

This addendum, which outlines the changes to the Pension Scheme effective from 1 January 2008 and 6 April 2010 should be read in conjunction with the pension scheme booklet: "Your Guide to the Associated British Foods Pension Scheme, British Sugar Section" dated December 2006.

Useful Definitions

Annual Allowance: 2007/08 tax year £225,000.

Lifetime Allowance: 2007/08 tax year £1.6m.

Lower Accrual Member is a member who has elected before 1 January 2008 not to pay the increase in member contributions with effect from 1 January 2008 and will therefore accrue pension in respect of Benefit Pensionable Service from this date at the rate of 1/80th. It is not possible to elect to pay the increase in contributions at a future date to switch back to full scheme accrual of 1/60th.

Where any benefit is provided under the Scheme by reference to any future Benefit Pensionable Service which would have been completed by the Lower Accrual Member, this will be calculated at the rate of 1/80th.

Page 3: Contributions

What do I pay?

Your contribution to the Scheme is 6.5% of your Contributory Salary with effect from 1 January 2008, increasing to 7.5% from 1 January 2009.

Example – January 2008:

| <i>Contributory Salary £2,500 per month:</i> | | | | |
|---|---|-----------------------------|---|-------------------|
| <i>Employee contribution</i> | = | <i>6.5% of £2,500</i> | = | <i>£162.50 pm</i> |
| | | <i>Less 22% tax relief*</i> | | |
| <i>Net cost to you £126.75 pm (£130 pm from April 2008)</i> | | | | |

Example – January 2009:

| <i>Using same Contributory Salary:</i> | | | | |
|--|---|--------------------------------|---|-------------------|
| <i>Employee contribution</i> | = | <i>7.5% of £2,500</i> | = | <i>£187.50 pm</i> |
| | | <i>Less tax relief at 20%*</i> | | |
| <i>Net cost to you £150 pm</i> | | | | |

* Basic rate of Income Tax is being reduced to 20% with effect from 6 April 2008

For Lower Accrual Members the contribution rate is 5.5% of Contributory Salary.

Page 4: Benefits on Retirement

What happens if I retire at Normal Retirement Date?

For Lower Accrual Members your pension is calculated as the lesser of:

- Benefit Pensionable Service to 31 December 2007 x Pensionable Salary x 1/60 plus Benefit Pensionable Service from 1 January 2008 x Pensionable Salary x 1/80th; and
- 2/3rds of your Pensionable Salary.

Example:

You retire at age 65 with 28 years' Benefit Pensionable Service (split 23 years to 31 December 2007 and 5 years after 1 January 2008 as a Lower Accrual Member) and Pensionable Salary of £30,000.

Pension is the lesser of: $\left(\frac{23}{60} \times £30,000\right) + \left(\frac{5}{80} \times £30,000\right) = £13,375 \text{ per year}$

and $2/3\text{rds} \times £30,000 = £20,000 \text{ per year}$

Pension payable would amount to £13,375 per year

Page 6: Can I retire early?

Third paragraph

If you retire from service before 6 April 2010 before your Normal Pension Date and you have not retired early because you have been made redundant, your pension will currently be reduced by 4% per annum for each year of early retirement before Normal Pension Age pro-rated on a monthly basis. For these purposes, the current Scheme practice is to treat Normal Pension Age as age 60 for all Members for the purposes of applying these reductions.

From 6 April 2010 the early retirement reduction will apply from 65 downwards but only in respect of pension accrued after 6 April 2010. The early retirement reduction will continue to apply as set out above from Normal Pension Age downwards in respect of pension accrued before 6 April 2010.

Example:

| Age at Retirement | % of accrued pension you receive for Benefit Pensionable Service pre 6 April 2010 | % of accrued pension you receive for Benefit Pensionable Service post 6 April 2010 |
|-------------------|---|--|
| 64 | 100% | 96% |
| 60 | 100% | 80% |
| 58 | 92% | 72% |
| 55 | 80% | 60% |
| 50 | 60% | 40% only payable to pre 1993 members* |

*Under minimum retirement age for post 93 members

Page 6: What if I am forced to retire because of incapacity?

Your pension is worked out as explained above (including provision for Lower Accrual Members) using your Pensionable Salary and Benefit Pensionable Service at the time you retire but this pension is then reduced by a lower percentage, currently 2% per annum for each year of early retirement before Normal Pension Age, pro-rated on a monthly basis. From 6 April 2010 the early retirement reduction will similarly apply from age 65 downwards but only in respect of service accrued after 6 April 2010.

If you are a Lower Accrual Member and are forced to retire on grounds of Total Incapacity you will be paid an annual pension equal to the greater of:

- $1/60\text{th of Pensionable Salary} \times \text{Benefit Pensionable Service to 31 December 2007}$ plus $1/80\text{th of Pensionable Salary} \times \text{Benefit Pensionable Service from 1 January 2008}$; and
- $1/60\text{th of Pensionable Salary} \times 2/3\text{rds Benefit Pensionable Service to 31 December 2007}$ plus $1/80\text{th of Pensionable Salary} \times 2/3\text{rds Benefit Pensionable Service you could have completed from 1 January 2008 had you remained in the Scheme to age 65}$.

Page 8: Death before Retirement

Life Assurance no longer ceases at Normal Retirement Date for contributing members of the Scheme.

Page 10: Pension Increases

The part of your pension (if any) earned in respect of Benefit Pensionable Service before 1 January 2008, which is above the Guaranteed Minimum Pension, is increased by the Scheme in April each year in line with the increase in the Retail Prices Index (RPI) over the previous calendar year up to a maximum of 5%.

The part of your pension earned in respect of Benefit Pensionable Service from 1 January 2008 will be increased as above subject to a maximum increase of 2.5%.

Page 11: Leaving the Scheme

Legislation has reduced the fixed rate revaluation of Guaranteed Minimum Pension for members leaving the Scheme after 6 April 2007. The new rate is currently 4% compound for each tax year from date of leaving to GMP Payment Date.

If you are a pre 1993 member (i.e. you joined the Scheme before 1 April 1993), the reduction from age 60 downwards will apply only in respect of that part of your deferred pension earned before 6 April 2010. The early retirement reduction will apply from age 65 downwards on that part of your deferred pension earned from 6 April 2010.

Page 18: Scheme Information

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