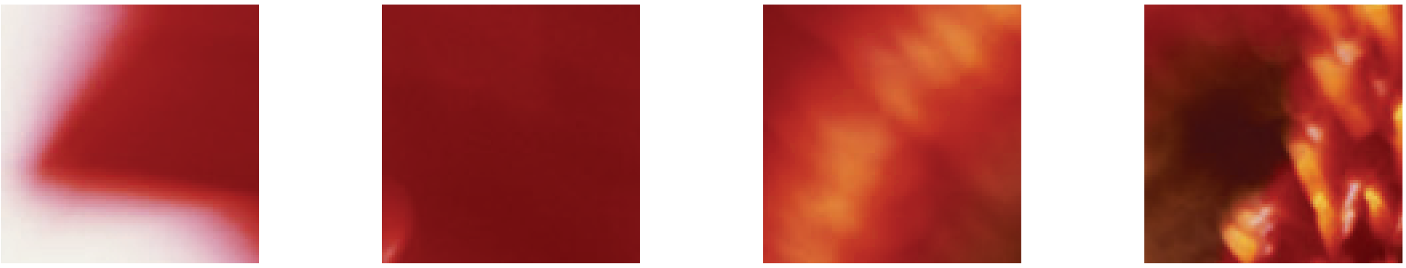
Associated British Foods

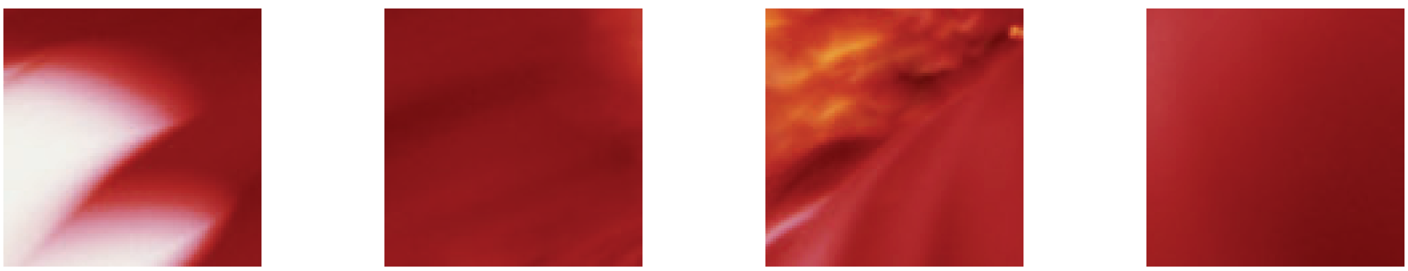
Pension Scheme

British Sugar Section



Your guide to the…

…Associated British Foods Pension Scheme



Useful definitions

A-Day is 6 April 2006, the date on which the new pension regulations (Finance Act 2004) became effective.

Annual Allowance (AA) is an annual allowance on the increase in value of your pension benefits. In the 2006/07 tax year this is £215,000 rising to £255,000 by the 2010/11 tax year. The increase in pension each year is calculated by taking the difference in the amount of pension built up between the start and the end of the tax year and multiplying it by 10. This is then added to the total of any AVCs paid in the tax year and any contributions paid to any other registered pension arrangements.

Available LTA is the percentage of the Lifetime Allowance (LTA) which you have available to count against any pension benefits you wish to draw from the Scheme. If you take any pension benefits in excess of your Available LTA, the excess will be subject to a tax charge (Lifetime Allowance Charge). Briefly, the new regime works so that as and when you start to receive pension benefits from a pension arrangement the relevant pensions administrator will calculate the value of the benefits being paid from that arrangement as a percentage of the LTA. That percentage is then deducted from the LTA and the percentage of the LTA that is left is your Available LTA.

Benefit Pensionable Service is the number of years and complete months that you have been a member of the Scheme.

Contributing members of the British Sugar Pension Scheme (BSPS) on 31 March 1990, so long as they did not leave the scheme on that date, were credited with one month's pensionable service for each complete year of service from the date of joining the BSPS up to 31 March 1989.

Also, contributing members of the BSPS on 1 February 1991 who did not leave on that date were credited with one month's pensionable service for every 3 years of service from date of joining the BSPS up to 1 October 1990.

For consolidated salary members, the portion of Benefit Pensionable Service relating to the service completed before 1 April 1996 is adjusted by multiplying this pre April 1996 service by the Contributory Salary on 31 March 1996 and dividing it by the Contributory Salary on 1 April 1996. If the adjusted period is not an exact number of whole calendar months, it is taken to the next higher number of whole calendar months.

For consolidations at other dates, the relevant date is used for the proportion calculation.

Benefit Pensionable Service is the sum of the previously mentioned less any deducted service for periods of absence. If a transfer payment has been made into the Scheme from a previous pension arrangement, you will have been credited with the additional Pensionable Service notified to you at the time of the transfer.

British Sugar Section is a section of the ABF Pension Scheme which following the merger with the British Sugar Pension Scheme provides benefits on the British Sugar basis.

The Company is Associated British Foods plc and any subsidiary or associated company whose employees are included in the Scheme.

Consolidated Salary Member is a member whose salary was adjusted on 1 April 1996 under either:

- The Agreement "A move to salary 1996" dated 2 April 1996 made between British Sugar plc and the trade unions recognised by British Sugar plc as representing the members when this agreement applies
- The Agreement "Consolidating of Juice Run Bonus for Managers" dated 1 November 1995 between British Sugar plc and the managers to whom this agreement applies, and
- Any other salary consolidations that have taken place since 1 April 1996 that have been communicated to the relevant members.

Contributory salary is your basic annualised salary.

Guaranteed Minimum Pension is that part of your ABF pension which must be paid in place of a pension from the State Second Pension Scheme (S2P). This is because the Scheme is 'contracted-out' of S2P. Guaranteed Minimum Pension was earned in respect of Pensionable Service in the Scheme between 6 April 1978 and 5 April 1997 only. More details can be found in the section 'Your Pension and the State Scheme' on page 15.

GMP Payment Date is your 60th birthday if you are a woman or your 65th birthday if you are a man.

Definitions continued overleaf

Useful definitions (continued)

HMRC – HM Revenue and Customs, previously called Inland Revenue.

Incapacity is ill health which, in the opinion of the Trustee is sufficiently serious to prevent you from following your normal occupation and seriously impairs your earning ability. The consent of British Sugar plc is required before an ill-health pension can come into payment.

Lifetime Allowance (LTA) is an allowance set by the Government on the value of an individual's pension from all sources excluding the State pension. The LTA in the 2006/07 tax year is £1.5m rising to £1.8m by the 2010/11 tax year.

Lifetime Allowance (LTA) Charge is the tax charge which would apply on the amount of any pension benefits paid in excess of your Available LTA.

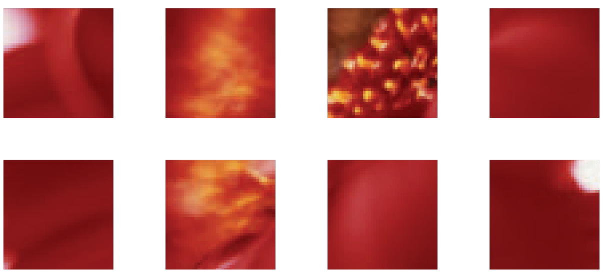
Normal Pension Age is your 60th birthday if you joined the British Sugar Scheme before 1 April 1993 or your 65th birthday if you joined on or after 1 April 1993.

Normal Retirement Date is your 65th birthday.

Pensionable Salary is the highest contributory salary you are paid in any period of 12 months in the five years up to date of retirement or leaving the Scheme. If you have worked both part-time and full-time while a member, the contributory salary you earn during a period or periods of part-time work is adjusted to the full time equivalent for the purposes of pension calculations.

Pensionable Service is your service from the date of joining the Scheme to the date of leaving.

Pension Guarantee is an assurance that if you are under age 75 and die before five years' pension instalments have been paid, the balance of those outstanding instalments will be paid in a lump sum to your dependants, less the amount of any spouse's pension payable for the remainder of the five year period.



Pension Input Period is the period over which you and the Company pay contributions into the Scheme and is a year ending 5 April and is the period used to measure the increase in the value of your benefits against the Annual Allowance.

Scheme Year is a year ending 5 April.

S2P is the State Second Pension previously known as SERPS.

State Pension Age is the age at which State pensions are paid. This is the 65th birthday for men and the 60th birthday for women born before 6 April 1950. All women born after 5 April 1955 have a State Pension Age of 65. Women born between those dates have a State Pension Age which is between 60 and 65.

The Scheme is the Associated British Foods Pension Scheme.

The Trustee is a Trustee Company, Associated British Foods Pension Trustees Limited. The Directors of the Trustee Company are appointed and replaced by the Company and are responsible for the Trust Fund and for ensuring that the Scheme is administered in accordance with the Trust Deed and Rules.

Total Incapacity is incapacity which in the opinion of the Trustee having regard to medical evidence, permanently renders it impossible for you to ever resume your own or any other trade profession or occupation for remuneration or profit or which very seriously and permanently impairs your earning capacity. The Trustee's decision as to whether Total Incapacity exists shall be final.

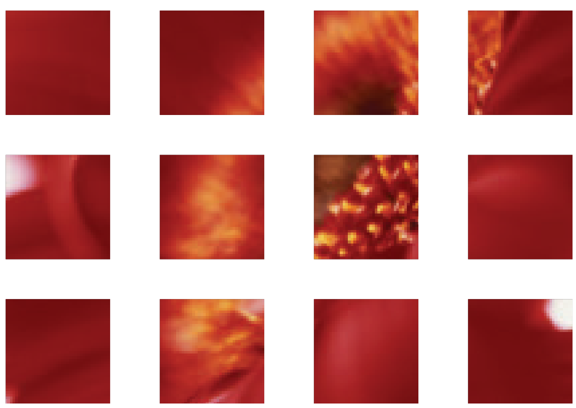
Introduction

The Associated British Foods Pension Scheme (the Scheme) was set up in 1949. It offers a comprehensive package of retirement and other benefits to its members and their families.

The British Sugar section was established in its present form on 6 April 2006. Before then a separate scheme existed, the British Sugar Pension Scheme (BSPS). This former scheme merged into the Associated British Foods Pension Scheme on 6 April 2006.

All members of the British Sugar (BS) Section of the Scheme are contracted-out of the State Second Pension Scheme (S2P), and the effect of this is explained on page 15.

The Scheme is governed by the Trust Deed and Rules which are the formal legal statement of the Scheme's Rules and Conditions and which override any information given in this guide.
The BS Section of the Scheme is administered on behalf of Associated British Foods Pension Trustees Limited by the Associated British Foods Pensions Departments based in London and Peterborough.



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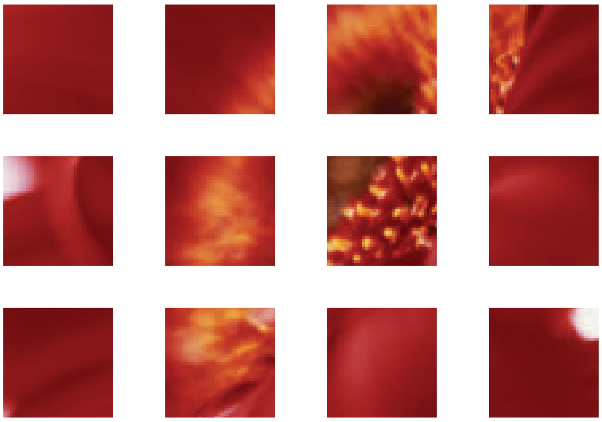
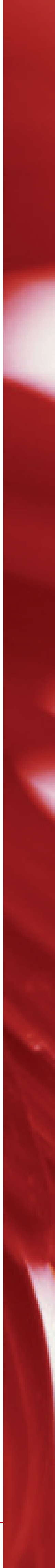




1 Joining the Scheme

Before merging with the ABF Pension Scheme the British Sugar Pension Scheme (BSPS) closed to new members on 30 September 2002. New employees or existing employees who have not joined can join the Defined Contribution (DC) Section of the ABF Pension Scheme.

Must I belong to the Scheme?

Membership of the Scheme is not a condition of employment and you can opt out of the Scheme whenever you wish. There is no specific period of notice, but you must let your HR or Payroll department know that you want to leave the Scheme and they will arrange it from the 1st of the month following the date of notification. If you do opt out, you will have the same entitlements as if you had left employment (see page 11).

Note: *If you opt out, you will not be covered for the death-in-service benefits described on page 8.*

Can I rejoin the BS Section of the Scheme?

No. If you opt out of the Scheme you cannot rejoin the BS Section. You can apply to join the DC Section of the Scheme but you will need the Company and the Trustee to consent. You will be asked to complete a medical questionnaire and your membership may be subject to special conditions.

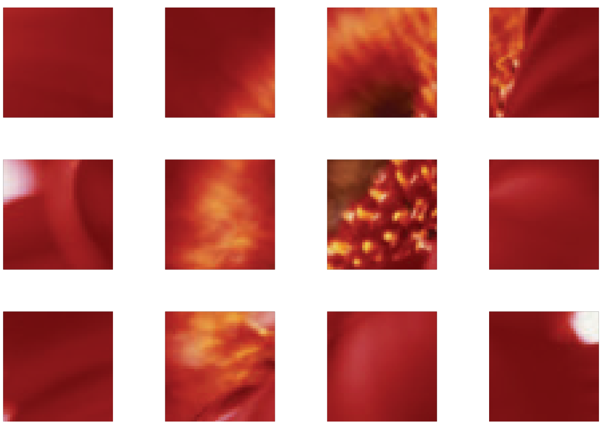
Can I pay contributions to other schemes?

Yes. You can contribute to Personal Pensions and/or Stakeholder Pension arrangements whilst you are a contributing member of the ABF Pension Scheme, although Company contributions will only be made to the ABF Scheme.

The maximum contribution eligible for tax relief that you can make to all registered schemes is 100% of your earnings in a tax year subject to this amount, together with the increase in the value of your pension, not exceeding the Annual Allowance (AA).

Company contributions to the BS Section do not count towards the Annual Allowance.

The Annual Allowance does not apply in the tax year of retirement.



2 Contributions

What do I pay?

Your contribution to the Scheme is 5.5% of your Contributory Salary.

Your contributions are deducted from your earnings before your income tax is assessed, which means that you receive full tax relief on your contributions.

Example:

Contributory Salary of £2,500 per month:	
Employee contribution	*= 5.5% of £2,500*
	= £137.50
	Less 22% Tax Relief
Net cost to you	*£107.25 per month*

Furthermore, as the Scheme is contracted-out of the State Second Pension (S2P) – see page 15, your National Insurance contributions will be reduced, because you are not going to earn any pension from S2P during your membership of the Scheme.

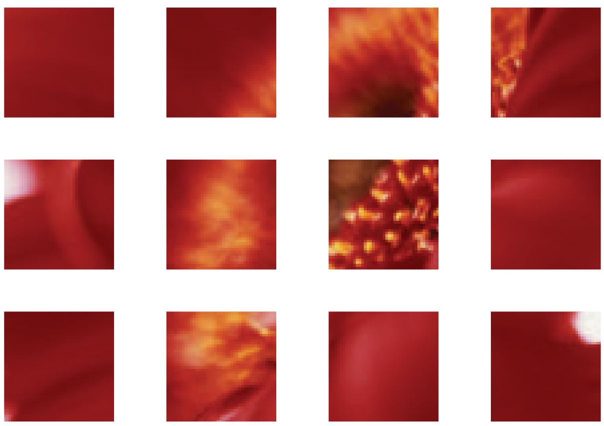
If you are a female paying National Insurance contributions at the reduced rate, you are already excluded from S2P and so there will be no further reduction in your National Insurance contributions.

What does the Company pay?

The Company pays the balance of the cost needed to provide the benefits under the Scheme, which is calculated by the Scheme's independent Actuary.

What happens to the contributions?

Your pension contributions and those made by the Company are paid into a Trust Fund which is quite separate from the Company's assets. The Trust Fund is invested by independent experts appointed by the Trustee.



3 Benefits on Retirement

How is my pension worked out?

Your pension from the Scheme is based on the number of years and months of your Benefit Pensionable Service and your Pensionable Salary. When you retire, the following calculations are used to work out how much your pension will be.

What happens if I retire at Normal Retirement Date?

Your pension is calculated as the lesser of:

- Benefit Pensionable Service x Pensionable Salary x 1/60th, and
- 2/3rds of your Pensionable Salary

Example:

You retire at age 65 with 28 years' Benefit Pensionable Service and Pensionable Salary of £30,000.
Pension is the lesser of:
$\frac{28}{60}$ *x £30,000 = £14,000 per year*
and
2/3 x £30,000 = £20,000 per year
Pension payable would amount to £14,000 per year

Lifetime Allowance Declaration

A Lifetime Allowance (LTA) has been set by the Government on the value of an individual's pension from all sources excluding the State pension and any spouse's pensions that you are in receipt of. If the LTA is exceeded a tax charge (Lifetime Allowance Charge) will be levied on the benefits in excess of the LTA and your pension benefits will be reduced to reflect this.

When you approach retirement you will be asked to complete a declaration provided to you by the Pensions Department to establish the amount of the LTA you have used up as a result of any pension benefits you are already being paid or are about to use from all other schemes on the same retirement date. The purpose of this form is to check whether all of your benefits, including your ABF benefits, are within the LTA. If payment of your pension benefits causes you to exceed your Available LTA the excess you are receiving over the LTA will be subject to the Lifetime Allowance Charge which will be deducted from the benefits before they are paid to you.

FAILURE TO PROVIDE THIS INFORMATION WILL DELAY PAYMENT OF YOUR BENEFITS.

How to calculate the value of your benefits

To calculate your Available LTA on retirement from the ABF Scheme you only need be concerned with calculating the amount of the LTA used in respect of benefits already in payment and any benefits that will become payable on the same date as your ABF Pension benefits. Any pensions payable at a future date will be assessed when they become payable.

Note: *Pensions must be given a capital value for the purposes of the LTA calculation. For pensions in payment before A-Day the relevant valuation factor is 25 and for pensions which become payable after A-Day the relevant valuation factor is 20*

Example:
A member aged 60 decides (with the Company's consent) to take early retirement in January 2007. He already has a pension in payment of £5,000 a year, which began to be paid to him before A-Day.

On the date of his early retirement he was due from ABF a pension amounting to £6,000 a year and tax-free cash of £20,000.

On the same date he intends to take a previous defined contribution pension early and the DC funds amounted to £24,000 (deferred 1).

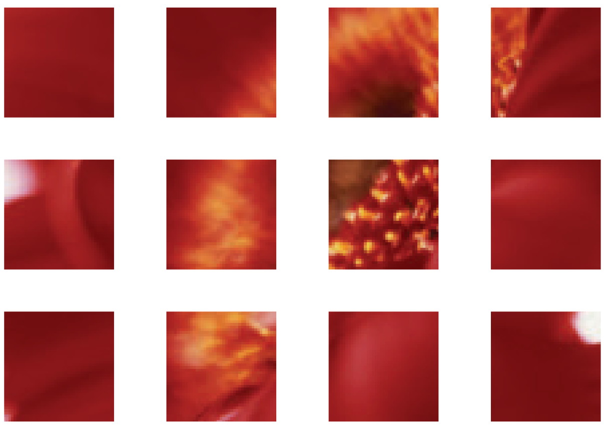
At age 65 the member is entitled to receive a deferred pension from another employer of £2,000 a year (deferred 2).

The LTA calculation on retirement at age 60 would be:

Pension in payment (pension x 25)	*£5,000 x 25 = £125,000*
+	
ABF (pension x 20)	*£6,000 x 20 = £120,000*
+	
ABF tax-free cash	*£20,000*
+	
Previous deferred DC Fund value (deferred 1)	*£24,000*
Total	*£289,000*

The LTA for tax year 2006/07 is £1.5 million. The member's total Pension Benefits are less than the LTA so the benefits can be paid without the deduction of a Lifetime Allowance Charge.

The deferred pension 2 is assessed with all the member's other benefits when that pension becomes payable at age 65 and therefore it is not included in the calculation above.



Can I retire early?

If you joined the BSPS after 1 April 1993 you can retire at any time after you reach the age of 50 as long as the Company agrees and receive an immediate pension, provided that your early retirement pension is at least equal to any Guaranteed Minimum Pension which must be paid from your GMP Payment Date. If you joined the BSPS before 1 April 1993 Company consent is not required for early retirements.

Your early retirement pension is calculated in the same way as if you retired at Normal Retirement Date, but is based on your Pensionable Salary and Benefit Pensionable Service at the date you retire. Your pension may then be reduced depending upon your age at your early retirement date. Your life assurance cover ceases on early retirement. Legislation is increasing the minimum retirement age to 55 on 6 April 2010 unless you are retiring on grounds of incapacity, or joined the BSPS before 1 April 1993.

If you retire from service before your Normal Pension Age 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.

Age at Retirement	Percentage of accrued pension you receive
60	100%
58	92%
55	80%
50	60%

What if I am forced to retire because of Incapacity?

If you are forced to retire through Incapacity then, if the Company agrees after being supplied with acceptable medical evidence, an immediate pension will be paid provided that your early retirement pension is of a sufficient level to cover any Guaranteed Minimum Pension which must be paid from your GMP Payment Date.

Your pension is worked out using your Pensionable Salary and Benefit Pensionable Service at the time you retire and this pension is then reduced by 2% per annum for each year that you are retiring early before your Normal Pension Age.

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

- 1/60th of Pensionable Salary x Benefit Pensionable Service, or
- 1/60th of Pensionable Salary x 2/3rds of the Benefit Pensionable Service you could have completed had you remained in the Scheme to age 65.

Can I draw my pension and tax-free cash and still work for the Company?

Yes. From 6 April 2006 you can apply for Company consent to draw your pension and tax-free cash and still continue working for the Company, perhaps in a part-time or reduced role. If consent is given your pension would be calculated in the same way as if you retired at Normal Retirement Date but using your Pensionable Salary and Benefit Pensionable Service to the date the pension is paid. The appropriate early retirement reduction factor would be applied. Initially the same early retirement terms will apply to the calculation of pension when someone either carries on working or stops work. However, ABF plc reserves the right to introduce a different basis for calculating an early retirement pension when the member wishes to carry on working. If you wish you can then join the DC Section of the Scheme to build up future benefits and maintain your life cover.

You would need to join the DC Section of the Scheme immediately otherwise you will be asked to complete a medical declaration and your life assurance benefit may be restricted.

For more details regarding this option please contact your HR department.

Can I retire late?

Yes. Men and women can work beyond age 65 with the Company's consent. If you work after age 65 you will continue as a contributing member of the Scheme and the payment of both pension and cash will be postponed until you actually retire, which must be no later than your 75th birthday.

Can I take a cash sum?

Yes, you can exchange part of your pension for a tax-free cash sum up to the maximum permitted by HMRC, but only if the remaining pension is enough to provide any Guaranteed Minimum Pension you may have from GMP Payment Date.

The maximum tax-free cash permitted by HMRC is 25% of the value of your pension which in a DB scheme is not straightforward to calculate as it depends on the factors used by the Scheme to convert pension into tax-free cash. The factors (commutation factors) used by the Scheme are decided by the Trustee. They are subject to review from time to time and may change in the future.

The formula used to calculate your maximum tax-free cash sum is:

$$\text{Cash} = \frac{\text{Pension x commutation factor}}{1 + (0.15 \text{ x commutation factor})}$$

Example:

Using the earlier example of a member retiring at NRD with a pension of £14,000 per year the cash calculation at age 65 using an age related commutation factor of 14.23 is as follows:

$$\frac{\pounds 14{,}000 \text{ x } 14.23}{1 + (0.15 \text{ x } 14.23)} = \frac{\pounds 199{,}220}{3.1345} = \pounds 63{,}557$$

If you decide to take cash at retirement your pension will be reduced using the formula:

$$\text{Reduced pension} = \text{Pension} - \left(\frac{\text{cash lump sum}}{\text{commutation factor}}\right)$$

The reduced pension at age 65:

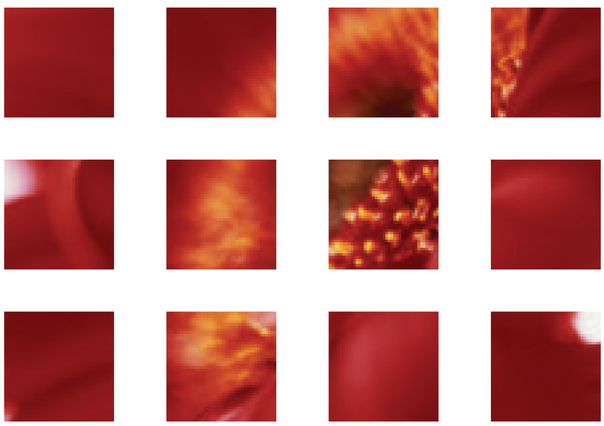
$$\pounds 14{,}000 - \frac{\pounds 63{,}557}{14.23} = \pounds 9{,}534 \text{ per year}$$

You can if you wish take a smaller tax-free cash sum on retirement which will result in a higher pension being paid throughout your retirement.

You can also take part or all of your Additional Voluntary Contributions (AVCs) as a cash sum subject to your total cash sum not exceeding the HMRC maximum (see page 13 for more details on AVCs). Your maximum tax-free cash will be higher in the event that you pay AVCs.

How is my pension paid?

All pensions are paid in advance on the 6th day of each month. They are paid directly into your Bank or Building Society account and are subject to normal income tax.



4 Death Benefits

What death benefits will be paid when I die?

Death before retirement

If you die before Normal Retirement Date while you are employed by the Company and contributing to the Scheme, the benefit payable will be:

- a lump sum life assurance benefit equal to three times your Contributory Salary.

If you and the Company agree the Trustee may be given discretion to use all or part of the lump sum to secure a pension for your spouse, civil partner and/or dependant(s). You may wish to do this if, for example, you think the lump sum may exceed your Available LTA and therefore incur a Lifetime Allowance Charge for the beneficiaries of the lump sum. It will be the responsibility of your personal representative to determine whether the payment of benefits after your death from the Scheme (and from any other pension arrangements in which you may have benefits) will exceed your Available LTA.

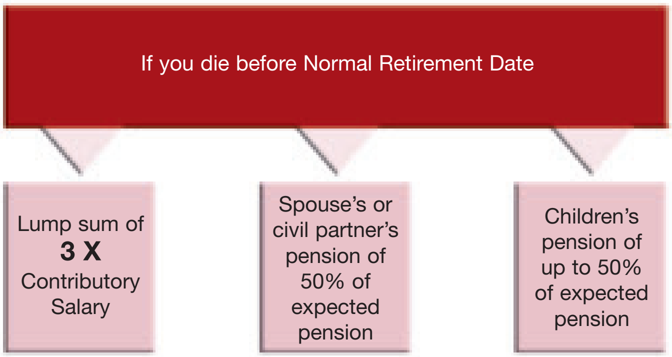
In addition:

- a pension of 50% of the pension which you would have earned had you remained in the Scheme until your 65th birthday, with no change to your Pensionable Salary would be paid to your spouse or civil partner.

In addition, there will be payable:

- a child's pension, for financially dependent children up to the age of 18 (or 23 if they are in full-time education). The pension for one child will be 50% of the spouse's pension described above. If you have two or more children, their pensions will be calculated as described above, up to a total of 100% of the spouse's pension.

Note: *The spouse's or civil partner's pension will normally be payable to your legal spouse or civil partner but if you were separated, the Trustee can decide instead, at its discretion, to pay part of the pension which the law does not require to be paid to your legal spouse or partner to someone who was financially dependent on you to a substantial degree or who was cohabiting with you and sharing living expenses.*



Death after retirement

If you die after retiring, leaving a spouse or civil partner, a pension of 2/3rds of your pension in payment to you at the date of death, will be paid to your spouse or civil partner.

If you are under age 75 and die before five years' pension instalments have been paid, the balance of the outstanding instalments (the Pension Guarantee) will be paid as a cash sum less the amount of any spouse's pension payable for the remainder of the five year period.

If this payment, together with the value of your pension benefits exceeds the LTA, the Lifetime Allowance Charge would apply on the excess over the LTA. If you and the Company agree the Trustee may be given discretion to use all or part of the lump sum to secure a pension for your spouse, civil partner and/or dependant(s). It will be the responsibility of your personal representative to determine whether the payment of benefits after your death from the Scheme (and from any other pension arrangements in which you may have benefits) will exceed your Available LTA.

Death whilst in service after Normal Retirement Date

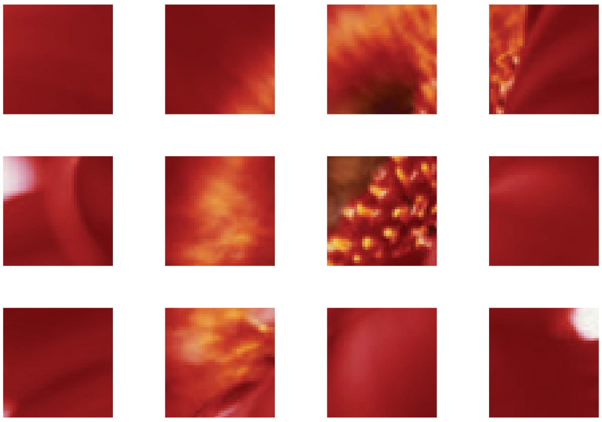
If you continue to work beyond age 65 and die before retirement the benefit payable would be the same as the benefits payable following death before retirement, detailed on page 8.

Note: *The spouse's or civil partner's pension will normally be payable to your legal spouse or civil partner, but if you were separated the Trustee can decide instead, at its discretion, to pay part of the pension which the law does not require to be paid to your legal spouse or civil partner, to someone who was financially dependent on you to a substantial degree or cohabiting with you and sharing living expenses.*

Who are cash sums paid to after I die?

All cash sums paid on death are distributed by the Trustee for the benefit of your dependants or beneficiaries. The Trustee has discretion over who receives these cash sums and, although they will take account of your wishes, they are not legally bound by them. This is so that any liability for tax can be minimised. To indicate your wishes to the Trustee, you should have completed the nomination section of the application form you completed when joining the Scheme.

You should remember that you are free to change your nomination form at any time. To do this, simply fill in the form attached to your annual benefit statement or you can get a copy from your Payroll or HR department. Alternatively, you can send a letter stating your wishes direct to the Pensions Department.



5 Pension Increases

Does my pension increase in payment?

The part (if any) of your pension which is above the Guaranteed Minimum Pension, is increased by the Scheme on 6 April in 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 Guaranteed Minimum Pension earned for Pensionable Service before 6 April 1988 may be increased each year by the State from the GMP Payment Date by the increase in the RPI. The Scheme does not increase this element of GMP.

The Guaranteed Minimum Pension earned for Pensionable Service after 5 April 1988 and before 6 April 1997 is increased each year by the Scheme from the GMP Payment Date by the increase in the RPI up to a maximum of 3%. If the increase in the RPI is more than 3% a year, the State may pay the difference.

Your spouse's or civil partner's pension and children's pension(s) are increased each year in the same way as your pension.

If, in any year, the increase in the RPI exceeds 5% and the reserves of the Trust Fund are sufficient, the Company will consider instructing the Scheme to award greater increases but is under no obligation to do so. Pension increases granted over the past 10 years have meant that pensions have kept pace with inflation.

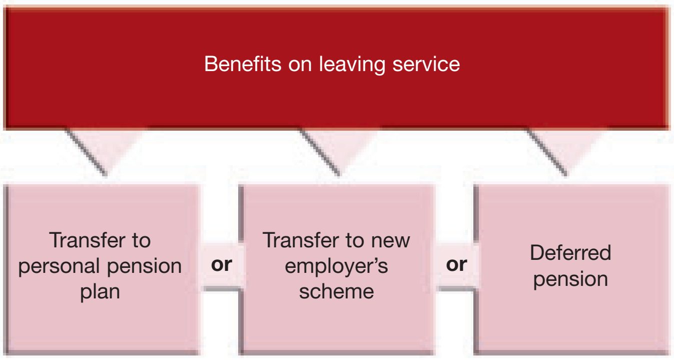
Note: *The increases to any Guaranteed Minimum Pension you may have do not begin until your GMP Payment Date. This means that, if you retire before your GMP Payment Date, the increases described in the first paragraph of this section will apply to the whole of your pension until you reach your GMP Payment Date.*

6 Leaving the Scheme

What happens if I leave the Company or opt out of the Scheme?

You are entitled to a deferred pension payable from your Normal Retirement Date. This deferred pension is worked out in the same way as your pension at Normal Pension Age, but is based on your Pensionable Salary at the date of your leaving or opting out and on your Benefit Pensionable Service up to that date.

However, if your GMP payment date is earlier than Normal Pension Age and you have left service, your deferred pension is paid to you from your GMP payment date.



As an alternative, you can ask for the cash equivalent of your deferred pension, including any Guaranteed Minimum Pension you may have, to be transferred to a Personal Pension Plan with an insurance company or other financial institution, or, if you are leaving the Company, to your new employer's pension scheme. The transfer value calculation includes an allowance for both guaranteed and discretionary benefits.

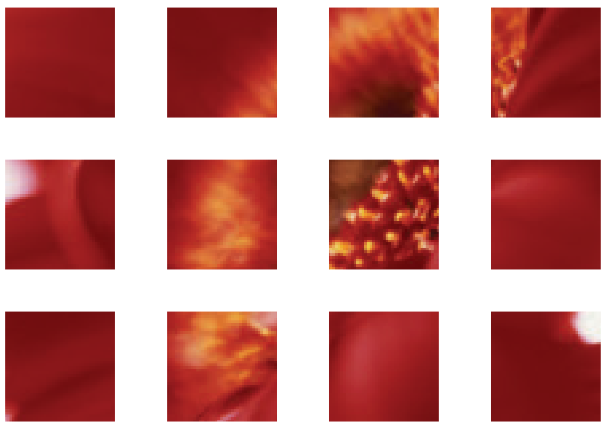
The transfer payment is calculated on a basis agreed by the Trustee on the advice of the Scheme Actuary. This is done by assessing the present cash value of your benefits, including any guaranteed increases for each year up to retirement, based on current investment conditions. See page 12 for details of how to transfer the cash equivalent of your deferred pension.

Deferred pensions are increased from the date you leave the Scheme up to Normal Retirement Date by the following amounts:

- the Guaranteed Minimum Pension part, if any, of your ABF pension will be increased by a fixed rate, currently 4.5% compound for each tax year from the date of leaving the Scheme to GMP Payment Date;
- the pension in excess of the Guaranteed Minimum Pension is increased each year by the increase in the RPI up to a maximum of 5% per year compound.

If you are a post 1993 member, at any time after you reach age 50 (55 from 6 April 2010) you may apply to the Trustee to take your deferred pension early provided that your early retirement pension is at least equal to any Guaranteed Minimum Pension which must be paid from GMP Payment Date. If consent is given, a reduction will be made to your deferred pension to reflect the fact that it is being paid earlier than expected. Currently the reduction is 4% for each year of early retirement before age 65. For pre 1993 members the reduction applies from 60 downwards and no consent is required.

Once your deferred pension starts to be paid, it will become subject to the pension increases referred to on page 10.

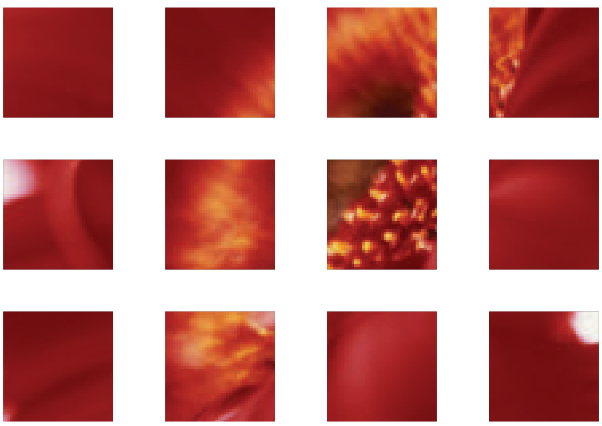


What happens if I die after leaving the Scheme?

If you leave the Scheme with a deferred pension and die before retirement and no pension is payable to a dependant, a lump sum payment equal in value (as determined by the actuary) to 50% of your deferred pension on the first day of the scheme year immediately before the date of death is payable. If this payment exceeds the LTA, the Lifetime Allowance Charge would apply on the excess over the LTA. It will be the responsibility of your personal representative to determine whether the payment of benefits after your death from the Scheme (and from any other pension arrangements in which you may have benefits) will exceed your Available LTA.

If there is a spouse, civil partner or dependent a pension equal to one half of your deferred pension at the date of your death will be paid, but the above mentioned lump sum will not.

Note: *The spouse's or civil partner's pension will normally be payable to your legal spouse or civil partner but if you were separated, the Trustee can decide instead, at its discretion, to pay part of the pension which the law does not require to be paid to your legal spouse, or partner to someone who was financially dependent on you to a substantial degree or cohabiting with you and sharing living expenses.*



How do I transfer my ABF benefits?

If you are in Pensionable Service, regardless of whether you are interested in transferring the value of your ABF pension to another pension arrangement, as described on page 11, you may ask, before you opt out of the Scheme or leave the Company, for an estimate of the cash equivalent available for transfer. If you have opted out of the Scheme or left the Company, you may ask for a Statement of the Cash Equivalent, which will be guaranteed for three months. Any Additional Voluntary Contributions included in your cash equivalent are not guaranteed but will vary in line with market conditions. These requests can be made only once a year and should be addressed to the Pensions Department in Peterborough at the address given under 'Scheme Information' on page 18.

7 Increasing your Benefits

How can I increase my benefits under the Scheme?
You can make additional payments to the Scheme in the form of Additional Voluntary Contributions (AVCs) but the Company does not match your AVCs.

You are able to pay up to 100% of your Contributory Salary in each tax year in Scheme contributions and AVCs. However if when you add these contributions (and contributions to any other schemes) to the increase in the value of your pension (see definition of Annual Allowance (AA) on the inside front cover) they exceed the AA you will have to pay 40% tax on the excess amount over the AA. In 2006/07 the AA is £215,000 and will increase each year thereafter. The AA does not apply in the tax year of retirement.

Contributions to the AVC Plan are invested separately and the benefits are paid in addition to those you receive from the Scheme.

When your benefits become payable, instead of using your AVCs to secure additional Scheme benefits you will have the opportunity to select an insurance company to provide a pension payable from your AVCs, or it is possible to take all or part of your AVCs as a cash sum subject to the limit on page 7 not being exceeded.

If you need more information, or are interested in starting to pay AVCs, you should obtain a copy of the leaflet “Additional Voluntary Contributions” from your HR or Payroll department.

8 Absence from Work

What happens if I am absent from work?

If you are absent from work and your pay continues in full or at a reduced rate, you will continue to pay contributions to the Scheme and continue to accrue benefits for the first two years of your absence.

If your pay does not continue, you will not be required to pay contributions and you will not accrue any benefits unless you make up the missing contributions when you return to work.

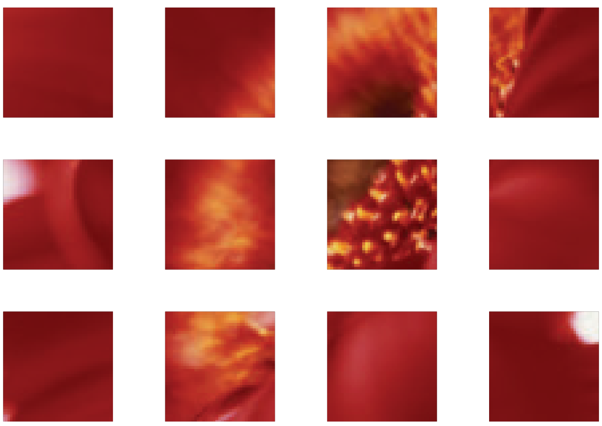
If your absence is due to ill health and you die within the first two years of your absence from work and you are still employed by the Company, the lump sum death benefit will be paid to one or more of your dependants or beneficiaries as the Trustee decides.

Your membership of the Scheme is discontinued if your absence from work is longer than two years.

What happens if I am absent on maternity, paternity or adoption leave?

Any period of ordinary maternity leave or ordinary adoption leave – i.e. the first 26 weeks of maternity or adoption leave, and any subsequent period of paid maternity leave will count as Pensionable Service whether or not you return to work. You will continue to contribute to the Scheme. Your contributions will be based on your actual earnings, although benefits earned for that period will be based on Contributory Salary before maternity leave or adoption leave began. Any period of additional maternity leave or adoption leave, during which you are not being paid, will not count as Pensionable Service unless you return to work and make up any missing contributions.

Paternity leave (whether paid or unpaid) or any period of paid parental leave will count as Pensionable Service. During this time you must continue to pay contributions but they will be based on your actual earnings received during the period, or if you are only in receipt of statutory pay, on that pay. Any period of unpaid parental leave will not count as Pensionable Service unless you return to work and make up any missing contributions.

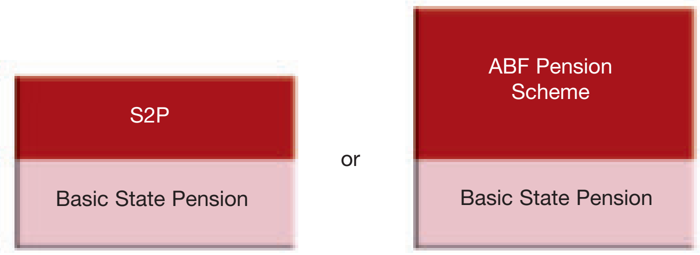


9 Your Pension and the State Scheme

The State pension scheme consists of two parts:

- the Basic Pension – a flat-rate pension paid to everyone who has contributed sufficient National Insurance contributions throughout their working life; and
- the State Second Pension (S2P) – which is paid on top of the Basic Pension and is linked to an individual's actual earnings.

As a member of the Scheme, you are contracted-out of S2P. As a result, you will not receive a pension from S2P for the time you are a member of the Scheme. You will instead, receive a pension from the Scheme, plus the State basic pension, which is payable from your State Pension Age.

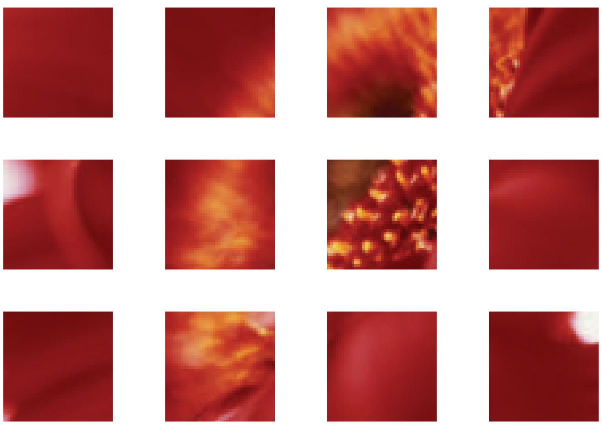


In order to contract-out of S2P, the Scheme must provide minimum levels of member and spouse's/civil partner's pension.

In April 1997, a number of changes were made to the way in which pension schemes could contract-out of S2P. Members of the Scheme are still contracted-out but the benefits earned after 5 April 1997 do not include a Guaranteed Minimum Pension. Instead, the Scheme satisfies a test designed to ensure that, for at least 90% of members, the benefits of the Scheme will be as good as those of a statutory 'reference' scheme.

For Scheme membership up until 5 April 1997, the Scheme continues to provide a Guaranteed Minimum Pension for you and a spouse's/civil partner's Guaranteed Minimum Pension on your death.

Because you are not a S2P member, you do not make contributions into S2P and this means that you pay a lower rate of National Insurance contribution.



10 What else should I know?

Scheme Management

The Scheme is run by a Trustee Company, Associated British Foods Pension Trustees Limited.

The main duties of the Trustee are:

- to ensure that the Scheme is run in accordance with the Trust Deed and Rules;
- to supervise and monitor the administration of the Scheme; and
- to control the investments of the Scheme.

Tax Approval

The Scheme is a registered pension scheme under the Finance Act 2004. As a result of this:

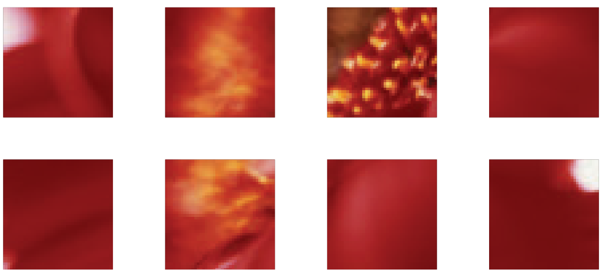
- you receive full tax relief on your pension contributions for taxable earnings up to the AA;
- the Scheme's capital gains are not taxed; and
- cash sums taken in exchange for up to 25% of the value of your pension are tax-free so long as that lump sum is not more than 25% of your Available LTA.

Assignment of benefits

You are not allowed to use any of your benefits as security for loans, nor are you allowed to assign them.

The Scheme Rules

The Trustee must abide by the Trust Deed and Rules of the Scheme, which are the legal documents which govern its operation. You can see a copy of these if you apply to the Pensions Department, your HR or Payroll department.



Changing or closing the Scheme

The Company is fully committed to the Scheme and, while it continues the Trust Fund will always be sufficient to provide the benefits which are being promised.

The Company is, however, legally entitled to change or close the Scheme at any time in the future (in accordance with the Trust Deed and Rules). If the Scheme is wound up, the Trustee will use the available funds to secure your benefit entitlement at the date of winding up. If the Scheme's assets were less than a legal minimum, the shortfall would become a debt on the Company.

The Pension Protection Fund

The Pension Protection Fund (PPF) has been established to pay compensation to members of company defined benefit pension schemes where the company sponsoring the scheme becomes insolvent and there are insufficient assets to pay a PPF level of compensation. There is no guarantee that the PPF will pay the full amount of pension which members were expecting to receive.

11 Further Information

The following information may be useful to you at some stage:

The Pensions Regulator

The Pensions Regulator is a supervisory body for work-based pension schemes. It has power to intervene in the running of the scheme where trustees, employees or professional advisers have failed in their duties. The Pensions Regulator has also taken over the role of the Pension Scheme Registry in maintaining a register of pension schemes and providing a tracing service. Information about the Scheme, including the address at which the Trustee can be contacted, has been given to the Pensions Regulator. If you have lost the details of your deferred benefits under a previous scheme, you can contact the Pensions Regulator who will provide you with an up-to-date address of the trustees of that scheme.

The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton BN1 4DW

Tel: 0870 606 3636
www.thepensionsregulator.gov.uk

Internal Dispute Resolution

The Trustee has a formal Internal Dispute Resolution (IDR) procedure to deal with complaints from members and beneficiaries. These are considered in the first instance by the Group Pensions Manager as head of the ABF Pensions Department. If his decision does not resolve the matter, it may be referred to the Trustee. If you wish to know more about the IDR procedure, you can obtain further details from the Group Pensions Manager at the address given under 'Scheme Information' on page 18.

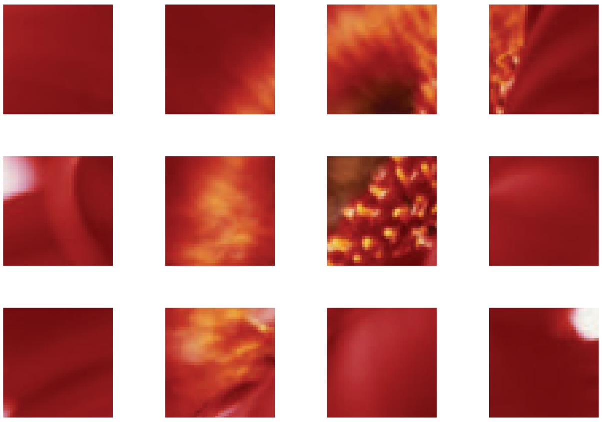
The Pensions Advisory Service (TPAS) and Pensions Ombudsman

If you are not satisfied with the outcome of the IDR procedure, you may then refer the matter to TPAS. TPAS is available to assist members and beneficiaries of the Scheme in connection with any pension queries they may have, any difficulties they may have encountered at any time and which they may have failed to resolve with the Trustee or the Scheme Administrator. TPAS can be contacted at:

11 Belgrave Road
London SW1V 1RB

Tel: 020 7630 2250 (TPAS)
020 7834 9144 (Pensions Ombudsman)

If TPAS is unable to resolve the problem, application can be made to the Pensions Ombudsman for adjudication. He is available to investigate and determine any complaint or dispute of fact of law in relation to a pension scheme from an individual or between an individual and a scheme's trustees. Scheme members and beneficiaries may call upon the services of the Pensions Ombudsman. He can be contacted at the same address as TPAS.



Scheme Information – Annual Report and Accounts

The formal Annual Report and Accounts of the Scheme is available on request to the Pensions Department. A report to members is issued each year to all contributing members, deferred members and pensioners.

You can get further information about the Scheme from:

- your HR Department
- your Payroll Office
- your Company Accountant

or by contacting the Pensions Department at either of the following addresses:

British Sugar plc
Sugar Way
Peterborough
PE2 9AY

Tel: 01733 563171

Associated British Foods plc
Pensions Department
50/51 Russell Square
London
WC1B 4JU

Tel: 020 7631 3535
email: pensionsadmin@abfoods.com

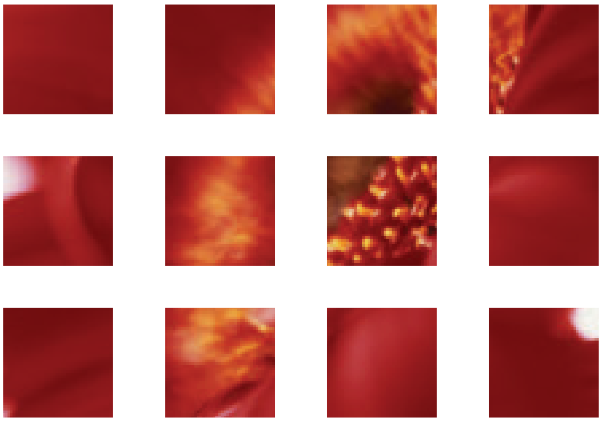
Data Protection Act 1998

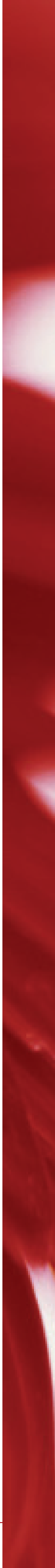
In order to comply with legislation, the Trustee has notified the Data Protection Commissioner under the Data Protection Act 1998 that it processes personal data for the purposes connected with its trusteeship of the Scheme. In order to administer the Scheme, data about you and your dependants will be processed by the Trustee and the Scheme's administrators and advisers. The data may be disclosed (even outside the European Union) to insurance companies, the employers, any possible purchaser of your employer or its business, and any administrator or adviser of any pension scheme where a transfer of your pension rights is being considered or has been made.

Divorce

If you are going through a divorce your pension benefits can be affected and you should ask for the Scheme's leaflet for more information.

Notes





Notes

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