

summary funding statement

clifford chance
pension scheme

inside

how is my pension funded?

2

the results of the last valuation

2

funding update

3

what is the Scheme invested in?

3

is my pension guaranteed?

3

benefits provided if the Scheme is wound up

4

further information

4

The Trustee of the Clifford Chance Pension Scheme looks after the Scheme on behalf of its members. As part of a Government initiative to ensure that pension members are kept more informed you will be sent a statement each year to let you know about the Scheme's financial position. The financial position of the Scheme could ultimately affect the benefits you will receive, so we recommend you take some time to read through this statement.

This is the third issue of the Trustee's statement, which outlines the funding position of the final salary section of the Clifford Chance Pension Scheme. The remainder of this statement relates to members of the final salary section of the Scheme. For information only, this statement is also being provided to members of the money purchase section.

It should be noted that the Pensions Regulator has powers to intervene in matters affecting the funding of the Scheme in certain circumstances. No such powers have been exercised or are expected in relation to this Scheme.

how is my pension funded?

If you are an active member of the final salary section of the Scheme then each year you are earning benefits in the Scheme, linked to your Pensionable Salary, which are payable at retirement. If you have left the Scheme, you will have earned benefits during your Scheme membership which similarly will be payable at retirement. If you have already retired then you should already be receiving a pension from the Scheme. The estimated costs of these benefits are referred to as the Scheme's liabilities.

Regular contributions are paid by Clifford Chance London Limited and invested to help provide the benefits as they become due. The Scheme's assets are held in a collective fund and not in separate funds for each member. The amount of money invested is referred to as the Scheme's assets. If you have chosen to pay Additional Voluntary Contributions, these are separately identifiable for each member.

To check the Scheme's financial position we compare the value of the liabilities to the amount of the assets built up. If the Scheme has fewer assets than liabilities, it is said to have a "deficit". If the assets are worth more than the liabilities there is said to be a "surplus".

An in-depth review of the Scheme's financial position is performed at least every three years. This is called an actuarial valuation and is prepared by a qualified, independent professional, known as an Actuary. In practice the financial position of the Scheme is reviewed more regularly.

Using this information, the Actuary advises what contributions should be paid into the Scheme and the Trustee agrees with Clifford Chance London Limited the amount of contributions to be paid in order to keep the Scheme on track to meet the objective of continuing to pay pensions and other benefits as they become due. This agreement is recorded in a document called the Schedule of Contributions. This Schedule is reviewed and updated at least each time the Scheme has an actuarial valuation.

what were the results of the last actuarial valuation?

The last formal valuation of the Scheme was as at 30 April 2007 and this showed that the funding position on an ongoing basis was:

Assets	£185m
Amount assessed as needed to provide benefits ('Liabilities')	£215m
Deficit	£30m
Funding level	86%

To calculate the funding position, assumptions have to be made about what might happen in the future, for example, the rate at which the Scheme's assets will grow and how long Scheme members will live. These assumptions were formally reviewed and updated by the Trustee as part of the 30 April 2007 valuation of the Scheme and resulted in the strengthening of several assumptions compared to those used under the previous valuation.

In view of the results from the 2007 actuarial valuation Clifford Chance London Limited has increased its level of contribution payments to 10.4% of Pensionable Salaries together with additional annual payments of £4.7m increasing annually in line with inflation in order to help address the deficit.

Clifford Chance London Limited also pays the expenses of operating the Scheme (other than Scheme investment expenses) in addition to its contribution payments.



is there more recent information available on the Scheme's financial position?

Recent updated advice from the Actuary indicates that the funding position of the Scheme has worsened slightly from 86% as at 30 April 2007 to 85% as at 30 April 2008. This is mainly as a result of investment returns being lower than expected over the year. However, this has been partially offset by deficit contributions that have been paid.

The financial position can be affected by the value of the investments held and each quarter updated investment performance information is set out on the Scheme's website (access details are provided on the back of this statement) along with month-to-month movements in the unit price.

As required by law, the Trustee can confirm that no Scheme funds have been paid to Clifford Chance London Limited during the past 12 months (or at any earlier date).

does the Trustee always calculate the Scheme's liabilities in the same way?

Each time the Actuary is asked to calculate the Scheme's liabilities, the approach taken previously is reviewed. This is to ensure that the calculation made takes into account the most up to date information available.

The approach used to value the liabilities is set out in the Trustee's 'Statement of Funding Principles'. This new document sets out how the Trustee aims to fund the Scheme with the objective of targeting that it has enough money to pay members' benefits as they become due under the Scheme.

Since the Scheme has fewer assets than liabilities (a funding deficit), a Recovery Plan (a newly required document) has been put in place following the 2007 valuation, which shows more detail about how the deficit will be paid off.

what is the Scheme invested in?

The Trustee invests in a broad range of assets to get the best return possible while taking account of the liabilities of the Scheme. It also considers the risks associated with having too much money in any one type of investment. As at 30 April 2008 the Trustee invests in the following:

Shares in UK companies	42%
Shares in overseas companies	32%
Bonds issued by companies	19%
Commercial property	6%
Cash and other assets	1%

is my pension guaranteed?

The Trustee's primary objective is to have enough money in the Scheme to pay pensions now and in the future, as they become due, but this depends partly on Clifford Chance London Limited continuing in business and supporting the Scheme because:

- The value of assets can go down as well as up, and when there is a deficit, more money will usually be required to be put in.
- The cost of benefits (liabilities) may increase, which may also result in having to contribute more money.
- Clifford Chance London Limited will be paying the future expenses of running the Scheme on an annual basis.

The sponsoring employer of the Scheme is Clifford Chance London Limited. Clifford Chance LLP, the global legal partnership, has given a formal guarantee of the contributions required to be paid by Clifford Chance London Limited to the Scheme as set out in the Schedule of Contributions produced following the 2007 actuarial valuation.

If Clifford Chance London Limited were to cease operating it would be required, if sufficient funds were available, to pay enough money into the Scheme to enable the Trustee to secure all of the benefits built up by members with annuity policies bought from an insurance company. This is referred to as the Scheme being "wound-up".

The comparison of the Scheme's assets to the cost of fully securing the benefits with an insurance company is referred to as the Scheme's "solvency position".



where can I get further information?

If you have any other questions on this statement, or would like any more information about the Scheme, please use the contact details on the Scheme's website at:

<http://www.ccpensionsinfo.co.uk>

available from any PC with internet access. You will need to use the following username and password to access the site:

User name = ccpensions

Password = Clifford2

The document library pages on the site provide a full list of documents for the Scheme, including the Statement of Investment Principles, the Schedule of Contributions, the Recovery Plan, the Scheme's Annual Report and Accounts, the Actuarial Valuation as at 30 April 2007 and the Scheme Explanatory Booklet.

Alternatively you can get further information regarding the Scheme by writing to:

Andrew Darlison
Pensions & Benefits Manager
Clifford Chance
10 Upper Bank Street
London
E14 5JJ

If, for any reason you are considering leaving the Scheme or transferring your pension benefits you should carefully consider consulting an independent financial adviser or other professional adviser before taking any action. The Trustee is not able to provide you with any financial advice. Please do also remember to let us know if you change address or if there are any other changes to your personal details that may be relevant to your benefits under the Scheme (by writing to the Trustee at the address set out above).

is there enough money in the Scheme to provide my full benefits if the Scheme was wound-up?

If the Scheme were to wind-up you may not receive the full amount of pension you have earned, even if the Scheme is fully funded on its ongoing funding level. Whilst the Scheme remains ongoing however, even though funding may temporarily fall below that target, pensions will continue to be paid in full.

If the Scheme were to wind-up, Clifford Chance London Limited would be required to pay enough money into the Scheme to enable the full amount of your benefits to be secured with an insurance company. At 30 April 2007, the estimated amount that the insurance company would require was £480m. This amount exceeds the value of the assets held by the Scheme. The position is different from the ongoing financial position because the basis uses different and very cautious assumptions about the future, and insurance companies build in a profit margin and make an allowance for their expenses. The effect of the insurer's approach is very significantly to increase the value that is attributed to the Scheme's benefit liabilities, as compared to the approach that is used by the Trustee and Clifford Chance London Limited for determining the contributions needed to enable the benefits to be paid from the Scheme as they become due.

Please note that this information is designed to be informative and a winding-up of the Scheme is not being considered and is considered unlikely.

If this were to change and were the Scheme to be wound-up it may be the case that Clifford Chance London Limited would have insufficient available resources to pay the full amount required by an insurance company. If this were the case the Pension Protection Fund (PPF) might be able to take over the Scheme and pay a prescribed level of compensation to members (see below).

why does the Trustee's funding plan not call for full solvency at all times?

The full solvency position assumes that members' benefits will be secured by buying insurance policies. Insurers are obliged to take a very cautious view of the future and need to make a profit. The cost of securing pensions in this way also incorporates the future expenses involved in administration. By contrast, our funding plan assumes that Clifford Chance London Limited will continue in business and support the Scheme.

what happens if the Scheme is wound-up and there is not enough money to pay for all my benefits?

The Government has set up a Pension Protection Fund (PPF) to pay benefits to members if a scheme is wound-up when the scheme and its sponsoring company do not have enough money to cover the cost of buying members' benefits (up to a limited level, which is prescribed in legislation) with an insurer.

The PPF has been set up by the Government to help protect members' pensions where a company becomes insolvent. It does not, however, pay the full amount of scheme members' benefits and the statutory PPF compensation levels are limited in certain respects.

Further information and guidance is available on the PPF's website at www.pensionprotectionfund.org.uk. Or you can write to the Pension Protection Fund at Knollys House, 17 Addiscombe Road, Croydon, Surrey, CR0 6SR.