



part of the **WAL*MART** family

28th July 2008

Gary Smith
National Officer
GMB
22-24 Worple Road
London
SW19 4DD

ASDA Stores Ltd
ASDA Finance
Southend
Great Wixom Court
Wick 1N1 2AD
Tel: 0406 11 24147
Fax: 0406 11 24186
Minicom: 0300 088 700
www.asda.com

Dear Gary

One of the items on the agenda for the National Forum meeting was a pension update.

We were going to share with you our plans for the introduction of a salary exchange scheme on the ASDA Pension Plan which we will be branding "Pension Saver". You will be aware that many pension schemes have introduced such arrangements which result in both pension members and employers saving money as a result of paying reduced National Insurance contributions.

I attach the slides that we would have gone through on Tuesday. You will see that Pension Saver will be launched in October with colleagues first seeing the benefit at the 21 November pay date - the salary exchange will be effective from the start of the pay period that is paid on 21st November and this is a change to their Terms & Conditions.

All colleagues in the Pension Plan both in Retail and Distribution will be automatically included, however they will be able to opt-out and continue paying contributions as at present. We will have protections in place to ensure that no one's pay drops below the level that would make them ineligible for some state benefits, e.g. incapacity benefit; or £5.73 per hour.

This will be briefed to colleagues in Retail and Distribution in September, supported by a mailing to the home addresses of all colleagues in the Pension Plan in mid September

If you have any questions on the launch of Pension Saver, please let me know.

Yours sincerely


Hilary Savage-Martin
Head of Colleague Relations

Our Ref: GS/kh/ASDAS/SalarySacrifice

22 August 2008

Ms H Savage-Martin
Head of Industrial Relations
ASDA Stores Ltd
ASDA House
Southbank
Great Wilson Street
Leeds, LS11 5AD

Dear Hilary

ASDA STORES – PENSIONS – SALARY SACRIFICE

Thank you for your letter dated 28th July 2008. Even if we had have had an opportunity to discuss the issue of Pensions at the NJC, this would not have constituted meaningful consultation over what is an extremely emotive issue.

I will be circulating a bulletin to our stewards on salary sacrifice as a matter of urgency.

In the interim, can you please clarify:

- How is the Company checking there are no losers?
- How often are these going to be reviewed?
- What will happen to the savings?

I would welcome some urgent feedback.

Yours sincerely



GARY SMITH
NATIONAL SECRETARY
Commercial Services Section

ASDA

part of the **WAL*MART** family

ASDA Stores Ltd
ASDA House
Southbank
Great Wilson Street
Leeds LS11 5AD
Tel: +44(0)113 243 5435
Fax: +44(0)113 241 8666
Minicom: 0800 068 3003
www.asda.com

Gary Smith
National Officer
GMB
22-24 Worpole Road
London
SW19 4DD

4th September 2008

Re: Pension - Salary Sacrifice

Dear Gary,

Further to your letter dated 22nd August 2008, I would like to provide the following response to your queries.

As part of the initial design for "Pension Saver" we undertook a series of detailed analysis to determine whether any Colleagues might be adversely affected by taking part. We identified a small number of such Colleagues and these fall into two categories:

- Colleagues whose pay drops below the Lower Earners Limit and could potentially, therefore, lose an entitlement to certain statutory benefits.
 - The software developed to administer Pension Saver has been set up in such a manner that, if anyone's pay would drop below the "Protection Point" (a limit, for the sake of prudence, set slightly above the Lower Earners Limit) in a pay period, they are automatically opted-out of Pension Saver for that pay period. In this scenario, the Colleague would revert to paying his / her pension contribution as at present. Although this would mean they would not receive any NI saving in the pay period that they are not participating in Pension Saver, this approach ensures that no one would be adversely impacted in this way.
- Colleagues who, because of their age and earnings, would suffer a shortfall in their State Second Pension (S2P) that would not be compensated for by the increase in take-home pay whilst participating in Pension Saver.
 - There are a small number of Colleagues in depots who may potentially be impacted in this manner. The leaflet that will be sent to depot colleagues will explain the impact on S2P and the category of Colleagues who may be adversely impacted in this way (Colleagues within 5 years of State Pension Age earning between approx £31k and £42k a year). The leaflet suggests that Colleagues who believe they may fall in to this category may want to contact our pensions team who will let them have further information. They will then be able to consider whether they would prefer to opt-out of Pension Saver.

Pension Saver will be reviewed each year and a decision taken whether it can continue. The review will also take into account any changes regarding categories of Colleagues who may

BRITAIN'S NO.1 PLACE TO WORK
as voted by THE FINANCIAL TIMES 2003

Registered in England No. 464777

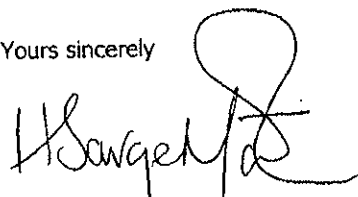
Registered Office
ASDA House, Southbank
Great Wilson Street, Leeds LS11 5AD

be adversely impacted and whether any changes need to be made to reflect this. In addition, the check of Colleagues' pay levels each pay period referred to at the first bullet point above ensures that the impact of any changes in National Insurance thresholds etc in each April are also picked up.

Colleague NI savings will increase their take-home pay - we have calculated that this is equivalent to a gross pay award of 0.3% or almost 0.5% depending on whether the Colleague is currently paying 2% or 3% respectively into the Pension Plan. ASDA's NI savings will help contribute to the ongoing growth of the business.

We believe that the sharing of such information with you in relation to Pension matters is consistent with the scope of our Partnership Agreement and in briefing you ahead of the business allowed you and the stewards the opportunity to ask questions and seek clarification in the spirit of cooperation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hilary Savage - Martin'. The signature is fluid and cursive, with a large loop at the top.

Hilary Savage - Martin
Head of Policy and Colleague Relations

ASDA

part of the **WAL*MART** family

ASDA Stores Ltd
ASDA House
Southbank
Great Wilson Street
Leeds LS11 5AD
Tel: +44(0)113 243 5435
Fax: +44(0)113 241 8666
Minicom: 0800 068 3003
www.asda.com

Gary Smith
National Officer
GMB
22-24 Worpole Road
London
SW19 4DD

4th September 2008

Re: Pension - Salary Sacrifice

Dear Gary,

Further to your letter dated 22nd August 2008, I would like to provide the following response to your queries.

As part of the initial design for "Pension Saver" we undertook a series of detailed analysis to determine whether any Colleagues might be adversely affected by taking part. We identified a small number of such Colleagues and these fall into two categories:

- Colleagues whose pay drops below the Lower Earners Limit and could potentially, therefore, lose an entitlement to certain statutory benefits.
 - The software developed to administer Pension Saver has been set up in such a manner that, if anyone's pay would drop below the "Protection Point" (a limit, for the sake of prudence, set slightly above the Lower Earners Limit) in a pay period, they are automatically opted-out of Pension Saver for that pay period. In this scenario, the Colleague would revert to paying his / her pension contribution as at present. Although this would mean they would not receive any NI saving in the pay period that they are not participating in Pension Saver, this approach ensures that no one would be adversely impacted in this way.
- Colleagues who, because of their age and earnings, would suffer a shortfall in their State Second Pension (S2P) that would not be compensated for by the increase in take-home pay whilst participating in Pension Saver.
 - There are a small number of Colleagues in depots who may potentially be impacted in this manner. The leaflet that will be sent to depot colleagues will explain the impact on S2P and the category of Colleagues who may be adversely impacted in this way (Colleagues within 5 years of State Pension Age earning between approx £31k and £42k a year). The leaflet suggests that Colleagues who believe they may fall in to this category may want to contact our pensions team who will let them have further information. They will then be able to consider whether they would prefer to opt-out of Pension Saver.

Pension Saver will be reviewed each year and a decision taken whether it can continue. The review will also take into account any changes regarding categories of Colleagues who may

BRITAIN'S NO. 1 PLACE TO WORK
as voted by THE FINANCIAL TIMES 2003

Registered in England No. 464777

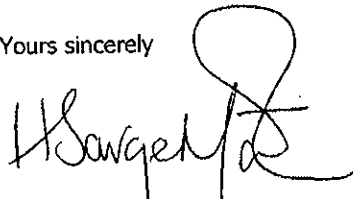
Registered Office
ASDA House, Southbank
Great Wilson Street, Leeds LS11 5AD

be adversely impacted and whether any changes need to be made to reflect this. In addition, the check of Colleagues' pay levels each pay period referred to at the first bullet point above ensures that the impact of any changes in National Insurance thresholds etc in each April are also picked up.

Colleague NI savings will increase their take-home pay - we have calculated that this is equivalent to a gross pay award of 0.3% or almost 0.5% depending on whether the Colleague is currently paying 2% or 3% respectively into the Pension Plan. ASDA's NI savings will help contribute to the ongoing growth of the business.

We believe that the sharing of such information with you in relation to Pension matters is consistent with the scope of our Partnership Agreement and in briefing you ahead of the business allowed you and the stewards the opportunity to ask questions and seek clarification in the spirit of cooperation.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hilary Savage - Martin'. The signature is fluid and cursive, with a large loop at the top.

Hilary Savage - Martin
Head of Policy and Colleague Relations