2009 Annual Report

This document is a translation of the original German text.
In all matters of interpretation, the original German shall prevail.

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Foreword

Foreword by the President of the Board of Trustees on the sixth business year of the autonomous Swissport Company Pension Scheme (PVS).

"What went down has come up again, at least partially"

The year 2009 was still marked by the lingering effects of the financial market turbulence of 2008. The crisis shook the confidence of investors and large sections of the public in the financial markets and banks. It slowed the growth of the global economy and led to the most severe recession in decades, the consequences of which are far-reaching and are likely to be felt for some time to come. Unemployment figures are continuing to rise, savings interest rates remain at historically low levels and governments are battling to combat the problems of the excess liquidity currently flooding the financial markets.

Following a worrying start into 2009, the financial markets began to recover from the second quarter onwards. After closing at the end of December 2008 on 5,528 points, the Swiss Market Index (SMI) reached its lowest level in 2009 on 9 March – 4,235 points. On December 31 the SMI closed at 6,606 points. In comparison with 2008, which the SMI's slump of 35% turned into an “annus horribilis”, the index recorded a positive performance of 18.3% in 2009. However, the SMI's all-time high in early summer 2007 of 9,531 points is still a distant prospect.

Information about our funding ratio: Though still not at a very high level, our funding ratio after (BVG) interest on all old-age savings as at 31 December 2009 stood at an encouraging 106.5%. In the past year we were heavily preoccupied with the topics like “underfunding” and “financial restructuring”. We made some important adjustments to our investments and ended our involvement with hedge funds. We waited until the end of July 2009 to begin cautiously rebalancing our equity investments. At the end of December 2009 investments in equities and similar instruments accounted for 34.5% of the portfolio – slightly less than the strategic target of 37%.

All in all we overcame the difficulties of 2009 with aplomb and were able to make up our funding deficit.

Board of Trustees

Adrian Kuoni left Swissport Zurich at the end of January 2009. He remained on the Board of Trustees until its 38th meeting on 30 April 2009 and continued to head the Investments Committee. Torsten Schneider, Head of Group Accounting & Consolidation within the Finance division of Swissport International, has been attending the meetings since 27 January 2009. He succeeded Adrian Kuoni on 30 April 2009 and has integrated himself into the Board of Trustees team with great success.

Scheme management

Markus Staudenmaier became the new Managing Director on 1 January 2009. His predecessor, Urs Ackermann, will continue to sit on the Investments Committee until further notice. Markus Staudenmaier's customer advisor duties were assumed by David Steger, who left the Pension Fund Services AG (PFS AG) on 31 July 2009. Markus Bleisch succeeded him as a customer advisor on 1 November 2009.

A new three-year contract for the period 2010 to 2012 was agreed with PFS AG; it is calculated to generate savings of 10% over the course of the three years.

Affiliation agreements

The founder-employer of the PVS is Swissport International AG, Opfikon ZH, (69 working insurees), which founded the scheme in its Deed of Trust of 15 September 2003. The PVS also held affiliation agreements with the following nine companies and operations at the end of 2009:

- Swissport Group Services GmbH, Baar ZG (25 working insurees)
- Swissport International AG, Zurich operations (1 649 working insurees)
- Swissport Baggage Sorting AG, Kloten ZH (164 working insurees)
- Careport AG, Opfikon ZH (104 working insurees)
- Swissport International AG, Basel operations (358 working insurees)
- Swissport International AG, Geneva operations (871 working insurees)
- GVAssistance S.A, Le Grand-Saconnex GE (37 working insurees)
- Privatport S.A., Meyrin GE (7 working insurees)
- Unitpool AG, Kloten ZH (11 working insurees)

(= a total of 3 297 working beneficiaries as at 31 December 2009)

Foundation of Swissport Group Services GmbH with registered office in Baar ZG
Founder-employer Swissport International AG has established a new fully-owned subsidiary called Swissport Group Services GmbH. Twenty-five employees of Swissport International AG previously based at Flughofstrasse 55 in 8152 Opfikon (Canton Zurich) transferred to Swissport Group Services GmbH, which is domiciled at Zugerstrasse 77 in 6340 Baar (Canton Zug) on 1 February 2009.

Foundation of Careport AG with registered office in Opfikon ZH, Zurich Airport
Swissport holds 66.8% of the share capital of the new Swissport company Careport AG; the remaining shares are owned by CGS. The company began operations on 1 December 2009 with 165 employees, of whom 137 came from Swissport Zurich. Seventy-nine of these have been insured by the PVS all along. Twenty-eight staff transferred from CGS to Careport AG and were simultaneously admitted into the PVS.

Foundation of GVAssistance S.A. with registered office in Le Grand-Saconnex GE, Geneva Airport
Swissport holds 70% of the share capital of the new Swissport company GVAssistance S.A.; the remaining shares are owned by Dnata. The company began operations on 1 November 2009 with 36 employees, of whom 26 came from Swissport Geneva. All of these employees have been insured by the PVS all along. Ten staff transferred from Dnata to GVAssistance S.A. and were simultaneously admitted into the PVS.

The two companies Careport AG and GVAssistance S.A. guarantee at their respective airports that people with limited mobility receive a service that is in accordance with EU Regulation 1107/2006.

On the basis of Article 3.3 of the PVS Deed of Trust, the Board of Trustees voted unanimously to affiliate the three new Swissport companies to the PVS. The corresponding affiliation agreements have been signed. No new costs arose with regard to the pension provision as a result of the establishment of the three new companies.

Each year Swissport International Ltd. (owned by Ferrovial, a leading global infrastructure and service company based in Spain) provides ground services at 176 airports in 38 countries for over 70 million passengers and 3.5 million tonnes of cargo for 650 clients. With its workforce of around 32 000 personnel on five continents, Swissport generated revenue of CHF 1.7 billion in 2009 (EUR 1 100 million or USD 1 700 million).
www.swissport.com / www.ferrovial.com

Termination of the affiliation agreement with ISS Aviation AG

Owing to the cancellation of the two affiliation agreements with ISS Aviation AG, a partial liquidation of the PVS as of 31 December 2008 was conducted and completed in spring 2009 in accordance with the PVS Partial Liquidation Regulations.

No technical provisions were transferred because the PVS will retain the risks associated with the pending cases of disability for the period from 1 January 2004 to 31 December 2008. The full amount of the savings capital, less the underfunding of 3.4%, was transferred.

Since no objections against this procedure have been received, the conditions for the partial liquidation have been fulfilled. The audit of this partial liquidation took place together with the audit of this Annual Report. The required documents will subsequently be submitted to the Office of Occupational Pension Funds and Foundations of the Canton of Zurich.

2009, the sixth business year

The PVS began its sixth year of business on 1 January 2009 with 3 492 working beneficiaries, a working insurees' savings capital of CHF 444 million and a funding ratio of 96.6%. It closed on 31 December 2009 with 3 297 working insurees, working insurees' savings capital of CHF 438 million, a funding ratio of 106.5%, annual interest on all old-age savings of 2.00% (compared with 2.75% for 2008) and a performance for the year of 11.0%.

The www.pv-swissport.ch website continues to provide full current news from the Board of Trustees, the scheme's regulations, forms, presentations, annual reports and an overview of the PVS organisation in German, French and English. We advise you to visit our website regularly to keep fully abreast of all PVS developments.

Information events on the 2008 Annual Report were also held at all three beneficiaries' working locations – Basel, Geneva and Zurich.

Underfunding as at 31 December 2008 – funding ratio 96.6% – corrective action

The Board of Trustees devoted intensive efforts at all of its meetings to analysing and remedying the shortfall of 3.4% reported as at the end of 2008. Thanks to a variety of measures and adjustments, but above all thanks to the encouraging recovery on the stock markets in the second, third and fourth quarters of 2009, our pension scheme was able to make up the deficit and reported a funding ratio of 106.5% as at the end of 2009. The whole situation has also taught us valuable lessons on how to act in the future. The relevant official reports were also made.

Letter of 17 June 2009 to the Swissport companies
Swissport International rejected the request by the PVS for a one-off deposit on economic grounds, pointing to the improving performance of the investment markets.

The option to make home financing withdrawals was temporarily suspended as of 1 June 2009. This short-term halt to withdrawals for owner-occupied residential property in order to amortise mortgages was lifted with effect from 1 January 2010. It is again possible to make withdrawals in accordance with legal requirements without restriction.

Periodic letters of information were sent to our beneficiaries to keep them up to date with the latest developments.

Actuarial appraisal

The following is a summary of the actuarial appraisal as at 31 December 2009 presented by the accredited pension actuary:

The PVS is an autonomous occupational pension scheme and bears all its own risks. According to the calculations by the accredited pension actuary, the risk insurance premium of 3.5% does not need to be increased for 2009.

The number of active insurees and, consequently, the total savings capital have fallen, while the number of pension recipients has risen.

EVK 2000 will soon be due for a revision. According to Markus Meier, it is not clear whether this set of technical principles will be published again. Instead of taking a first step of switching to BVG 2005, it would be advisable to wait for the new BVG 2010 principles and then switch to these.

Our insuree structure paints a healthy picture. The number of people who are nearing retirement age is fairly high. The average age of our insured persons is 40.8 years, which is relatively low compared with that of an average pension scheme (44).

Our pension recipients are relatively young because the scheme was only founded on 1 January 2004. Persons who retired earlier remained in the General Pension Scheme of the SAirGroup.

The maximum amount of technical provisions has been accrued. These are primarily provisions for pending disability insurance (IV) cases. The provisions for cases of death and disability stand at only CHF 1.9 million (difference between total loss distribution in accordance with risk assessment and risk premium). This means that the introduction of a stop-loss insurance would release only CHF 1.9 million.

PVS' risk process was very positive in 2009 and thus had an encouraging effect on our funding ratio. The accredited pension actuary's calculations indicate that, on the basis of the current number of insurees, a risk premium of 2.72% would be required.

The number of latent cases of disability dropped from 92 to 71. Case Management has stated that there is a fair chance that not all of these cases will result in disability pensions. Furthermore, the stricter practice in Swiss Federal Disability Insurance is also having an effect, but appeals may cause this situation to change.

2009 annual result

The amounts for vested benefits of joining insurees paid in 2009 came to a rounded up figure of CHF 5.4 million, against CHF 10.3 million in 2008. Vested benefits paid fell from CHF 46 million in 2008 to CHF 14.6 million in 2009.

The PVS paid CHF 4.5 million in old-age pension payments in 2009, compared with CHF 3.3 million in the previous year. Lump-sum payments on retirement were up from CHF 7.0 million in 2008 to CHF 8.8 million.

Interest payments stood at CHF 8.5 million in 2009, down from CHF 12.5 million in 2008. The considerable year-on-year change in vested benefits paid can be attributed to the withdrawal of the company ISS Aviation AG from the PVS with effect from 31 December 2008. The growth in old-age pension payments is a result of the increased number of pension recipients.

The number of insurees fell by 195. The number of old-age pension recipients continued to rise and at the end of the year had reached 184, while the number of disability pension recipients was up to 22.

The contributions received exceeded the statutory benefits paid and the amounts paid in came to less than the vested benefits paid. Nevertheless, the PVS still reported a net capital inflow. Pension obligations also increased slightly.

The distribution of our investments remains stable.
Liquidity was higher thanks to the termination of our investments in hedge funds. In the case of bonds, we shifted our investments to bonds without securities lending. Our investments in shares underwent a marked recovery in 2009. Mortgage loans decreased slightly.
The Investments Committee is currently evaluating suitable investment options which will allow us to make our planned investments in real estate. This process is proving to be very difficult because the market for good investments has dried up.
We were able to compensate for a large part of the losses we incurred in the previous year in non-traditional investments.

The asset management costs were higher in 2009 than in the previous year, an increase which can be attributed to higher stamp duties.

In accordance with the contract with PFS AG, the PVS' administration costs are based on a degressive scale. They amount to CHF 306 per head. In addition, the costs for the accredited pension actuary and the Board of Trustees increased slightly due to the more intensive activities needed to deal with the underfunding.

Partial liquidation of the General Pension Scheme of the SAirGroup

According to its www.swissair-group-pensions.com website, the General Pension Scheme of the SAirGroup (GPS) estimates that it may be several more years before a legally-valid ruling is provided and the freely-disposable funds of the GPS can be paid out to the former beneficiaries concerned or transferred to their present pension schemes. Under the order on the partial liquidation of the GPS issued by the Office of Occupational Pension Funds and Foundations of the Canton of Zurich on 12 October 2005, which is currently still the subject of a number of objections, the PVS would receive 8.33% of the individual vested benefits to which the transferees to it are entitled (which equals in total around CHF 32.5 million).

The GPS made the following announcement on 11 September 2009:
"In its five rulings of 2 July 2009, the Swiss Federal Administrative Court (*Bundesverwaltungsgericht*) partly ruled in favour of the five objections to the partial liquidation of the General Pension Scheme of the SAirGroup (GPS) lodged in November and December 2005 by a pensioner, three former beneficiaries and the Option 96/2000 interest group. This essentially overturns the decision by the Office of Occupational Pension Plans and Foundations of the Canton of Zurich (*Amt für berufliche Vorsorge und Stiftungen des Kantons Zürich*, the lower court) of 12 October 2005. The lower court has been instructed to review the distribution plan again and issue a new ruling.

During the appeals period, the Board of Trustees obtained a legal opinion on the Swiss Federal Administrative Court's five rulings against the partial liquidation of the GPS and deliberated extensively on the matter. At the same time the Board was also in close contact with the Office of Occupational Pension Plans and Foundations of the Canton of Zurich.

On a positive note, the Federal Administrative Court did not fundamentally call into question important aspects of the partial liquidation, such as the "1 October 2001 – 31 December 2003 time-frame" and the "collective transfer of surplus funds in the event of a collective transfer to a new pension fund". However, the distribution of the surplus funds and question of whether a collective payment is possible in all cases remain under dispute.

The Board of Trustees is of the opinion that the Federal Administrative Court's five rulings consistently failed to take significant facts into account. Acceptance of the rulings in this form would entail overturning the decision of the Office of Occupational Pension Plans and Foundations of the Canton of Zurich of 12 October 2005. The distribution plan, or the outcome of the partial liquidation, would once again be completely unclear and further, protracted legal proceedings could not be ruled out.

After careful consideration, the Board of Trustees has therefore decided to lodge an appeal with the Federal Supreme Court (*Bundesgericht*) against the five rulings by the Federal Administrative Court. It has no other option but to do so. It firmly believes that this action is in the interests of the great majority of the 25 000 people involved in the partial liquidation, because appealing against the five rulings of the Federal Supreme Court is likely the best strategy for a clear and definitive outcome in the shortest time possible. A decision by the Federal Supreme Court is to be expected in eighteen months to two years. A residual risk remains in that the Federal Supreme Court may not provide a definitive ruling either."

Work was provisionally completed in 2009 on the "script" to be adhered to when the GPS funds are transferred. This document includes details of how the transfer should be handled in technical terms, how these developments should be communicated, what partners should be involved and the consultations with the relevant associations, along with a chronological timetable for the process.

Letter of 18 June 2009 to the Office of Occupational Pension Plans and Foundations for preliminary discussions on GPS-TLQ funds
The Office of Occupational Pension Plans and Foundations gave a negative response to our request for an appointment for a preliminary discussion of the distribution plan and again emphasised its intention to take a more restrictive view on the matter. The Office gave as the reason for its response the pending proceedings, in which it is also an involved party.

The PVS had no collective admissions or departures in 2009.

Asset investments

Strategy modifications
The new Strategic Asset Allocation (SAA) took effect on 1 October 2009. Under the new SAA, the proportion of assets held in CHF bonds was reduced by 3%, CHF equities by 1%, European equities by 2% and hedge funds to 0% while real estate increased by 4% and the equities in sustainable investment funds, a new addition, make up 5%. Accordingly, it was resolved to sell off the holdings in the Mesirow hedge fund.

Equities
The PVS targets a long term return on investment of 5% to meet the implicit requirements for company pension schemes. This means keeping as many investments in equities and similar instruments as the PVS's risk capacity will bear and selling off the excess to avert a situation where the potential losses from a future market downturn could possibly be so severe as to render the strategy obsolete. As so often in life, it is a matter of balancing opportunities and risks and keeping a close eye on that balance.

Inflation-protected government bonds
In a bid to prepare the PVS also for any inflationary pressure ahead, it was resolved to diversify specifically into inflation-protected European and US government bonds.

Sustainable investments
Following a highly complex evaluation procedure and extensive deliberations on this asset category, the Board of Trustees resolved to gradually invest CHF 30 million in three sustainable funds – Sarasin OekoSar Equity–Global F, Henderson Global Care Growth Fund and SAM Smart Energy Fund – all of which are equity-like investments that exclude securities lending.

Indexed investments
The bulk of our bond and equity holdings remains invested in attractively priced and well run funds that track popular indices such as the SMI, Dow Jones, Swiss Bond Index and the like. The strategy is implemented through large funds in which numerous pension schemes participate.

Shift of equities to non-securities-lending funds with SSgA
Securities lending denotes the temporary loan of equities and bonds to a short-term investor. Our indexed investment funds have been active in this market as well and temporarily loaned our long-term securities for cash to enhance the return on those investments. This lending business suffered badly as a result of the liquidity crisis and is recovering only slowly. The PVS therefore intends not to engage in securities lending going forward and has consistently followed this policy in all its new investments.

Shift of bonds to non-securities-lending funds with SSgA
Where feasible, our bond investments have also been moved out of the securities lending business.

Currency hedging operations
For many years now the PVS has been hedging a large part of its USD holdings against currency risks. In December 2009, these operations achieved a handsome profit of over CHF 7 million.

Mortgage loans
In terms of the (beneficiaries') mortgage loans we have made good progress. These amount to some CHF 32.3 million in total, representing 5.7% of our pension scheme's assets. At 31 December 2009 the PVS carried 68 variable-rate mortgages at an aggregate loan value of CHF 22.2 million and 26 fixed-rate mortgages valued at CHF 10.1 million.

Retrocessions
Swiss law provides scant and then only general guidance on the matter of retrocession fees. In its agency law section (Article 394ff.), the Swiss Code of Obligations defines every type of "reimbursement" possible. Such reimbursements are the economic property of the principal. In its March 2006 judgment, the Swiss Federal Supreme Court decided a special case which has since shaped the supervisory authorities' expectations.

Both assume that the responsibility lies with the principal, in this case the Board of Trustees; the latter shall deal with the matter and formally agree all issues relating to retrocessions with the service providers, at least in asset management. The supervisory authorities require these contractual provisions and any retrocession fees received or not received to be disclosed in the notes to the financial statements.

Against this background, the Board of Trustees mandated our auditors (KPMG AG) to review the issue of retrocession fees more fundamentally and comprehensively in their interim audit and to conduct a separate, detailed audit of retrocession fees.

The audit report was favourable, confirming that we have been doing a good job. Our statutory auditors' findings and recommendations were discussed in great detail in the 41st meeting of the Board of Trustees on 24 November 2009 and the recommendations are continuously being implemented.

Funding ratio
Details of the overall allocation of the PVS assets and the current funding ratio are provided monthly on our website, www.pv-swissport.ch, under "Performance". The reports are updated on or around the 20th of each following month.

2009 fluctuation reserve level set

Fluctuation reserves are created for the market-specific risks underlying the assets (including real estate) to ensure sufficient funding over the long term to cover the scheme's pension liabilities. The requisite fluctuation reserve must be set at a level to prevent the scheme becoming underfunded as a result of fluctuations, and adhere to the consistency principle.

Upon careful preparation and deliberation, the Board of Trustees resolved in favour of a two-year fluctuation reserve of 16.8% for 2009 and thereafter.

Interest rates set

Interest paid on old-age savings for 2009
The Board of Trustees resolved on 24 November 2009 to pay interest of 2% on all insurees' old-age savings for 2009 (vs. 2.75% for 2008), thereby adopting the BVG interest rate set by the Swiss Federal Council. Those insurees who retired or left the PVS in the course of the year received this interest subsequently in early 2010.

2010 interest rate for old-age savings
The Board of Trustees will not decide what interest to pay on insurees' old-age savings for 2010 until nearer the end of the year. It has maintained this approach because no reliable projections can currently be made of further developments on the capital markets.

2010 interest rate for intra-year events
As in 2004-2007 and also in 2009, the PVS will not add any interest to any amounts withdrawn from the scheme by insurees leaving or retiring in the course of 2010. Any interest paid on such amounts at a later date will depend on the general interest rate set for old-age savings for 2010 as a whole.

Projected interest rate for 2011
The projected interest rate for 2010 is 2%, i.e. the BVG interest rate set by the Swiss Federal Council for the year. This projected interest rate is used to calculate future PVS benefits. For PVS beneficiaries, it will be used for all calculations of the projected benefits (for old age and in the event of disability or death) shown on their individual statement of benefits from 1 January 2011.

Pension adjustments for 2010
The Board of Trustees also resolved at its meeting of 24 November 2009 that it would not increase PVS pensions from their present levels at 1 January 2010, in view of the current situation and the continuing generational imbalance (the higher technical interest rate of 3.5% on actuarial capital compared to the interest currently being paid on working insurees' old-age savings amounts). The Board of Trustees will discuss this matter in detail at its September 2010 workshop.

Amendments to the 2007 PVS Benefit Regulations

As per an addendum made by the accredited pension actuary to the restructuring clause (Article 24 b) of the Benefit Regulations, the following amendments took effect on 1 June 2009:
"Should the actuarial balance sheet reveal a funding shortfall which jeopardises the scheme's statutory benefits, the Board of Trustees shall take the measures required. In particular, the Board of Trustees may – with due regard to the relevant legal provisions – resolve to:

- Impose restructuring contributions based on a percentage of the insuree's insured salary. In such an event, the employer's restructuring contribution must be at least as high as the employee's. Such restructuring contributions shall generally continue to be levied until the underfunding is eliminated. The amount of such contributions, their commencement and the corresponding process and procedure shall be determined by the Board of Trustees.
- Reduce future or (if necessary) current scheme benefits.
- Place a temporary embargo while the underfunding persists on advance withdrawals of PVS savings to amortise home mortgages. The beginning and end of any such embargo shall be determined by the Board of Trustees.
- Use the interest rate set by the Board of Trustees for deposits into the PVS (instead of the minimum BVG interest rate) to calculate the leaving benefits due under Article 17 of the FZG for the duration of the underfunding.
- Enable the employer to deposit amounts into a separate employer's contribution reserve account, with an accompanying waiver of its entitlement to the use thereof."

2010 Partial Liquidation Regulations

Several items in the PVS Partial Liquidation Regulations required amending in line with changes made to applicable law. In its ruling of 25 February 2010, the Office of Occupational Pension Plans and Foundations of the Canton of Zurich (BVS) approved the regulations.

Case management

The personnel care team was fully re-staffed in 2009 and since 1 October 2009 its members have been Michael Blösch, Head of Personnel Care, and two consultants, Susanne Lehner and Remo Heinrich. As a team they provide professional advice and support to Swissport, SBS and Careport employees. Samuel Amsler will continue to assist the case management team, focusing on external clients, whereas Fredy Haegi moved the Basel insurees from his care to Susanne Lehner's at the start of 2010. In their capacity as highly experienced advisors, Mr Amsler and Mr Haegi will go on supporting the new team also in matters of process reliability and in designing preventive measures. Swissport Geneva meanwhile has set up a care team of its own.

Outlook for 2010

A total of 385 beneficiaries (= 11.6% of 3 317 entitled to do so, excluding the insurees of Swissport Baggage Sorting) opted to come under the Standard Plus pension plan with an employee's contribution of 9% (instead of the 6% under the Standard plan) from 1 January 2010. This corresponds to another slight increase year-on-year, up from 382 beneficiaries, or 10.9%, at 1 January 2009.

The maximum AHV Swiss state old-age pension remains unchanged at CHF 27 360 a year. As a result, there is no change to our maximum coordination amount of CHF 13 680, or half the maximum AHV pension, nor to the threshold insured salary required to join the Supplementary pension plan (CHF 102 600, i.e. 7.5 times the coordination amount). The minimum annual salary required to join the PVS remains set at CHF 20 520.

The pension plan in effect since 1 January 2009 (available on our website, www.pv-swissport.ch) remains valid.

Thanks

In closing, I would like to thank our founder-employer, my fellow trustees, our Managing Director, our customer advisor, our accountant, our accredited pension actuary, our statutory auditors, our investment advisor and PFS AG for their consistently committed, thorough and professional work on behalf of the PVS.
Sincerely, Peter Graf, President of the Board of Trustees

2009 annual financial statements

BALANCE SHEET	Note	at 31.12.2009 CHF	at 31.12.2008 CHF
ASSETS			
Investments	6.4	**563 821 226**	**541 434 896**
Liquidity		14 009 847	43 472 420
Receivables from employer	7.1.1	2 556 724	2 774 443
Other receivables	7.1.2	761 139	1 177 877
CHF bonds		62 048 965	68 803 425
EUR bonds		90 857 869	89 745 790
USD bonds (including currency hedges)		23 613 050	28 331 935
Mortgage loans		32 276 026	33 986 970
Equities Switzerland		30 514 142	25 034 107
Equities Europe		51 129 108	29 093 205
Equities North America (including currency hedges)		36 306 662	29 240 636
Equities Pacific		30 721 443	25 474 807
Equities foreign (sustainable)		25 731 554	0
Equities emerging markets		15 914 008	9 400 422
Hedge funds		0	13 650 340
Commodities (including currency hedges)		17 909 082	12 437 230
Real estate		129 471 607	128 811 290
Prepaid expenses and accrued income	7.1.3	**21 370 805**	**5 755 691**
Total assets		**585 192 031**	**547 190 587**
LIABILITIES			
Obligations		**2 106 034**	**27 955 790**
Vested benefits		984 891	26 679 861
Capital payments		1 068 421	1 197 790
Other obligations	7.1.4	52 722	78 139
Accrued expenses and deferred income	7.1.5	**305 481**	**248 310**
Employer's contribution reserves	7.1.6	**0**	**1 037 189**
ISS Aviation AG Kloten (Zurich operations)contribution reserve		0	768 463
ISS Aviation AG Kloten (Geneva operations) contribution reserve		0	268 726
Actuarial capital and technical provisions		**547 270 654**	**536 118 309**
Actuarial capital for working insurees	5.2	437 657 336	444 490 046
Actuarial capital for pension recipients	5.4	92 571 371	70 396 137
Technical provisions	5.6	17 041 947	21 232 126
Fluctuation reserves	6.3	**35 509 862**	**0**
Scheme capital, freely disposable funds, underfunding		**0**	**-18 169 011**
At 1 January		-18 169 011	0
+/- expense/income surplus		18 169 011	-18 169 011
Total liabilities		**585 192 031**	**547 190 587**

OPERATING INCOME STATEMENT

	Note	2009 CHF	2008 CHF
Ordinary and other contributions and deposits		**32 218 608**	**33 237 347**
Employees' savings contributions		10 071 413	10 712 298
Employer's savings contributions		14 585 861	15 272 258
Employees' risk insurance premiums		2 890 253	3 078 460
Employer's risk insurance premiums		2 938 304	3 132 517
One-off deposits and buy-in amounts	7.2.1	884 576	981 868
Payments from fluctuation reserves	6.3	845 538	60 000
Payments from LOB Guarantee Fund		2 663	-54
Other amounts paid in		**5 365 048**	**10 330 850**
Vested benefits transferred into the scheme by joining insurees		4 662 568	9 431 767
Home financing repayments and divorce-related deposits	7.2.2	702 480	899 083
Inflow from contributions, deposits and other amounts paid in		**37 583 656**	**43 568 197**
Statutory benefits paid		**-13 982 117**	**-10 677 337**
Old-age pension payments		-4 441 977	-3 249 311
Survivor's pension payments		-210 378	-177 986
Disability pension payments		-310 723	-165 870
Child's pension payments	7.2.3	-142 963	-111 265
Lump-sum payments on retirement		-8 473 128	-6 928 230
Lump-sum benefits on death/disability		-402 948	-44 675
Payment of employer's contribution reserves	7.1.6	**-1 037 189**	**0**
Other benefits paid and withdrawals		**-14 591 230**	**-45 972 575**
Vested benefits paid on leaving		-11 659 519	-42 742 558
Home financing withdrawals and divorce-related deposits	7.2.4	-2 931 711	-3 230 017
Outflow through benefits paid and withdrawals		**-29 610 536**	**-56 649 911**
Changes in actuarial capital, technical provisions and contribution reserves		**-10 960 694**	**274 405**
Release of actuarial capital for working insurees	5.2	15 384 185	37 472 683
Creation of actuarial capital for pension recipients	5.4	-22 175 234	-21 135 451
Release/creation of technical provisions	5.6	4 190 179	-3 519 092
Interest paid on savings capital	5.2	-8 551 475	-12 483 735
Release of employer's contribution reserves	7.1.6	1 037 189	0
Creation (through deposits) of fluctuation reserves	6.3	-845 538	-60 000
Insurance expenses	7.2.5	**-174 060**	**-406 059**
Net result from insurance activities		**-3 161 634**	**-13 213 369**

	Note	2009	2008
			CHF
Net income from investment activities	6.6	**57 325 104**	**-97 070 368**
Income from liquid funds		1 115 567	-1 438 151
Income from CHF bonds		3 860 187	4 526 222
Income from EUR bonds	6.6.2	244 873	-1 943 139
Income from USD bonds (including currency hedges)	6.6.3	-327 445	4 478 720
Income from mortgage loans		868 043	860 384
Income from Equities Switzerland		5 409 241	-13 103 405
Income from Equities Europe		10 329 594	-27 375 426
Income from Equities North America (including currency hedges)		7 019 688	-17 690 301
Income from Equities Pacific		5 209 752	-14 640 884
Income from Equities foreign (sustainable)		765 827	0
Income from Equities emerging markets		6 584 427	-12 650 402
Income from securities lending	6.7	258 664	350 700
Income from real estate	6.6.1	6 413 113	5 016 848
Income from hedge funds		1 949 997	-4 990 754
Income from commodities (including currency hedges)		8 165 552	-18 066 762
Asset administration costs	7.2.6	-443 243	-311 616
Interest on vested benefits		-98 733	-92 402
Other income		**15 721**	**6 538**
Other expenses	7.2.7	**-225 000**	**0**
Administrative expenses	7.2.8	**-1 120 856**	**-1 161 667**
Income/expense surplus before creation/release of fluctuation reserves		**52 833 335**	**-111 438 866**
Creation/release of fluctuation reserves	6.3	**-34 664 324**	**93 269 855**
Income/expense surplus		**18 169 011**	**-18 169 011**

Notes

1 Principles and organisation

1.1 Legal form and objective

The Swissport Company Pension Scheme ("Personalvorsorge Swissport" or PVS) is a trust established by Swissport International AG in accordance with Article 80ff. of the Swiss Code of Civil Law (ZGB), Article 331 of the Swiss Code of Obligations and Article 48, para. 2 of the Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan (BVG). The trust is domiciled at the legal domicile of Swissport International AG in Opfikon, Switzerland, and is subject to legal supervision.

The object of the PVS is to provide an occupational pension scheme within the framework of the BVG and its implementation provisions to insure the personnel of Swissport International AG and further companies closely linked thereto in business or financial terms, their next of kin and their survivors against the economic consequences of old age, disability and death.

1.2 Registration under the BVG and with the LOB Guarantee Fund

The PVS was entered in the Register of Occupational Pension Schemes of the Canton of Zurich (under register number 1377) on 1 January 2004, as attested by the corresponding official confirmation thereof dated 24 February 2004. The PVS is subject to the Swiss Federal Law on Vested Benefits in Occupational Old Age, Survivors' and Disability Benefit Plans (FZG) and is thus affiliated to the LOB Guarantee Fund.

1.3 Deed of trust and regulations

The PVS was established through a public deed of trust dated 15 September 2003 and was entered in the Commercial Register of the Canton of Zurich on 14 November 2003.

Details of the scheme's regulations

Regulations	Approved	Effective
Benefit regulations	19 September 2006	1 January 2007**
Regulations on Provisions and Reserves	20 July 2006	1 January 2006
Bylaws and Terms of Reference	16 September 2003	16 September 2003
Election Regulations	16 September 2003	16 September 2003
Investment Regulations	24 November 2009	1 December 2009
Partial Liquidation Regulations	24 November 2009	1 December 2009*

* = approved by the supervisory authorities as confirmed by the order of 25 February 2010; judgment certificate pending.
** = subsequent amendments to Article 3.2 (effective 1 January 2009), Articles 5.4 and 9.3 (effective 1 October 2008) and Article 24, para. b (effective 1 July 2009)

1.4 Governing body and signatory authority

At 31 December 2009, the Board of Trustees, which is composed of an equal number of employer's and employees' representatives, consisted of the following members:

Board of Trustees

Employer's representatives		Employees' representatives (term of office 1 July 2007 – 30 June 2010)	
Peter Graf	President*	Philippe Crippa	Deputy President*
Torsten Schneider [1)]	Member*	Margrit Coimbra	Member*
Cordula Hofmann	Member*	Sonja Eckerlin [1)]	Member*

[1)] members of the Investments Committee

Adrian Kuoni left the Board of Trustees in the course of 2009 in view of his departure from Swissport. He was succeeded by Torsten Schneider.

Operational management and accounting

Markus Staudenmaier	Managing Director*
Mischa Wyss Erni	Head of Accounting*
Urs Ackermann	Committee member*

*collective signatory authority (two signatures required)

1.5 Accredited pension actuary, statutory auditors, investment advisor and supervisory authorities

Accredited pension actuary
Markus Meier, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich

Statutory auditors
KPMG AG, Badenerstrasse 172, 8004 Zurich

Investment advisor
PensionTools GmbH, Galtbergstrasse 1A, 8625 Gossau

Supervisory authorities
Office of Occupational Pension Plans and Foundations of the Canton of Zurich (BVS), Neumühlequai 10, 8090 Zurich

1.6 Affiliated employers

The following companies with close business and financial links to founder-employer Swissport International AG are also affiliated to the PVS:

Swissport International AG, Zurich operations, Zurich Airport ZH
Swissport International AG, Basel operations, Basel EuroAirport
Swissport International AG, Geneva operations, Geneva Airport GE
Swissport Baggage Sorting AG, Kloten ZH
Unitpool AG, Kloten ZH
PrivatPort SA, Meyrin GE
Swissport Group Services GmbH, Baar ZG *(since 1 February 2009)*
Careport AG, Opfikon ZH *(since 1 November 2009)*
GVAssistance S.A., Le Grand-Saconnex GE *(since 1 November 2009)*

2 Working insurees and pension recipients

2.1 Working insurees

	Swissport International		**Swissport Zurich**		**Swissport Basel**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
At 1 January	**95**	**87**	**1 879**	**1 785**	**354**	**362**
Joined	10	19	232	509	36	38
Left	35	10	428	384	24	34
Retired	1	1	30	29	6	12
Newly disabled	0	0	0	1	0	0
Died	0	0	4	1	2	0
At 31 December	**69**	**95**	**1 649**	**1 879**	**358**	**354**
of whom risk insurance only	1	2	153	248	14	15

Old-age savings at 31 December	**24 276 175**	**30 242 096**	**197 091 141**	**204 565 646**	**39 684 189**	**41 393 570**
of which BVG old-age savings at 31 December	4 797 468	6 060 196	73 650 426	74 304 460	13 598 798	13 735 733

	Swissport Geneva		Swissport Baggage Sorting		Unitpool	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
At 1 January	**969**	**948**	**168**	**159**	**13**	**10**
Joined	62	140	15	26	0	4
Left	133	104	18	16	2	1
Retired	24	13	1	1	0	0
Newly disabled	1	1	0	0	0	0
Died	2	1	0	0	0	0
At 31 December	**871**	**969**	**164**	**168**	**11**	**13**
of whom risk insurance only	64	103	13	16	0	0
Old-age savings at 31 December	**136 016 716**	**145 637 325**	**19 948 043**	**19 913 387**	**2 224 636**	**2 116 569**
of which BVG old-age savings at 31 December	48 292 010	49 892 508	8 190 795	7 900 335	722 461	670 050

	PrivatPort		ISS Aviation AG, Kloten, Zurich operations		Swissport Group Services GmbH	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
At 1 January	**8**	**6**	**6**	**250**	**0**	**0**
Joined	0	3	1	69	26	0
Left	1	1	4	312	1	0
Retired	0	0	0	1	0	0
Newly disabled	0	0	1	0	0	0
Died	0	0	0	0	0	0
At 31 December	**7**	**8**	**2**	**6**	**25**	**0**
of whom risk insurance only	0	0	0	1	0	0
Old-age savings at 31 December	**295 852**	**235 495**	**60 496**	**385 959**	**6 982 881**	**0**
of which BVG old-age savings at 31 December	145 157	111 866	33 661	203 387	1 795 883	0

	Careport AG		GVAssistance S.A.	
	2009	**2008**	**2009**	**2008**
At 1 January	**0**	**0**	**0**	**0**
Joined	106	0	37	0
Left	2	0	0	0
Retired	0	0	0	0
Newly disabled	0	0	0	0
Died	0	0	0	0
At 31 December	**104**	**0**	**37**	**0**
of whom risk insurance only	16	0	1	0
Old-age savings as at 31 December	**4 974 193**	**0**	**6 103 014**	**0**
of which BVG old-age savings at 31 December	1 831 011	0	2 381 180	0

	Total PVS		Change over prior year
	2009	**2008**	
At 1 January	**3 492**	**3 715**	**-223**
Joined	525	842	-317
Left	648	1 004	-356
Retired	62	57	5
Newly disabled	2	2	0
Died	8	2	6
At 31 December	**3 297**	**3 492**	**-195**
of whom risk insurance only	262	385	-123

Old-age savings at 31 December	**437 657 336**	**444 490 046**	**-6 832 710**
of which BVG old-age savings at 31 December	155 438 850	152 878 536	2 560 314

External insurees* (retained and regarded as working insurees)

External insurees	Women		Men		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
At 1 January	**0**	**0**	**0**	**0**	**0**	**0**
Joined	0	0	0	1	0	1
Left	0	0	0	1	0	1
At 31 December	**0**	**0**	**0**	**0**	**0**	**0**

*For a definition of "external insuree" status, see Article 3.1 of the PVS Benefit Regulations.

Working insurees by BVG age at 31 December	Women		Men		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
18 - 24	120	193	142	192	262	385
25 - 34	426	434	491	513	917	947
35 - 44	348	372	520	538	868	910
45 - 54	308	308	488	480	796	788
55 - 65	187	195	267	267	454	462
Total	**1 389**	**1 502**	**1 908**	**1 990**	**3 297**	**3 492**

The average age of a PVS working insuree at 31 December 2009 was 40.8 years (up from 39.6 years at year-end 2008).

2.2 Pension recipients

Pension type	Women		Men		Total	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Old-age pensions	67	54	117	86	184	140
Disability pensions	13	8	9	7	22	15
Surviving spouse's/partner's pensions	11	7	1	1	12	8
Child's pensions	15	9	17	15	32	24
Total	**106**	**78**	**144**	**109**	**250**	**187**

3 Fulfilment of objectives

3.1 Details on the benefit regulations and pension plans

The PVS pension regulations consist of two elements, the Benefit Regulations and the pension plans. The Benefit Regulations are applicable to all PVS beneficiaries. These regulations lay down the general terms and conditions under which benefits are granted, the scheme's funding principles, the type and amount of benefits awarded and further general provisions.

Benefit Regulations

All employees who fall under the Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan (BVG) are admitted to the PVS. Employees are also permitted to remain within the PVS as external insurees after they have left a PVS-affiliated company under certain conditions specified in an appendix to the Benefit Regulations.

The benefits awarded under the PVS are based on defined contributions.

A PVS insuree becomes entitled to ordinary PVS old-age benefits upon reaching the age of 63. PVS old-age benefits may also be drawn before such time, up to five years at the earliest before ordinary retirement age. Old-age benefits may be drawn in the form of a lump-sum capital payment, a lifelong old-age pension or a combination of the two. The conversion rates used to convert savings capital into old-age pensions vary according to the beneficiary's age and marital status.

The annual PVS disability pension amounts to 6.5% of the insuree's projected old-age savings on their 63rd birthday. All such projections assume interest paid at an annual rate of 1.5%.

The annual PVS spouse's pension amounts to 80% of the insuree's old-age or full-disability pension. The PVS will, upon written request, pay benefits equivalent to a spouse's pension to the surviving long-time partner of a deceased employee, subject to fulfilment of the corresponding regulatory provisions. Insurees who have entered into a registered partnership enjoy the same benefits and entitlements as married insurees. Should a working insuree die without designating a long-time partner, a lump-sum payment will be made amounting to the insuree's total old-age savings at the time of death.

The PVS orphan's and the child's pension for children of disability pension recipients is 10% of the insuree's last insured salary, or 15% in the case of full-orphan status. The child's pension for children of old-age pension recipients amounts to 10% of the insuree's last insured salary, up to a maximum of CHF 5 400 a year.

Pension plans

The PVS's pension plans specify the salary insured under the PVS and the distribution of contributions and premiums between the employer and the employee for Basic and Supplementary occupational pension provision.

All employees who fall under the BVG are admitted to the PVS's Basic pension plan. The Supplementary pension plan is provided for all management personnel with individual contracts of employment whose annual salary (including year-end bonuses) exceeds 7.5 times the minimum AHV Swiss state old-age pension. For part-time employees, this threshold is reduced in proportion to their degree of employment.

For those pension plans whose provisions ordinarily set the employee's contribution at 6% of their insured salary, the beneficiary is offered a further option – named Standard Plus – under which the employee's contribution amounts to 9% of their insured salary, to provide total old-age savings contributions (from employer and employee) of 18% of the employee's insured salary.

The following pension plans exist (each in Basic and Supplementary versions):
- the Standard pension plan for all Swissport companies in Switzerland (excluding Swissport Baggage Sorting AG)
- the Standard Plus pension plan for all Swissport companies in Switzerland (excluding Swissport Baggage Sorting AG)
- the pension plan of Swissport Baggage Sorting AG

Insurees under the Standard pension plan pay an employee's contribution of 6% of their insured salary, while for those under the Standard Plus pension plan the corresponding contribution is 9%. Under both plans, the employer's contribution is 9% of the employee's insured salary.

The insured salary for Basic pension plan purposes is the employee's salary including any year-end bonuses less the coordination amount. This coordination amount is 20% of the employee's salary, up to a maximum of 50% of the maximum AHV old-age pension.
The insured salary for Supplementary pension plan purposes is the employee's salary including any year-end bonuses less a coordination amount of 7.5 times the minimum AHV Swiss state old-age pension. For part-time employees, this coordination amount is reduced in proportion to their degree of employment. Any salary components covered by a Supplementary pension plan are not covered by the Basic pension plan.

3.2 Funding and funding method

The old-age savings contributions under the Standard pension plan correspond to 15% of the insured salary in the Basic version and 21% in the Supplementary version. Under the Standard Plus pension plan, they amount to 18% of the insured salary in the Basic version and 24% in the Supplementary version. The distribution of these contributions between employer and employee varies from plan to plan.

The risk insurance premium is 3.5% of the insured salary and is shared equally between employer and employee.

The costs of administering the scheme's assets and investments and the contributions to the LOB Guarantee Fund are met by the PVS.

PVS signed a service agreement with PFS Pension Fund Services AG for the administration and management of the scheme; with effect from 1 January 2010, this agreement has been extended for another three years.

4 Accounting and valuation principles and consistency

4.1 Confirmation of accounting in accordance with Swiss GAAP ARR 26

The 2009 accounts of the PVS were prepared in accordance with the guidelines specified in Swiss GAAP ARR 26.

4.2 Accounting and valuation principles

All accounting, reporting and valuation practices are in accordance with the relevant provisions of the Swiss Code of Obligations and the BVG. The annual financial statements consist of the balance sheet, the operating income statement and the notes thereto and provide a true and fair view of the scheme's actual financial situation as required by the legislation on occupational pension provision. Asset values were determined for the annual financial statements as follows:

Asset category	**Valuation method**
Cash, bonds and loans	
Liquidity	Nominal value
Receivables	Nominal value
CHF bonds	Fair market value
EUR bonds	Fair market value
USD bonds	Fair market value
Mortgage loans	Nominal value
Equities	
Equities Switzerland	Fair market value
Equities Europe	Fair market value
Equities North America	Fair market value
Equities Pacific	Fair market value
Equities (sustainable)	Fair market value
Equities emerging markets	Fair market value
Real estate in Switzerland	Fair market value
Non-traditional investments	
Hedge funds	Fair market value
Commodities (including currency hedges)	Fair market value

Assets held in foreign currencies are translated at year-end exchange rates, while foreign-currency income and expenditure are translated at the exchange rate prevailing on the date of the transaction.

5 Actuarial risks, risk coverage and funding ratio

5.1 Type of risk coverage and reinsurance

The PVS is an autonomous occupational pension scheme. It bears all its own risks and has not concluded any reinsurance agreements.

5.2 Performance of savings capital and interest earned thereon

	2009 CHF	2008 CHF
Total savings of working insurees at 1 January	**444 490 046**	**469 478 994**
Release of working insurees' actuarial capital	**-15 384 185**	**-37 472 683**
Employees' old-age savings contributions	10 071 413	10 712 298
Employer's old-age savings contributions	14 585 861	15 272 258
One-off deposits and buy-in amounts	884 576	981 868
Vested benefits transferred into the scheme by joining insurees	4 662 568	9 431 767
Home financing repayments/divorce-related deposits	702 480	899 083
Creation of ISS fluctuation reserve (Zurich operations)	0	998 403
Creation of ISS fluctuation reserve (Geneva operations)	0	500 734
Vested benefits on leaving	-11 659 519	-42 742 558
Home financing and divorce-related withdrawals	-2 931 711	-3 230 017
Capital released through retirement, death and disability	-31 699 853	-30 296 519
Interest earned on savings capital	**8 551 475**	**12 483 735**
Total actuarial capital of working insurees at 31 December	**437 657 336**	**444 490 046**

Interest rate on old-age savings amounts pursuant to BVG	**2.00%**	**2.75%**
Interest rate on additional old-age savings amounts pursuant to BVG	**2.00%**	**2.75%**

Under Article 7 of the PVS Benefit Regulations, the Board of Trustees may wait until the annual results for a particular year are available before setting the interest rate to be used for the payment of interest on working insurees' old-age savings capital for the year under review. For 2009, any payments or benefit calculations made in the course of the year were subject to interest at a rate of 0%. The final decision on the interest rate to be applied to old-age savings for 2009 was taken at the Board of Trustees' meeting of 24 November 2009, when a rate of 2% was set for all old-age savings amounts.

5.3 Old-age savings under the BVG

	at 31.12.2009 CHF	at 31.12.2008 CHF
Total old-age savings	437 657 336	**444 490 046**
of which BVG old-age savings	*155 438 850*	*152 878 536*

The above amounts include the old-age savings of cases of disability still pending.

5.4 Performance of actuarial reserves for pension recipients

	2009 CHF	2008 CHF
Actuarial reserves at 1 January	**70 396 137**	**49 260 686**
Creation of actuarial capital for pension recipients	**22 175 234**	**21 135 451**
Creation through retirement, death and disability	31 699 853	30 296 519
Release through lump-sum payments on retirement	-8 473 128	-6 928 230
Release through lump-sum payments on death/disability	-402 948	-44 675
Release through pension payments	-5 106 041	-3 704 432
Technical interest paid	2 463 865	1 724 124
Release of actuarial capital for pensions	-641 882	-611 316
Creation of actuarial capital for deaths	122 147	9 109
Creation of actuarial capital for disability/child's pensions	1 466 736	825 678
Actuarial loss (2009)/profit (2008)	1 046 632	-431 325
Total actuarial capital for pension recipients at 31 December	**92 571 371**	**70 396 137**

The amount shown under "Creation through retirement, death and disability" corresponds to the savings capital of new retirees at the time of retirement. In detail, the forms in which retirees chose to draw their PVS retirement benefits (in CHF) were as follows:

Form(s) of retirement benefit chosen	**2009**		**2008**	
	CHF	**%**	**CHF**	**%**
Old-age savings on retirement	29 308 544		30 296 519	
of which converted into pension	20 835 416	71%	23 323 614	77%
of which withdrawn as lump-sum payment	8 473 128	29%	6 972 905	23%

Current PVS pensions were not increased following a resolution passed by the Board of Trustees to this effect on 24 November 2009. The resolution against an increase was based on the PVS's current financial situation and the difference between the 3.5% technical interest rate for pension capital and the 2% interest currently being paid on working insurees' old-age savings amounts.

To ensure that any future decisions on adjustments to current pensions can be taken on a sound basis, the Board of Trustees has resolved to keep a generational balance sheet to quantify the funds accrued being transferred from working insurees to pension recipients at any given time. This will be done by taking the difference between the interest paid on working insurees' actuarial capital and the technical interest paid on pension recipients' actuarial capital (including a strengthening of longevity risk) and adding it to the prior year's balance. Any further transfers between working insurees and pension recipients will not be recognised on this balance sheet.

A negative generational accounting balance will indicate that the transfer of accumulated funds is in favour of pension recipients and will mean that current pensions cannot be increased before this transfer amount has been offset. According to the calculations of the PVS's accredited pension actuary, the generational accounting balance at 31 December 2009 was as follows:

Year	Pension recipients' actuarial capital at 31 December in CHF	Working insurees' actuarial capital at 31 December in CHF	Generational accounting balance in CHF	Interest rate for working insurees	Technical interest rate for pension recipients plus additional 0.5%**
2004	5 736 094	454 967 221	-189 865	*0.69%	4.00%
2005	12 309 234	476 536 449	-192 233	2.50%	4.00%
2006	29 207 142	480 907 213	-226 743	3.25%	4.00%
2007	49 260 686	469 478 994	-378 525	3.25%	4.00%
2008	70 396 137	444 490 046	-895 093	2.75%	4.00%
2009	92 571 371	437 657 336	-1 887 231	2.00%	4.00%
TOTAL			**-3 769 689**		

*2.25% on BVG old-age savings and 0% on additional old-age savings; BVG savings accounted for 30.6% of total old-age savings
**see 5.6 below, Provisions for increased longevity of pension recipients

Pension recipients' actuarial capital was distributed as follows among the various types of pensions at year-end:

Actuarial capital for pension recipients	at 31.12.2009 CHF	at 31.12.2008 CHF	Change over prior year in CHF
Actuarial reserves for old-age pensions	80 960 288	62 624 866	18 335 422
Actuarial reserves for spouse's pensions	5 270 988	3 882 342	1 388 646
Actuarial reserves for disability pensions	5 237 588	2 892 596	2 344 992
Actuarial reserves for child's pensions	1 102 507	996 333	106 174
Total actuarial capital for pension recipients	**92 571 371**	**70 396 137**	**22 175 234**

5.5 Results of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted effective 31 December 2009. The accredited pension actuary confirmed therein that

- the scheme is in a position to meet all its obligations;
- the regulatory provisions on the scheme's benefits and financing comply with the relevant legal requirements;
- the fluctuation reserves are currently below the levels required, as a result of which the PVS has only a limited risk capacity.

5.6 Actuarial principles

The accounting principles are based on EVK 2000 and a technical interest rate of 3.5%. The calculations have been made in accordance with the Principles and Guidelines for Accredited Pension Actuaries of the SAV and the Swiss Chamber of Accredited Pension Actuaries, using the closed fund principle.

Categories Technical provisions	at 31.12.2009 CHF	at 31.12.2008 CHF	Change over prior year in CHF
Provision for increased longevity of pension recipients	4 628 569	3 165 012	1 463 557
Risk-related provision	12 413 378	18 067 114	-5 653 736
Total technical provisions	**17 041 947**	**21 232 126**	**-4 190 179**

To pay due regard to increasing life expectancy, a provision for increased longevity of pension recipients was created amounting to 5.0% (prior year: 4.5%) of the actuarial capital for current pensions paid.

The risk-related provision contains a provision for pending disability cases and a provision for death and disability risks.

The provision for pending disability cases is based on current cases of sickness at year-end that have already lasted more than 60 days. At 31 December 2009, a total of 71 insurees (prior year: 92) were awaiting a decision on the possible provision of disability benefits.

The provision for death and disability risks is based on the theoretical aggregate claims distribution according to Panier for all working insurees. This is used to ensure adequate provision for extremely negative fluctuations in death and/or disability claims. The amount is calculated to ensure that, together with the risk insurance premiums expected, there is a 99% probability that it will not exceed the claims received in the coming year.

The risk-related provision is determined using a band with minimum and maximum amounts. This provision is increased through risk insurance premiums, with the capitalised claims deriving from death or disability for the current year taken directly from this provision.

If the risk-related provision falls below the minimum prescribed as a result of claims trends, a corresponding amount is transferred to it from the operating result at the balance sheet date. If the risk-related provision exceeds the maximum prescribed, the surplus amount is credited to the operating result at the balance sheet date.

5.7 Funding ratio as defined in BVV2, Article 44

	at 31.12.2009 **CHF**	**at 31.12.2008** **CHF**	**Change over prior year** **CHF**
Total assets at fair market value	585 192 031	547 190 587	38 001 444
less liabilities	-2 106 034	-27 955 790	25 849 756
less accrued expenses and deferred income	-305 481	-248 310	-57 171
less employer's contribution reserves	0	-1 037 189	1 037 189
Assets available	**582 780 516**	**517 949 298**	**64 831 218**
Actuarial capital for working insurees	437 657 336	444 490 046	-6 832 710
Actuarial capital for pension recipients	92 571 371	70 396 137	22 175 234
Technical provisions	17 041 947	21 232 126	-4 190 179
Actuarial capital required	**547 270 654**	**536 118 309**	**11 152 345**
Funding surplus/shortfall as per BVV2 Article 44, para. 1 (assets available less actuarial capital required)	**35 509 862**	**-18 169 011**	**53 678 873**
Funding ratio as per BVV2 Article 44, para. 1 (assets available x 100 divided by actuarial capital required)	**106.5%**	**96.6%**	

The PVS's funding ratio as defined in BVV2 Article 44, para. 1 amounted to 106.5% at 31 December 2009.

6 Notes on the assets held and the net return thereon

6.1 Investment regulations and organisation of investment activities

The PVS's Investment Regulations specify the assignment of responsibilities, authorities and control functions between the Board of Trustees and the Investments Committee.

Board of Trustees

The Board of Trustees is responsible for determining the PVS's investment strategy and the asset management institutions commissioned to implement it. To ensure the constant supervision of these activities, the Board of Trustees appoints a two-member Investments Committee from its ranks consisting of one employer's and one employees' representative.

Investments Committee

The Investments Committee is responsible for implementing and monitoring the PVS's investment strategy, ensuring that the weightings of the asset categories remain within the bandwidths specified and monitoring the activities of the portfolio managers and the administrative office. The Investments Committee generally meets on a monthly basis.

The PVS's assets are basically managed via external mandates assigned to asset management companies and/or institutional funds. The scheme's real estate assets are indirect investments via an investment trust. Its mortgage loans are managed by PFS Pension Fund Services AG. Its investments in securities are generally in index-based investment vehicles.

Category	Asset management mandated to	Portfolio manager
Money market investments	Pictet Money Market CHF	Pictet & Cie.
CHF bonds	JB/SSgA Swiss Bond Index Fund JB/SSgA Swiss GVT Bond Index Fund	State Street Global Advisors
EUR bonds	SSgA EMU Government Bond (EGBI) Index Fund CSIF Inflation-linked Bond EUR ex Italy	State Street Global Advisors Credit Suisse
USD bonds	SSgA US Government Bond Index Fund SSgA US TIPS Index CTF	State Street Global Advisors
Mortgage loans	Mortgages to insurees	PFS Pension Fund Services
Equities Switzerland	SSgA Switzerland MSCI CTF(SL & NL)	State Street Global Advisors
Equities Europe	SSgA MSCI Europe Index CTF(SL & NL)	State Street Global Advisors
Equities North America	SSgA Canada MSCI CTF (SL & NL) SSgA U.S. MSCI CTF (SL & NL)	State Street Global Advisors
Equities Pacific	SSgA Australia MSCI CTF (SL & NL) SSgA Hong Kong MSCI CTF (SL & NL) SSgA Japan MSCI CTF (SL & NL) SSgA New Zealand MSCI CTF (SL & NL) SSgA Singapore MSCI CTF (SL & NL)	State Street Global Advisors
Equities emerging markets	State Street Daily Active Emerging Markets CTF(SL & NL) SaraPro Inst. Fund Emerging Markets	State Street Global Advisors Bank Sarasin & Cie
Equities foreign (sustainable)	Henderson Global Care Growth Fund OekoSar Equity - Global F SAM Smart Energy Fund	Henderson Global Investors Bank Sarasin & Cie SAM Sustainable Asset Management AG
Real estate	Turidomus investment trust	Pensimo Management
Hedge funds	disposed of as at 31.12.2009	
Commodities	Notes linked to basket of commodity indices from Morgan Stanley	Morgan Stanley

In 2009, the Board of Trustees decided to divest, in the medium term, of all trust funds with securities lending.

New investments in "Equities foreign (sustainable)" were acquired in 2009. Concerning EUR and USD bonds, major values were transferred from trust funds composed of nominal bonds with securities lending to trust funds with bonds protected from inflation and not engaging in securities lending. In addition, the investments in the Mesirow Absolute Return Fund (hedge fund) were disposed of in full as at 31 December 2009.

6.2 Use of supplementary investment vehicles (BVV2, Article 50)

In accordance with the provisions of its current Investment Regulations, the PVS pursues an investment strategy (“strategic asset allocation” or SAA) which may include (and did include in 2009) supplementary investment vehicles in terms of the investment guidelines specified in BVV2 (applicable from 1 January 2009) in the following instances:

BVV2 restriction	**SAA quota**	**Net share at 31.12.2009**	**BVV2 limit**	**BVV2 article**
Foreign currencies (without hedging)	40%	41.5%	30%	55e

The Board of Trustees confirms that it is familiar with the opportunities and risks associated with pursuing the option to include supplementary investment vehicles in its SAA, as allowed by article 2.6 of the PVS's Investment Regulations, and that it addresses them appropriately by spreading the risk according to geographic and sector-specific criteria and using a variety of currencies.

The selected investment strategy can fully take advantage of the long-term potential that equities offer for capital appreciation towards the end of maintaining the future pension benefits' purchasing power. In this regard, the pension scheme's SAA specifies that equities outside Switzerland ("Equities foreign") shall account for about 84% of its total equity investment. A larger proportion of equities in Switzerland would be significantly less diversified in terms of risks related to individual securities as well as industry and market risks.

The pension scheme's SAA specifies that bonds in foreign currencies shall account for about 67% of its total investments in bonds. This improves the PVS's diversification across various yield curves; in particular, the liquidity and diversification of issuers within the bond investments also improve.

The currency risk is partly eliminated by the adoption of rules for hedging foreign currencies held. The share of total assets held in foreign currencies on the balance sheet date is shown net (the remaining proportion of assets subject to foreign currency exposure after currency hedges). The net positions are the basis used for assessing deviations from BVV2’s provisions.

Specialists have been hired to serve in an advisory capacity regarding the assessment of risk capacity, of the current Investment Regulations and of the selection of managers, as well as to monitor compliance with the investment strategy and investment instruments. The investment controller also assesses the situation as capable of ensuring that the pension objective is met to the extent it is foreseeable.

In addition, the Board of Trustees has periodic A&L monitoring in which opinions are issued on compliance with investment targets as well as on risk/return trends, and recommendations and measures are documented.

The Board of Trustees has arranged for the investment process to be organised appropriately and, in line with this, ensured that the investment strategy shall be implemented carefully as regards the selection, management and monitoring of the asset situation and, in particular, the funding ratio situation.

The explanation above demonstrates that the fulfilment of the pension objective is endangered neither in the medium nor the long term by the use of supplementary investment vehicles in terms of the investment restriction specified by BVV2 Article 50. The PVS's investment activity thus takes the provisions of BVV2 Article 50, para. 1-3, sufficiently into account.

6.3 Target size and calculation of the fluctuation reserve

Fluctuation reserves are intended to cushion a scheme against fluctuations in the value of the investments it holds, and prevent the scheme from becoming underfunded as a result of such volatility.

As part of its currently valid investment strategy, the PVS makes annual definitions of the expected return on its investments and its expected risk exposure, based on historical benchmark data and current income projections for each asset category. The requisite fluctuation reserve is calculated accordingly as 2% of the "value at risk" for a two-year period. In setting the level of its fluctuation reserve, the PVS also pays due regard to the structure and performance of the scheme's savings and actuarial capital and to the technical provisions required. The reserve is calculated using the consistency principle, and is revised annually.

The PVS's investment strategy features the following characteristics:

Characteristics of investment strategy	**2009**	**2008**
Expected return	4.9%	4.9%
Historical risk (based on past 120 months)	5.9%	4.9%
Two-year (previously: three-year) fluctuation reserve required; as percentage of total savings & actuarial capital and technical provisions	16.8%	17.3%

The calculation of the fluctuation reserve required includes 3.5% interest on the old-age savings capital of working insurees (prior year 3.5%) and 3.5% interest on actuarial capital for pension payments, and is based on the expected return after deduction of assumed asset management costs of 0.3%.

Fluctuation reserve required	**2009 CHF**	**2008 CHF**	**Change over prior year in CHF**
Fluctuation reserve at 1 January	0	93 209 855	-93 209 855
Creation of fluctuation reserve through deposit	60 000	60 000	0
Creation of fluctuation reserve from share of underfunding attributable to ISS Zurich+Geneva	785 538	0	785 538
Release of fluctuation reserve of ISS Zurich	0	-998 403	998 403
Release of fluctuation reserve of ISS Geneva	0	-500 734	500 734
Transfer from/to operating income statement	34 664 324	-91 770 718	126 435 042
Fluctuation reserve as per balance sheet at 31 December	**35 509 862**	**0**	**35 509 862**
Fluctuation reserve required	**91 941 470**	**92 748 467**	**-806 998**
Shortfall in fluctuation reserve	56 431 608	110 917 478	-54 485 870

The "Creation of fluctuation reserve through deposit" item is a deposit from Swissport International AG which the company received as a brokerage fee rebate from its insurance broker. Swissport International AG announced that it would be transferring this amount to the PVS fluctuation reserve in a communication dated 1 March 2005.

6.4 Assets by asset category

Asset category	**31.12.2009 CHF**	**% of total assets**	**SAA**	**Band width**	**31.12.2008 CHF**	**% of total assets**
Cash, bonds and loans	**226 123 620**	**40.1%**	**37%**	***29-46%***	**268 292 861**	**49.6%**
Liquidity	14 009 847	2.5%	2%	*1-4%*	43 472 420	8.0%
Receivables	3 317 863	0.6%	0%		3 952 320	0.7%
CHF bonds	62 048 965	11.0%	10%	*7-13%*	68 803 425	12.7%
EUR bonds	90 857 869	16.1%	15%	*13-17%*	89 745 790	16.6%
USD bonds (including currency hedges)	23 613 050	4.2%	5%	*4-6%*	28 331 935	5.2%
Mortgage loans	32 276 026	5.7%	5%	*4-6%*	33 986 970	6.3%
Equities	**190 316 917**	**33.8%**	**32%**	***22-39%***	**118 243 176**	**21.8%**
Equities Switzerland	30 514 142	5.4%	5%	*3-7%*	25 034 107	4.6%
Equities Europe	51 129 108	9.1%	6%	*4-8%*	29 093 205	5.4%
Equities North America (including currency hedges)	36 306 662	6.4%	7%	*5-9%*	29 240 636	5.4%
Equities Pacific	30 721 443	5.4%	6%	*5-7%*	25 474 807	4.7%
Equities foreign (sustainable)	25 731 554	4.6%	5%	*0-7%*	0	0%
Equities emerging markets	15 914 008	2.8%	3%	*2-4%*	9 400 422	1.7%
Non-traditional investments	**17 909 082**	**3.2%**	**5%**	***3-15%***	**26 087 570**	**4.8%**
Hedge funds	0	0.0%	0%	*0-4%*	13 650 340	2.5%
Private equity	0	0.0%	0%	*0-4%*	0	0.0%
Commodities (including currency hedges)	17 909 082	3.2%	5%	*3-7%*	12 437 230	2.3%
Real estate	**129 471 607**	**23.0%**	**26%**	***22-30%***	**128 811 290**	**23.8%**
Real estate in Switzerland	129 471 607	23.0%	26%	*22-28%*	128 811 290	23.8%
Real estate outside Switzerland	0	0.0%	0%	*0-3%*	0	0.0%
Total assets	**563 821 226**	**100.0%**			**541 434 896**	**100.0%**

SAA = strategic asset allocation (investment strategy)

Currency hedges	**31.12.2009 CHF**	**% of total assets**	**SAA**	**Bandwidth**	**31.12.2008 CHF**	**% of total assets**
Total	**57 817 314**	**10.3%**	**12%**	***5-39%***	**41 136 850**	**7.6%**
USD	57 817 314	10.3%	12%	*5-22%*	**41 136 850**	7.6%
JPY	0	0.0%	0%	*0-3%*	0	0.0%
EUR	0	0.0%	0%	*0-12%*	0	0.0%
GBP	0	0.0%	0%	*0-2%*	0	0.0%

The proportion of total assets held in European equities was higher than its SAA bandwidth maximum at 31 December 2009. This breach is connected with the implementation of the new investment strategy that is not yet fully completed; it will be corrected by mid-2010.

6.4.1 Mortgages

The mortgages are mortgage loans to PVS working insurees and pension recipients. The scheme grants first mortgages on residential houses and apartments in Switzerland which are occupied by the borrower either all year or for their own vacation purposes. Mortgages can be obtained for up to 80% of the property's declared market value (or 65% for vacation homes), up to a maximum of CHF 750 000.

Should an insuree leave the PVS or elect to receive all their retirement benefits in the form of a lump-sum payment, they may continue to maintain any PVS mortgage they hold on the same terms and conditions. Should the property concerned be sold, the mortgage loan must be repaid on the date of the sale transaction.

The PVS offers variable-interest-rate mortgages and three- or five-year fixed-interest-rate mortgages. The interest rate on variable-interest-rate PVS mortgages is set by the Board of Trustees on the basis of current market conditions, and amounted to 2.5% in 2009. The interest rates for fixed-interest-rate PVS mortgages are determined daily, on the basis of the three- and five-year LIBOR rates plus a further percentage-point amount of 0.75% (since October 2008).

Mortgage loans existing in 2009 were as follows:

Mortgage loans	**Number in 2009**	**CHF total in 2009**	**Number in 2008**	**CHF total in 2008**
As at 1 January	**98**	**33 986 970**	**79**	**27 051 470**
New mortgages	3	1 200 000	20	7 360 000
Mortgages terminated	-7	-2 368 944	-1	-455 000
Increases		40 295		350 000
Amortisations		-582 295		-320 000
As at 31 December	**94**	**32 276 026**	**98**	**33 986 970**
Of which fixed-interest-rate mortgages	26	10 064 000	20	8 636 000

Mortgagers by type	**2009**	**2008**
Working insurees	70	80
Pension recipients	11	10
Others	7	4
As at 31 December	****88**	***94**
Average loan amount	**57.7%**	**57.7%**

*= two mortgagers had two mortgage tranches, and two mortgagers each had two mortgages (on separate properties)
**= four mortgagers had two mortgage tranches, and two mortgagers each had two mortgages (on separate properties)

"Others" are former insurees who, as permitted by the scheme's mortgage guidelines, continue(d) to maintain their PVS mortgages after leaving the scheme or electing to receive all their retirement benefits in the form of a lump-sum payment.

6.5 Open derivative financial instruments

In accordance with the current Investment Regulations, hedges are effected on assets held in foreign currencies. The following forward foreign exchange contracts were open on the balance sheet date:

Forward foreign exchange contracts for investments in	**Currency**	**Local currency amount**	**Contractual forward rate/ value in CHF**	**Current forward rate/ value in CHF**	**Gain/loss at 31.12.2009 CHF**
USD bonds sale on 2.12.2011	USD	24 000 000	0.9866	1.0161	
			23 678 400	24 386 916	**-708 516**
USD equities North America sale on 2.12.2011	USD	15 300 000	0.9866	1.0161	
			15 094 980	15 546 659	**-451 679**
USD commodities sale on 2.12.2011	USD	17 600 000	0.9866	1.0161	
			17 364 160	17 883 739	**-519 579**
Total open forward foreign exchange contracts at 31.12.2009	**USD**	**56 900 000**	**56 137 540**	**57 817 314**	**-1 679 774**

The above forward foreign exchange contracts are covered by the investments in USD bonds as well as USD commodity notes and USD equities and were concluded via Credit Suisse (as the counterparty).

6.6 Explanation of net income from investment activities

The income from the PVS's various investment categories is shown in detail in the operating income statement. Further details are provided below.

6.6.1 Detailed income from real estate

	Income in CHF 2009	**Value in CHF at 31.12.2009**	**Income in CHF 2008**	**Value in CHF at 31.12.2008**
Turidomus investment trust	**6 413 113**	**129 471 607**	**5 016 848**	**128 811 290**
Casareal investment group	**3 896 541**	**71 841 151**	**3 476 775**	**71 044 210**
Dividend	3 099 600		3 099 600	
Change in inventory value	796 941		377 175	
Proreal investment group	**2 516 572**	**57 630 456**	**1 540 073**	**57 767 080**
Dividend	2 653 196		2 592 203	
Change in inventory value	-136 624		-1 052 129	

The scheme's real estate assets are indirect investments via the Turidomus investment trust. These investments are divided into units in the Casareal investment group (residential property) and units in the Proreal investment group (business premises). The income consists of the dividends paid for the year under review plus/minus the changes in the assessment of the inventory value of the properties owned.

According to information provided by the Turidomus investment trust (in a proposal to its investors' meeting), the total dividends planned for 2009 are comprised of a CHF 45 per unit dividend for the Casareal investment group, and CHF 43.50 per unit for the Proreal investment group. The 2009 dividend should be distributed by 31 May 2010.

6.6.2 Detailed income from EUR bonds

	Income in CHF 2009	**Value in CHF at 31.12.2009**	**Income in CHF 2008**	**Value in CHF at 31.12.2008**
EUR bonds	**244 873**	**90 857 869**	**-1 943 139**	**89 745 790**
Nominal EUR bonds	1 932 989	28 127 331	-1 943 139	89 745 790
Inflation-linked EUR bonds	-1 688 116	62 730 538	0	0

6.6.3 Detailed income from USD bonds

	Income in CHF 2009	Value in CHF at 31.12.2009	Income in CHF 2008	Value in CHF at 31.12.2008
USD bonds (including currency hedges)	**-327 445**	**23 613 050**	**4 478 720**	**28 331 935**
Nominal USD bonds	-1 292 443	1 447	4 478 720	28 331 935
Inflation-linked USD bonds	964 998	23 611 603	0	0

6.6.4 Overall investment performance

The overall investment performance by asset category was as follows:

Income from investments	2009 CHF	Perform. in %	2008 CHF	Perform. in %
Cash, bonds and loans	**5 761 225**	**1.9%**	**6 484 036**	**2.2%**
Liquidity	1 115 567	1.8%	-1 438 151	-1.4%
Receivables	0	0.0%	0	0.0%
CHF bonds	3 860 187	5.7%	4 526 222	5.4%
EUR bonds	244 873	2.6%	-1 943 139	-2.1%
USD bonds (including currency hedges)	-327 445	-3.5%	4 478 720	9.0%
Mortgage loans	868 043	2.6%	860’384	2.9%
Equities	**35 577 193**	**28.5%**	**-85 109 718**	**-43.7%**
Equities Switzerland	5 484 726	21.6%	-12 967 156	34.4%
Equities Europe	10 436 089	31.3%	-27 232 377	-49.7%
Equities North America (including currency hedges)	7 061 932	25.5%	-17 655 171	-41.5%
Equities Pacific	5 241 661	20.4%	-14 606 081	-40.1%
Equities foreign (sustainable)	765 827	1.1%	0	0.0%
Equities emerging markets	6 586 958	70.2%	-12 648 933	-57.5%
Non-traditional investments	**10 115 549**	**40.6%**	**-23 057 516**	**-46.9%**
Hedge funds (including currency hedges)	1 949 997	14.3%	-4 990 754	-20.4%
Private equity	0	0.0%	0	0.0%
Commodities (including currency hedges)	8 165 552	74.6%	-18 066 762	-63.2%
Real estate	**6 413 113**	**5.0%**	**5 016 848**	**3.9%**
Real estate in Switzerland	6 413 113	5.0%	5 016 848	3.9%
Real estate outside Switzerland	0	0.0%	0	0.0%
Total income from investments	**57 867 080**	**11.0%**	**-96 666 350**	**-15.3%**

The performance was calculated using the time-weighted return (TWR) and reported net (i.e. after deduction of the costs of indirect investments).

6.7 Market values and partners under securities lending agreements

In accordance with the currently valid pool agreement with State Street Global Advisors, the PVS participates in a securities lending programme with its indexed equity and bond investments. The securities are lent within State Street's common trust funds, and 60% or 70% (depending on the fund) of the income which State Street derives therefrom accrues to the PVS. For the PVS's equity investments, the income generated is shown separately for each asset category, is reinvested and is included in the performance of the category concerned. For the PVS's bond investments, the income is added directly to the fund, with no dividend or reinvestment.

Income from securities lending	**2009 CHF**	**2008 CHF**	**Change over prior year**
Total income from securities lending	**258 664**	**350 700**	**-92 036**
Equities Switzerland investment fund	75 485	136 249	-60 764
Equities Europe investment fund	106 495	143 049	-36 554
Equities North America investment fund	42 244	35 130	7 114
Equities Pacific investment fund	31 909	34 803	-2 894
Equities emerging markets investment fund	2 531	1 469	1 062

At 31 December 2009, the PVS held the following investments with securities lending:

Investments in funds with securities lending	**31.12.2009 CHF**	**31.12.2008 CHF**	**Change over prior year**
Total	**121 487 327**	**228 749 685**	**-107 262 358**
Equities Switzerland investment fund	19 756 005	25 034 107	-5 278 102
Equities Europe investment fund	24 841 029	29 093 205	-4 252 176
Equities North America investment fund	23 593 912	29 240 636	-5 646 724
Equities Pacific investment fund	19 778 383	25 474 807	-5 696 424
Equities emerging markets investment fund	5 389 220	4 974 584	414 636
EUR bonds investment fund	28 127 331	89 745 790	-61 618 459
USD bonds investment fund	1 447	25 186 556	-25 185 109

The State Street Securities Lending Programme has seen a number of significant changes.

State Street Bank and Trust Company was commissioned by the lending funds to lend out securities and invest the cash collateral provided by the borrowers in "collateral pools". As a result of the current upheavals on the financial markets, the credit spreads on these investments widened, reducing the prices of the securities held in the portfolios and the net inventory value of the collateral pools on a mark-to-market basis. The net inventory values on a mark-to-market basis also suffered from the dramatic slump in world share prices. The cash value of the securities lent declined, and the reduction in loan capital dampened borrowers' demand. This prompted an increase in the percentage share of medium-term securities in the collateral pools, exacerbating the impact of the widening credit spreads on the pools' net inventory value.

As a result of these two effects, the assets in the collateral pools are now both restricted in liquidity terms and partly below their purchase price in mark-to-market valuation terms. These two effects have repercussions for the investors in these indirect State Street common trust funds. With indirect common trust funds (CTFs), investors can choose between funds with and without securities lending; with bond funds USD, State Street only offers this choice for Bonds Index CTF protected from inflation.

In view of the above, State Street issued a circular on 23 March 2009 outlining the following consequences for assets invested in foreign currency equity or bond vehicles:

Consequences for the PVS's State Street common trust funds

After introducing certain limits on the return of lent securities (which would have no tangible material effects on the PVS) in a communication of 3 October 2008, in its latest communication of 23 March 2009 State Street introduced new terms for monthly returns which may have repercussions for the PVS. Under these new terms, which are valid until at least the end of 2009, the return requests of any lending fund are limited to a maximum of 4% of the account's net inventory value at the time the request is submitted. For every month in which State Street does not receive a return request which exceeds this maximum monthly percentage, the remaining percentage amount may be returned at a later point in time ("accumulated right of return"). State Street also reserves the right to amend these terms of return again at any time and without prior notice and/or extend the period for which they are currently expected to be valid.

Consequences for the PVS's State Street foreign currency bond investments

State Street has resolved to introduce the following return fees. State Street also reserves the right to modify the levels of these fees at any time.

Part-fund	*Return fee*
SSgA EMU Government Bond Index Fund	3.00%
SSgA US Government Bond Index Fund	0.50%

It was possible to reduce the return fee for SSgA US Government Bond Index Fund (USD bonds) from 2.25% to 0.5% in the course of 2009.

In its communication of 30 November 2009, State Street announced that the terms and options for returns of lending funds shall be retained. On the basis of current liquidity levels and market conditions, State Street is planning an extension until the end of March 2010. It continues to reserve the right to accumulate the monthly liquidity percentage amounts and to return them at a later point in time ("accumulated right of return"). It was possible to carry over all rights of return accumulated since March 2009 (i.e. the percentage amounts of liquidity) into 2010.

In 2009, the Board of Trustees decided to divest of all trust funds with securities lending as soon as possible. Since March 2009, the assets invested in equity trust funds with securities lending have been reduced each month by 4% (the maximum amount possible); this reduction shall be continued in 2010 as well. Regarding trust funds with securities lending composed of bonds, the Board of Trustees decided to divest of USD bonds in full and of EUR bonds to a large extent, with return fees of CHF 2.36 million.

7 Notes on further balance sheet and operating income statement items

7.1 Balance sheet

Assets

7.1.1 Receivables from employer

This item contains the employer's contributions for November and December 2009, which were not paid until January and February 2010 respectively.

7.1.2 Other receivables

	31.12.2009 CHF	**31.12.2008 CHF**
Refundable withholding tax amounts	736 033	1 134 416
Outstanding interest owed on mortgage loans	25 106	43 461
Total other receivables	**761 139**	**1 177 877**

Other receivables consist of refundable withholding tax amounts and outstanding interest owed on mortgage loans. The refundable withholding tax amounts are normally paid in the first quarter of the following year. The outstanding interest owed on mortgage loans for 2009 was paid in the first quarter of 2010.

7.1.3 Prepaid expenses and accrued income

	31.12.2009 CHF	**31.12.2008** CHF
Prepaid administration fees for the following year	0	3 888
Provision for the LOB Guarantee Fund	2 663	0
Provision for brokerage fee rebates	0	60 000
Accrued income from equities	15 010	0
Accrued income from real estate	5 752 795	5 691 803
Accrued proceeds from sale of investments	15 600 337	0
Total prepaid expenses and accrued income	**21 370 805**	**5 755 691**

This item largely consists of the annual dividend from the Turidomus real estate investment trust, which was still outstanding at year-end, and the proceeds from the sale of the shares of the Mesirow hedge fund as at 31 December 2009.

Liabilities

7.1.4 Other liabilities

This item contains various invoices for the business year which were still unpaid at year-end.

7.1.5 Accrued expenses and deferred income

Accrued expenses and deferred income consist mainly of the annual contribution still owed to the LOB Guarantee Fund at year-end and provisions for auditing and accredited pension actuary's reports for the business year concerned.

7.1.6 Employer's contribution reserve of ISS Aviation AG, Kloten

	ISS Aviation AG Zurich operations 2009 CHF	ISS Aviation AG Geneva operations 2009 CHF	ISS Aviation AG Zurich operations 2008 CHF	ISS Aviation AG Geneva operations 2008 CHF
At 1 January	768 463	268 726	768 463	268 726
Transfer to ISS Switzerland's company pension scheme	-768 463	-268 726	0	0
ISS Aviation employer's contribution reserve at 31 December	**0**	**0**	**768 463**	**268 726**

In the light of the termination of the affiliation agreement of ISS Aviation AG, Kloten, the above employer's contribution reserves were transferred in full to the ISS company pension scheme in 2009.

7.2 Operating income statement

7.2.1 One-off deposits and buy-in amounts

	2009 CHF	2008 CHF	Change over prior year
Employees' voluntary deposits	884 576	879 220	5 356
Employer's deposits	0	102 648	-102 648
Total one-off deposits and buy-in amounts	**884 576**	**981 868**	**-97 292**

7.2.2 Home financing repayments and divorce-related deposits

	2009 CHF	2008 CHF	Change over prior year
Voluntary repayments of home financing withdrawals	318 940	78 233	240 707
Amounts received through divorce settlements	383 540	820 850	-437 310
Total home financing repayments divorce-related deposits	**702 480**	**899 083**	**-196 603**

Seven insurees (prior year: five) received amounts from the occupational old-age savings of their former spouses which were paid into their own old-age savings accounts as part of divorce settlements. Four insurees (prior year: one) made a voluntary repayment of PVS savings that had previously been withdrawn for home financing purposes.

7.2.3 Child's pension payments

	2009 CHF	2008 CHF	Change over prior year
Child's pensions for children of old-age pension recipients	67 964	40 859	27 105
Orphan's pensions	52 347	50 972	1 375
Child's pensions for children of disabled pension recipients	22 652	19 434	3 218
Total child's pension payments	**142 963**	**111 265**	**31 698**

7.2.4 Home financing withdrawals / divorce-related payments

	2009 CHF	2008 CHF	Change over prior year
Withdrawals for home financing purposes	2 345 545	2 213 674	131 871
Old-age savings amounts transferred out as part of divorce settlements	586 166	1 016 343	-430 177
Total home financing withdrawals and divorce-related payments	**2 931 711**	**3 230 017**	**-298 306**

A total of 28 insurees (prior year: 25) made use of the option allowing the use of PVS old-age savings for home financing purposes. The average advance withdrawal for home financing was CHF 83 769 (prior year: CHF 88 547).

A total of ten insurees (prior year: 13) transferred part of their occupational old-age savings to the occupational pension schemes of their former spouses as part of divorce settlements.

7.2.5 Insurance expenses

	2009 CHF	2008 CHF	Change over prior year
Contribution to Swissport case management *)	0	225 000	-225 000
Contribution to LOB Guarantee Fund	174 060	181 059	-6 999
Total insurance expenses	**174 060**	**406 059**	**-231 999**

*) booked under other expenses from 2009 (see also 7.2.7)

7.2.6 Asset administration costs

	2009 CHF	2008 CHF	Change over prior year
Global custodian costs	20 229	21 246	-1 017
Investment advisory costs	108 165	70 905	37 260
Management fees / bank fees for indirect investments	163 561	168 164	-4 603
Stamp duties	115 377	18 126	97 251
Mortgage management fees	35 911	33 174	2 737
Total asset administration costs	**443 243**	**311 616**	**131 627**

No other direct asset management costs were incurred. With the PVS's indirect investments, the asset management costs are generally deducted from the net asset value (NAV).

7.2.7 Other expenses

	2009 CHF	2008 CHF	Change over prior year
Contribution to Swissport case management	225 000	0	225 000
Total other expenses	**225 000**	**0**	**225 000**

The contribution to Swissport case management item contains the PVS's share of the expenditure entailed in the case management activities of affiliated employers. In accordance with a resolution by the Board of Trustees of 12 July 2007, the PVS contributes CHF 225 000 a year towards the employers' case management expenses, under the following conditions:

- that the employers affiliated to the PVS commit themselves to at least equivalent expenditure
- that the employers' case management unit compiles an implementation plan for using the PVS's contribution
- the PVS's contribution commitment is for two years; it was renewed in 2009.

The details of the case management services to be provided were specified in a service agreement dated 20 November 2007. The PVS’s contribution is financed from risk insurance premiums. The PVS’s beneficiaries were informed of the corresponding decision.

7.2.8 Administrative expenses

	2009 CHF	**2008 CHF**	**Change over prior year**
Auditors' fees	46 127	49 467	-3 340
Accredited pension actuary's fees	38 286	33 552	4 734
Board of Trustees' compensation, expenses and training costs	76 268	49 542	26 726
PFS AG administrative expenses	911 282	974 142	-62 860
Translation and printing expenses	37 077	37 965	-888
Retiree seminar expenses	7 750	5 000	2 750
Other administrative expenses	4 066	11 997	-7 931
Total administrative expenses	**1 120 856**	**1 161 667**	**-40 811**

Based on the 3 659 working insurees and pension recipients (not including recipients of child’s pensions) as at 1 January 2009, the PVS’s administrative expenses amounted to CHF 306 per beneficiary in 2009 (compared to CHF 298 for the prior year).

8 Stipulations of the supervisory authorities

The PVS is not currently subject to any specific stipulations of the supervisory authorities.

9 Further information regarding the scheme's financial position

9.1 Retrocessions

No retrocessions as defined in the relevant decision of the Swiss Federal Supreme Court were declared in 2009.
Moreover, the Board of Trustees decided in 2009 that rules must be issued in writing, upon the initial investment, governing how retrocessions are to be dealt with in the future, for all new trust funds.

9.2 Partial liquidation

ISS Aviation AG duly informed the PVS in a communication dated 16 June 2008 that it wished to terminate its affiliation agreement with the PVS on 31 December 2008. The Board of Trustees noted this and concluded that as a result of such termination, a partial liquidation of the PVS would need to be effected.

The PVS confirmed its receipt of such notice to ISS Aviation AG. In doing so, the PVS also pointed out that all current ISS insurees suffering long-term illnesses (i.e. all open cases of inability to work) who were still employed by ISS Aviation AG as at 31 December 2008 would also be transferred to the ISS company pension scheme.

The PVS's insurees have been informed of the partial liquidation. The "Syndicat des Services Publics Genève" informed the PVS in a communication dated 18 December 2008 that the affiliation agreement had been terminated without the approval of the employees concerned, and demanded that it thus be declared invalid. Following this, ISS Aviation AG, Kloten (Geneva operations) obtained the written approval of a majority of its employees. On the strength of this, the PVS Board of Trustees resolved that the termination of the affiliation agreement and the transfer of vested benefits to the ISS company pension scheme could proceed.

In view of the underfunding of the PVS as at 31 December 2008, an initial 90% of the calculated vested benefits and the employer's contribution reserve were transferred to the ISS Switzerland company pension scheme on 5 January 2009. The balance of 6.6% of the vested benefits was transferred on 2 June 2009 following the approval of the 2008 PVS annual financial statements and based on the partial liquidation calculations of the accredited pension actuary. The applicable funding ratio was 96.6%.

9.3 Pledged assets

The PVS maintains a CHF 20 000 000 (increased in March 2009, from the previous CHF 10 000 000) credit facility agreement to cover the margins on forward foreign exchange contracts concluded via Credit Suisse. All the PVS's assets deposited with Credit Suisse are pledged in order to maintain the credit amount.

10 Post-balance-sheet events

Partial liquidation of the General Pension Scheme of the SAirGroup (the GPS): With its ruling of 8 February 2010, the Swiss Federal Supreme Court ruled in favour of all five objections of the GPS. Thus reversing the rulings of the Swiss Federal Administrative Court and rendering the distribution plan legally valid as specified in the decision of the Office of Occupational Pension Plans and Foundations of the Canton of Zurich of 12 October 2005.

KPMG AG
Audit
Badenerstrasse 172
CH-8004 Zurich
P.O. Box
CH-8026 Zurich
Telephone +41 44 249 31 31
Fax +41 44 249 23 19
Internet www.kpmg.ch

Report of the Statutory Auditors

Report of the Statutory Auditors to the Board of Trustees of the

Personalvorsorge Swissport, Opfikon

As statutory auditors, we have audited the financial statements (balance sheet, statement of income and expenditure and notes on pages 11 to 37), the management, the investments and the retirement accounts of the Personalvorsorge Swissport for compliance with the legal provisions for the year ended 31 December 2009.

The financial statements, the management of the pension fund, the investments and the retirement accounts are the responsibility of the board of trustees, whereas our responsibility is to express an opinion on these matters. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting processes and principles applied, the adherence to the investment rules, significant estimates made and the overall financial statement presentation. The audit of the management of the pension fund consists of an assessment of the adherence to the legal requirements and to the pension fund's own regulations regarding its organisation, administration, the contributions received and benefits paid and as well as the provisions concerning loyalty of the asset management. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, the management of the pension fund, the investments and the retirement accounts comply with Swiss law as well as the pension fund's charter of foundation and regulations.

We recommend that the financial statements submitted to you be approved.

KPMG AG

Kurt Gysin
Licensed Audit Expert

Martin Bieri
Licensed Audit Expert

Zurich, 6 May 2010

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