

SUMMARY FUNDING STATEMENT 2018

Associated
British Foods | Pension
Scheme

What is a Summary Funding Statement and why is it needed?

The Trustee Directors are required to send you an annual statement that provides a summary of the Scheme's financial position – you may remember that we sent you a similar statement last year.

How is the Scheme's funding position measured?

The Scheme's funding position is measured by a complex actuarial valuation that is carried out at least every three years by the Scheme's appointed independent actuary. The Scheme's most recently completed actuarial valuation took place at 5 April 2017.

What were the results of the 5 April 2017 actuarial valuation?

The actuarial valuation at 5 April 2017 showed that:

- The value of the Scheme's liabilities was: £ 3,613 million
- The Scheme's assets were: £ 3,789 million
- The Scheme had surplus assets of: £ 176 million

Is the Company still paying contributions?

The Company pays contributions towards the cost of new pension that members earn each year. No surplus assets have been refunded from the Scheme to the Company and the Scheme has not been subject to any interventions by the Pensions Regulator.

How has the Scheme's funding position changed since 5 April 2017?

In the period between valuations, the actuary checks the Scheme's funding position regularly. The latest review showed that the Scheme's funding position had improved, with a surplus between its assets and liabilities at 5 April 2018 of around £303 million. This increased surplus has been caused primarily by lower long term inflation expectations in April 2018 compared to April 2017 which has reduced the value of the Scheme's liabilities compared to the Scheme's assets.

Is this change in funding position unusual?

It is important to remember that pension schemes are long term investments. Investment market conditions, which affect the value of both the Scheme's assets and liabilities, change on a daily basis. Therefore, as has been shown in the Scheme's annual funding statements over the past few years, fluctuations in the Scheme's funding position from year to year are common, in particular in the recent uncertain economic climate. At present, most pension schemes have a funding shortfall.

What would happen if the Scheme suddenly had to be stopped?

The actuarial valuation also looked at the situation if the Scheme was to be discontinued and members' benefits secured with an insurance company. At 5 April 2017, the Scheme's assets would have been sufficient to secure, on average, 76% of members' benefits. This situation is typical of the majority of UK pension schemes. The Trustee Directors are required by regulation to disclose this information to you. We currently consider it a remote possibility that the Scheme will be discontinued.

How important is the Company's support of the Scheme?

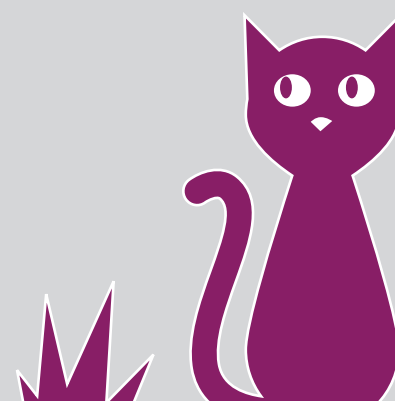
In March 2017, ABF plc provided a formal guarantee that it would cover at least £420 million of any future shortfall. This guarantee provides further security to benefits in the Scheme. ABF plc has also confirmed to the Trustee Directors that it currently has no intention of discontinuing the Scheme and that it is committed to paying the ongoing expenses of running the Scheme and paying extra contributions when necessary to fund the shortfall (including if the shortfall were to exceed £420 million). However, it is important to remember that the Scheme currently relies on the Company's continuing support.

What happens next?

The next actuarial valuation will be undertaken in 2020, however the actuary will continue to check the Scheme's funding position regularly. Looking further ahead, we can assure you that we will continue to keep the Scheme's financial situation under close review, with regular dialogue with the Company about the potential need for additional contributions if required.

Where do I get further information?

You can obtain further information through the website at www.abfpensions.com or by writing to: Group Pensions Director, ABF Pension Trustees Limited, 50/51 Russell Square, London WC1B 4JU



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