

SUMMARY ANNUAL REPORT

FOR PENSION PLAN OF THE PACIFIC NORTHWEST LABORATORIES, BATTELLE MEMORIAL INSTITUTE

This is a summary of the annual report for the Pension Plan of the Pacific Northwest Laboratories, Battelle Memorial Institute, EIN 31-4379427, Plan No. 005, for the period July 1, 2002 through June 30, 2003. The annual report has been filed with the Employee Benefits Security Administration, U.S. Department of Labor, as required under the Employee Retirement Income Security Act of 1974 (ERISA).

Basic Financial Statement

Benefits under the plan are provided through a trust fund. Plan expenses were \$18,590,000. These expenses included \$412,000 in administrative expenses, \$1,457,000 in investment management fees, and \$16,721,000 in benefits paid to participants and beneficiaries. A total of 5,971 persons were participants in or beneficiaries of the plan at the end of the plan year, although not all of these persons had yet earned the right to receive benefits.

The value of plan assets, after subtracting liabilities of the plan, was \$515,313,000 as of June 30, 2003, compared to \$523,262,000 as of July 1, 2002. During the plan year the plan experienced a decrease in its net assets of \$7,949,000. This decrease includes unrealized appreciation and depreciation in the value of plan assets; that is, the difference between the value of the plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of assets acquired during the year. The plan had total investment income of \$10,641,000.

Minimum Funding Standards

An actuary's statement shows that enough money was contributed to the plan to keep it funded in accordance with the minimum funding standards of ERISA.

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. an accountant's report;
2. financial information and information on payments to service providers;
3. information regarding any master trusts in which the plan participates;
4. actuarial information regarding the funding of the plan.

To obtain a copy of the full annual report, or any part thereof, write or call the office of Malesa Litteral, Esq. who is Plan Counsel, Battelle Memorial Institute, 505 King Avenue Room A-189, Columbus, OH 43201, (614) 424-5071. The charge to cover copying costs will be \$2.00 for the full annual report, or 10 cents per page for any part thereof.

You also have the right to receive from the plan administrator, on request and at no charge, a statement of the assets and liabilities of the plan and accompanying notes, or a statement of income and expenses of the plan and accompanying notes, or both. If you request a copy of the full annual report from the plan administrator, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the plan (Battelle Memorial Institute, 505 King Avenue Room A-189, Columbus, OH 43201) and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, Room N1513, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

**PENSION PLAN OF THE PACIFIC NORTHWEST LABORATORIES,
BATTELLE MEMORIAL INSTITUTE (“PLAN”)
EXPLANATION OF A QUALIFIED PRERETIREMENT SURVIVOR ANNUITY**

Plan members who die prior to their retirement with a vested accrued benefit in the Plan have a death benefit that will be paid either to their spouse or a designated beneficiary. If the present value of a member’s vested accrued benefit is \$5,000 or less, the actuarial equivalent will automatically be paid to the spouse or a designated beneficiary in a lump sum.

MARRIED MEMBERS

At the time of a Plan member’s death, the member’s surviving spouse will be able to choose from several death benefit payment options. Unless the member with the consent of the spouse has chosen an alternative beneficiary, one of the options required by federal law to be offered to the spouse is a Qualified Preretirement Survivor Annuity (“QPSA”). A QPSA provides the surviving spouse with a series of monthly payments for the remainder of the spouse’s life. Based upon the member’s eligibility for early retirement at death or separation from service and in accordance with the terms of the Plan, the QPSA will be paid in one of the following forms:

1. If the member is age 55 or older at the time of death, immediate monthly payments in the actuarial equivalent form of a Joint Life and 50% Survivor Annuity for the remainder of the surviving spouse’s life.
2. If the member is 54 or younger at the time of death, deferred monthly payments in the actuarial equivalent form of a Joint Life and 50% Survivor Annuity for the remainder of the surviving spouse’s life.

Alternatively, the surviving spouse may elect another form of benefit available under the terms of the Plan.

WAIVER

Beginning with the first day of the Plan Year in which a member attains age 35 (or when a member terminates employment if the member is under age 35); the member may voluntarily waive the requirement that the member’s spouse be the sole beneficiary. The member’s spouse must consent to any waiver made by the member. The spousal consent must be in writing and witnessed by an authorized Plan Representative or a Notary Public. The member may revoke or change the waiver at any time; however, if the member names someone other than the spouse as beneficiary, spousal consent to the change will be required. Spousal consent may be revoked any time prior to the member’s death. In accordance with the terms of the Plan, the following payment forms are alternatives to a QPSA.

- a. 120 monthly payments, each payment equal to the member’s vested accrued benefit adjusted to the benefit payable as of the date of death.
- b. Lump sum equal to the greater of the actuarial equivalent of the applicable Preretirement Survivor Annuity or the actuarial equivalent of the 120 monthly payments in (a) above.

UNMARRIED MEMBERS

In accordance with the terms of the Plan, the member’s beneficiary will be able to choose from two payment options:

- a. 120 monthly payments, each payment equal to the member’s vested accrued benefit adjusted to the benefit payable at the date of death.
- b. Lump sum equal to the actuarial equivalent of the 120 payments in (a) above.

If you have any questions regarding this explanation, please contact your component Benefits Administration Office.