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Financial and membership changes through the year

	£'000	£'000
Value of Fund at 31 March 2009		209,747
Contributions and benefits		
Members' contributions	1,850	
Press contributions	13,755	
Other income	383	
Less		
Benefits payable	7,978	
Fees and other payments	947	
Net additions from dealings with members	7,063	
Gains on investments		
Investment income	4,110	
Change in market values	59,291	
Investment management expenses	(329)	
Total increase on investments	63,072	
Net increase during the year		70,135
Value of Fund at 31 March 2010		279,882

Contributing members		
Contributing members at 31 March 2009		1,503
Plus: New and returned members		146
		<u>1,649</u>
Less: Withdrawals on leaving service	88	
Retirements on pension	25	
Awaiting decision	11	
Defer pension	1	
	<u>125</u>	
Total at 31 March 2010		1,524
Pensioners		
Pensioners of the Group Scheme		739
Plus: Surviving beneficiaries		185
Total at 31 March 2010		924
Deferred pensions for early leavers at 31 March 2010		1,764
Deferred pensions beyond normal retirement date		12



Chairman's Report

It will come as no great surprise to members that, with financial and economic conditions remaining so uncertain, the Trustees have been heavily pre-occupied with investment concerns. This year has seen the Trustees complete, amongst other things, a formal valuation of the Scheme; reviews of the employer covenant, cash management policy, our statement of investment principles, the structure of our equity portfolio and our liability hedging policy. One of the most important reviews, for all the stakeholders in the scheme, is the formal valuation when the Trustees assess the extent to which the scheme has sufficient assets to meet its pension liabilities. The results of the scheduled review, based on 31 March 2009 data, showed the position had weakened since the 2006 valuation as our investments had dropped from £217m to £208m whilst the amount required to pay the pension benefits increased from £248m to £272m, mainly due to the significant drop in the interest rates. These movements resulted in the deficit increasing from £31m to £64m and a reduction in the funding level from 88% to 76%.

The Press and the Trustees have agreed that the additional contributions set out in the previous recovery plan dated 19 June 2007 of £3m payable each year until the end of April 2011, giving £15m in total, will continue i.e. comprising two payments of £3m; one of which was paid in April 2010 and the next is due in April 2011. A further contribution of £3m; will be payable by the Press, at a date to be agreed between the Press and the Trustees during 2012, should the Trustees, acting on the reasonable advice of the Scheme Actuary, anticipate that the 31 March 2012 actuarial valuation will reveal a deficit.

In addition, the Trustees and Press have agreed that the additional security over unencumbered Press assets of up to £50m, put in place following the 31 March 2006 actuarial valuation, will remain in place.

Following the actuarial valuation the annual update conducted at 31 March 2010 revealed a much more positive position with our investments increasing from £208m to £280m and our liabilities from £272m to £301m resulting in a reduction to the deficit from £64m to £21m which equates to a funding level of 93%.

The Trustees have sought to participate in the recovery of those asset classes hardest hit by recent market turmoil and decided to place 25% of the portfolio in an active global equity strategy with a bias towards emerging markets, allocating £63.8m across two funds geared to this strategy.

As noted in my report last year, in August 2008, the scheme implemented the first tranche of a liability hedge, the aim being to reduce the impact of interest rates and inflation on the Scheme's liabilities, with a long term target to hedge 70% of both interest rate and inflation risk. In June 2009 the Trustees agreed to increase the inflation hedge from 18% to 35% and to retain the existing 18% interest rate hedge, but with identified 'trigger' levels of interest rates at which this would progressively be raised to 35%.

The Scheme has not hedged 70% yet because interest rates look low relative to their historic average and inflation looks rather high relative to the Bank of England's target. However the Trustees monitor this on a regular basis;

and will raise the level of both hedges as and when this looks appropriate. It is worth stressing that, while all these matters are important for the long term health of the Scheme, the fund continues to have a significant net cash inflow; and very strong asset backing from the Press and the University.

I would like to welcome Nichola Reid who joined the Pensions team in February 2010 following Linda Ingram's decision to leave, and congratulate Tracey Ellitson who has been awarded the Pensions Management Institute's 2009 prize for her paper on "Defined Benefit Schemes".

Finally, I would like to take this opportunity to thank, first, our Pensions Manager, Linda Hughes and her small but dedicated team, who have all worked tirelessly through difficult times. Linda has brought a wealth of experience and expertise to the Scheme, which is much appreciated by all the Trustees. Second, to the Trustees themselves for their continued enthusiasm and dedication to their duty to act in the best interests of the scheme beneficiaries. This is an exceptionally demanding job, given the maze of regulations which govern such pension schemes; and the difficult economic climate we find ourselves in. And third, I would also like to thank Dave Gillard for his continued support for the scheme which enables the Trustees and the Press to maintain its excellent relationship.

Sir Derek Morris
Chairman of the Trustees

Investment matters

Investment Policy

The Trustees' investment policy is guided by an overall objective of maximizing the return of the investments subject to avoiding significant volatility in the contribution rate. To meet this objective the Trustees set their own specific benchmarks and asset allocation policies, to achieve this. It should be recognized that the actual allocations will fluctuate as a reflection of cash flows and market movements.

The assets of the Scheme are regarded as readily marketable. The fee structure is based on the quarterly value of the portfolio.

Investment	31 March 2009	31 March 2010
Global equities	18.2%	19.8%
Property	2.5%	1.8%
Bonds	13.9%	16.5%
UK Index Linked Gilts	22.4%	28.9%
Derivatives	1.3%	5.0%
Cash	15.4%	1.4%
Dynamic Asset Allocation Fund*	26.3%	26.6%

*The Dynamic Asset Allocation Fund's mandate is to provide diversification across asset classes providing consistent returns through the rotation of asset allocation weights as economic and market conditions change.

There is no investment in Oxford University Press, and the assets of the Scheme are invested in accordance with the restrictions prescribed by regulations made under section 40 Pensions Act 1995.

The purpose of the Scheme is to make provision for the payment of benefits to members as they fall due. The Trustees' present policy is to insure the Scheme's liability to pay death-in-service benefits, and thus remove the risk of a heavy call on the Fund should a substantial number of deaths occur over a short period.



Investment Performance

The Trustees monitor the Scheme's investments and regular meetings are held with the investment advisers to review performance and to formulate future investment strategy.

Historic performance figures over the years to 31 March 2010 against the benchmarks are summarized in the table below.

Year ended 31 March	Fund's return	Benchmark return	Inflation RPI measure
2006	21.5%	23.2%	2.4%
2007	4.6%	4.8%	4.8%
2008	-4.0%	-5.5%	3.8%
2009	-12.2%	*	-0.4%
2010	33.1%	9.8%	3.4%

*In the year to 31 March 2009 significant changes had been made to the investment portfolio, with a number of new funds being introduced during the course of the year. It is therefore not yet possible to make a meaningful comparison of performance with benchmarks for the period.

Investment Strategy Review

The Trustees have a very strong covenant with the Press as employer, behind which stands the University of Oxford and their investment strategy review took this into account. The Trustees have also noted that the Press's primary concern is for the ongoing contribution rate to run the Scheme to be affordable, and that the Press has the ability to see beyond the short term. The Trustees agreed that their decisions on investment strategy should focus on the length of the recovery plan to clear the deficit.

The Trustees continue to review their investment strategy and, since 1 April 2009, £35.8m has been transferred from the Scheme's cash holdings. The majority, £31.3m was invested in derivatives and £4m in the Dynamic Asset Allocation Fund and the remainder into Bonds.

In August 2008 the Scheme implemented the first tranche of the liability hedge. During June 2009 the Trustees agreed to increase the inflation hedge to 35% of its actuarial liabilities to further reduce the impact of inflation rates, whilst retaining the interest rate hedge at 18% of its actuarial liabilities. However, the Trustees have identified a series of future expected interest levels which would trigger progressively increased hedging.

In the autumn the Trustees agreed to restructure their equity holdings of approximately £61m. The first stage involved the appointment of Skagen to actively manage £30m transferred from Black Rock's overseas equity fund in January 2010 to their overseas equity fund which includes an investment bias towards emerging markets. Skagen has a robust valuation process, a high-quality and

well-disciplined team, and a long and successful track record. The second stage involved the appointment of Nuveen Tradewinds to actively manage £20.8m transferred from the remaining UK and Overseas equity holdings with BlackRock in May 2010 and finally transferring £6.7m in cash holdings and £6.3m in Gilts to Nuveen Tradewinds also in May 2010.

Stock market volatility since the year-end continues to cause widespread concern; however the strategic changes to the investment policy since 2008 have placed the Scheme in a much stronger position than it would otherwise be in. In addition, the decision to increase the inflation hedge means that the Scheme is in a more secure position to meet the liabilities as they fall due.

Investment Principles

The Trustees have produced a Statement of Investment Principles, which incorporates the investment strategy, in accordance with section 35 of the Pensions Act 1995. The Statement has been redrafted to reflect the changes made during the year. A copy of the last Trustees' Statement of Investment Principles is available on request.

Your Wishes

Expression of Wish Form

Where will I find the form?

Enclosed with this year's pension review you will find an expression of wish form which should be completed and returned to the Pensions Department. Your nomination will be treated as confidential, but you may wish to place your completed form in a sealed envelope which will only be opened if you die. You should mark the envelope clearly 'Expression of Wish Form - only to be opened in the event of my death' with your name, date of birth, National Insurance number and the date.

Why is it so important to complete this form?

As a result of your membership of the Group Pension Scheme a lump sum is payable in the event of your death. The Trustees use their discretion to decide who should receive the lump sum so it is important that your wishes are made known to the Trustees as soon as you join the Scheme and are updated if your personal circumstances change. The expression of wish form gives you the opportunity to identify the person(s) you wish to receive any lump sum which becomes payable upon your death.

Who should complete one?

- Anyone who is an employee or ex-employee not in receipt of a pension from the Press or who started to receive their pension from the Press within the last 5 years

and

- You are not sure when you last completed one
- You are not sure who you nominated
- Your personal circumstances have changed since you last completed one e.g. marital status has changed



Annual Summary Funding Statement

The Scheme's funding objective is to have enough money to pay all the pension benefits as they fall due. To do this we do rely on the Press's continuing support of the Group Pension Scheme. The Scheme Actuary carries out regular funding valuations of the Scheme to assess the financial position of the Scheme relative to its funding objective. The results of the latest full actuarial funding valuation as at 31 March 2009 and the previous full actuarial funding valuation at 31 March 2006 are detailed below together with the results of the annual funding review at 31 March 2010:

As previously highlighted in the Pensions Review the deterioration in the funding position between 2006 and 2009 was due to a combination of factors, but the two key ones were, first, that, due to economic circumstances, the returns on the assets held by the Scheme fell; and, second, expectations of future price inflation rose and interest rates fell to exceptionally low levels. The latter meant that the amount needed to provide benefits was greater than it would have been had financial conditions remained unchanged from March 2006. However, the Trustees have taken a number of steps to minimise the impact of these; and its investment strategy means that it can use significantly higher return figures than current interest rates would dictate for valuation purposes.

	31/03/2006	31/03/2009	31/03/2010
Investments	£217m	£208m	£280m
Amount needed to provide all future benefits	£248m	£272m	£301m
Shortfall or deficit	£31m	£64m	£21m
Funding Level	88%	76%	93%

The Press and the Trustees have agreed that the additional contributions set out in the previous recovery plan dated 19 June 2007 of £3m payable each year until the end of April 2011, giving £15m in total will continue i.e. comprising two payments of £3m in April 2010 and April 2011. A further contribution of £3m will be payable by the Press, at a date to be agreed between the Press and the Trustees during 2012, should the Trustees, acting on the reasonable advice of the Scheme Actuary, anticipate that the 31 March 2012 actuarial valuation will reveal a deficit.

In addition, the Trustees and Press have agreed that the additional security over unencumbered Press assets of up to £50m, put in place following the 31 March 2006 actuarial valuation, will remain in place.

The last scheduled increase to member contributions was implemented in April 2010 for those members on enhanced accrual rates. To fund future pension payments, the annual Press contribution rate required, in addition to members' normal contributions, is 15.3% of employed members' Pensionable Salaries. However, the Press will, for the present, continue to pay contributions at the rate of 19% of Pensionable Salaries, which it has been paying since the 2006 actuarial valuation. The Trustees will review the rate payable by the Press during 2010, in consultation with the Press. These contribution rates are set out in the Schedule of Contributions (dated 11 December 2009).

A summary of the statutory valuation, the Recovery Plan, and the Schedule of Contributions were filed with the Pensions Regulator in December 2009.

Following the valuation as at 31 March 2009, the Actuary has carried out an approximate annual actuarial funding review at 31 March 2010. This review showed that the funding level was 93%, and the shortfall or deficit had reduced during the year to £21m (from £64m in 2009). The main reason for the improvement in the funding position is that the Fund's investments have achieved better returns than previously.

No payments have been made to the Press out of Group Pension Scheme funds in the last 12 months. Although the funding level is still less than 100%, all pension benefits continue to be paid in full as the Group Pension Scheme is ongoing.

In the unlikely event that the Group Pension Scheme were to be wound up then the Press or the University of Oxford would have to pay the shortfall of the cost of providing all the benefits through an insurance company. The Actuary estimated the Group Pension Scheme's funding level on this 'discontinuance' basis to be 50% at 31 March 2010. In the remote possibility that both the Press and

the University of Oxford were insolvent, then the Pension Protection Fund might be able to take over the Group Pension Scheme, and make good some of the shortfall in benefits.

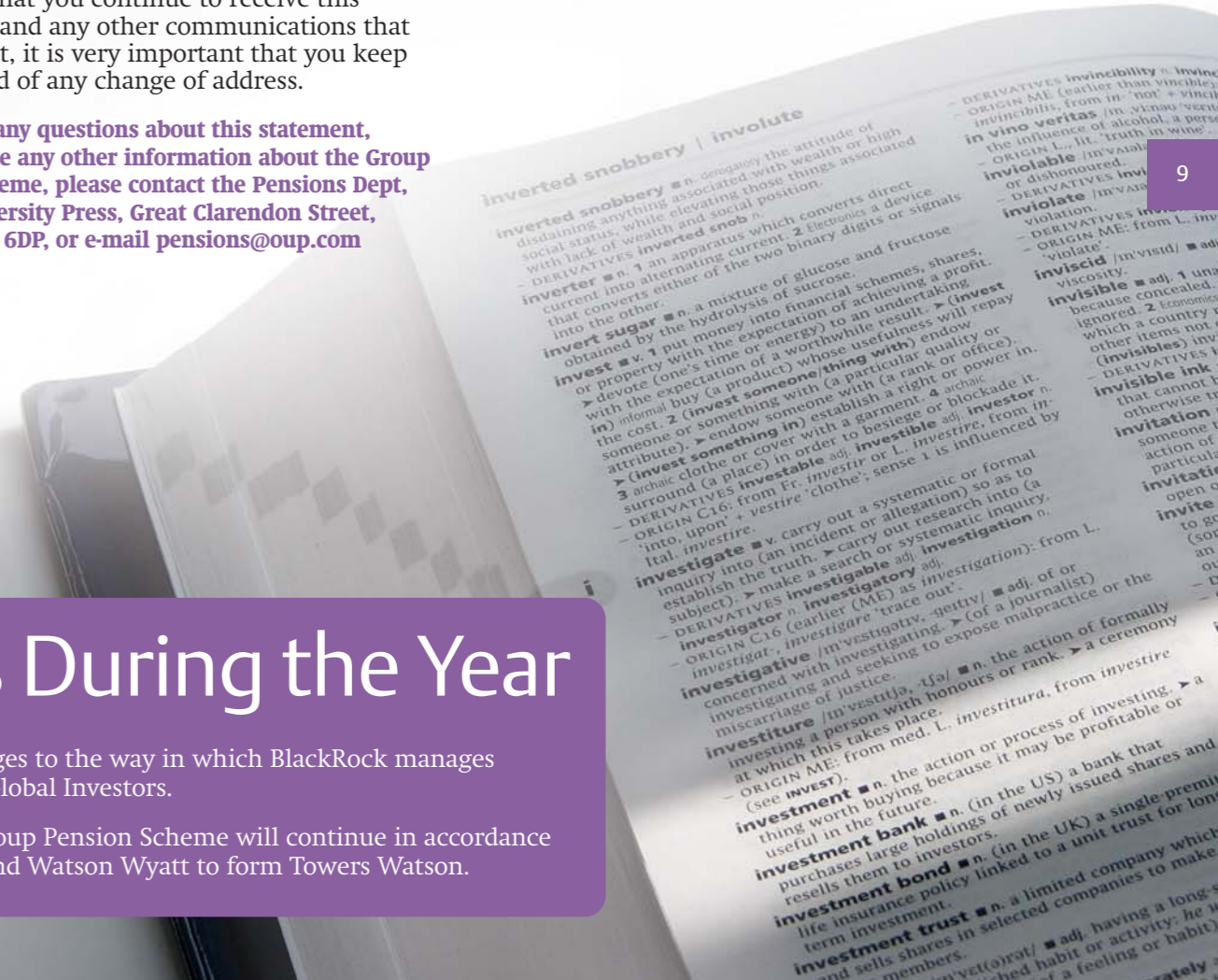
To ensure that you continue to receive this statement, and any other communications that we send out, it is very important that you keep us informed of any change of address.

If you have any questions about this statement, or would like any other information about the Group Pension Scheme, please contact the Pensions Dept, Oxford University Press, Great Clarendon Street, Oxford, OX2 6DP, or e-mail pensions@oup.com

Other Developments During the Year

December 2009 - We are pleased to report that there are no changes to the way in which BlackRock manages your investments following BlackRocks acquisition of Barclays Global Investors.

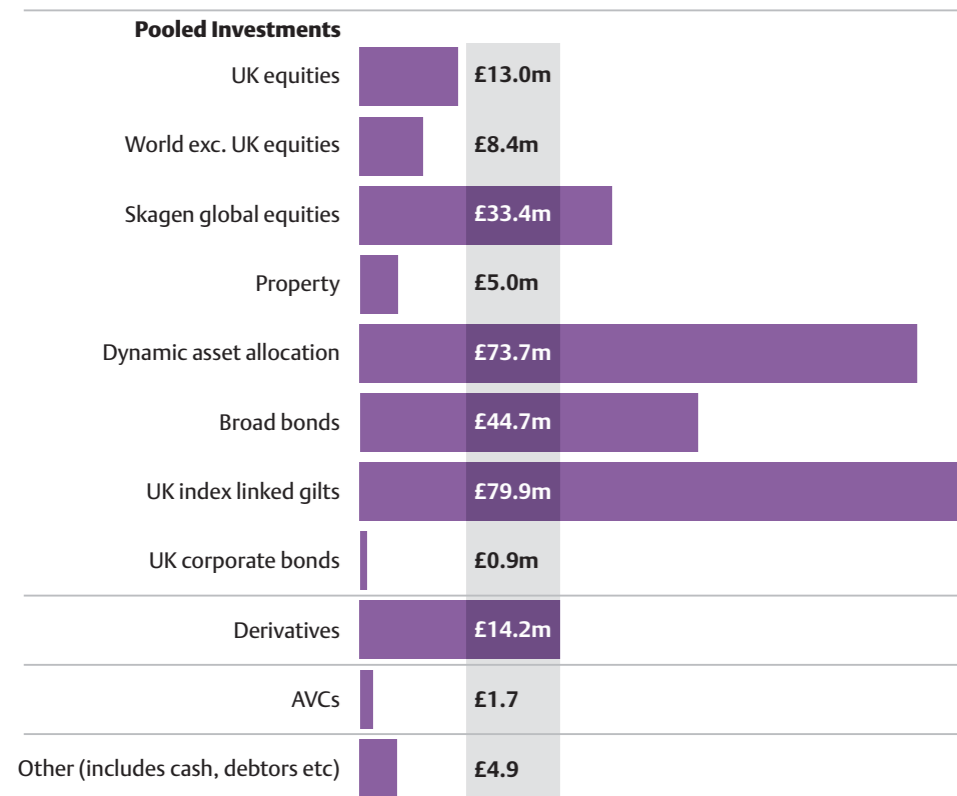
January 2010 - Actuarial and advisory services provided to the Group Pension Scheme will continue in accordance with existing contracts following the merger of Towers Perrin and Watson Wyatt to form Towers Watson.



Investments and Benefits

INVESTMENTS

On 31 March 2010, the Group Pension Scheme's assets were allocated as follows:



Value of total investments £279.8m

BENEFITS £'000

Pensions To scheme members To surviving beneficiaries	5,295 608
Refunds of members' contributions	61
Transfer to other pension arrangements	126
Cash sums Retirements AVCs On death in service On death before/after retirement	1,350 30 420 88
TOTAL	7,978

National Fraud Initiative

We are participating in the National Fraud Initiative (NFI) data matching exercise carried out by the Audit Commission. For this initiative, we are providing details of pensioners and deferred members so that they can be compared to information provided by other participating organisations. This will ensure, for example, that no pensions are being paid to persons who are deceased or no longer entitled.

Further information is available on our website at www.ouppensions.com/news/13/15/Audit-Commission-Level-2-Notice.

However, if you do have any questions, you should contact Tracey Ellitson on

pensions@oup.com or 01865 354453.

who can also provide hard copies of information available on our website.

Useful Pension Links

www.direct.gov.uk - In the 'Pensions and Retirement Planning' section, this Government website provides information about pensions and pensioner benefits for those planning for the future, about to retire or already retired.

You can also find the Pension Tracing Service on this site who will help you to trace any pension schemes you may have been a member of in the past.

www.hmrc.gov.uk - HMRC was formed on the 18 April 2005, following the merger of Inland Revenue and HM Customs and Excise Departments. This site provides information on tax and National Insurance contributions.

www.pensionsadvisoryservice.org.uk - The Pensions Advisory Service is an independent organisation that provides free information, advice and guidance on pensions covering State, company, personal and stakeholder schemes.

www.moneymadeclear.fsa.gov.uk/pensions - A Financial Services Authority (FSA) website providing further information about pensions.

www.thepensionsregulator.gov.uk - The website for the UK regulator of work-based pension schemes.

www.pensions-ombudsman.org.uk - The website for the Pensions Ombudsman who investigates and decides complaints and disputes about the way that pension schemes are run.

The Trustees and their Advisers



INDEPENDENT CHAIRMAN

- 1 Sir Derek Morris**
– Provost of Oriel College, Oxford

– Appointed Chairman in 2006

PRESS-APPOINTED TRUSTEES

- 2 Malcolm Fairbrother**
– Supply Chain Manager
– Trustee since 1999
- 3 Andrew Wigmore**
– UK Finance Director
– Trustee since 1999
- 4 Caroline James-Nock**
– UK HR Director,
– Trustee since 2008

TRUSTEES ELECTED BY MEMBERS

- 5 Brian Chambers**
– Data Analyst, Corby
– Trustee since 1998
- 6 Richard Hodson**
– Trade and Children's Business Director, Oxford

– Trustee since 2008
- 7 Alan Hughes**
– Associate Editor, *OED*, Oxford
– Trustee since 1984

Actuary:
Rashpal Bhabra

Auditor:
Ernst & Young

Banker:
Barclays Bank plc

Custodian of Securities:
Bank of New York Mellon

Investment Consultant:
P-Solve Asset Solutions

Investment Managers:
Black Rock Investment Management (UK) Ltd*
Barings Asset Management
PSigma Investments
Skagen
UBS Global Asset Management
Western Asset Management

Legal Advisers:
Sacker & Partners

Secretary and Pensions Manager:
Linda Hughes

*investments sold 7 May 2010

Pensions Department



Linda Hughes



Tracey Ellitson



Caroline Saunders



Luke Taylor



Nichola Reid

Pensions Department, Great Clarendon Street, Oxford OX2 6DP
Tel: 01865 354453 or 01865 354384 · **email:** pensions@oup.com
www.ouppensions.com

Designed and produced by Crumpled Dog Design, London EC2A 4NU
www.crumpled-dog.com

Printed in Great Britain by Oxuniprint, Oxford