

## RETIREMENT PROTECTION OPTION

### Objective

The Retirement Protection Option is only available to members who are within five years of their Target Retirement Date. The option is designed to minimise uncertainty in pension benefits and the amount of cash available at retirement. Each member's account is invested in 30% cash and 70% inflation linked government bonds.

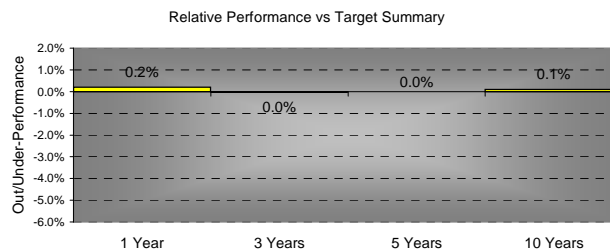
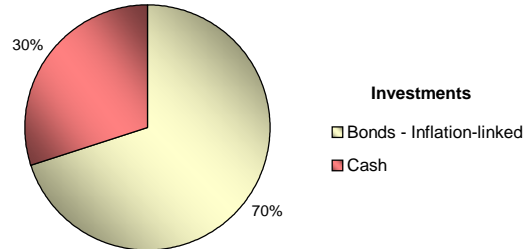
This option invests in a mixture of bonds and cash. The allocation to bonds invests in UK inflation-linked government securities. All assets are currently managed by Barclays Global Investors in their tracker funds. This means that the assets generally move in line with markets.

### Performance Targets

The target for the Retirement Protection Option units is to achieve returns in line with market indices consistent with investment in tracker funds.

### Performance against the target

This chart shows the performance of the Retirement Protection Option against its target. The performance of the Retirement Protection Option has been 2%, slightly above its benchmark (of 1.8%) over the 12 months to 30th September 2009. As reflected in the chart, performance of the Retirement Protection Option has been broadly in line with the target over all longer periods to 30th September 2009, including since inception (April 2003).



#### Notes:

- This option was in line with its target since inception (1 April 2003, the date when the 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.