

17 December 2008

Dear Member

H & V Pensions – Member Update December 2008

The purpose of this update is to comment on the impact of the recent market conditions on H & V Pensions funds, remind you of the next opportunity to switch investment funds and to keep you informed of Scheme developments.

How are my funds invested?

This depends on your personal situation (e.g. how close to retirement you are) and your current investment decisions.

As you know, the Scheme offers a range of investment funds:

Cash Fund (Minimal Risk);

Over 15 Year Gilts Index Fund (Cautious Risk);

Over 5 Year Index-Linked Gilts Index Fund (Cautious Risk);

Consensus Index Fund (Moderate Risk);

Global Equity Fixed Weights 50:50 Index Fund (High Risk)

For those members using the scheme's default *Lifestyle* investment option, funds are moved gradually from Consensus Funds into Government gilts in the 5 years leading up to retirement. Member's using the scheme's *Freestyle* investment option decide individually whether to adopt a more or less risky approach to investments than the *Lifestyle* option.

Equity markets (represented primarily by the Consensus and Global Funds) have suffered significant falls in the wake of the credit crisis and subsequent financial crisis. On the other hand, gilts have been seen as a safe haven, and, importantly, provide security against fluctuations in the price of annuities on retirement.

If you require further information on how your funds are currently invested, please contact the **Pensions Helpline** on 01768 860404. However, please note that the Financial Services Act prevents the Trustees or the scheme's administrative staff from giving advice. The Trustees recommend that you take advice when reviewing your pension arrangements. You can find an independent financial advisor (IFA) in your local area by visiting www.unbiased.co.uk.

The Trustees will be writing more fully on market conditions in the New Year but it is important to remember that saving for a pension is a long-term investment and the Scheme's Trustees, having taken advice from their investment consultants, are not encouraging change at this point in time.

Freestyle Investment Switch - 30 January 2009

The next opportunity to join the *Freestyle* option and for existing *Freestyle* members to switch their funds is 30 January 2009. A *Freestyle* Switch Form is available to download from the Welplan website (see below). If you wish to take advantage of this facility you should return this to us **no later than 16 January 2009**.

If you are using the default *Lifestyle* investment option you need take no action as we will switch your funds for you automatically when appropriate.

The scheme offers all members the facility to switch investments every 6 months. The next investment switch date is posted on the Investment page in the Pensions section of the Welplan website. You can request a Freestyle Switch Form direct from the **Pensions Helpline** on 01768 860404, or by accessing the Welplan website (see below).

Member updates by e-mail

We are aware that you may prefer to receive your six-monthly member update by e-mail. If you wish to proceed on this basis please e-mail pensions@welplan.co.uk.

Keeping your personal records up to date

Expression of Wish Form

It is important to update your Expression of Wish Form if there is any change in your personal circumstances, so that in the event of your death the Trustees are aware of your intentions for distributing any funds. The form can be downloaded from the Welplan website or if you would prefer to be sent a copy please call the **Pensions Helpline** on 01768 860404.

Contact details

If you have recently moved address or are soon to do so, please contact the Scheme with your new details at pensions@welplan.co.uk or call the **Pensions Helpline** 01768 860404 or write to us at the address overleaf.

Welplan Website and Pensions Helpline

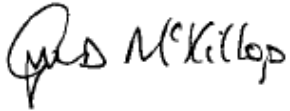
The pensions area of the Welplan website allows you to access up to date information on the performance of Scheme funds and makes available key documents. The website address is www.welplan.co.uk. The pensions area includes a Member page and Investment page. The Investment page includes the latest Fund Fact Sheets from Legal & General for you to view or print out and the latest Freestyle Switch Form.

The latest Welplan Newsletter on the site includes an article outlining Government plans for changes to pension provision from 2012. Welplan has been keeping a watchful eye on developments and are ready to adapt H & V Pensions as necessary. You will be kept up to date as further details on future changes are made available.

We plan to continue to develop the website pages and will be pleased to consider any suggestions or comments to help us improve this service.

Not everyone has access to, or is comfortable with, using the internet so please remember you can always contact the **Pensions Helpline** on 01768 860404. We can send any scheme information you require to your home address if you prefer.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Gillian M D McKillop'. The signature is written in a cursive style with a large initial 'G'.

Gillian M D McKillop
Pensions and Employee Benefits Manager