THE WOOLWICH

## ISA and PEP transfers

If you have investments already held within ISAs or PEPs, you can sell these and transfer the proceeds into The Woolwich Accelerated Growth Plan without losing the tax-efficient status of your ISA or PEP. Your Independent Financial Adviser will guide you.

## 3% interest paid to early investors

Investments in the Plan will earn simple interest at a rate equivalent to 3% per annum from the time your application is processed until 30 June 2003. This will have the effect of increasing your investment in the Plan and the eventual benefits you earn. If your Plan is an ISA, any interest earned will be subject to a flat rate charge of 20%, which will be paid to the Inland Revenue and cannot be reclaimed. For information on interest earned by PEP investments please see clause 4 in the Terms and Conditions. For other plans, interest will be paid gross and you will be responsible for any declaration/payment of income tax.

## How to invest

Once you have decided which of the investment options is best for you, please complete and sign the appropriate application form. Your Independent Financial Advisor will be able to help you complete the application form. Please make your cheque payable to Woolwich Plan Managers Limited. Please make sure that you read and understand the Key Features and Terms and Conditions booklet before you apply.

## Important dates

| | Start | Finish |
|---|---|---|
| Offer period | 22 April 2003 | 13 June 2003 |
| Offer period for PEP and ISA transfers | 22 April 2003 | 29 May 2003 |
| Investment date and initial index level | 4 July 2003 | |
| Final index level (the average closing level on the final 20 days on which the index is calculated during the investment term.*) | | 3 July 2009 |
| Proceeds available | | 13 July 2009 |

*The final index level is taken as the average of the closing levels on the final 20 days on which the index is calculated during the investment term, up to and including the maturity date 3 July 2009.



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THE WOOLWICH

Issue 1

GROWTH

ACCELERATED

# The Woolwich Accelerated Growth Plan

You're either with us. Or without.

# The Woolwich Accelerated Growth Plan

With the stock market so far below the peaks of the year 2000, now could be the ideal time to invest in a plan which aims to provide:

- Five times the growth of the FTSE 100 Index over the next 6 years, to a maximum of 80% growth on your original investment
- The opportunity for tax-efficient returns including investment via Woolwich ISAs
- A significant level of capital protection.

## Capital protection

The level of protection is very important and is worth considering in detail. In the normal course of events and provided you hold the investment for the full investment term, there will only be potential risk of capital reduction if the index falls by more than 50% from its initial level WITHOUT recovering to its starting point by the end of the 6-year investment term.

So, if the index fell from an initial level of say 3,500* to 1,749.9 or below at any time during the term but the final index level** was 3,500 or above, your capital would be protected and in fact you'd receive 5 times any amount by which the final index level exceeds 3,500 as well, up to a maximum of 80% growth, on top of your original investment.

But if the index fell to below 1,749.9 and the final index level was less than 3,500 at the end of the term, you would lose some capital calculated at 1% (or part thereof) of your capital for every 1% (or part thereof) fall in the final index level below 3,500 (see Example 3 below).

If however the final index level was below the initial level, provided the 50% barrier had not been breached at any point, you would still receive a full return of capital (see Example 4).

Some examples will help explain how the returns will be calculated. In each case the initial level of the FTSE 100 Index is assumed to be 3,500 points and the customer invests £10,000.

### Example 1

The final index level, on the maturity date – 3 July 2009 - is 3,675, a climb of just 5% over the 6 years. You receive 5 times this and your investment grows from £10,000 to £12,500 growth of 25%.

### Example 2

During the term, the value of the index falls to 1,700 but the final index level is 4,060, a 16% rise over the term. Because the final index level is above the initial level, the index falling by more than 50% is ignored and in fact you benefit from 5 times the growth, so you would receive back £18,000.

### Example 3

During the term, the value of the index falls to 1,700 and at maturity the final index level is still down at 1,925, a fall of 45%. In this case your capital would be reduced by the same percentage (not 5 times the rate as is applied to gains) and you would receive back £5,500, a loss of £4,500.

### Example 4

During the term, the index falls by 45% to 1,925 and at the end of the term, the final index level is still just 2,100. The 50% barrier was not breached and capital protection applies, so despite a large fall in the index, your original investment would be returned in full.

### Example 5

Growth in the index is strong throughout the investment period and the final level is 5,250, a climb of 50%. The rise in the index is multiplied by a factor of 5 for investors with an overriding maximum growth in capital of 80%, so any rise in the index beyond 16% does not benefit the investor. The customer in this case however still does better than the index with growth of 80% and a return of £18,000 for their £10,000 investment.

The examples are summarised in the table below.

As with all stock market based investments, it is important to remember that, even with the capital protection we have built into the Plan, the value of your investment is not guaranteed and can go down as well as up to the extent that you may not get back the full amount of your original investment.

| Lowest level of the index during the term | Final level of the FTSE 100 Index (initial level is 3,500) | Percentage change in level of the index at maturity | Investor's return including £10,000 invested – the rise in the index is multiplied 5 times to a maximum of £18,000 |
|---|---|---|---|
| Not applicable | 3,675 | + 5% | £12,500 |
| 1,700 | 4,060 | +16% | £18,000 |
| 1,700 | 1,925 | - 45% | £5,500 |
| 1,925 | 2,100 | - 40% | £10,000 |
| Not applicable | 5,250 | +50% | £18,000 |

## How does the Plan work?

Woolwich Plan Managers (WPM) will use your subscription to buy investments whose return is linked to the benefits available under the Plan.* The investments will be bought from a major financial institution with a minimum Standard & Poor's credit rating of 'AA' or better. WPM will take reasonable care in its choice of institution but is not responsible otherwise if the institution fails to meet its obligations. As such, in the unlikely event of the institution not being able to honour its commitments regarding these investments, you would not receive the stated benefits and you could lose all (or part) of your investment, even if the index rises substantially over the term of the Plan.

The Plan is designed to be held for its full 6-year term. If you sell your investment before this date, the capital protection of the Plan does not apply and you are very likely to get back less than you invested. This is especially so if you were to redeem in the early years of the investment term.

## Tax-efficient investment*

Any form of investment will be more rewarding if you can keep the taxman away from any growth it earns. Growth generated on investments within the Plan is normally subject to capital gains tax at your own highest personal level of taxation. So, for a higher rate taxpayer, any gains in excess of your annual allowance that you make from the Plan could be taxed at 40%.

However, there is a simple way to avoid this – with a Woolwich ISA (Individual Savings Account). Opening a Woolwich ISA is simple – we will do it all for you, and there is no additional cost. But, by putting a Woolwich ISA around your Plan, you will enjoy its benefits without having to pay the taxman a penny of it. Please note that interest paid prior to the investment date is subject to the tax treatment described on page 4 of the Key Features.

Furthermore we have structured this Plan so that growth achieved by direct investment, that is not within an ISA, can be offset against your annual Capital Gains Tax allowance, thus increasing the investment's tax-efficiency. For the 2002/2003 tax year, the annual allowance was set at £7,700 before any tax was due. Any growth exceeding this allowance is liable to tax at your highest personal level of taxation which, at current rates, could be up to 40%.

## Investment options and amounts

| | Minimum | Maximum |
|---|---|---|
| Mini Stocks & Shares ISA | £3,000 | £3,000 |
| Maxi ISA | £7,000 | £7,000 |
| Direct investment | £3,000 | £500,000** |
| ISA and PEP transfers | £1,500 | £500,000** |

*The actual initial level could be more or less than this.
**The final index level is taken as the average of the closing levels on the final 20 days on which the index is calculated during the investment term, up to and including the maturity date 3 July 2009.

* We may arrange to buy or sell investments for you in which we and/or an associate: have a material interest (for instance as purchaser or issuer); have a position or holding; are the only market maker; and/or are providing significant advice or investment services. We and/or the relevant associate may benefit financially from that interest or relationship.

*Please note that the information given does not constitute tax or legal advice, and you should consult your own professional adviser to obtain advice of this nature. Levels and bases of taxation, and reliefs from taxation, are subject to Government legislation and may change, possibly during the term of the Plan. They will also depend on your personal circumstances. All references to taxation are to UK taxation, and are based on our current understanding of UK laws and Inland Revenue practice.
** Investments in excess of £500,000 may be accepted on a discretionary basis.