

NEWS RELEASE

SCOTTISH FRIENDLY ANNOUNCES WITH PROFITS BONUS RATES FOR 2004

Scottish Friendly, one of the UK's leading friendly societies and a consistent top ten performer for with profits plans over 10 and 15 years*, today announced its bonus rates for with profits savings and investment policies.

Bob Thomson, chief executive said, "The good news for Scottish Friendly policyholders is that annual reversionary bonus rates have been maintained at last year's levels. This is reassuring as a number of life offices have reduced or announced zero annual bonuses this year."

Key Highlights:

- The reversionary bonus for 2004 remains unchanged at 0.5% of sum assured plus 2% of the previously declared bonus.
- For tax exempt plans, the reversionary bonus remains unchanged at 0.75% of sum assured plus 2.25% of the previously declared bonus.
- The terminal bonus is 1.75% (2003: 2.5%) for each completed year of duration (excluding the first nine years) and is calculated on the sum assured and total reversionary bonus. The reduction in terminal bonus has the effect of reducing maturity values for 10 year policies by 5.6% and for 25 year policies by 11.7% compared to 2003.

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Sample Scottish Friendly with profits endowment

For a male, aged 30 at the start of a policy, investing £50 per month in a 25-year with profits endowment maturing on 1 May 2004, the effective date for the new bonus rates, the payout would be £54,328, a return of 9.1% per annum. The payout for a 10 year plan would be £7,460, a return of 4.3% per annum.

Mr Thomson said, "Despite difficult stock market conditions over the past few years, our returns to policy holders remain competitive and compare favourably with similar types of long term investment."

Scottish Friendly, one of the UK's leading Friendly Societies, provides tax-free savings plans, ISAs, investment plans and term assurance. For information on financial products offered by Scottish Friendly, call 0800 585 625.

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* Source: Money Management magazine, April 2003.

Past performance is not a guide to future performance. With profits bonuses are not guaranteed.