For Plant Payroll Employees

Each year at 1 July you have the option to change the level of Basic and Voluntary Additional Contributions you make to the Fund.

In making your decision to change your contributions, you should consider -

- the tax changes proposed in the recent Federal Budget,
- from 1 July 2005, the increases in the Fund’s Retirement, Death and Disablement pension rates, and
- seeking professional financial advice.

Please note that a Contribution Illustrator assuming the Government’s proposed tax changes is being placed on the Fund’s website www.holdensuper.com.au or via the Holden Ltd Lionheart intranet by going to the Services tab then go to Employee Information tab and click on Holden Employees Superannuation Fund. Its purpose is to illustrate the outworkings of making your contributions on an “After Tax” basis and on a “Salary Sacrifice” basis.

If you would like to change your contributions from 1 July 2005, please complete the enclosed form and return it in the reply paid envelope by 24 June 2005. If you do not wish to change your contributions to the Fund, you don’t need to do anything.

Budget update

In the Federal Budget delivered by the Treasurer on 10 May 2005, the Government proposed changes that would affect superannuation, including:

Removal of surcharge tax

The removal of superannuation surcharge on taxable contributions from 1 July 2005. Surcharge is currently applicable where adjusted taxable income exceeds nominated levels. Please note that assessments will still apply in respect to arrangements in the 2004/2005 financial and prior financial years. The surcharge rate is 12.5% for the 2004/05 financial year.

Change in income tax rates

From 1 July 2005, the Government has proposed to change the income tax rates. The following table outlines these changes.

<table>
<thead>
<tr>
<th>Current Tax Thresholds</th>
<th>Tax Rate %</th>
<th>New Tax Thresholds from 1 July 2005</th>
<th>New Tax Thresholds from 1 July 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 to $6,000</td>
<td>0</td>
<td>$0 to $6,000</td>
<td>$0 to $6,000</td>
</tr>
<tr>
<td>$6,001 to $21,600</td>
<td>15*</td>
<td>$6,001 to $21,600</td>
<td>$6,001 to $21,600</td>
</tr>
<tr>
<td>$21,601 to $58,000</td>
<td>30</td>
<td>$21,601 to $63,000</td>
<td>$21,601 to $70,000</td>
</tr>
<tr>
<td>$58,001 to $70,000</td>
<td>42</td>
<td>$63,001 to $95,000</td>
<td>$70,001 to $125,000</td>
</tr>
<tr>
<td>$70,001 and above</td>
<td>47</td>
<td>$95,001 and above</td>
<td>$125,001 and above</td>
</tr>
</tbody>
</table>

* Reduced from 17% from 1 July 2005.

Contribution splitting

New legislation to allow members to split their personal and employer contributions with their spouse. This proposal will apply in respect to contributions made on or after 1 July 2006.

At the date of publication, these Budget changes had not been passed by Federal Parliament to become law.
Increase in pension rates

The pension rates under the Fund will be increased from 1 July 2005. These increases were negotiated as part of the 2004 Enterprise Bargaining Agreement. As a result, your Pension Factor (used to calculate your Retirement, Death and Disablement benefits) will be based on a higher rate for each year of contributory membership completed after 1 July 2005.

From 1 July 2005, your Pension Factor will be calculated as:

- the period of contributory membership up to 30 June 2005
  multiplied by
  - the pension rate to 30 June 2005 (as shown in the table below and applicable to your Basic Contribution rate)

plus

- the period of contributory membership from 1 July 2005 up to your 65th birthday
  multiplied by
  - the pension rate from 1 July 2005 (as shown in the table below and applicable to your Basic Contribution rate).

### Contribution method chosen

<table>
<thead>
<tr>
<th>After Tax Basic Contribution rate</th>
<th>Salary Sacrifice Basic Contribution rate</th>
<th>Pension Rate for membership up to 30 June 2005</th>
<th>Pension rate for membership from 1 July 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5%</td>
<td>2.94%</td>
<td>0.625%</td>
<td>0.76923%</td>
</tr>
<tr>
<td>3.0%</td>
<td>3.53%</td>
<td>0.75%</td>
<td>0.92308%</td>
</tr>
<tr>
<td>4.0%</td>
<td>4.71%</td>
<td>1.00%</td>
<td>1.23078%</td>
</tr>
<tr>
<td>5.0%</td>
<td>5.88%</td>
<td>1.25%</td>
<td>1.53846%</td>
</tr>
</tbody>
</table>

Change to the Fund Administrator Name

Mercer Human Resource Consulting Pty Ltd (Mercer) has acquired the Australian operations of Mellon Human Resources & Investor Solutions Pty Ltd (Mellon). The sale was completed on 29 April 2005. As a result, Mellon has changed its name to Mercer Benefit Services Pty Ltd.

Due to this sale you will see some immediate differences:

- all future Fund correspondence from the Fund’s administrator will be from Mercer Benefit Services Pty Ltd, and
- the Fund’s email address is now holdensuper@mercer.com.

There has been no change to Fund’s postal address or telephone number.

The sale does not affect your membership in the Holden Employees Superannuation Fund.

A Financial Services Guide for Mercer Benefit Services Pty Ltd is enclosed for your reference.