

Richmond Times-Dispatch

WEDNESDAY, NOVEMBER 4, 2009

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WEDNESDAY
November 4, 2009
TimesDispatch.com

Business

Brink's payment to pension plan pays off

Payment offset tax bill on BAX purchase, frees \$94 million for buying

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Sometimes, you need to spend money to make money — as The Brink's Co. Inc. has done, breaking step with most American businesses by contributing funds to a pension fund when it didn't have to.

Brink's, which makes its money toting cash for others, pumped \$150 million into its then-underfunded pension plan in August.

This week, the company disclosed that the move likely will end up boosting its profits this year and next — while freeing up some \$94 million for acquisitions next year and the year after.

"We thought it was proactive management to do the right thing," company spokesman Ed Cunningham said.

The \$94 million represents money Brink's had been planning to put into the pension fund next year and the year after, but a larger contribution sooner means that it no longer needs to.

Like many retirement plans, the one at Brink's was hammered by tumbling stock and bond prices last year, which accounted for most of a \$465 million whack that at year-end left the plan in position to fund only 59 percent of its projected obligations over the decades to come.

Meanwhile, Brink's faced a big tax bill from the \$1.1 billion sale of its BAX Global air-freight business in 2006.

Executives realized that if they could offset that in part by making a contribution to the pension fund, which they did with \$92.4 million in cash and by issuing just under 2.3 million shares of stock, worth \$57.6 million. Since then, stock and bond markets are doing better.

Between the combined effect of those gains and the contribution,

Brink's has carved down a pension-plan funding shortfall that stood at \$308 million at the end of last year to about \$104 million now, a figure more in line with what financial experts say is appropriate.

At the end of last year, Brink's projected pension expenses of about \$200 million over the following five years, according to its filings with the U.S. Securities and Exchange Commission.

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