

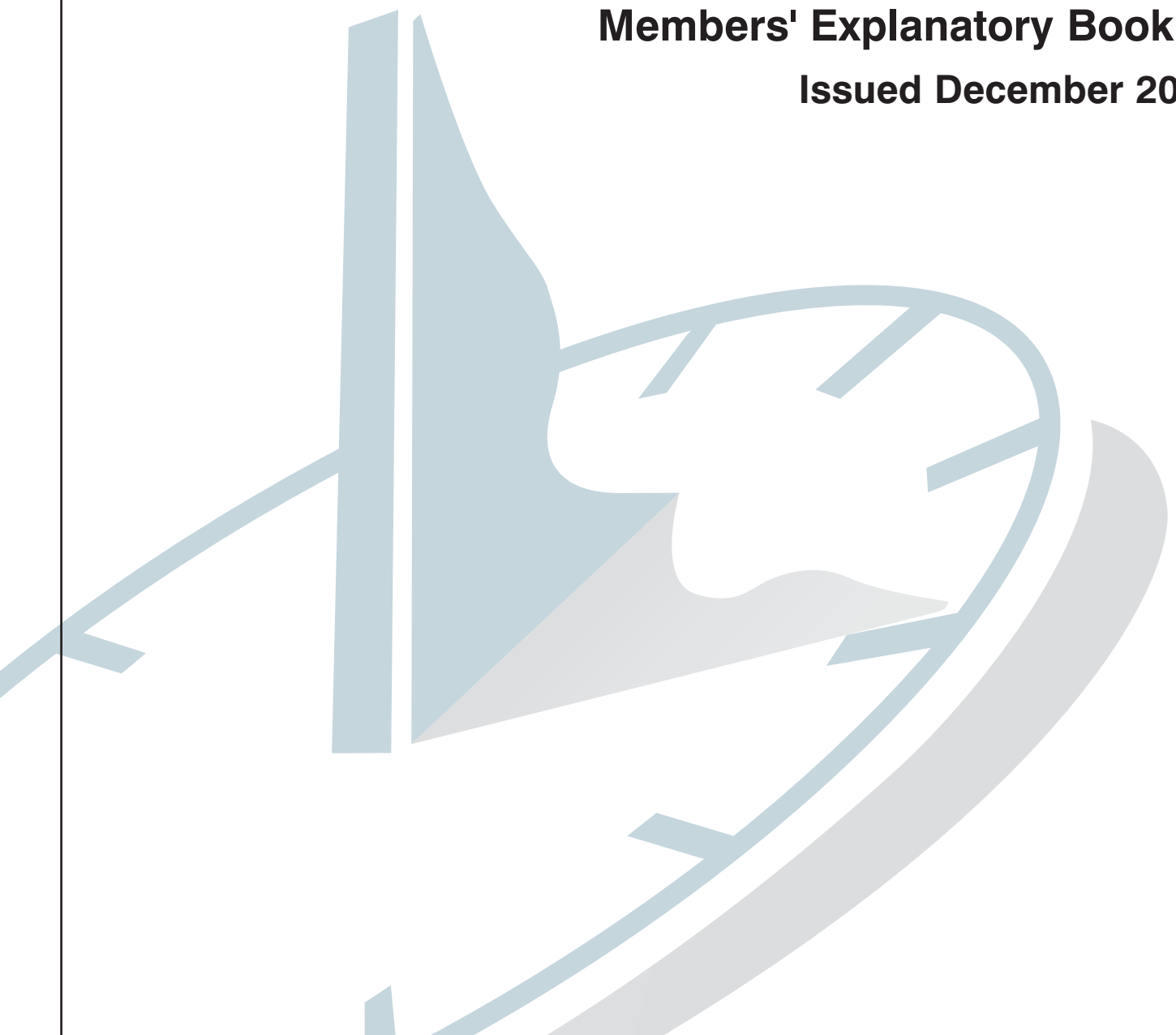


THE CHEVIOT TRUST

Money Purchase Scheme

Members' Explanatory Booklet

Issued December 2007



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Introduction

This booklet is designed to explain the Money Purchase Scheme of The Cheviot Trust (the Scheme) to existing and new members and those who may shortly become members. The Scheme is designed to provide you and your dependants with valuable benefits in the event of your retirement or death.

The Scheme is an industry-wide occupational pension scheme which has been in existence since 1930 and is a "defined contribution" (also known as a "money purchase") scheme. This means that the contributions paid by you and your employer are invested to build up a fund which is then used at retirement to buy benefits. As the Scheme is approved by HM Revenue & Customs, there are important tax advantages to membership.

Individual Accounts

As a member of the Scheme you have an individual pension account into which your own and your employer's contributions are paid. Your account is then invested on your behalf. You will receive information about the value of your account each year.

Flexibility

As membership of the Scheme is open to all employees of solicitors and similar employers, you may well find if you change jobs that your new employer also participates in the Scheme. If not, it is a simple procedure for a suitable employer to join the Scheme. This means that you do not necessarily have to leave the Scheme just because you change employer.

Portability

If you change jobs and your new employer does not participate in the Scheme, you can leave your account in the Scheme (where it will continue to be invested until you retire). Alternatively, you may ask for the transfer value of your account to be paid to a registered pension scheme.

Choice of retirement options

At retirement you have a number of options from which you can choose. Your choice may depend on whether you are then single or married and whether you wish to take part of your account as a tax-free lump sum. The Scheme does not itself provide pensions in retirement and instead, advice can be made available to help you buy the most suitable retirement benefits available on the open insurance market.

Valuable death benefits

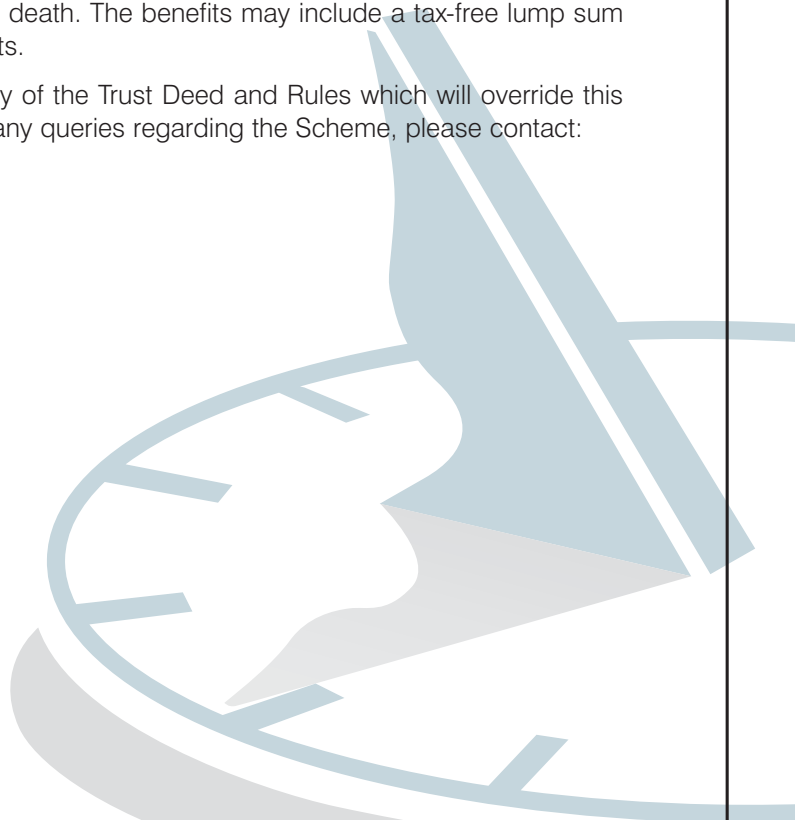
The Scheme provides valuable benefits in the event of your death. The benefits may include a tax-free lump sum and/or a pension for your spouse, civil partner or dependants.

Please note that this booklet is intended only as a summary of the Trust Deed and Rules which will override this booklet in the event of any inconsistency. Should you have any queries regarding the Scheme, please contact:

The Pensions Administration Department
The Cheviot Trust
Cheviot House
70, Baxter Avenue
Southend-on-Sea
Essex SS2 6JA

Telephone: 01702 354024
Fax: 01702 354364
E-mail: penadmin@cheviottrust.com

December 2007



Scheme Constitution and Taxation

The Scheme is registered with HM Revenue & Customs under the Finance Act 2004. The Scheme is established by a Trust Deed, governed by Rules and administered by its trustee, Cheviot Trustees Limited, which is a company limited by guarantee (the Trustee). The directors of Cheviot Trustees Limited comprise (when all positions are filled) six individuals elected by the membership, who are members and six individuals nominated by employers. These twelve directors may co-opt up to three further directors, usually on the basis of the latter's expertise. The trustee company has the power to amend the Trust Deed and governing Rules. Day-to-day administration is provided by The Cheviot Trust (Cheviot).

What are the tax advantages of membership of the Scheme?

With effect from 6 April 2006 a new HM Revenue & Customs tax regime came into force. The intention of this change was to simplify the taxation of pension benefits. Under the old regime limits were imposed on contributions and benefits. Under the new regime these limits have been removed and replaced by a system of allowances. Contributions and benefits above a member's relevant allowance may be subject to additional tax charges. Further information on the current allowances set by the Government is set out in this booklet.

As the Scheme is registered with HM Revenue & Customs, there are tax advantages. Under current legislation, these include the following:

- Your contributions qualify for tax relief at your highest marginal rate. Based on tax rates from April 2007, a contribution of £100 per month will actually cost a basic rate taxpayer £78 per month and a higher rate taxpayer £60 per month. Full tax relief is granted immediately, as contributions are deducted from your salary and your take home pay is adjusted accordingly. The limits on contributions are described in the Contributions section below.
- Your employer's contributions are not treated as a benefit in kind and are therefore not taxable as such.
- The investment growth on your account is free of income and capital gains taxes.
- At retirement, you may take part of your account as a tax free lump sum.

Eligibility

Am I eligible to join the Scheme?

You may join the Scheme, with the consent of your employer, if you are an employee of a firm of solicitors in the United Kingdom, or are employed in the recognised legal department of any other employer or in any organisation connected with the legal profession, or are an employee of The Cheviot Trust itself. Partners or members of a limited liability partnership (LLP) may also join the Scheme, at their employer's discretion.

Your employer may define age limits and periods of qualifying service for membership and may also restrict membership to certain categories of employees or to specific employees. Your employer will advise you of any conditions of membership that apply. In the future, your employer may change the terms on which it participates in the Scheme, or may cease to participate. You will need to complete an application form which must be signed by your employer in order to join the Scheme.

Membership of the Scheme is not compulsory, although you should carefully consider the benefits both you and your dependants will give up if you do not join.

Can I leave the Scheme?

You can leave the Scheme at any time whilst still an employee by giving your employer written notice. The notice period is decided by your employer but will not be more than three months. Your options on leaving will be those described under the Leaving Service section of this booklet. You may rejoin the Scheme at a later date only with the consent of your employer.

Contributions

What are the contributions?

If you join the Scheme, your employer must contribute to it (and may require you to pay regular contributions). Please contact your employer for details of the contribution rates applicable to you. Contributions are normally expressed as a percentage of earnings. Alternatively, contributions can be paid as a monthly fixed sum, which you may increase from time to time. Your contributions currently qualify for tax relief at your highest rate.

You can also increase your regular contributions. You may wish to consider this in order to secure greater benefits for yourself and your dependants or perhaps in order to retire early.

If you would like an illustration of the benefits that may be provided by a particular level of contributions, contact the Pensions Administration Department at the postal or e-mail address above.

When are the contributions paid?

Contributions are usually paid monthly. Your employer is under an obligation to ensure that contributions are received by Cheviot not later than the fourteenth of the month following the month in which they are deducted. For example, contributions deducted in January must be received by Cheviot by 14 February.

Contributions are invested twice a month, and Cheviot reserves the right to vary these dates. Contributions must be received at least five working days prior to the investment date, or investment will be delayed to the following investment date.

Can I pay additional contributions?

If you do not wish to commit to higher regular contributions, you can pay additional voluntary contributions (AVCs), which you can change from time to time. AVCs qualify for full tax relief in the same way as any regular contributions.

Please contact the Pensions Administration Department at the postal or e-mail address above if you would like illustrations of the benefits that may be provided by AVCs.

Are there any alternatives?

There are alternative methods to fund for retirement and with effect from 6 April 2006 you are allowed to contribute to as many pensions arrangements as you like. If you wish to consider pension arrangements in addition to the Scheme, you should take independent financial advice.

What are the maximum contributions?

Since 6 April 2006, the limits on how much you can contribute to your pension investments have been relaxed considerably. You will receive tax relief on pension contributions up to 100% of your taxable income. However, if the total of your and your employer's contributions exceed the Annual Allowance there will be a tax charge (pension accrual under a final salary or defined benefit scheme may also count against the Annual Allowance). The Annual Allowance in the 2007/08 tax year has been set by the Government at £225,000. The Government intends to raise the Annual Allowance each year so that by 2010/2011 it will be £255,000 and thereafter is expected to increase in line with price inflation. Currently, the Scheme's contribution year for the purpose of assessing contributions for the Annual Allowance commences 1 January each year.

There is no limit on the level of contributions which an employer can pay in respect of any member although there may be significant tax implications.

Can I transfer my previous pension benefits into the Scheme?

You may have benefits in a previous occupational pension scheme or personal pension scheme. If the Trustee agrees, you can arrange for a transfer in respect of these benefits to be paid into the Scheme, although you cannot transfer your previous benefits into the With Profits option. The transfer value will be added to your account, the value of which may go down, as well as up, depending on the performance of your chosen investment option. There is no additional charge for accepting a transfer value into the Scheme.

Investment Options

What are the investment options?

You will have a choice of four investment options for your own and your employer's contributions. You must select the proportion of contributions to be invested in each option. Your choice of option will largely depend on your attitude to investment risk. You may vary your selection by giving at least one month's written notice of the variation. Contributions will be invested directly in UK equity, overseas equity, fixed interest bond, index-linked bond and cash funds. These funds will track various stock market indices and therefore gains and losses are made in line with overall market movements. As a consequence, the value of funds can go down as well as up. The options are as follows:

Cautious option

This option invests 50% in equities (shares) and 50% in bonds until five years before your Target Retirement Date, following which "Lifestyling" will come into effect (see below). This approach may suit people who wish to reduce their exposure to volatile equity markets whilst still retaining some opportunity for long-term growth, balanced by the more stable returns associated with bonds.

Your 'Target Retirement Date' is the date you have notified us as being the date when you think you may retire. This may be earlier or later than your employer's Normal Retirement Date and may be different from your actual retirement date.

Moderate option

This option invests 75% in equities and 25% in bonds until five years before your Target Retirement Date, following which "Lifestyling" will come into effect. This approach may suit people who feel uncomfortable about being invested solely in equities. They may be seeking reasonable opportunity for long-term growth, partly balanced by the more stable returns associated with bonds.

Growth option

This option invests entirely in equities until five years before your Target Retirement Date, following which "Lifestyling" will come into effect. This approach may suit people who are prepared to take more risk to achieve higher growth over the long term. This may include people at younger ages who wish to take a longer-term investment view.

Retirement Protection Option

This option is available for all members who are within five years of their Target Retirement Date. This option removes all equity exposure and invests in cash and (primarily index linked) bonds.

"Lifestyling"

As the Cautious, Moderate and Growth options are invested directly in equity funds (with the inherent risk that your account could go down in value as well as up), these funds will be Lifestyled. If you have many years before retirement, you may wish to maximise investment returns while you still have time to bear short-term fluctuations in the equity market. 'Lifestyling' gradually reduces your exposure to equities as you approach retirement and switches funds progressively into cash and fixed interest or index linked bonds, which move broadly in line with annuity rates.

With Lifestyling, your account will be automatically switched between the different asset classes during the five years leading up to the Target Retirement Date which you select. All the switching is done within the investment option, which means that once you have selected your investment option(s) you will normally have no further investment decisions to take. You can change your Target Retirement Date at any time and your account will be rebalanced accordingly at the next rebalancing date.

Monitoring

The Trustee's advisers will monitor the above options and changes will be made from time to time if necessary so that the risk and return objectives of Cautious, Moderate and Growth are maintained. The underlying equity funds for the Cautious, Moderate and Growth options are currently restricted to index-tracking funds.

The Trustee can change investment managers if the performance proves to be unsatisfactory. Investment performance of all of the options is monitored on a regular basis against appropriate benchmarks. This gives members and employers peace of mind that their investment is being actively monitored.

What are the charges?

The expenses of managing the Scheme are taken into account before the investment return is awarded to your account.

With Profits Option

The With Profits option ceased to accept contributions after 31 December 2002. If you have contributions that are invested in the With Profits option, you should read the separate section entitled "Additional Information for With Profits Accounts".

Benefits at Retirement

When can I retire?

The Normal Retirement Date is 65 for both men and women. The Trustee may agree a different Normal Retirement Date for some or all of the employees of a particular employer. You can take benefits earlier or later than your Normal Retirement Date as detailed later in this section.

Can I retire early?

Yes. You can currently retire at any age from 50, whether or not you have ceased working. In April 2010 the Government is increasing this age to 55 for all pension schemes. If you take your benefits early, the Trustee will only allow you to commence your pension from a single retirement date. If you take your benefits whilst continuing to work, you should note that your life assurance benefits under the Scheme may also cease.

In addition, you can retire early on account of incapacity at any time. In order to not incur additional tax charges on your benefits, your incapacity must prevent you, in the opinion of a medical practitioner, from continuing in your current role. The Trustee will require satisfactory medical evidence of this if paying a pension before age 50 (or 55 from 2010). There is no minimum age at which you may retire if you are retiring on account of incapacity.

Can I defer my retirement beyond Normal Retirement Date?

Yes, in certain circumstances it may be possible to defer drawing your benefits after you have retired from your Employer at your Normal Retirement Date. Please ask the Trustee for further details.

If you continue to be employed by your employer after your Normal Retirement Date, it may be possible to continue to make contributions to increase your eventual retirement benefits. Alternatively, you can cease contributions and draw your benefits immediately or your account can in certain circumstances continue to be invested until you decide to take your benefits. The latest date you can take your benefits is your 75th birthday. Please ask the Trustee for further details. Please note that certain restrictions on the ability to defer apply if you joined the Scheme prior to 1 June 1989. Please ask the Trustee for further details.

What will my benefits be at retirement?

At retirement, the value of your account will be available to secure immediate benefits. For any part of your account invested in the With Profits option, you should read the separate section "Additional Information for With Profits Accounts". For any part of your account invested in the other options (Cautious, Moderate, Growth or Retirement Protection), the amount available will be the funds on the disinvestment date. Disinvestments are processed at least twice a month.

You must choose how to take your retirement benefits. As stated earlier, Cheviot does not provide pension or annuity benefits in retirement and instead, you will use the value of your account to buy benefits in the open insurance market. Cheviot Financial Planning Limited, an independent financial adviser owned by the Trustee, can help you make your choice or you can use your own independent financial adviser. Part of your account may be taken as a tax free cash sum and the actual proportion will depend on limits set by HM Revenue & Customs.

Are there any restrictions on my benefits?

Yes. HM Revenue & Customs applies a "Lifetime Allowance" on the aggregate value of an individual's pension investments. For the 2007/08 tax year, the Lifetime Allowance is £1.6 million and the Government has indicated that this figure will be increased each year, so that by the 2010/2011 tax year it will be £1.8 million. The rate at which the Lifetime Allowance is increased by the Government after 5 April 2011 is expected to keep pace with price inflation. If the aggregate value of your account and other pension benefits exceeds the Lifetime Allowance, additional tax is payable on the excess.

How is my pension paid?

How your pension is paid will depend on the type of annuity or other pension arrangement you have bought with your account. Your pension will be taxed under the PAYE system in the same way as your salary, with the insurance company or other pension provider accounting to HM Revenue & Customs for the amounts deducted.

Benefits on Death

What happens if I die before retirement?

The value of your account, including accrued investment return, will be paid as a lump sum, except that if the Lifetime Allowance is exceeded the surplus will normally be used to provide a pension for your spouse, civil partner or dependants.

In respect of any part of your account invested in the Cautious, Moderate, Growth or Retirement Protection options, the amount available will be the funds on disinvestment (which will usually take place within four weeks of Cheviot receiving notification of your death). If you have contributions invested in the With Profits option, you should read the separate section entitled "Additional Information for With Profits Accounts".

Your employer may provide an additional lump sum benefit on death in service. This may be provided through the Scheme or separately. Your employer will provide details of whether this additional cover applies and the benefit payable. Any lump sum benefit provided by your employer will count towards the Lifetime Allowance mentioned above and any surplus will normally be used to provide a spouse's, civil partner's or dependant's pension.

As the lump sum benefit is payable under a discretionary trust, it is currently free of inheritance tax and can be paid out quickly to your beneficiaries without the need for probate. However, the lump sum will not be available until your account has been disinvested at the next available investment date. The benefit is paid at the discretion of the Trustee and can be paid to various categories of beneficiaries. You are advised to complete an Expression of Wish form to let the Trustee know to whom you would like the benefits paid. Although this is not binding on the Trustee, it is important that you complete one of these forms and lodge it with the Trustee.

If you joined the Scheme for the last or only time before 1 April 1996 you can complete a Form of Nomination in respect of a limited range of beneficiaries, which is binding on the Trustee.

What happens if I die after retirement?

The benefits payable will depend on how you structured your pension at retirement.

Leaving Service

What happens if I leave service?

If you move to another employer which is a member of the Scheme or eligible to join the Scheme, your membership may continue, provided your new employer agrees. If this is not the case, then your options are as follows:

If you have been a member of the Scheme for less than two years, you may take a refund of your own contributions, subject to a tax charge which is currently 20% up to £10,800 and 40% on the excess. This option is not available in respect of any benefits accrued under the COMP section (see separate leaflet).

If you do not take a refund of contributions, or have more than two years' service, the value of your account can be maintained in the Scheme where it will continue to be invested.

As an alternative to retaining your benefits in the Scheme, you may take a transfer value to your new employer's scheme or to an individual pension arrangement. This alternative may normally be exercised at any time between leaving service and taking your benefits.

How are transfer values calculated?

In respect of any part of your account invested in the Cautious, Moderate, Growth or Retirement Protection options, the transfer value is the value of your account on disinvestment at the next available investment date, following receipt of the completed documentation in respect of your transfer request. If you have contributions invested in the With Profits option, you should read the separate fact sheet entitled "Additional Information for With Profits Accounts".

Absence

What happens if I take maternity leave?

During paid maternity leave (whether ordinary or additional) you are treated as if you are working normally and receiving the normal remuneration for so doing. If the terms of your employer's participation in the Scheme require you to contribute towards your pension, your contribution will be based on the amount of statutory or contractual pay which you are receiving. Your employer will be required to make contributions based on your normal working pay.

For unpaid ordinary maternity leave (i.e. where you are not entitled to statutory maternity pay), your employer's contributions remain the same as if you were working normally. Whether you are required to contribute will depend on the terms of your employer's participation and your contract of employment.

During periods of unpaid additional maternity leave, your employer is entitled to suspend your period of pensionable service, so that no contributions are required from your employer or from you during that period.

What happens if I take paternity leave?

During periods of paternity leave (up to two weeks' paid leave for working fathers), similar rules apply as those for paid maternity leave.

What happens if I take adoption leave?

During periods of paid ordinary adoption leave, the same rules that apply to paid maternity leave will apply to you. For paid additional adoption leave, your employer needs only to continue contributions based on your actual earnings received in the period of leave (rather than the normal, full pay before you went on leave).

During periods of unpaid additional adoption leave, your employer is entitled to suspend your period of pensionable service, so that no contributions are required from your employer or from you during that period.

What happens if I take parental leave?

During periods of parental leave (whether paid or unpaid), your employer's contributions will be based on the pay which you would have received had you been working normally. If your employer requires you to make contributions, your employer's own rules will apply to your contributions.

What if I am temporarily absent for any other reason?

Your membership of the Scheme may continue, provided your employer agrees. Your employer alone or you and your employer may continue to contribute to the Scheme during your period of absence and the lump sum benefits payable on death may continue.

Divorce (or dissolution of a civil partnership)

Your benefits under the Scheme may be affected if you get divorced or if your civil partnership is dissolved. The law currently provides three main ways in which pension scheme benefits may be dealt with upon the divorce of a member or the dissolution of a civil partnership: offsetting, earmarking or pension sharing.

"Offsetting" is the method by which a court may order a member to transfer other assets (such as cash or property) to his or her ex-spouse or civil partner on divorce or dissolution, to compensate for the loss of pension benefits. It will not have any direct effect on benefits under the Scheme.

Earmarking and pension sharing, however, are methods by which an ex-spouse or former civil partner may be given a direct benefit in the Scheme itself.

"Earmarking" works by a court order (known as an "earmarking order") which "earmarks" the pension scheme benefits of a member for the benefit of his or her former spouse or civil partner. The earmarking order would require the Trustee to pay part (or all) of a member's benefits under the Scheme directly to the ex-spouse or former civil partner when they become payable.

A "pension sharing" order splits the value of a member's pension benefits at the date of divorce or dissolution and requires part of the member's benefits to be transferred to a pension arrangement of the member's ex-spouse or former civil partner, giving the couple a clean break. If the ex-spouse or former civil partner does not nominate a scheme of

his/her own choice, the scheme providing the pension will provide benefits for the ex-spouse or former civil partner. If the pension is being provided by the Scheme, the ex-spouse's or former civil partner's pension credit would be applied to an account in his or her own name and an appropriate reduction made to the level of the member's benefits.

The Scheme will make charges for the administration of, and for complying with, earmarking or pension sharing orders. Details of the charges, together with further information regarding earmarking and pension sharing on divorce or dissolution, are available on request from Cheviot.

State Pension Schemes

Will I receive any additional pension benefits from the State?

Currently the State scheme is made up of two components - the Basic State Pension and the State Second Pension (S2P). The Basic State Pension is provided regardless of your membership of the Scheme, subject to the payment of sufficient National Insurance contributions. The State Second Pension is provided by the State unless you have chosen to contract-out via either the Contracted Out Money Purchase section of the Scheme or by any other contracting-out arrangement.

Other Information

Where can I get further information?

You will automatically receive a statement each year showing:

- the amount of contributions credited to your account during the preceding Scheme year;
- the value of your account at the end of that year;
- the value of the benefits you have accrued to the date of your statement, in this Scheme, as a percentage of the then applicable Lifetime Allowance (described above);
- an estimate of the pension benefits your account may purchase at Normal Retirement Date; and
- the transfer value available.

In addition, each year you will receive a Report to Members. The Report and Accounts is available on request.

Should you have any other queries then please contact the Pensions Administration Department at Cheviot.

What if I have a problem?

The Trustee has a formal procedure for resolving disputes in relation to the Scheme and full details of the procedure are available on request. If you would like details then please contact the Chief Executive's office at Cheviot by post, telephone or by e-mail to chiefexec@cheviottrust.com

The Pensions Advisory Service (TPAS) is available at any time to assist members and beneficiaries in connection with any pension query they may have or difficulties which they have failed to resolve with scheme trustees or administrators. TPAS can be contacted at:

The Pensions Advisory Service

11 Belgrave Road
London
SW1V 1RB

Telephone: 0845 6012923
Fax: 020 7233 8016
E-mail: enquiries@pensionsadvisoryservice.org.uk
Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme made or referred in accordance with the Pensions Schemes Act 1993. The Ombudsman can be contacted at the same mailing address as TPAS. Other details are as follows:

Telephone: 020 7834 9144
Fax: 020 7821 0065
E-mail: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at:

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: 0870 6063636
Fax: 0870 2411144
e-mail: customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

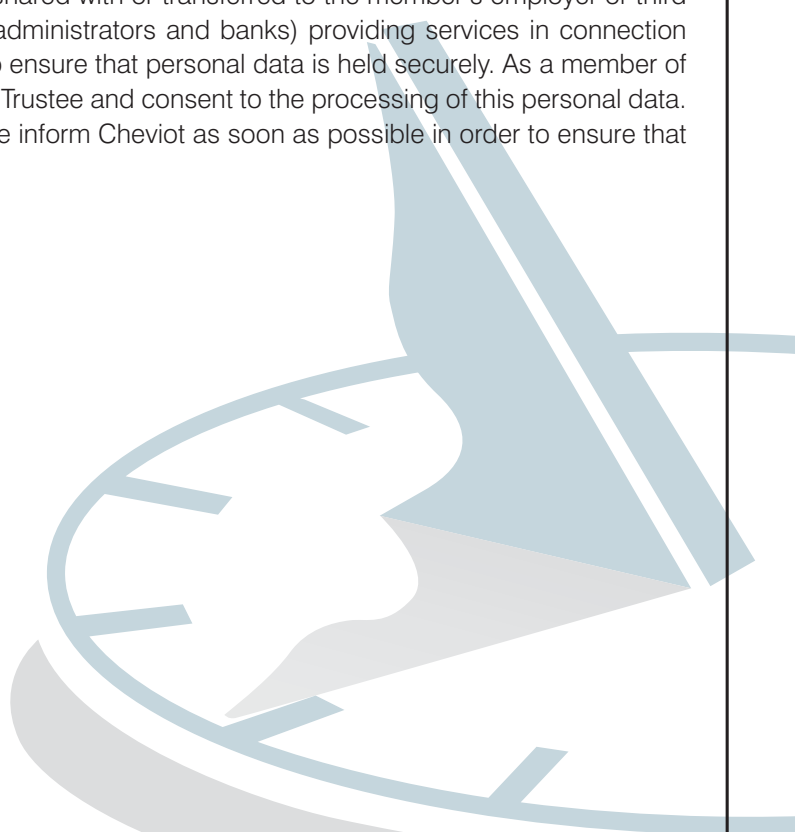
Miscellaneous

The Scheme is registered with HM Revenue & Customs.

Additional benefits may be awarded by the Trustee. Except in exceptional circumstances, this would depend on your employer paying additional contributions into the Scheme to meet costs.

Data Protection Act 1998

For the purposes of the Data Protection Act 1998, Cheviot Trustees Limited is a data controller. In order to administer the Scheme, collect contributions, and pay benefits, it is necessary for Cheviot and its subsidiary Cheviot Financial Planning Ltd to hold and process personal data on its members. This data will be held for the duration of a person's membership of the Scheme or for any longer period necessary to enable Cheviot to answer questions relating to a member's benefits or as may otherwise be required by Law. This data may be shared with or transferred to the member's employer or third parties (for example, insurers, actuaries, pension scheme administrators and banks) providing services in connection with the administration of the Scheme. Every care is taken to ensure that personal data is held securely. As a member of the Scheme, you agree to provide such personal data to the Trustee and consent to the processing of this personal data. If your circumstances change at any time in the future please inform Cheviot as soon as possible in order to ensure that all members' information remains accurate.



Additional Information for With Profits Accounts

The following describes the current policy for the With Profits option. The Trustee may change the policy without prior notice.

Contributions

No contributions may be made to the With Profits option after 31 December 2002. Similarly, no transfers will be accepted into the With Profits option after 31 December 2002.

Investment Options

The following describes the current policy for the With Profits option. The Trustee may change the policy without prior notice. This information should be read in conjunction with the Explanatory Booklet.

Investment Options

Contributions made to the With Profits option are invested in a spread of investments and attract different guaranteed rates of return, depending on when the contributions were made:

- contributions invested and bonuses awarded before 1 January 1997 receive guaranteed interest of 5% per year compound;
- contributions invested and bonuses awarded between 1 January 1997 and 31 December 1999 receive guaranteed interest of 3.5% per year compound; and
- contributions invested between 1 January 2000 and 31 December 2002 receive guaranteed interest of 3% per year compound. This guarantee does not apply to the annual bonuses awarded since January 2000.

Potential for annual bonus

In addition to the above rates of return there is the potential for the addition of an annual bonus if the Scheme's finances permit. However, recent prolonged adverse investment conditions mean that it is unlikely that contributions eligible for 5% per year compound interest will receive any bonuses for the foreseeable future. Other contributions are more likely to receive future bonuses but this will depend on prevailing investment conditions.

Can I change my investment options?

You may not normally change the basis on which your With Profits account is invested. However, the Retirement Protection option will be available once you are within five years of your Target Retirement Date, if you wish to reduce your exposure to annuity rate fluctuation. The value available for switching will be the amount available for transfer to another provider (see below for more details).

Cash Equivalent Value

If you take your benefits before Normal Retirement Date (for example, through early retirement or transfer out of the Scheme), the amount available in respect of the With Profits option is calculated on a "cash equivalent" basis. The cash equivalent is the amount required at the date you take your account to provide your account balance, including any future guaranteed returns (plus final bonus, if any), at Normal Retirement Date. The Scheme Actuary calculates this amount on the basis of assumptions about investment returns between the date of calculation and your Normal Retirement Date. Owing to financial conditions, this means that the amount available on early retirement may be less than your With Profits account balance.

Your benefits will be calculated as at the date your completed forms are received by Cheviot.

Benefits At Retirement

What will my benefits be at retirement?

At retirement, the value of your account is available to secure the immediate benefits you require to suit your own personal circumstances. Final figures will usually be issued one month before retirement, although this period is subject to change without notice.

Can I retire early?

Yes. The amount available would be calculated on the “cash equivalent” basis described above.

Can I defer my retirement beyond Normal Retirement Date?

Yes, in certain circumstances it may be possible to defer drawing your benefits after you have retired from your Employer at your Normal Retirement Date. Please ask the Trustee for further details.

Alternatively, you can cease contributions and draw your benefits immediately or your account can, in certain circumstances, continue to be invested until you decide to take your benefits. If you choose to defer beyond Normal Retirement Date, your account balance will continue to be invested. Please ask the Trustee for details of the interest that will apply. Please note that certain restrictions on the ability to defer apply if you joined the Scheme prior to 1 June 1989. Please ask the Trustee for further details. If a pre-1989 early leaver fails to draw his benefits at Normal Retirement Date, further interest or bonus will only be applied if the Trustee at its discretion so decides.

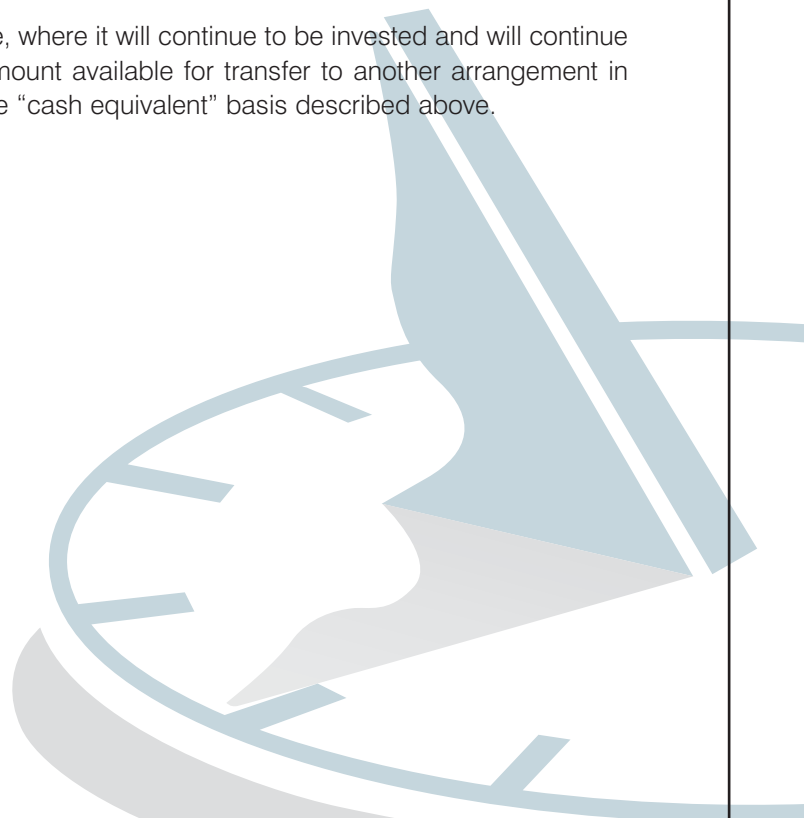
Benefits On Death

What happens if I die before retirement?

The value of your account will be paid as a lump sum, except that if the Lifetime Allowance is exceeded the surplus will normally be used to provide a pension for your spouse, civil partner or dependants. The amount available would be calculated as your account balance at your death (plus final bonus, if any).

Leaving Service

The value of your account can be maintained in the Scheme, where it will continue to be invested and will continue to attract the guaranteed interest described above. The amount available for transfer to another arrangement in respect of the With Profits option would be calculated on the “cash equivalent” basis described above.





THE CHEVIOT TRUST

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