm and the leading reinsurance broker. The company has three main divisions: consulting services, consumer insurance underwriting and commercial brokerage.

References

Geisel, Jerry. 2004. "PBGC Seeks to Poll Employers on Pension Freezes." *Business Insurance*. (June 29).

Reschke, John (vice president of compensation and benefits at Aon). 2006. Personal communication.

SEC Form 10-k filed March 16, 2004.

U.S. Department of Labor. 2003. *Form 5500*.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

December 2006

Company Name: Belo Corporation

U.S. Employees: 7,400 full-time

Type of Plan: Traditional Defined Benefit — 2,300 participants affected

Date Announced: November 2, 2006

Date Effective: March 31, 2007

Description of Freeze: *Total Freeze (for employees in a specific pension fund)*. As of March 31, 2007, Belo will freeze The G.B. Dealey Retirement Pension Plan and switch these employees into Belo's Savings Plan (an existing plan which currently covers other qualified Belo employees).

Plan Solvency: At year end 2005, Belo's total defined pension obligations were $507 million and assets were $410 million.

Reported Financial Implication: Belo will make incremental cash contributions totalling approximately $60 million from 2007 through 2010 to fund transition benefits. After that, the company expects savings in cash contributions which will result in a neutral net impact over the next ten years.

New Arrangements for Employees: Current participants in The G.B. Dealey Retirement Pension Plan will cease earning additional pension benefits after March 31, 2007, and will begin participating in Belo's Saving Plan which includes an automatic contribution of two percent of employees' eligible compensation and a company match of 75 cents for each dollar contributed by employees, up to six percent of their eligible compensation. Belo's other eligible employees already participate in the Belo Savings Plan. Transitional benefits will also be instituted including the addition of five years of service to employees' Pension Plan calculations on the effective date of the freeze and supplemental annual contributions to 401(k) accounts.

Background: Belo is one of the nation's largest media companies with revenues of more than $1.5 billion and is listed as a Fortune 1000 company. The company owns 19 television stations, 7 cable news stations, and several newspapers.

References

Belo. *2005 Annual Report*. 2006.

Belo Corporation. 2006. "Belo Announces Changes to Retirement Benefit Program." *Press Release*. (November 2)

"Belo to Freeze Pension Plan." *Dallas Business Journal*. (November 3).

"Media Owner Belo to Freeze a Pension Plan." KGBT 4. (November 2).

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Circuit City Stores, Inc.

U.S. Employees: 42,400

Type of Plan(s): Traditional Defined Benefit — 19,000 participants affected

Date Announced: October 28, 2004

Date Effective: February 28, 2005

Description of Freeze: *Total Freeze (with some exceptions)*. All employees will stop accruing defined benefit pension benefits on February 28, 2005. The freeze does not affect 1) those who are within three years of their normal or early retirement date; 2) those that have already reached their normal or early retirement date; and 3) those who were permanently disabled before March 1, 2005.

Plan Solvency: At year end 2003, the defined benefit plan had $195 million in assets and $190 million in obligations.

Reported Financial Implication: Circuit City Stores, Inc. incurred a curtailment charge of $1.1 million in 2005. Long-term savings from the freeze will be put towards improving the 401(k) and other programs, such as supplying college tuition reimbursement.

New Arrangements for Employees: Effective January 1, 2005, Circuit City Stores, Inc. matched employee contributions, dollar for dollar, up to 3 percent of salary and $.50 per dollar for the next 2 percent of salary. Previously, for every dollar contributed, the company matched $.25, up to 5 percent of salary. Employees continue to earn credit towards vesting. Employees who are eligible to retire, either by early or normal retirement standards, on or before February 28, 2008, are not affected by plan changes.

Background: Circuit City Stores, Inc. is a large consumer electronics retailer. It is one of the last national retailers to move from a defined benefit to a defined contribution pension plan. The move is driven by high turnover rates in the retail industry. According to Eric Jonas, senior vice president of human resources, "this puts us in a good competitive place and brings us in line with other retailers."

References

SEC Form 10-k filed May 13, 2005.

U.S. Department of Labor. 2003. *Form 5500*.

Gilligan, Gregory J. 2004. "Circuit City Will Freeze Pension Plan." *Times Dispatch*. (October 29).

Circuit City Stores, Inc. 2005. *Annual Report 2005*.

Notes:

In regard to 'Plan Solvency,' as of February 28, 2005, pension assets (inclusive of Circuit City Stores, Inc.'s non-qualified plan) were $226.9 million and projected benefit obligations were $242.7 million. Benefit obligations for the defined benefit plan were $220.4 million.

The $1.1 million curtailment charge in the 'Reported Financial Implication' is a result of freezing both the defined benefit plan and the non-qualified pension plan.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Coca-Cola Bottling Co. Consolidated

U.S. Employees: 6,100

Type of Plan(s): Traditional Defined Benefit — 4,500 participants affected

Date Announced: February 27, 2006

Date Effective: June 30, 2006

Description of Freeze: *Total Freeze*. Effective June 30, 2006, all members in the defined benefit plan will stop accruing benefits.

Plan Solvency: At year end 2003, defined benefit pension assets were $106 million and pension liabilities were $119 million.

Reported Financial Implication: Coca-Cola Bottling Co. Consolidated's long-term savings are estimated to be $8 million.

New Arrangements for Employees: The 401(k) plan is to be enhanced, and effective January 1, 2007, employee contributions, up to 5 percent of eligible compensation, will be matched dollar-for-dollar. The employee will be fully vested at the time the contributions are made.

Background: Coca-Cola Bottling Co. Consolidated was founded in 1902. Based in Charlotte, N.C., it is the nation's second largest Coca-Cola marketer, producer, distributor and bottler. Dr. Pepper and several other beverage brands are also distributed by Coca-Cola Bottling Co. Consolidated.

References

Coca-Cola Bottling Co. Consolidated. 2006. *Form 8-K.* (February 27).

Pensions and Investments. 2006. "Soft Drink Bottler to Freeze Defined Benefit Plan." (February 27).

U.S. Department of Labor. 2003. *Form 5500.*

Note:

'Reported Financial Implication' is authors' calculation.

Pension Change Fact Sheet

CENTER FOR
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RESEARCH
AT BOSTON COLLEGE

August 2006

Company Name: DuPont

U.S. Employees: 30,000

Type of Plan(s): Traditional Defined Benefit

Date Announced: August 28, 2006

Date Effective: January, 2007

Description of Freeze: *Freeze for New Employees.* Additionally, DuPont will reduce its current contribution rate to existing workers' pensions.

Plan Solvency: At year end 2005, DuPont defined benefit pension obligations were $22.9 billion and assets were $19.8 billion.

Reported Financial Implication: The changes to the pension plan will have modest effects in 2006, and are expected to improve earnings by approximately 3 cents per share in 2007 and by about 5 cents per share in 2008.

New Arrangements for Employees: Beginning in 2007, new hires will not be allowed to enter the defined benefit plan but will instead be placed in the enhanced defined contribution plan. For current employees, the defined benefit pension plan calculation will remain the same in 2006 and 2007, but beginning in January 2008 DuPont will cut its contribution to workers' pensions by two-thirds. As of 2008 all employees will be automatically entered into DuPont's enhanced defined contribution plan. The enhanced defined contribution plan by DuPont will automatically make contributions of 3 percent of each employee's pay and will match dollar for dollar the first 6 percent that each employee contributes, for a maximum company contribution of 9 percent. This change represents a significant increase from its current company match of 50 percent up to 6 percent. The changes will not affect those already retired or current employees who retire before January 1, 2008.

Background: DuPont is the third largest U.S. chemical maker, and one of the first 100 companies in Fortune 500, with over 60,000 employees operating in more than 70 countries. The company offers a wide range of products ranging from nutrition and electronics to safety and protection and apparel.

References

Haber, Gary. 2006. "DuPont ends pension plan for new employees, cuts benefits for current workers." *The News Journal*. (August 28).
James, Steve. 2006. "DuPont cuts defined pension contributions." *Reuters*. (August 28).
Mandaro, Laura. 2006. "DuPont backs away from defined benefit program." *MarketWatch*. (August 28).
Associated Press. 2006. "DuPont Changing Pension Plan." (August 28).
CNNMoney.com. 2006. "Fortune 500".
DuPont. 10-K. 2006. (February 28).
YahooFinance.com. 2006.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Ferro Corporation

U.S. Employees: 2,500

Type of Plan(s): Traditional Defined Benefit — in excess of 1,000 participants affected

Date Announced: February 15, 2006

Date Effective: April 1, 2006

Description of Freeze: *Total Freeze*. All salaried and certain hourly employees who participated in the company's (U.S.) defined benefit plan will stop accruing benefits on April 1, 2006.

Plan Solvency: At year end 2003, defined benefit pension plan obligations were $430.7 million and plan assets were $289.6 million.

Reported Financial Implication: As a result of the freeze, Ferro expects savings of $30-$40 million between 2006 and 2011.

New Arrangements for Employees: Starting on April 1, 2006, regardless of whether the employee contributes to his 401(k), Ferro Corporation will make annual contributions to employees' 401(k) accounts, varying from 2 percent to 8 percent dependent upon the employee's salary and years of service. Also, Ferro will match employee contributions of up to 5 percent of salary. This company-sponsored plan was established for new employees hired after July 1, 2003.

Background: Ferro is a major international producer of performance materials for industry, including coatings and performance chemicals. The Company has operations in 20 countries and reported sales of approximately $1.8 billion in 2004.

References

Bingle, John (assistant treasurer at Ferro Corporation). 2006. Personal communication.

Ferro Corporation. 2004. *Annual Report 2003*.

Reuters. 2006. "Ferro to Freeze its Defined Benefit Pension Plan." (February 15).

Schneyer, Fred. 2006. "Cleveland Manufacturer Latest for DB Freeze." *Plan Sponsor*. (February 16).

SEC Form 10-k/a filed March 19, 2004.

Pension Change Fact Sheet

Center for Retirement Research at Boston College

April 2007

Company Name: Fidelity Investments

U.S. Employees: 35,450

Type of Plan: Traditional Defined Benefit Plan — approximately 32,000 participants affected

Date Announced: March 28, 2007

Date Effective: May 31, 2007

Description of Change: *Termination*. Effective May 31, 2007, the defined benefit plan will be terminated so the company must pay out all benefits as soon as administratively feasible. All active participants will be immediately vested and will receive their accrued benefit in early 2008. At that time, they will have the option of rolling over the lump-sum benefit into their Profit Sharing Plan or taking an annuity.

Plan Solvency: The pension plan is fully funded to meet Fidelity's actual benefit obligations.

Reported Financial Implication: The financial implication of the termination is not public information.

New Arrangements for Employees: Fidelity will continue its Profit Sharing Plan with a company contribution of up to 10 percent of eligible compensation. In addition, Fidelity will increase its dollar-for-dollar match on employee contributions to 401(k) plans from 5 percent to 7 percent of the employee's salary. Finally, beginning in 2008, Fidelity will establish a new health savings credit to help workers save for future medical expenses incurred in retirement. The new credit will be $3,000 annually.

Background: Fidelity is the largest U.S. mutual fund company with revenues of over $12.9 billion. Fidelity offers more than 300 funds and serves more than 21 million investors.

References

Cooke, Alison, "Fidelity Investments to end DB plan," *PLANSPONSOR.com,* March 29, 2007.

Crowley, Anne. (Media contact at Fidelity Investments). 2007. Personal communication.

Kerber, Ross, "Fidelity to end employee pension plan," *Boston.com*, March 29, 2007.

O'Donnell, Kathie, "Fidelity to scrap pension plan," *InvestmentNews.com,* March 29, 2007.

Martin, Adrien, "Estimated $215,000 needed for retiree health care costs," *Planadviser.com,* March 27, 2007.

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Associated Press,"Fidelity plans to end employee pension plan," *BostonHerald.com,* March 29, 2007.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

October 2006

Company Name: The Hershey Company

U.S. Employees: 10,000

Type of Plan(s): Traditional Defined Benefit Plan – 6,400 employees affected

Date Announced: October 10, 2006

Date Effective: January 1, 2007

Description of Freeze: Freeze for New Employees. As of January 1, 2007, new nonunion hires to Hershey will not be able to participate in Hershey's defined benefit pension plan. For 6,400 current U.S. employees, not covered by a collective bargaining agreement, their future defined benefit pension benefits will continue to accrue but at a reduced rate.

Plan Solvency: The company said that its pension plans are fully funded.

Reported Financial Implication: The financial implication of the freeze is not public information.

New Arrangements for Employees: Nonunion employees hired after January 1, 2007 will be enrolled in the company's 401(k) plan and will receive an automatic 3 percent contribution from Hershey, regardless of whether they contribute. They will also be eligible for the company's enhanced 401(k) match, as will current nonunion employees. Currently, Hershey provides a 60 percent match on up to 5 percent of an employee's salary. After January 1, 2007 Hershey will provide a 75 percent match on up to 6 percent of an employee's salary.

Background: Hershey is the largest North American manufacturer of chocolate, and the nation's largest candy maker. With over 13,000 employees worldwide and revenues of $4 billion, Hershey is a global presence for confectionary products.

References

Levy, Marc. "Hershey Scales Back Pension Plans." *Los Angeles Times*. (October 10).
"Hershey Closes Pension Plan to New Hires." *Business and Legal Reports*. (October 11).
"Hershey Cuts Pension Benefits for Future Hires." *Pacific Business News*. (October 10).
The Hershey Company. 2006. "Hershey Redesigns Retirement Plans." Hershey's. Press Release. (October 10).

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Hewlett-Packard Company

U.S. Employees: 71,000

Type of Plan(s): Traditional Defined Benefit — 26,100 participants affected
Cash Balance — 6,100 participants affected

Date Announced: July 19, 2005

Date Effective: January 1, 2008

Description of Freeze: *Partial Freeze and Freeze for New Employees*. U.S. employees whose combined age and tenure do not equal a minimum of 62, as of January 1, 2008, will stop accruing defined benefit pension benefits. Also, new hires are not eligible to participate in the defined benefit pension plan.

Plan Solvency: The U.S. plan assets, at year end 2005, were $4.8 billion. Obligations of these plans were $5.3 billion.

Reported Financial Implication: Due to the freeze, defined benefit pension obligations were expected to decline by $526 million. As a result of this reduction, Hewlett-Packard recognized a gain of $199 million in the fourth quarter of fiscal 2005. In 2006, the company will save an estimated $154 million on account of the freeze. The company expects annual savings of $300 million starting in 2007 solely as a result of the pension freeze.

New Arrangements for Employees: Hewlett-Packard increased the total 401(k) contribution match from 4 percent to 6 percent of pay.

Background: Hewlett-Packard is among the world's largest information technology companies. The announcement was made just weeks after IBM made a similar change. Many saw Hewlett-Packard's actions as a direct effort to match IBM and remain competitive. The announcement was also made in tandem with large cuts in Hewlett-Packard's workforce and significant restructuring.

References

Hewlett-Packard. 2005. "HP Unveils Targeted Program to Streamline Company, Reduce Costs, Drive Customer Focus." *Press Release*. (July 19).

SEC Form 10-k filed December 20, 2005.

Taub, Stephen. 2005. "HP Cuts 14,500 Jobs, Freezes Pension." *CFO.com*. (July 19).

U.S. Department of Labor. 2004. *Form 5500*.

Whitehouse, Kaja. 2005. "Companies Lock Younger Workers Out of Pensions." *Wall Street Journal*. (July 26).

Notes:

Hewlett-Packard does not give out the number of participants that were directly affected by the pension freeze. 'Participants Affected' are assumed to be half of total participants in the plans. Calculations are based on the Department of Labor's Form 5500 data and are as of year end 2003.

'Reported Financial Implications' for the year 2006 are authors' estimates based on data from the Hewlett-Packard Press Release.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Hospira, Inc.

U.S. Employees: 9,800

Type of Plan(s): Traditional Defined Benefit — 8,000-8,500 participants affected

Date Announced: Second quarter 2004

Date Effective: December 31, 2004

Description of Freeze: *Total Freeze*. U.S. non-union members in Hospira's "Abbott/Hospira Transitional Annuity Retirement Plan" will stop accruing new benefits on December 31, 2004. Employees hired after June 30, 2004, are not eligible to participate in the Transitional Annuity Retirement Plan.

Plan Solvency: At year end 2004, assets in the defined benefit pension plan totaled $324.6 million and projected obligations were $370.2 million.

Reported Financial Implication: Hospira, Inc. incurred a $1.6 million charge due to the recognition of previously unrecognized losses and prior service due to the freeze. Long term savings are not public information.

New Arrangements for Employees: The 401(k) plan was enhanced, beginning on January 1, 2005. Previously, Hospira contributed 5 percent of pay for employees that contributed 2 percent or more to their 401(k) plan. Now they also contribute another 1 percent of pay for employees that contribute 3 percent or more of their pay to their 401(k). Employees will be immediately vested, both regarding their contributions and Hospira's. Also, Hospira will contribute an additional 3 percent of an employee's eligible pay to their 401(k), each pay period, for employees that are age 40 and over who contribute at least 2 percent of their salary to their 401(k) plan. This contribution will continue for five years, until December 31, 2009.

Background: Hospira, Inc. began trading on the NYSE on May 3, 2004, as one of the largest hospital products manufacturers in the United States. It is a global specialty pharmaceutical and medication delivery company that was spun off from Abbott Laboratories. There is currently a class action lawsuit against Abbot Laboratories and Hospira. It is alleged that, during the spin off, employees were terminated in order to deny them retirement benefits. These terminated employees were offered work at Hospira, but with less generous benefits. Additionally, the two companies adopted a policy in which employees could not transfer employment between the two companies for two years.

References

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Hospira. 2004. "Hospira Launches a New, Independent, Global Hospital Products Company." *Press Release*. (May 3).

Hospira. 2005. *2004 Annual Report*.

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SEC Form 10-k filed March 22, 2005.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: IBM (International Business Machines) Corporation

U.S. Employees: 125,000

Type of Plan(s): Pension Equity — 31,000 participants affected
Cash Balance — 86,000 participants affected

Date Announced: January 5, 2006

Date Effective: January 1, 2008

Description of Freeze: *Total Freeze*. Members in IBM's U.S. defined benefit pension plans, the pension equity plan and the cash balance plan, will stop accruing new benefits on December 31, 2007.

Plan Solvency: At year end 2005, defined benefit plan assets were $48.542 billion and plan liabilities were $46.405 billion. The $208 million plan assets in surplus of benefit obligations will stay in the pension plan.

Reported Financial Implication: As a result of the freeze, IBM incurred a $267 million pre-tax charge in the fourth quarter of 2005. In 2006, the company expects savings of $450 to $500 million. Between 2006-2010, savings of $2.5 to $3 billion are expected.

New Arrangements for Employees: Benefits planned under the new 401(k) Plus Plan, beginning in January 2008, are as follows:

- Pension Equity Plan participants will receive a dollar-for-dollar match on the first 6 percent of pay deferred and a 4 percent automatic company contribution. Nonexempt pension equity plan participants receive an additional 5 percent of pay.

- Cash Balance Plan participants will receive a dollar-for-dollar match on the first 6 percent of pay deferred and a 2 percent automatic company contribution.

- Employees hired after December 31, 2004, will receive a dollar-for-dollar match on the first 5 percent of pay deferred and a 1 percent automatic company contribution after one year of service.

Background: IBM is one of the world's largest information technology companies. In 1995, IBM modified its traditional accrual of benefits formula for defined benefit plan participants. In 1999, IBM converted its defined benefit plan to a cash balance plan. These two changes in the 1990s were met with controversy. At the end of 2004, IBM closed its defined benefit plan to new hires and instead offered them a 401(k) plan and a stock purchase plan.

References

Armour, Stephanie. 2006. "IBM to Freeze Pension Program." *USA Today*. (January 5).

Bukovinsky, John (vice president of corporate media relations at IBM). 2006. Personal communication.

Burr, Barry B. 2006. "IBM's Decision to Freeze Its Plan May Accelerate Trend to Drop DB." *Pensions & Investments*. (January 9).

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Schultz, Ellen E., and William M. Bulkeley. 2003. "IBM Pension-Plan Changes are Ruled Descriminatory." *Wall Street Journal*. (August 1).

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

January 2006

Company Name: Lexmark International, Inc.

U.S. Employees: 13,000

Type of Plan: Traditional Defined Benefit

Date Announced: January 24, 2006

Date Effective: April 2, 2006

Description of Freeze: *Total Freeze*. As of April 2, 2006, all members in the defined benefit plan will stop accruing benefits.

Plan Solvency: At year end 2005, defined benefit plan obligations were $773.5 million and pension assets were $678.4 million.

Reported Financial Implication: Lexmark expects to save $10 million in 2006 as a result of its pension curtailment. Long-term savings estimates have not been announced.

New Arrangements for Employees: When the pension freeze becomes effective in April 2006, Lexmark will enhance its existing defined contribution plan. Currently, Lexmark matches employee contributions dollar for dollar up to 3 percent of salary. Under the new plan, the company will automatically contribute 1 percent to each employee's 401(k) account and will match employee contributions dollar for dollar up to 5 percent, for a maximum company contribution of 6 percent. (The company also plans to make a maximum matching contribution of six percent to a nonqualified deferred compensation plan on compensation amounts in excess of IRS qualified plan limits.)

Background: Since its inception in 1991 as a spin-off of IBM, Lexmark International, Inc. has become a leading developer, manufacturer and supplier of printing and imaging solutions for offices and homes in more than 150 countries with revenues over $5 billion. Lexmark's products include inkjet printers, laser printers, multifunction devices and associated supplies, as well as services and solutions.

References

Ioma.com. 2006. "Freezing Your Defined Benefit Plan-Is It Right for Your Company?" (June 28)
Lexmark. 2006. 2005 *Annual Report*. (March 10)
Lexmark. 2006 *Proxy*. (March 10)
SEC Form 10-K filed March 8, 2006.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Lockheed Martin Corporation

U.S. Employees: 118,800

Type of Plan(s): Traditional Defined Benefit

Date Announced: October 6, 2005

Date Effective: January 1, 2006

Description of Freeze: *Freeze for New Employees.* As of January 1, 2006, new hires will not be eligible to participate in Lockheed Martin's defined benefit pension plan.

Plan Solvency: On April 15, 2005, Lockheed Martin reported an $11 billion underfunding as of December 31, 2004. Total plan liabilities were $37 billion with total assets of $26 billion.

Reported Financial Implication: As a result of the freeze, Lockheed Martin Corporation expects annual savings of $125-150 million a year.

New Arrangements for Employees: Employees hired after January 1, 2006 will be eligible to participate in the current 401(k) plan and a new savings program that is similar to a 401(k), in which some contributions may be matched by Lockheed Martin.

Background: Lockheed Martin makes rockets, satellites, and the F-16 fighter jet. Of the company's roughly 130,000 employees, 85,000 are salaried.

References

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U.S. Department of Labor. 2003. *Form 5500.*

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Milliken and Company

U.S. Employees: 10,200

Type of Plan(s): Traditional Defined Benefit — 9,300 participants affected

Date Announced: November 2005

Date Effective: December 31, 2005

Description of Freeze: *Total Freeze*. Members in Milliken and Company's defined benefit pension plan stopped accruing benefits on December 31, 2005.

Plan Solvency: At year end 2003, defined benefit pension assets were $176 million and obligations were $180 million.

Reported Financial Implication: Due to the pension freeze, Milliken's long-term savings are estimated to be $12 million.

New Arrangements for Employees: Milliken has enhanced its 401(k) plan to compensate for the pension freeze.

Background: Milliken is a privately-held textile company owned by Roger Milliken and his family. Richard Dillard, spokesman for Milliken and Company, said that the changes were a result of "the very competitive global cost competitiveness, and pension cost volatility, which all companies are facing."

References

Dillard, Richard (spokesman for Milliken and Company). 2006. Personal communication.

Moore, Rebecca. 2006. "Textile Giant Announces Pension Plan Freeze." *Plan Sponsor.* (January 10).

The Charlotte Observer. 2006. "Textile Giant Milliken Freezes Pensions." (January 10).

U.S. Department of Labor. 2003. *Form 5500*.

Notes:

'Reported Financial Implication' is authors' calculation.

The details of the 'New Arrangements for Employers' are not public information since Milliken is a privately-held company.

Pension Change Fact Sheet

March 2006

Company Name: Motorola, Inc.

U.S. Employees: 30,600

Type of Plan(s): Traditional Defined Benefit

Date Announced: December 17, 2004

Date Effective: January 1, 2005

Description of Freeze: *Freeze for New Employees.* As of January 1, 2005, new U.S. hires to Motorola will not be able to participate in the defined benefit pension plan.

Plan Solvency: As of December 31, 2005, U.S. defined benefit pension assets were $3.5 billion and obligations were $4.7 billion.

Reported Financial Implication: As a result of the freeze, Motorola is estimated to save $17.5 million per year.

New Arrangements for Employees: Those hired after January 1, 2005 will be eligible to participate in a 401(k) plan. Motorola will match the employee's contributions, dollar-for-dollar, up to 3 percent of their salary, and $.50 for every $1 contributed between 3 percent and 5 percent of the employee's salary. For those hired prior to January 1, 2005, Motorola will match $0.50 for every $1 the participant contributes, up to the first 6 percent of their salary.

Background: Motorola's defined benefit pension plan covers most U.S. employees. Their supplemental retirement benefit plan was discontinued in 1999 and replaced with a new supplemental retirement benefit plan. Motorola is the world's second largest mobile phone maker. In order to cut costs and remain competitive, both the new supplemental plan and the traditional defined benefit plan were closed to new employees as of January 1, 2005.

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Notes:

'U.S. Employees' are 45 percent of 68,000 worldwide employees.

'Reported Financial Implication' is authors' calculation.

Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: NCR Corporation

U.S. Employees: 11,400

Type of Plan(s): Traditional Defined Benefit — 9,200 participants affected

Date Announced: May 2004

Date Effective: September 1, 2004

Description of Freeze: *Partial Freeze and Freeze for New Employees*. New U.S. hires and U.S. employees below the age of 40 stopped accruing defined benefit pension benefits as of September 1, 2004.

Plan Solvency: At year end 2004, NCR defined benefit pension obligations were $3.2 billion and assets were $3.0 billion.

Reported Financial Implication: NCR anticipates that its U.S. pension expenses will shrink to "approximately zero" by 2007.

New Arrangements for Employees: NCR increased the total 401(k) contribution match from 3.75 percent to 5 percent of pay. Employees that are eligible and opt to remain in the defined benefit plan will only receive a 3.75 percent match to their 401(k) contributions.

Background: NCR makes ATMs and retail scanners in addition to supplying data-warehousing services. At the time of the freeze, NCR hoped to be able to cut company costs by $250 million between 2003 and 2005, in efforts to remain competitive. The pension freeze came after layoffs in 2003, which, along with other cost saving strategies, saved the company $100 million.

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Pension Change Fact Sheet

Center for Retirement Research at Boston College

March 2006

Company Name: Nissan North America, Inc.

U.S. Employees: 15,200

Type of Plan(s): Traditional Defined Benefit

Date Announced: January 2006

Date Effective: January 2006

Description of Freeze: *Freeze for New Employees.* Employees hired after January 1, 2006 will not be eligible to participate in Nissan North America, Inc.'s defined benefit pension plan.

Plan Solvency: At year end 2003, defined benefit pension assets were $575 million and obligations were $675 million.

Reported Financial Implication: Nissan North America Inc.'s Global Pension Committee is to hold a meeting that will determine the financial impact.

New Arrangements for Employees: It has not been decided whether new employees will be offered entry into a new defined contribution plan or the company's existing $1.1 billion 401(k) plan. Nissan currently matches employee contributions up to 5 percent of salary. The Global Pension Committee will decide on the details at their meeting.

Background: Nissan opened its first U.S. assembly plant in 1983 and has about 500 retirees from its manufacturing division. But the automaker has expanded rapidly and now has 12,200 manufacturing employees in the U.S., plus 3,000 in sales, engineering, administration and design. Nissan expects its U.S. retiree population to top 4,000 in the next decade. After near bankruptcy in 1999, Nissan recovered and today stands as one of the most profitable automakers, with over 6 percent of the U.S. auto market.

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Pension Freeze Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

July 2006

Company Name: Nortel Networks Limited

U.S. Employees: 13,400

Type of Plan(s): Traditional Defined Benefit

Date Announced: June 27, 2006

Date Effective: January 1, 2008

Description of Freeze: *Total freeze*. As of January 1, 2008, employees in the defined benefit plan in Canada and the United States will stop accruing new benefits.

Plan Solvency: At the end of 2005, the plan had $8.95 billion of benefit obligations and $6.46 billion worth of assets.

Reported Financial Implication: As a result of the freeze, Nortel Networks is estimated to save $100 million in 2008 and more than $400 million in total by 2012.

New Arrangements for Employees: All current employees who have a defined benefit plan will be switched into a defined contribution plan on January 1, 2008. Nortel Networks will contribute an amount equal to two percent of an employee's earnings into a defined contribution plan. Furthermore, Nortel will match $.50 for every dollar contributed up to six percent of the participant's salary, for a total maximum contribution by Nortel of 5 percent.

Background: Nortel delivers end-to-end carrier grade telecommunications (optical transmission, wireless, voice, etc) network infrastructure and solutions to over 17 countries worldwide and roughly 90% of Fortune 500 companies. As of 2000, Nortel introduced a defined contribution plan for all employees hired after May 1, 2000. At that time, existing members of the defined benefit plan were allowed to remain in their plan or switch to the defined contribution plan. As part of its current cost-cutting initiative, Nortel will eliminate 1,900 positions globally and create 800 new ones in two new centers in Mexico and Turkey in order to increase competitiveness.

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Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Russell Corporation

U.S. Employees: 8,800

Type of Plan(s): Traditional Defined Benefit (non-union U.S. plan) — about 5,700 participants affected

Date Announced: January 19, 2006

Date Effective: April 1, 2006

Description of Freeze: *Total Freeze*. Members in Russell Corporation's non-union U.S. defined benefit pension plan will stop accruing new benefits on April 1, 2006.

Plan Solvency: At the end of 2004, the plan had $192.4 million worth of benefit obligations and $127.9 million worth of assets.

Reported Financial Implication: The financial implications of the freeze are not public information.

New Arrangements for Employees: Russell Corporation will match, dollar for dollar, 401(k) contributions up to 3 percent of salary, and then $.50 for every dollar up to 5 percent of salary. Employees are immediately vested in the value of their contributions, along with Russell's match, when they are made. In April of 2006, employees with 20 complete years of service as of April 1, 2006, whether participants in the plan or not, will receive a one-time contribution equal to 2 percent of base salary for the period April 1 through December 31, 2006.

Background: Textile manufacturer Russell Corporation lost a contract to sell fleece products for boys at Wal-Mart (the world's largest retailer) leaving Russell with too much manufacturing capacity and thus requiring cutbacks. In efforts to remain globally competitive, Russell froze its pension plan and will eliminate 2,300 jobs (approximately 15 percent of its workforce). These jobs will eventually be reinstated and outsourced to Honduras and Mexico.

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Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

January 2007

Company Name: Ryder System, Inc.

U.S. Employees: 21,300

Type of Plan: Traditional Defined Benefit — 9,400 participants affected

Date Announced: January 11, 2007

Date Effective: January 1, 2008

Description of Freeze: *Partial Freeze*. Ryder will freeze its pension plan for current employees who do not meet certain grandfathering criteria and will provide these employees with an enhanced 401(k) savings plan. The criteria for grandfathered employees are based on a minimum of 65 points (the sum of an employee's age and years of service with Ryder as of December 31, 2007). Additionally, Ryder will grandfather employees currently enrolled in the Pension Plan who have at least 20 years of credited service with the company, regardless of their age. Grandfathered employees will have the option to remain in the current pension plan or participate in the enhanced 401(k) savings plan.

Plan Solvency: At year end 2005, Ryder's defined benefit pension obligations were $1.187 billion and its assets were $940 million.

Reported Financial Implication: The freeze is not intended to produce a near-term financial benefit; however it is expected to significantly reduce the company's exposure to long-term market volatility, particularly over a 20-30 year timeframe.

New Arrangements for Employees: Ryder will make an automatic contribution of 3 percent of pay, even if employees do not choose to make a contribution — and will provide a 50 percent match on employees' contributions of up to 5 percent of pay. Employees also have the opportunity to earn an additional Ryder contribution of up to 3 percent of pay, based on company performance. In total, an employee contributing 5 percent of salary could receive a company contribution of up to 8.5 percent of salary.

Background: Ryder is a Fortune 500 company providing leading-edge transportation, logistics and supply chain management solutions worldwide. Ryder's stock is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index.

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Pension Change Fact Sheet

Center for Retirement Research at Boston College

March 2006

Company Name: Sears Holdings Corporation

U.S. Employees: 238,200

Type of Plan(s): Cash Balance — 113,100 participants affected

Date Announced: May 2005

Date Effective: January 1, 2006

Description of Freeze: *Total Freeze*. All employees stopped accruing defined benefit pension benefits on January 1, 2006.

Plan Solvency: At year end 2003, defined benefit plan assets were $2.7 billion and obligations were $2.9 billion.

Reported Financial Implication: The pension freeze reduced pension liabilities by $80 million. Long-term savings have not been reported.

New Arrangements for Employees: The 401(k) plan will have a company match, dollar for dollar, of up to 3 percent of salary, and $.50 for every dollar of contributions on the next 2 percent of salary.

Background: Sears Holdings Corporation is the largest broadline retailer in the United States. It is the parent company of Kmart and Sears, Roebuck and Co. Kmart Holding Corporation and Sears, Roebuck and Co. merged and became Sears Holdings Corporation in March of 2005. Prior to the merger, on January 29, 2004, Sears announced that it was closing its defined benefit plan to employees hired in 2004 and employees below the age of 40 as of, and effective, January 1, 2005. These employees would be able to participate in a 401(k) plan with an increased company match on their contributions. Kmart Holding Corporation did not have a defined benefit plan.

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Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Sprint Nextel Corporation

U.S. Employees: 82,900

Type of Plan(s): Traditional Defined Benefit — 39,000 participants affected

Date Announced: November 2005

Date Effective: January 1, 2006

Description of Freeze: *Partial Freeze and Freeze for New Employees*. Employees vested prior to the August 12, 2005 purchase of Nextel Communications Inc., stopped accruing benefits on December 31, 2005. Non-vested employees will receive benefits once they qualify. New hires will not be eligible to participate in the defined benefit plan.

Plan Solvency: At year end 2004, the defined benefit plan was not solvent. The defined benefit plan assets were $3.7 billion and the projected obligations were $4.5 billion.

Reported Financial Implication: The financial implications of the freeze are not public information.

New Arrangements for Employees: Sprint Nextel will increase its dollar-for-dollar match on employee contributions to 401(k) plans to 5 percent of the employee's salary.

Background: Sprint completed its purchase of Nextel Communications, Inc. on August 12, 2005. Both the acquisition and the freezing of pension plans were seen as a move to shift the business towards the mobile market — a market that, on the whole, does not offer defined benefit plans. Not all Nextel employees had a defined benefit plan at the time of the acquisition.

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Note:

'U.S. Employees' are the number prior to the acquisition of Nextel Communications, Inc.

Pension Freeze Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Unisys Corporation

U.S. Employees: 17,400

Type of Plan(s): Traditional Defined Benefit — 17,000 employees affected

Date Announced: March 22, 2006

Date Effective: December 31, 2006

Description of Freeze: *Partial Freeze*. On December 31, 2006, most U.S. employees and senior management will stop accruing benefits in their defined benefit plan.

Plan Solvency: At year end 2005, U.S. defined benefit pension plan assets totaled $4.6 billion. Accumulated benefit obligations of the plan were $4.8 billion.

Reported Financial Implication: The pension plan changes will result in a pretax savings of $45 million in the first quarter of 2006 and are expected to reduce retirement costs by roughly $700 million over the next decade.

New Arrangements for Employees: Unisys will increase the company-funded stock-based matching contribution to their defined contribution savings plan from the existing 50 percent of the first four percent of eligible pay to 100 percent of the first six percent of eligible pay.

Background: Unisys is a worldwide technology services and solutions company. Unisys consultants work in the fields of consulting, systems integration, outsourcing, infrastructure and server technology.

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Pension Change Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

March 2006

Company Name: Verizon Communications

U.S. Employees: 240,000

Type of Plan(s): Cash Balance — 50,000 participants affected (managers)

Date Announced: December 5, 2005

Date Effective: June 30, 2006

Description of Freeze: *Partial Freeze*. Managers at Verizon Communications covered by the defined benefit plan will stop accruing benefits on June 30, 2006, at which point they will receive an 18-month enhancement to the value of their pension. Managers hired after January 1, 2006 are not eligible to earn defined benefit pension benefits.

Plan Solvency: As of year end 2005, the defined benefit plan assets were enough to cover its $4 billion pension liability.

Reported Financial Implication: As a result of the freeze, Verizon Communications incurred a charge of about $97 million (pre-tax) and about $60 million (after-tax) in the fourth quarter of 2005. The company expects savings of roughly $3 billion over the period 2006-2016.

New Arrangements for Employees: Verizon will raise its match threshold for 401(k) plans from 5 to 6 percent of salary and increase its match amount to $1.50 for every $1.

Background: Verizon Communications is the country's second largest telephone company. Verizon recently purchased MCI and the freeze brings its plan in line with the managerial pension plans at MCI and Verizon Wireless.

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Note:

In regard to 'Plan Solvency,' assets of all Verizon defined benefit plans, not just the management plan that is to be frozen, were $39.106 billion at year end 2004, and obligations were $37.395 billion. Assets and obligations for individual plans are not disclosed.

Pension Freeze Fact Sheet

CENTER FOR RETIREMENT RESEARCH AT BOSTON COLLEGE

September 2007

Company Name: Waters Corporation

U.S. Employees: 4,890 globally (approximately 45% domestic)

Type of Plan(s): Traditional U.S. Defined Benefit — approximately 2,100 both salaried and hourly employees affected

Date Announced: September 4, 2007

Date Effective: January 1, 2008

Description of Freeze: Total Freeze. Close plan to all new hires. Freeze pay credit accruals for all participating employees after December 31, 2007.

Plan Solvency: Waters Corp 10-K SEC filing reports, as of 3/01/2007, pension assets of $69 million, and projected benefit obligations of $91 million.

Reported Financial Implication: Not available.

New Arrangements for Employees: As of December 31, 2007, the Corporation will give all active U.S. defined benefit plan participants a one-time transition benefit equal to three times 3 percent less than the pay credit percentage such participants would have received in 2007. For example, a 5.5% annual 2007 pension pay credit contribution translates to a 7.5% one time transition benefit [3 * (5.5%-3%)]. The 3 percent reduction reflects the additional employer matching contribution which will be available to participants in the 401(k) plans in 2008. This one-time transition benefit will be contributed to employees' 401(k) Plan accounts in the first quarter of 2008. In addition, effective January 1, 2008, Waters will be increasing its 401(k) employer matching contribution from 50 % to 100% of the first 6% of pay deferred by employees.

Background: Waters Corporation is an analytical instrument manufacturer that designs, manufactures, sells and services high performance liquid chromatography, ultra performance liquid chromatography, mass spectrometry, thermal analysis and rheology instrument systems, as well as laboratory informatics and support products.

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