

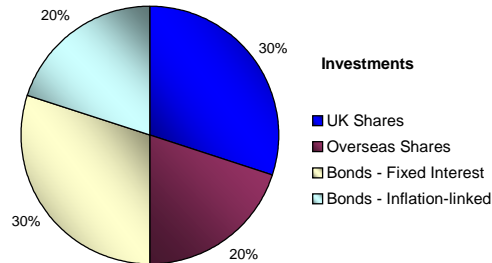
CAUTIOUS OPTION



Objective

The Cautious Option aims to be low risk. By investing only 50% of members' accounts in shares, the Cautious Option enables members to reduce their exposure to share market movements but nevertheless to retain some opportunity for the potential long term growth offered by shares. The other 50% of each member's account is invested in bonds which have more stable returns than shares. To reduce the level of investment risk as members approach their target retirement date, each member's investment account will be progressively switched into cash and inflation-linked bonds over the last five years. You should note that the returns shown on this factsheet assume that you are not in this period.

For the share allocation, this option invests in UK and overseas companies. Within the bond allocation, this option invests in UK fixed interest and inflation-linked government securities. All assets are currently managed by Barclays Global Investors in their tracker funds. This means that the assets generally move in line with markets.

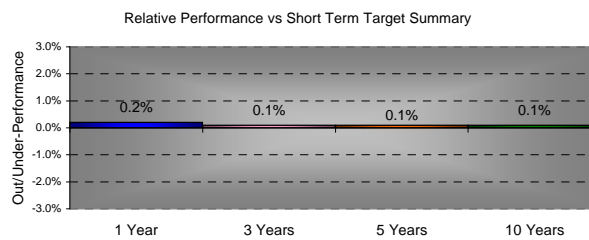


Performance Targets

This option has two targets, one short term and one long term. The short term target for the Cautious Option units is to achieve returns in line with market indices consistent with investment in tracker funds. The long term target for the Cautious Option units is to exceed inflation by 3.5% per year.

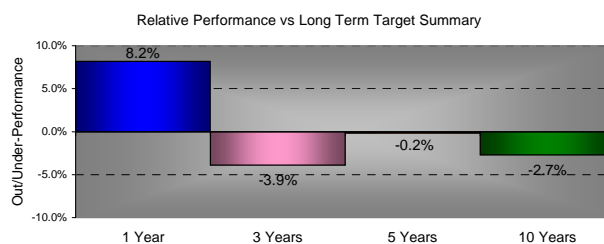
Performance against the short term target

This chart shows the performance of the Cautious Option against the short term target. The performance of the Cautious Option has been 10.3% during the 12 months to 30th September 2009, slightly ahead of its target. As reflected in the chart, performance of the Cautious Option has been broadly in line with the target over all periods to 30th September 2009.



Performance against the long term target

This chart shows the performance of the Cautious Option against the long term target. The performance of the Cautious Option has been 10.3% during the 12 months to 30th September 2009, 8.2% above the target. Performance of this option (on an annualised basis) was behind the target over longer periods shown, but has been ahead since inception. The longer term underperformance can be attributed largely to very weak stock markets. However, markets have rallied recently, leading to good 12-month performance.



Notes

- This option was in line with its short term target and was ahead of its long term target by 3.1% p.a. since inception (1 April 2003, the date when this Unit Linked Option was first made available to Cheviot members).
- All returns are shown net of management and administration fees. They have been estimated by CAMRADATA Analytical Services based on the performance of the Barclays Global Investor's funds.
- Longer term performance, i.e. before this Unit Linked Option was made available to Cheviot members, has been estimated by CAMRADATA Analytical Services based on the historic performance of the Barclays Global Investors' funds.