



Partial Liquidation Regulations

Valid as from 25 February 2010

Approved by the Board of Trustees on 24 November 2009

Opfikon, 25 February 2010

In accordance with Article 25.2 of the PVS Regulations, the Personalvorsorge Swissport Board of Trustees hereby issues the following regulations on the execution of any partial liquidation.

1. Foundations

- 1.1 In the event of a partial liquidation, the insurees leaving the PVS will have an individual or a collective entitlement to a part of any freely-disposable funds available (in accordance with Article 23, Paragraph 1 of the Swiss Federal Law on Vested Benefits in Occupational Old Age, Survivors' and Disability Benefit Plans (FZG)).
- 1.2 The conditions for a partial liquidation are assumed to be fulfilled in the event of:
 - a) a substantial reduction in employee numbers. A reduction in employee numbers will be deemed "substantial" if it amounts to 10% or more of the PVS's working insurees and involves the withdrawal of 10% or more of the total savings capital of all working insurees.
 - b) a restructuring of the employer or an affiliated company. A restructuring will be deemed to occur if previous areas of activity of the company concerned are merged, abandoned, sold, outsourced or otherwise modified and if, in the process, at least 5% of the PVS's total working insurees leave the scheme and this involves the withdrawal of 5% or more of the total savings capital of all working insurees.
 - c) the termination of an affiliation agreement, if the scheme continues to exist and if such termination affects 5% or more of working insurees and pension recipients and the affiliation agreement concerned had been in effect for at least two years.
- 1.3 The employer is required to inform the PVS immediately of any reduction in employee numbers and/or any corporate restructuring which will result in a partial liquidation.
- 1.4 The conditions requiring the conducting of a partial liquidation will be deemed to exist when the substantial reduction in employee numbers or the corporate restructuring is effected, or on the date of the termination of the affiliation agreement concerned.
- 1.5 In each individual case the decision on whether the conditions for a partial liquidation are met will be taken by the Board of Trustees.
- 1.6 The Board of Trustees shall specify the date or the period for determining which persons are affected by the partial liquidation. In doing so, it shall pay due regard to any gradual workforce downsizing as follows:

The key determiner shall be the reduction in employee numbers or the restructuring performed within 24 months after the corresponding decision by the relevant bodies of the employer or the affiliated company. If the corresponding downsizing/restructuring plan envisages a period longer or shorter than this, then this plan period shall be taken as the qualifying period in partial liquidation terms.

2. Calculating freely-disposable funds

- 2.1 The calculation of the PVS's freely-disposable funds for partial liquidation purposes shall be based on the actuarial and commercial balance sheets, which show the PVS's "true and fair" financial situation at current disposal (market) values. The freely-disposable funds shall be calculated in accordance with Swiss GAAP ARR 26.
- 2.2 When determining technical provisions, additional provisions may also be made for any changes to the PVS's assets and obligations structure in the light of the partial liquidation.
- 2.3 The reference date for calculating the PVS's freely-disposable funds, its actuarial and investment-related provisions and reserves and any funding shortfall shall be the last balance sheet date prior to the expiration of the qualifying period derived from the event prompting the partial liquidation. This date shall be determined by the Board of Trustees.
- 2.4 Should the PVS's assets or liabilities increase or decrease by 5% or more between the partial liquidation's reference date and the actual transfer of the funds concerned, the underlying asset values shall be modified accordingly.

3. Distribution of freely-disposable funds between leaving and remaining insurees

- 3.1 The freely-disposable funds available shall be divided between the insurees (i.e. working insurees and pension recipients) leaving the PVS and those remaining in it.
- 3.2 This distribution shall be based on the relation of the total savings capital of the remaining insurees to the total savings capital of the leaving insurees (for further calculation details see 5.2 below).
- 3.3 The share of freely-disposable funds for remaining insurees shall remain in the PVS.

4. Transfer of freely-disposable funds

- 4.1 Should several working insurees or pension recipients leave the PVS for the same new occupational pension scheme, this will be regarded as a collective departure. All other cases will be regarded as individual departures. A collective departure will be deemed to exist if a group of at least five working insurees or pension recipients jointly transfer from the PVS to a new occupational pension scheme.
In the event of a collective departure, the persons concerned shall be collectively entitled to a proportion of the PVS's freely-disposable funds if these funds are required to buy into the corresponding reserves of the new scheme. It is the obligation of the PVS Board of Trustees to determine if this is the case.

- 4.2 In the event of an individual departure, the freely-disposable funds individually assigned under the corresponding distribution plan shall be transferred in addition to the vested benefits of the individual concerned.
- 4.3 Should a reduction of the workforce or a corporate restructuring result in cases in which vested benefits are (or are likely to be) payable to leaving insurees, a corresponding portion of the scheme's freely-disposable funds shall be initially retained by the scheme to ensure the orderly conducting of the partial liquidation procedure.

5. Distribution plan and formula

- 5.1 The distribution of the scheme's freely-disposable funds shall be effected using a distribution plan based on an objective distribution formula. Insurees who have been insured with the PVS for less than two years shall not be entitled to any share of any freely-disposable funds.
- 5.2 The distribution formula shall be based on the individual savings capital of working insurees and pension recipients. For the savings capital of working insurees, contributions (vested benefits, buy-in amounts and WEF home-financing repayments) and disbursements (withdrawals for WEF home financing or following divorce) shall be deducted from or added to the savings capital respectively as follows:
- 100% of any contributions or disbursements in the year of the reference date
 - 75% of any contributions or disbursements in the year before the reference date
 - 50% of any contributions or disbursements in the year two years before the reference date.

6. Actuarial shortfalls

- 6.1 Any actuarial shortfall shall be determined as of the reference date in accordance with Article 44 of the BVV2 Federal Ordinance on the Occupational Old Age, Survivors' and Disability Benefit Plan.
- 6.2 The distribution of the actuarial shortfall shall be based on the relation between the total savings capital of all insurees (i.e. working insurees and pension recipients) and the total savings capital of the leaving insurees. (For further calculation details, see 5.2)
- 6.3 Any actuarial shortfall will be individually assigned to each leaving insuree.
- 6.4 This individual actuarial shortfall will be deducted from the insuree's vested benefits insofar and to the extent that such deduction does not reduce the old-age benefits specified in Article 15 of the Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan (BVG).
- 6.5 If an individual actuarial shortfall amount is assigned to an individual and their full vested benefits have already been transferred, they will be required to pay the shortfall amount back to the PVS.

7. Collective entitlement to provisions and fluctuation reserves

- 7.1 In the event of the termination of an affiliation agreement, any existing pension recipients involved will remain in the PVS unless specified otherwise in the affiliation agreement concerned.
- 7.2 If the criteria for a collective departure specified in 4.1 above are met, the leaving insurees concerned shall, in addition to their entitlement to part of any freely-disposable funds as specified in Section 2 above, also be collectively entitled to part of the PVS's technical provisions and fluctuation reserves as of the reference date. When determining such entitlement, due regard shall also be paid to the collective contribution of the leaving insurees to such provisions and equalisation reserves. The entitlement to technical provisions shall only exist provided actuarial risks are also transferred with the amount concerned. The entitlement to equalisation reserves shall be in proportion to the entitlement to actuarial capital.
- 7.3 Should the PVS's assets or liabilities increase or decrease by 5% or more between the partial liquidation's reference date and the actual transfer of the funds concerned, the technical provisions and fluctuation reserves to be transferred shall be modified accordingly.
- 7.4 The Board of Trustees shall determine by resolution whether the insurees of a collective departure are entitled to part of the PVS's technical provisions and fluctuation reserves.
- 7.5 Any such entitlement shall be transferred collectively to the leaving insurees' new occupational pension scheme.
- 7.6 There shall be no collective entitlement to technical provisions and fluctuation reserves if the partial liquidation has been caused by the group leaving collectively.

8. Duties and obligations

- 8.1 The Board of Trustees shall determine whether the conditions for a partial liquidation are met, and shall resolve that it be conducted.
- 8.2 The Board of Trustees shall determine, in compliance with the relevant legal provisions and the present regulations:
- the date or period for determining which insurees are involved
 - the reference date
 - the freely-disposable funds, the portion thereof to be transferred and the manner of its transfer
 - any actuarial shortfall and its distribution and assignment
 - any proportionate entitlement to technical provisions and fluctuation reserves.
- 8.3 The employer shall provide the PVS without delay with all the data relevant to any partial liquidation.
- 8.4 In the case of collective transfers, a transfer agreement shall be concluded.

9. Insuree information and procedures

- 9.1 The Board of Trustees shall inform the persons affected by the partial liquidation (working insurees, pension recipients and persons who have already left) in writing about the partial liquidation, detailing all the procedural steps involved. In doing so, the Board of Trustees shall also point out that the persons concerned have a 30-day period to inspect the relevant commercial balance sheet, the actuarial report and the distribution plan at the PVS's offices.
- 9.2 Anyone affected by the partial liquidation is entitled to submit an objection within this 30-day inspection period with regard to the conditions for a partial liquidation, the procedure envisaged and/or the distribution plan. Such objection must be submitted in writing, stating the grounds for the same.
- 9.3 Should any such objections be received, the Board of Trustees shall consult the person(s) concerned, consider their objection and reply to it in writing. If such objections are accepted, the procedure and/or the distribution plan envisaged will be modified accordingly.
- 9.4. Once the deadline for submitting such objections has passed, the Board of Trustees shall inform the supervisory authorities of any objections received and (if appropriate) of its handling thereof. If no objections are received, or if those received can be amicably resolved, the Board of Trustees shall proceed with the distribution plan, subject to the receipt of written confirmation from the supervisory authorities that they also have not received any objections within the 30-day period.
- 9.5 If no agreement can be reached on an objection between the objecting party and the Board of Trustees, the Board of Trustees shall pass the objection on to the supervisory authorities together with its own position (in writing) and any further documentation. The supervisory authorities shall then examine the objection and rule on the conditions for a partial liquidation, the procedure and distribution plan proposed and the objection received.
- 9.6 An appeal can be lodged against the supervisory authorities' ruling on an objection within the following 30-day period in accordance with Article 74 of the Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan (BVG),
- 9.7 Legal entitlement to any individually or collectively-assigned funds shall only exist once no objections have been received by the relevant submission deadline or – should such objections be submitted – once the objection and any resulting appeal processes have been legally concluded.

10. Final provisions

- 10.1 The present regulations were approved by the Board of Trustees at its meeting of 24 November 2009. They may be amended at any time by the Board of Trustees, subject to the retention of all insurees' existing rights and entitlements, in accordance with the relevant legal provisions and subject to the approval of the supervisory authorities.
- 10.2 These regulations will be submitted to the supervisory authorities for approval, and will enter into effect upon the issue of the corresponding order by the same body confirming such approval. Any partial liquidation conducted before their entry into effect shall be conducted in accordance with the partial liquidation regulations of 10 March 2008 (date of the corresponding order by the supervisory authorities), with due and full regard to the modified provisions of BVV2 effective 1 June 2009.

