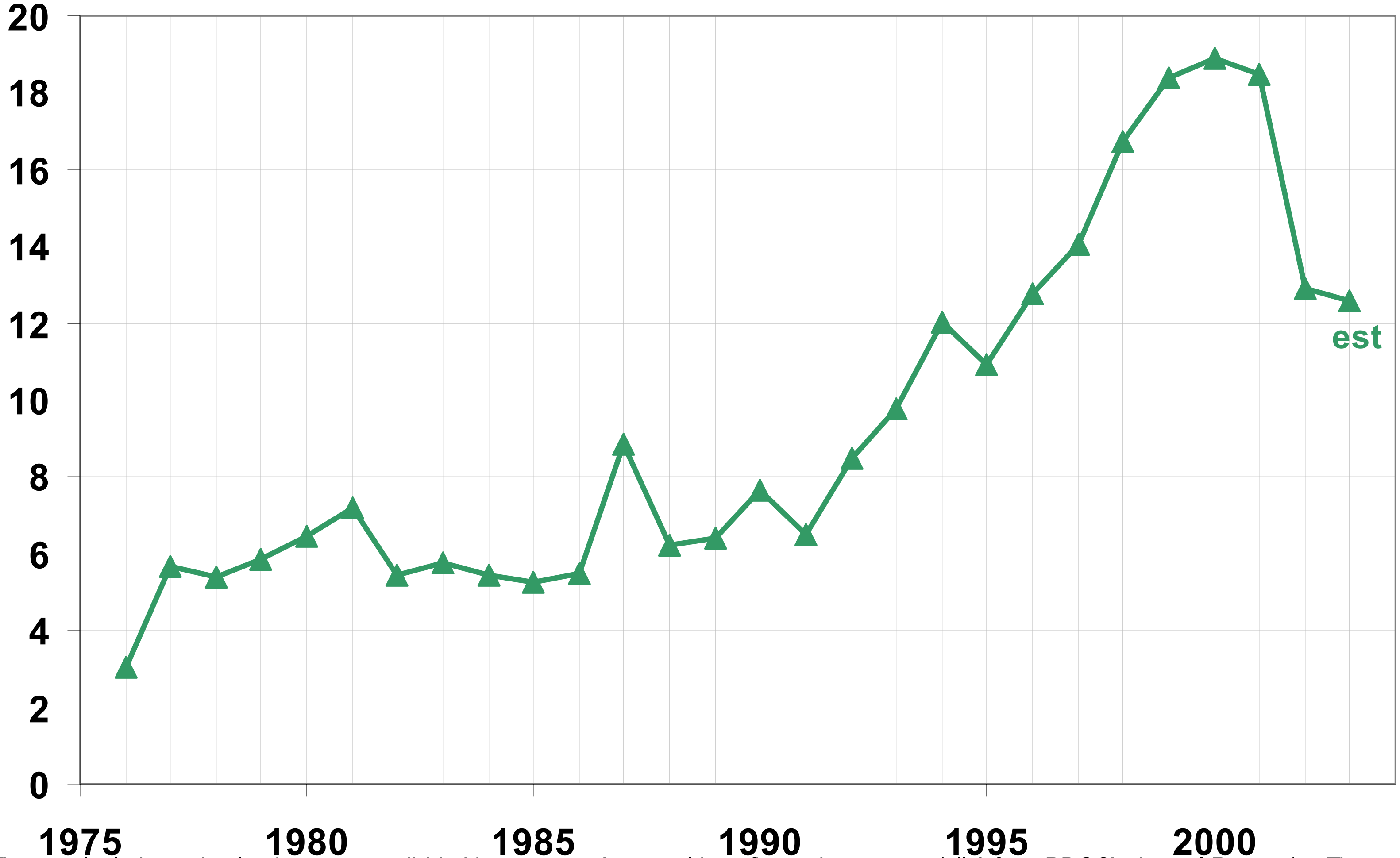
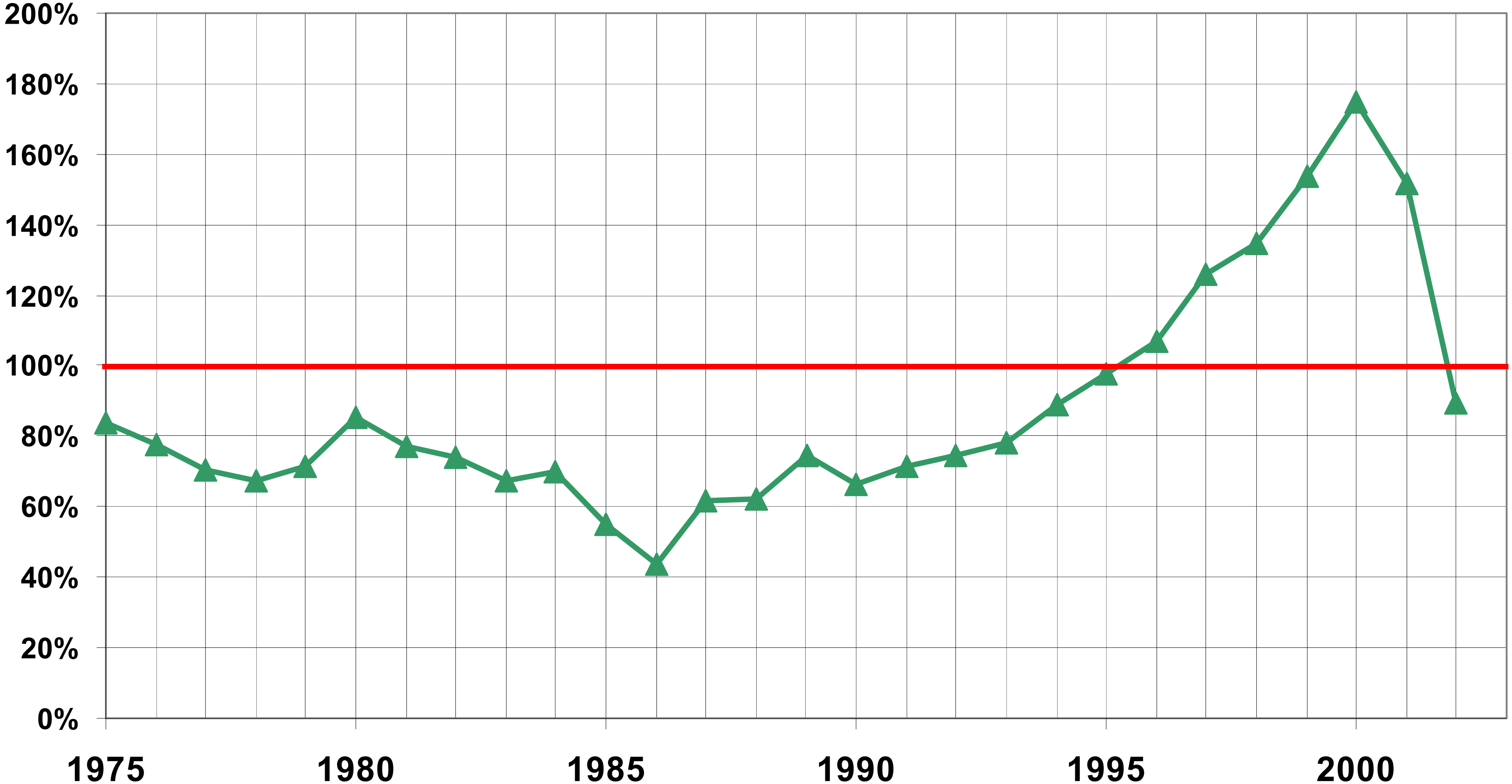
PBGC Assets divided by Annual Benefits + Expenses



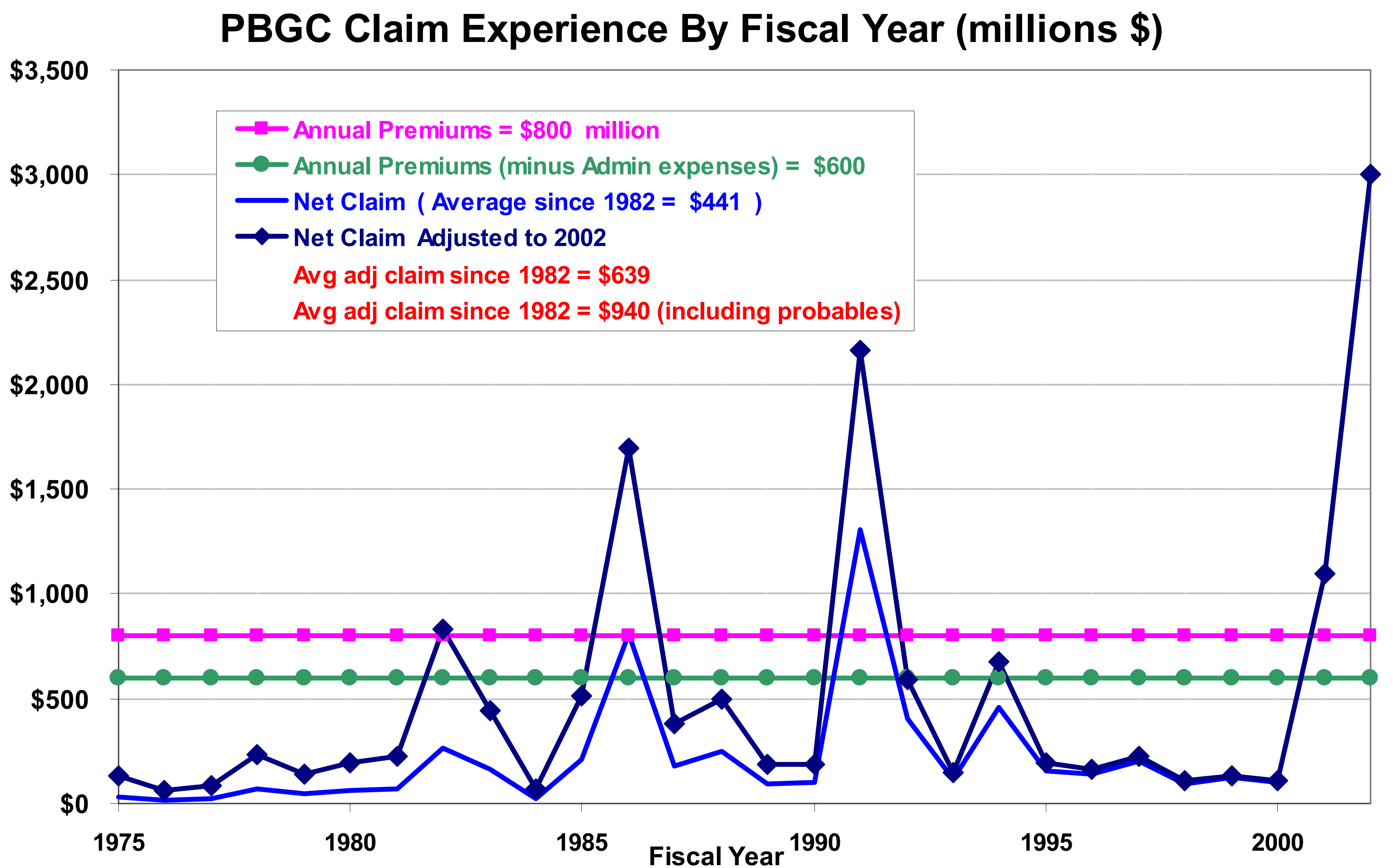
These calculations simply show assets divided by next year's annual benefits and expenses (all 3 from PBGC's Annual Reports). The purpose of this chart is to show that PBGC should have no problem fulfilling its mission of paying pensions for years, because pension payments are paid out over many years. While the ratio has decreased recently, it is still higher than it was in the 1980's. Since the calculations do not reflect future premiums, future investment income, or future terminations, there should be no inference from this chart as to whether PBGC's future premium income is adequate to cover future claims. (See the later slides for a comparison of claims and premiums.) It should also be noted that future claims bring in additional plan assets. Thus, large claims won't impair PBGC's ability to pay benefits in the near future. Provided at the request of the ERISA Industry Committee by Ron Gebhardtsbauer, American Academy of Actuaries 4/2003

PBGC's Funding Ratio

(Assets divided by Liabilities)



PBGC assets are 90% of liabilities, which is better than their first 20 years. Percent funded is a better indicator than dollars underfunded. For example, If PBGC is 90% funded, it needs an extra 11% return to get to 100% funded. In 1986, they also had a deficit of over $3 billion, but their funding ratio was under 50%, so their assets would have to more than double to eliminate the underfunding. Note: Since PBGC includes the liabilities of it's probable terminations, we have included their assets also. Provided at the request of ERISA Industry Committee Ron Gebhardtsbauer, American Academy of Actuaries 4/2003



To compare with current premium income, past claims have been adjusted to reflect today's pension levels and interest rates. The second adjusted claims amount above includes $6 billion of probable claims from the 2002 Annual Report. How many years should they be averaged over? Is this a once in 20 years event, or once in one hundred years event? Note: Past claims may not be a good predictor of future claims. PBGC's Annual Report suggests claims could double.

Relationship Between T-30 and Corporate Rates

The spread between Treasury and corporate rates widened in September 1998, and has remained at very high levels thereafter.

	T-30	Corporate Composite Rate	T-30 less Corporate Rate
Current Rates			
12/02 monthly average	4.92	6.23	-1.31
four-year weighted average at 12/02	5.54	7.06	-1.52
Historical Rates			
average of rates for 1998-2002 period	5.63	7.09	-1.46
average of rates for 1993-1997 period	6.83	7.65	-0.82