

Accumulating Investment Plan

An alternative to traditional investment

- **100%** Capital Protection
- Quarterly Performance **'Lock-In'** Feature
- Minimum Return **12%**
- Protected Investment Strategy

- 10-year Investment Period
- Plan invests in assets rated 'AA-' or better by Standard & Poor's
- Performance linked to an investment portfolio of cash and stockmarket indices
- Unique Quarterly Profit Lock-in
- Dynamic Asset Allocation
- Available tax-free as an ISA
- Suitable for PEP and ISA transfers
- Direct Investment Option (including SIPP & SSAS investment)

Account Manager



Offer must close on 13 January 2003

ISSUE I

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Why should you consider the Accumulating Investment Plan?

The Accumulating Investment Plan is designed to provide investors with an alternative to more traditional investments. Over the duration of the the plan you will receive 100% capital protection together with a minimum investment return of 12% but with the potential to achieve much more through additional locked-in profits. Once profits are locked-in they cannot be removed. To deliver these returns the investment strategy is linked to the performance of a basket of leading stockmarket and bond indices using the following allocations:

Investment Basket	Exposure	Allocation
FTSE 100™ Index	UK Equities	35%
S&P 500 Index	US Equities	20%
EURO STOXX 50 SM Index	Europe Equities (ex UK)	15%
Nikkei 225 Index	Japan Equities	10%
JPMorgan Global Government Bond Index	Global Bonds	20%

The 'Lock-In' secures growth when the market is rising, allowing you to accumulate profits and consolidate your investment returns. Should there be subsequent market falls your profits would not be lost.

Key Benefits of the Accumulating Investment Plan

■ 100% Capital Protection*

Whatever happens to the portfolio over the 10-year term of your investment, your original investment capital is protected.

■ Participating in stockmarket growth

Your return is linked to the performance of the basket, which measures the capital performance of major UK, US, European and Japanese companies as well as giving exposure bond investments. A 'Dynamic Asset Allocation strategy' is employed to maximise performance in times of strong market growth and minimise exposure when stockmarkets are falling.

■ Minimum return of 12%*

Given the current investment markets it may be some time before you see a positive returns from the 'Lock-in' feature, accordingly to mitigate this there is a minimum return under the Plan of 12%. This means that for the 'Lock-in' feature starts to secure returns when the investment value has increased by 32% (measured from inception to one of the quarterly valuation points). So you know that your investment is off to a good start!

■ Profit 'Lock-In' Feature* - Securing Growth Each Quarter

To capture gains from the basket, every quarter your investment may automatically 'Lock-In' any capital profits gained during the previous 3 month period. The level of profit 'Locked-In' is based on 85% of the value of your investment at the end of the quarter; which, if greater than your initial investment (inclusive of the 12% return) or the previous quarter's 'Locked-In' value, will become your new protected minimum return on each occasion up to maturity.

■ Your final return

At the end of the Plan you receive:

The value of your investment at that point; or, if greater

The most recent quarterly 'locked-in' value of your investment, or, if greater

Your initial investment increased by 12%.

■ Available as Maxi ISA

Use your annual Maxi ISA allowance for 2002/03 and receive all of your investment returns at maturity – TAX FREE!

■ ISA & PEP Transfer Facility

If you have already used your current ISA allowance, then the Accumulating Investment Plan Transfer Facility is the ideal way to consolidate your existing Mini or Maxi stocks and shares and PEP plans. Transfer one or more of your existing plans and take advantage of the investment protection and tax-free growth available.

■ What if you have already used your ISA allowance?

The Accumulating Investment Plan's flexibility is such that you can invest in the Plan outside of an ISA. Additionally, the Plan also accepts investment on behalf SIPP's, SSAS's, therefore widening your investment opportunities.

* Early encashment outside of the Plan terms may result in some loss of capital, or accrued interest, or final return.

How does the 'Dynamic Asset Allocation' work?

The Dynamic Asset Allocation is a predefined investment strategy which manages your investment exposure between cash and equity instruments. Part of your monies are invested to provide the 100% Capital Protection and the minimum 12% return at the end of the 10-year period. The remainder of your monies provide you with exposure to a broad range of assets comprising equity and bonds exposure through leading stockmarket and bond indices. As the investment value changes, the split of monies allocated to providing the Capital Protection and exposure to the investment assets will change. Any changes in the level of Capital Protection gained through the Profit Lock-In are fully allowed for in the 'Dynamic Asset Allocation'.

JPMorgan

JPMorgan will assist Keydata Investment Services in arranging for the purchase of the securities for the Plan. JPMorgan is regulated by the FSA.

Rebalancing your investment

As the markets rise your exposure to the portfolio is increased. Similarly, as the market falls, more of the investment will be allocated to provide Capital Protection, your exposure to the performance of the basket is reduced accordingly. The simple process of changing the level of investment between the provision of the Capital Protection and the basket exposure will be monitored each business day.

Maximising investment returns

Additionally the Plan uses a strategy, which allows your investment return to be optimised. In summary, your investment can be exposed to;

a maximum of 1.5 x the performance of the basket and
a minimum of 0.1 x the performance of the basket.

This means that any change in the value of your plan varies between:

a maximum of 1.5% for every 1% change in the value of the basket in a rising market maximising your investment returns and a minimum of 0.15% for every 1% change in the basket in a falling market preserving your plan's value.

Such movements in investment value changes can be both beneficial and detrimental to your investment value.

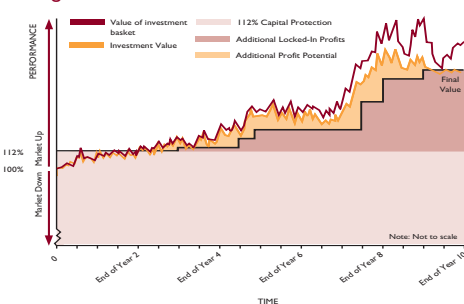
Generally speaking, in times of strong market growth your exposure will be towards the maximum allowed, and in times of market weakness will tend towards the minimum exposure.

Clearly there will be periods where the exposure level is increasing or decreasing as the investment and Profit Lock-In values change; the speed at which this happens is dependent solely upon market conditions.

How the Accumulating Investment Plan could perform

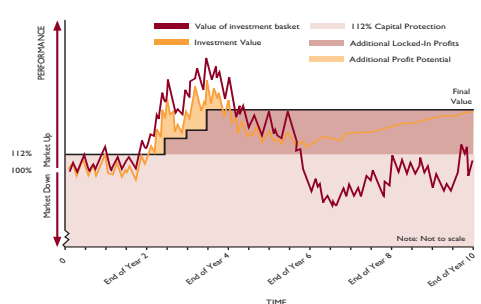
The graphs below are intended to show how the investment characteristics described above could operate under two different investment scenarios; they do not indicate potential investment performance.

Strong Market



Under the above scenario, the Plan behaves in a similar manner to the performance of the basket, although due to the variable nature of the exposure to the Index as discussed above, it does not track movements on an identical basis. As the term of the investment progresses, additional quarterly profits would be Locked-In and ultimately deliver the final value for the Plan as the investment value has, under this particular scenario, dipped below the level of Locked-In profit secured.

Volatile Market



As with the chart opposite, the Plan initially shows strong market returns, but then falls considerably. How could the Accumulating Investment Plan perform? Well, as you can see, Lock-In profits have been secured during the early period and with the market falling below the Locked-In level, the latter becomes of greater value and becomes the final value. As a greater proportion of the investment is required to provide the Locked-In value of the Plan, less can be set aside to provide exposure to the Index, and hence the investment value tends to converge on the Locked-In value at the end of 10 years.

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Is there any benefit in investing early?

Yes. Apart from the fact that you will avoid the risk of missing out if the offer has to close earlier (due to over-subscription) than 13 January 2002, you will earn interest (less tax where appropriate) from the date of clearance until 13 January 2002. This interest, plus your initial investment, will then be invested as appropriate.

Please note that any gross interest paid on monies held within the Direct Investment need to be declared on your annual tax return. You may therefore be liable to potential tax on this amount.

Can I withdraw before 10 years?

Should you withdraw at any time during the 10-year investment period, the cash value is not guaranteed and will depend on lock-ins accumulated, prevailing market conditions including, but not limited to, interest rates and the levels of the indices in the basket.

As all charges are reflected in the terms offered, you may not get back as much as you invested. In particular, the Capital Protection (including the 12% minimum return) is only valid if you remain invested for the full 10-year investment period.

Important Notes

It is the intention of the Account Manager to purchase medium term notes with characteristics to provide the advertised returns offered to investors. The medium term notes will be issued or guaranteed by financial institutions with a credit rating of no less than AA-, as measured by Standard & Poor's. The purchase of the securities will be arranged by JPMorgan, acting solely for the Account Manager. The Account Manager shall alone be responsible to investors for the operation of the Plan and the choice of securities purchased. In the event of such securities being unavailable, the Account Manager may acquire securities with similar characteristics but will, prior to such purchase, defer to you for agreement. Pending such agreement you will be entitled to a full refund of your investment plus interest. If you have invested via an ISA and subsequently decide to withdraw, it may not be possible to invest in another ISA for tax year 2002/2003 if your cancellation period has subsequently expired.

Although there could be circumstances where the cost of providing the level of Capital Protection will comprise the whole investment value, the issuer of the securities will still determine the return as though the exposure is set at 15%. This circumstance exposes you to additional risk on the issuer of the medium term notes.

In the unlikely event of any issuer being unable to meet their financial obligations, you may not receive the full return and you could lose all, or part, of your investment. The levels and basis of taxation and reliefs from taxation can change at any time. The value of any tax reliefs will depend on individual circumstances.

For tax advice potential investors should consult their professional advisers.

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Investment Timetable

Opening date for investment	20 November 2002	Investment reference date	30 January 2003
Deadline for PEP and ISA Transfers	30 December 2002	Investment period ends	30 January 2013
Deadline for all other applications	13 January 2002		

Please note that in the period immediately prior to 30 January 2013 you will be advised of any investment options available to you. Please ensure you read the accompanying Key Features document.

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Head Office: Floor 8, Fountain House,
2 Queens Walk, Reading RG1 7QF
Telephone: 0118 956 3232
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