2008 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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Contents 2008

FOREWORD

Report by the President of the Board of Trustees on the fifth business year of the autonomous Swissport Company Pension Scheme (PVS)

«What goes up must come down»

With the tailwind of four good stockmarket years behind it, the PVS steadily improved its funding ratio in its four first business years from 2004 to the end of 2007 from an initial 100 % to an impressive 117.4 % – the equivalent of almost three years of fluctuation reserves.

2008, unfortunately, proved to be a year of upheavals for the financial world. In a development initially triggered by the sub-prime crisis in the USA (whose origins can be traced to the end of 2007), the international financial sector was shaken to its foundations last year. Major banks went close to or indeed into liquidation; the share prices of some world-famous corporations slumped to virtually nothing; and billion-dollar frauds and bonus payment excesses were revealed. Even an entire country – Iceland – faced the prospects of financial and political ruin. Many national governments (including Switzerland's) were forced to bail out their banking sectors with massive state funds. Prime interest rates fell to almost zero, world trade collapsed, and the central banks injected billions to revitalise the sluggish money markets.

The stock markets themselves moved in fits and starts, but always in a strongly downward direction. The Swiss Market Index (of the country's leading blue-chip shares), which had stood at 8919 points as recently as mid-December 2007, had fallen to 5034 by mid-November 2008, the lowest it would reach for the year. The MSCI World Index of global stock markets slumped from an all-time high of 1682 points in October 2007 to 688 in early March 2009, its lowest level for 15 years.

The Swiss economy slipped into recession in the second half of 2008, its first since the winter of 2002 – 3 more than five years before. As a result, the national economy registered year-on-year growth of 1.6 % for 2008 as a whole, compared to 3.3 % for the previous year. Levels of unemployment and short-time working both substantially increased. And Swissport, too, together with its affiliated companies under the PVS, devised various contingency plans in preparation for the lean years ahead.

The current and regrettably persistent situation on the world's finance markets is genuinely exceptional, and the present slump is being compared in several quarters to the Great Depression of the 1930s. The global financial crisis is affecting us all in different ways, and we can only hope that the recent state interventions will ultimately succeed in bringing some stability to the current situation.

For the PVS, the safety of your investments has always been the number-one priority. We maintain a long-term investment horizon, and have placed our assets in a wide range of investment vehicles. We are also currently holding sizeable liquid funds – over CHF 43 million at the end of 2008.

The Board of Trustees

Beat Müller, a founding PVS trustee, stepped down from the Board at its 33rd meeting on 28 April 2008. Müller left Swissport Zurich at the end of June 2008 after seven years of service. The Board of Trustees welcomed Cordula Hofmann to its ranks at its 34th meeting on 10 July. Hofmann assumed her new duties as Head of Human Resources at Swissport Zurich on 1 July, and succeeded Beat Müller in his PVS capacity.

Adrian Kuoni left Swissport Zurich at the end of January 2009. He will remain on the PVS Board of Trustees (and continue to head its Investments Committee) until its 38th meeting on 30 April 2009. Torsten Schneider, Head of Group Accounting & Consolidation within the Finance division of Swissport International, has been attending PVS Board of Trustees meetings since the 37th meeting on 27 January 2009. He will succeed Adrian Kuoni as a PVS trustee on 30 April 2009.

Scheme management

PVS Managing Director Urs Ackermann stepped down on 31 December 2008. In his place, the Board of Trustees elected previous Deputy Managing Director and Customer Advisor Markus Staudenmaier, who assumed his new duties on 1 January 2009. Urs Ackermann will remain on the PVS Investments Committee in an advisory capacity for the first half of 2009, and is also responsible for the 2008 annual financial statements. Markus Staudenmaier's customer advisor duties have been assumed by David Steger.

Affiliation agreements

The founder-employer of the PVS is Swissport International AG, Opfikon ZH (95 working insurees), which founded the scheme in its Deed of Trust of 15 September 2003. The PVS also held affiliation agreements with the following six companies and operations at the end of 2008:

• Swissport International AG, Zurich operations (1879 working insurees)
• Swissport Baggage Sorting AG, Kloten ZH (168 working insurees)
• Swissport International AG, Basel operations (354 working insurees)
• Swissport International AG, Geneva operations (969 working insurees)
• Privatport S.A., Meyrin GE (8 working insurees)
• Unitpool AG, Kloten ZH (13 working insurees)

(= total 3492 working insurees as of 31 December 2008).

Swissport International AG, which is owned by Ferrovial, a leading European infrastructure and service corporation based in Spain, provides ground services for over 70 million passengers and 3.5 million tonnes of cargo a year on behalf of some 650 client companies. With its workforce of around 33'000 personnel, Swissport is active at 179 airports in 41 countries on five continents, and generated consolidated operating revenue for 2008 of CHF 1.9 billion.

Termination of the affiliation agreement with ISS Aviation AG

ISS Aviation AG served due written notice dated 16 June 2008 to terminate its affiliation agreement with the PVS at the end of 2008. ISS Aviation also informed the PVS in the same written communication that the agreement of the company's personnel and/or their employees' representatives required under Article 11, Paragraph 3a of the BVG Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan had also been obtained.

We had already been informed orally of ISS's intention: ISS Switzerland has had its own occupational pension scheme since 1 January 2007; and if a corporate group has its own occupational pension provisions, it is natural that all the companies therein should be insured under it in accordance with Article 2 of the BVG.

The Board of Trustees noted the notice given and unanimously agreed that the termination of the affiliation agreement by ISS Aviation AG engendered the conditions under which a partial liquidation of the PVS would have to be effected. Such partial liquidations are conducted in accordance with the PVS Partial Liquidation Regulations.

In view of this, an asset transfer agreement was drawn up by our accredited pension actuary between the PVS and the ISS Switzerland occupational pension scheme which would receive the assets concerned.

The PVS fluctuation reserves paid in by the employees and the employer between 2004 and the end of 2007 which fell under the provisions of the partial liquidation were transferred at the end of September 2008 to the individual savings accounts (vested benefits) of the ISS employees who had been insured under the PVS as of 31 December 2007.

The 266 Zurich-based insurees of ISS Aviation AG transferred to their new occupational pension scheme as planned on 1 January 2009.

The transfer of the 120 insurees of ISS Aviation AG based in Geneva was delayed two months. This was because shortly before Christmas / New Year, the PVS received from the «Syndicat des Services Publics Genève» a formal objection (dated 18 December 2008) to the termination of the ISS Aviation affiliation agreement and thus to the transfer of ISS Aviation's Geneva-based employees.

After extensive consultations with the PVS's management, our accredited pension actuary, outside legal counsel and the Zurich supervisory authorities, the Board of Trustees concluded that the affiliation agreement had been terminated in full compliance with the law for the Geneva-based ISS Aviation personnel, too. In view of this, the Board resolved to transfer these insurees' leaving benefits to the ISS Switzerland company pension scheme on 2 March 2009.

The prime consideration behind this decision was the fact that a very large majority of the Geneva-based employees of ISS Aviation had in the meantime signalled (by signature) their agreement to their transfer to the ISS Switzerland company pension scheme. Such transfer also appeared to make sense and be in the interests of everyone concerned, given that ISS Switzerland has established its own company pension scheme and will henceforth use it to provide all its personnel with occupational pension care. The transfer would also, it was felt, eliminate a number of major uncertainties for ISS's Geneva-based personnel on issues such as responsibility for handling specific occupational pension matters (such as leaving the scheme, divorce-related processes and the use of pension scheme savings for home financing purposes). The PVS is convinced that the actions taken on this issue were in the best interests of the insurees concerned.

As with the Zurich-based ISS staff, the formal transfer-out of the Geneva-based ISS personnel was made with retroactive effect to 1 January 2009.

In addition to sizeable administrative and legal costs, the delay to the transfer of Geneva-based ISS personnel entailed CHF 35'470 in (post-departure) interest costs for the PVS.

Affiliation agreement with new Swissport Group company Swissport Group Services GmbH
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 the new Swissport Group Services GmbH, which is domiciled at Zugerstrasse 77 in 6340 Baar (Canton Zug) on 1 February 2009. In accordance with Article 3.3 of the PVS Deed of Trust, the Board of Trustees voted unanimously to affiliate Swissport Group Services GmbH to the PVS. The corresponding affiliation agreement was concluded on 27 January 2009.

The fifth business year
The PVS began its fifth financial year on 1 January 2008 with 3715 working insurees, a working insurees' savings capital of CHF 469 million and a funding ratio of 117.4 %. It closed it on 31 December 2008 with 3492 working insurees (which would have been 3878 if 386 ISS insurees had not transferred to their new company pension scheme), a working insurees' savings capital of CHF 444 million (which would have been CHF 469 million if the 386 ISS insurees had not transferred to their new company pension scheme), a funding ratio of 96.6 %, annual interest on all old-age savings of 2.75 % (compared to 3.25 % for 2007) and a performance for the year of -15.3 %.

For the first time ever, the PVS reported a shortfall in 2008 (of CHF 3.6 million) between the contributions and joining deposits of its members and the statutory benefits and leaving amounts paid during the year. The reasons for this are the number of younger insurees who joined the scheme with no vested benefits to be paid in and the transfer of ISS Aviation AG insurees and their vested benefits to their new pension scheme.

The www.pv-swissport.ch website continues to provide full news from the Board of Trustees, the scheme's regulations, forms, presentations and an overview of the PVS organisation. The asset allocation and performance reports (including funding ratio status and trends), which are updated every month, are particularly popular. In addition to German and French, most PVS documents have been provided in English, too, since autumn 2008. We advise you to visit our website regularly to keep fully abreast of all PVS developments.

Information events on the 2007 Annual Report were also held at all three insurees' working locations – Basel, Geneva and Zurich – in the course of 2008.

Partial liquidation of the GPS
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 insurees concerned or transferred to their present pension schemes. Under the order on the partial liquidation of the GPS issued by the Zurich Cantonal Occupational Pension Fund Office 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 (i.e. CHF 33'278'313.15).

As the GPS announced on its website on 12 February 2009, an approach to the Swiss Federal Administrative Court has revealed that a ruling here is not expected before mid-2009. The delay is due primarily to the complex facts involved in the still-pending lawsuits.

As insurees may recall, the PVS resolved at its meeting of 22 November 2005 that should the PVS show a substantially higher risk ability at the time such funds were transferred (the PVS funding ratio was 108 % at the time), the Board of Trustees might reassess its earlier decision to assimilate such funds into its collective assets, i.e. it might consider an individual distribution of the funds concerned. The decision, which also envisaged consultation with the staff associations, was communicated to insurees in Insuree Update No.9 of early December 2005.

Work began in 2008 on a «script» to be used and adhered to when the GPS funds are finally transferred. This document includes details of how the transfer should be handled in technical terms, how these developments should be communicated and what partners could meaningfully be involved, along with a timetable for the process.

Apart from the disaffiliation of ISS Aviation AG, the PVS had no collective admissions or departures in 2008.

Asset investments
The Board of Trustees has been looking at the issue of retrocession fees in extensive detail. The disclosure of all such fees is being insisted upon with sizeable pressure by the supervisory authorities. The PVS devoted extensive energies to the topic in 2008, asking all its business partners to disclose any retrocession fee arrangements. These inquiries revealed that none of these partners had paid or received any retrocession fees. In all new contractual agreements, the partner is required to commit to such disclosure. The PVS is now considering whether it may need to repeat such surveys of its business partners on an annual basis.

The Board of Trustees took the opportunity offered by an investment workshop on 17 September 2008 to present a new PVS investment strategy which entered into effect on 1 October 2008. The new strategy is expected to deliver an annual return of 4.9 %. Its risk potential is also 4.9 %, and the corresponding fluctuation reserve amounts to 17.3 %. The Board of Trustees also resolved to allow the proportion of assets held in equities to decline, and not to undertake any new investments for the present.

Since no one knows when the financial markets may begin to recover, it is vitally important to keep to the adopted investment strategy. This is our only means of retaining our ability to benefit once again from the upswing when it comes.

In investing between 20 % and 30 % of its assets in equities, the PVS is in the middle of the Swiss pension scheme field. At the end of 2008, the PVS held 21.8 % of its assets in shares. Why do so at all? Because in the longer term, shares are the prime generator of a pension scheme's return: over a five-to-20-year time period, they will deliver roughly double the return of bonds. The price that is paid for such returns is that shares will suffer sizeable fluctuations in value in tougher economic times. Equities had been the prime source of income for the PVS over the previous four years. The underfunding at the end of 2008 was largely the result of book losses: these will only become realized losses if the assets are sold at the prices according to book values.

Details of the overall allocation of the PVS's assets and of the current funding ratio are provided on our www.pv-swissport.ch website. The reports, which will be found under «Performance», are updated on or around the 20th of each month.

On 31 December 2008 the PVS had concluded 78 variable-interest-rate members' mortgages for a total loan amount of CHF 25.4 million and 20 fixed-interest-rate members' mortgages for a total loan amount of CHF 8.6 million. The PVS thus had total mortgage loans to members of CHF 34.0 million at year-end.

Corrective action in response to underfunding
We have been assured by our accredited pension actuary that the PVS's underfunding at the end of 2008 (with a funding ratio of 96.6%) can be considered insignificant. Compared to other occupational pension schemes, the PVS is still in good financial health – all the more so in that our pension recipients only account for some 13% of our total scheme capital.

The PVS funding plan (including its risk coverage) is sound, and is in no need of any adjustment or correction. In differentiating between significant and insignificant underfunding, due regard also needs to be paid to the risk structure of the scheme concerned. A scheme with a large proportion of pension recipients, for instance, will find it a lot harder to take effective corrective action than one with relatively few.

If the underfunding is deemed insignificant, no fundamental corrective action is initially required, as long as the scheme's funding plan is otherwise in order. Needless to say, though, a conscious decision must be taken on whether the present investment strategy should be retained, or whether certain corrections need to be made at the tactical level. This has already been done by the Board of Trustees and the Investments Committee. A deliberate decision has been taken not to rebalance the current under-representation of shares within the asset mix, even though this leaves the equity component clearly below the established percentage zone.

The Board of Trustees also has a powerful tool at its disposal in its decision on what interest to pay on savings at the end of each business year. And in resolving to set the 2009 intrayear interest rate (paid on leaving or pension benefits and similar that become due for payment in the course of a calendar year) at 0%, the Board has given itself the requisite flexibility of action here.

The underfunding must be reported to the cantonal supervisory authorities, together with a plan showing how the scheme intends to return to a 100% funding ratio within five to seven years.

Should the PVS's funding ratio decline further, to around 90%, corrective action cannot be ruled out in the form of additional contributions into the scheme. The cost of these would, in accordance with the law, be shared equally by the employer and the employee, and would amount to an additional salary deduction of between one and three per cent.

Interest rates set

Interest paid on old-age savings for 2008
The Board of Trustees resolved on 18 November 2008 to pay interest of 2.75% on all insurees' old-age savings for 2008 (this compares to 3.25% for 2007). Those insurees who retired or left the PVS in the course of the year received interest on their entire old-age savings at an interest rate for intrayear events of 2.75%

2009 interest rate for old-age savings
The Board of Trustees will not decide what interest to pay on insurees' old-age savings for 2009 until towards the end of the year. The Board of Trustees has retained this approach because no reliable projections can currently be made of further developments on the capital markets.

2009 interest rate for intrayear events
As it did in 2004 and 2006, the PVS will not add any interest to any amounts withdrawn from the scheme by insurees leaving or retiring in the course of 2009. Interest may be paid on such amounts at a later date, however, depending on the general interest rate set for old-age savings for 2009 as a whole.

Projected interest rate for 2009
The projected interest rate for 2009 amounts to 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 insurees, 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 2009.

Pension adjustments for 2009
The Board of Trustees also resolved at its meeting of 18 November 2008 that it would not increase PVS pensions from their present levels on 1 January 2009, in view of the current situation and the continuing generational imbalance (the higher actuarial interest rate of 3.5% on actuarial capital compared to the interest currently being paid on working insurees' old-age savings amounts).

Amendments to the 2007 PVS Benefit Regulations
Upon the recommendation of the accredited pension actuary, the Board of Trustees resolved to make the following three amendments to the PVS Benefit Regulations when it met on 18 September 2008:

Article 3.2: Refusal of admission (supplementing the third bullet point)
Should the employee be employed by the same employer for multiple periods of employment whose aggregate duration exceeds three months with no interruption between such periods exceeding three months, the employee shall be insured from the beginning of the fourth aggregate month of employment onwards. Effective 1 January 2009.

Article 5.4: Eliminating benefit reductions owing to early retirement (new)
Insurees planning to take early retirement may eliminate the benefit reductions which would otherwise result therefrom by making additional payments into the PVS in accordance with its actuarial principles. The provisions of Article 6.3 shall apply by analogy here. Effective 1 October 2008.

Article 9.3: Further benefits (new)
The Board of Trustees may also grant further benefits, such as (in particular) assuming the costs of monitoring, reporting on and assisting the return to work of insurees unable to work, if such activities help avoid substantially higher insurance costs. Effective 1 October 2008.

The equality of registered partnerships (of same-sex couples) with marriage was enshrined in law on 1 January 2007 and naturally also applies to PVS insurees. A corresponding supplement to the PVS Benefit Regulations is provided on the PVS website. The text thereof will be integrated into the Benefit Regulations with their next revision.

Partial Liquidation Regulations
Every occupational pension scheme has been required to issue partial liquidation regulations since 2007. The Partial Liquidation Regulations of the PVS were approved by the supervisory authorities in an order dated 10 March 2008. They were subsequently sent to all insurees with a 30-day deadline for any objections thereto, after which they would be placed on the PVS website. No such objections were received; and on 4 June 2008, the Canton Zurich Occupational Pension Fund Office formally confirmed to us that the regulations had entered into legal effect.

Case management
The Board of Trustees informs itself regularly on the activities of Swissport's case management team. The team has been complete since summer 2008, and now maintains an effective overview of long-term absentees from work owing to illness.

The main focus of the team's activities in 2008 was on the impact of the fifth revision of the Swiss «IV» state disability insurance scheme, the introduction of ECase, establishing a Basel customer care centre and developing standardised reporting procedures.

The number of persons in the team's care has remained relatively stable. Back problems, psychiatric cases and sports accidents are the biggest categories represented.

Andrea Camarasa left Swissport Zurich in October 2008. Her successor Sabine Tschopp assumed her new duties on 1 November.

Outlook for 2009

A total of 382 insurees (= 11.4 % of the 3 337 entitled to do, i.e. excluding the insurees of Swissport Baggage Sorting) opted to come under the «Standard Plus» pension plan with its employee's contribution of 9% (instead of the «Standard» 6%) from 1 January 2009. This was a small increase on the previous year: on 1 January 2008 the Standard Plus plan had had 361 insurees or 10.6 %.

The Swiss Federal Council increased the maximum AHV Swiss state old-age pension to CHF 27'360 on 1 January 2009. As a result, our maximum coordination amount – half the maximum AHV pension – increased to CHF 13'680. The threshold insured salary required to join the «Supplementary» pension plan also increased, to CHF 102'600 (= 7.5 times the coordination amount). From 1 January 2009, the minimum annual salary required to join the PVS amounts to CHF 20'520.

The pension plan valid from 1 January 2009 was sent to all insurees. It is also available on the www.pv-swissport.ch website.

Sadly, all projections suggest that the present recessive trends within the Swiss economy will persist throughout 2009. The stock exchange, too, moved in only one direction – downwards – in the first two months of the year. The negative effects of the ailing financial sector are now reaching the real economy, too. And national debt is rising steeply, particularly in the USA and within the EU.

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 the behalf of PVS.

Sincerely,

Peter Graf
President of the Board of Trustees

BALANCE SHEET

	Note	at 31.12.2008 CHF	at 31.12.2007 CHF
ASSETS			
Investments	6.4	**541'434'896**	**629'997'022**
Liquidity		43'472'420	17'771'811
Receivables from employer	7.1.1	2'774'443	3'268'953
Other receivables	7.1.2	1'177'877	1'906'404
CHF bonds		68'803'425	92'429'595
EUR bonds		89'745'790	91'688'929
USD bonds (including currency hedges)		28'331'935	33'437'928
Mortgage loans		33'986'970	27'051'470
Shares: Switzerland		25'034'107	38'011'525
Shares: Europe		29'093'205	46'365'266
Shares: North America		29'240'636	35'048'412
Shares: Asia-Pacific		25'474'807	31'106'759
Shares: emerging markets		9'400'422	22'050'824
Real estate		128'811'290	124'877'321
Hedge funds		13'650'340	35'057'478
Commodities (including currency hedges)		12'437'230	29'924'349
Prepayments and accrued income	7.1.3	**5'755'691**	**5'551'492**
TOTAL ASSETS		**547'190'587**	**635'548'514**

LIABILITIES

	Note	at 31.12.2008 CHF	at 31.12.2007 CHF
Obligations		**27'955'790**	**4'497'004**
Vested benefits		26'679'861	2'672'170
Capital payments		1'197'790	1'520'419
Other obligations	7.1.4	78'139	304'415
Accruals and deferred income	7.1.5	**248'310**	**351'752**
Employer's contribution reserves	7.1.6	**1'037'189**	**1'037'189**
ISS Aviation AG Kloten (Zurich operations) contribution reserve		768'463	768'463
ISS Aviation AG Kloten (Geneva operations) contribution reserve		268'726	268'726
Savings & actuarial capital and technical provisions		**536'118'309**	**536'452'714**
Savings capital of working insurees	5.2	444'490'046	469'478'994
Actuarial capital for pension recipients	5.4	70'396'137	49'260'686
Technical provisions	5.6	21'232'126	17'713'034
Fluctuation reserves	6.3	**0**	**93'209'855**
ISS Aviation AG Kloten (Zurich operations) fluctuation reserve	7.1.7	0	998'403
ISS Aviation AG Kloten (Geneva operations) fluctuation reserve	7.1.7	0	500'734
Other fluctuation reserves		0	91'710'718
Scheme capital, freely-disposable funds, underfunding		**-18'169'011**	**0**
As of 1.1		0	0
-/+ expense / income surplus		-18'169'011	0
Total liabilities		**547'190'587**	**635'548'514**

OPERATING INCOME STATEMENT

	Note	2008 CHF	2007 CHF
Ordinary and other contributions and deposits		**33'237'347**	**32'343'161**
Employees' savings contributions		10'712'298	10'164'230
Employer's savings contributions		15'272'258	14'689'689
Employees' risk insurance premiums		3'078'460	2'919'102
Employer's risk insurance premiums		3'132'517	2'976'836
One-off deposits and buy-in amounts	7.2.1	981'868	1'022'607
Payments from employer's contribution reserves	7.1.6	0	200'004
Payments from fluctuation reserves		60'000	354'718
Payments from LOB Guarantee Fund		-54	15'974
Other amounts paid in		**10'330'850**	**9'428'253**
Vested benefits of joining insurees		9'431'767	8'111'393
Home financing repayments and divorce-related deposits	7.2.2	899'083	1'316'860
INFLOW FROM CONTRIBUTIONS, DEPOSITS AND OTHER AMOUNTS PAID IN		**43'568'197**	**41'771'415**
Statutory benefits paid		**-10'677'337**	**-13'339'136**
Old-age pension payments		-3'249'311	-2'046'350
Survivor's pension payments		-177'986	-138'838
Disability pension payments		-165'870	-84'851
Child's pension payments	7.2.3	-111'265	-89'982
Lump-sum payments on retirement		-6'928'230	-10'278'514
Lump-sum payments following death or disability		-44'675	-700'602
Other benefits paid and withdrawals		**-45'972'575**	**-29'658'833**
Vested benefits paid on leaving		-42'742'558	-26'546'898
Home financing withdrawals and divorce-related payments	7.2.4	-3'230'017	-3'111'935
OUTFLOW THROUGH BENEFITS PAID AND WITHDRAWALS		**-56'649'911**	**-42'997'969**
Changes in savings/actuarial capital, technical provisions and contribution reserves		**274'405**	**-10'849'171**
Decrease in savings capital of working insurees	5.2	37'472'683	26'289'094
Increase in actuarial capital for pension recipients	5.4	-21'135'451	-20'053'544
Increase in technical provisions	5.6	-3'519'092	-1'669'124
Interest paid on savings capital	5.2	-12'483'735	-14'860'875
Increase in employer's contribution reserves	7.1.7	0	-200'004
Increase (through deposit) in fluctuation reserves		-60'000	-354'718
Insurance expense	**7.2.5**	**-406'059**	**-179'556**
NET INCOME FROM INSURANCE ACTIVITIES		**-13'213'368**	**-12'255'281**

	Note	2008 CHF	2007 CHF
Net income from investment activities	6.6.3	**-97'070'368**	**30'046'294**
Income from liquid funds		-1'438'151	402'150
Income from CHF bonds		4'526'222	-2'485
Income from EUR bonds		-1'943'139	4'136'393
Income from USD bonds (including currency hedges)		4'478'720	1'811'184
Income from mortgage loans		860'384	735'252
Income from shares: Switzerland		-13'103'405	-155'644
Income from shares: Europe		-27'375'426	3'737'450
Income from shares: North America		-17'690'301	1'390'017
Income from shares: Asia-Pacific		-14'640'884	-431'630
Income from shares: emerging markets		-12'650'402	6'204'034
Income from securities lending	6.7	350'700	0
Income from real estate	6.6.1	5'016'848	6'858'761
Income from hedge funds	6.6.2	-4'990'752	1'307'206
Income from commodities (including currency hedges)		-18'066'762	5'511'349
Asset administration costs	7.2.6	-311'616	-1'275'792
Interest on vested benefits		-92'402	-116'428
Interest on employer's contribution reserves	7.1.6	0	-26'352
Interest on fluctuation reserves	7.1.7	0	-39'171
Other income		**6'538**	**24'972**
Administration costs	7.2.7	**-1'161'667**	**-1'066'256**
EXPENSE/INCOME SURPLUS BEFORE RELEASE/CREATION OF FLUCTUATION RESERVES		**-111'438'866**	**16'749'729**
Release/creation of fluctuation reserves	6.3	**93'269'855**	**-16'749'729**
EXPENSE SURPLUS		**-18'169'011**	**0**

1 Principles and organisation

1.1 Legal form and object

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, Article 331 of the Swiss Code of Obligations and Article 48, Paragraph 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 relatives 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 Canton Zurich Register of Occupational Pension Schemes (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 Canton Zurich Commercial Register on 14 November 2003.

Details of the scheme's regulations:

Regulations	Finalised	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	18 September 2008	1 October 2008
Partial Liquidation Regulations	19 September 2007	1 January 2008*

* = approved by the supervisory authorities as confirmed by the order of 10 March 2008 and the confirmation of legal validity of 4 July 2008

** = subsequent amendments to Article 3.2 (effective 1.1.2009) and Articles 5.4 and 9.3 (effective 1.10.2008)

1.4 Management and signatory authority

The Board of Trustees, which is composed of an equal number of employer's and employees' representatives, consisted on 31 December 2008 of:

Board of Trustees

Employer's representatives		Employees' representatives (term of office 1.7.2007 – 30.6.2010)	
Peter Graf	President*	Philippe Crippa	Deputy President*
Adrian Kuoni1)	Member*	Margrit Coimbra	Member*
Cordula Hofmann	Member*	Sonja Eckerlin1)	Member*

1) members of the Investments Committee

Beat Müller left the Board of Trustees in the course of 2008 in view of his departure from Swissport. He was succeeded on the Board of Trustees by Cordula Hofmann. Adrian Kuoni left the company on 31 January 2009. He will step down from the Board of Trustees on 30 April 2009, to be succeeded by Torsten Schneider.

Operational management and accounting

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

* collective signatory authority (two signatures required)

Urs Ackermann was succeeded as Managing Director by Markus Staudenmaier on 1 January 2009

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

Accredited pension actuary

Markus Meier, Mercer Human Resource Consulting SA, Tessinerplatz 5, 8027 Zurich

Statutory auditors

KPMG AG, Badenerstrasse 172, 8004 Zurich

Investment advisor

PensionTools GmbH, Speerweg 10, 8630 Rüti

Supervisory authorities

Zurich Cantonal Occupational Pension Fund Office

1.6 Affiliated employers

The following companies, which are closely linked 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
- ISS Aviation AG, Kloten, Zurich operations*
- ISS Aviation AG, Kloten, Geneva operations*
- Swissport Group Services GmbH, Baar ZG (from 1.2.2009)

* The affiliation agreements of ISS Aviation AG, Kloten (Zurich and Geneva operations) were terminated on 31 December 2008. Their termination has prompted a partial liquidation of the PVS.

2. Working insurees and pension recipients

2.1 Working insurees

	Swissport International		Swissport Zurich		Swissport Basel	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
At 1 January	**87**	**98**	**1'785**	**1'594**	**362**	**374**
Joined	19	20	509	521	38	28
Left	10	29	384	301	34	34
Retired	1	1	29	25	12	6
Newly disabled	0	0	1	1	0	0
Died	0	1	1	3	0	0
At 31 December	**95**	**87**	**1'879**	**1'785**	**354**	**362**
of whom risk insurance only	2	1	248	221	15	11
Old-age savings as of 31 December	**30'242'096**	**30'197'439**	**204'565'646**	**206'990'992**	**41'393'570**	**44'891'795**
of which BVG old-age savings as of 31 December	6'060'196	5'863'307	74'304'460	71'684'433	13'735'733	14'389'426

	Swissport Geneva		Swissport Baggage Sorting		Unitpool	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
At 1 January	**948**	**922**	**159**	**140**	**10**	**10**
Joined	140	166	26	37	4	3
Left	104	118	16	16	1	3
Retired	13	20	1	2	0	0
Newly disabled	1	1	0	0	0	0
Died	1	1	0	0	0	0
At 31 December	**969**	**948**	**168**	**159**	**13**	**10**
of whom risk insurance only	103	81	16	13	0	0
Old-age savings as of 31 December	**145'637'325**	**145'306'035**	**19'913'387**	**19'058'860**	**2'116'569**	**1'909'849**
of which BVG old-age savings as of 31 December	49'892'508	48'252'605	7'900'335	7'274'189	670'050	633'352

	PrivatPort 2008	2007	ISS Aviation AG Kloten, Zurich operations 2008	2007	ISS Aviation AG Kloten, Geneva operations 2008	2007
At 1 January	**6**	**6**	**250**	**220**	**108**	**101**
Joined	3	2	69	77	34	17
Left	1	2	312	46	142	7
Retired	0	0	1	1	0	3
Newly disabled	0	0	0	0	0	0
Died	0	0	0	0	0	0
At 31 December	**8**	**6**	**6**	**250**	**0**	**108**
of whom risk insurance only	0	0	1	8	0	3
Old-age savings as of 31 December	**235'495**	**149'334**	**385'959**	**13'061'644**	**0**	**7'913'045**
of which BVG old-age savings as of 31 December	111'866	71'411	203'387	7'184'971	0	4'430'152

	Total PVS 2008	2007	Change over prior year
At 1 January	**3'715**	**3'465**	**250**
Joined	842	871	-29
Left	1'004	556	448
Retired	57	58	-1
Newly disabled	2	2	0
Died	2	5	-3
At 31 December	**3'492**	**3'715**	**-223**
of whom risk insurance only	385	338	47
Old-age savings as of 31 December	**444'490'046**	**469'478'994**	**-24'988'948**
of which BVG old-age savings as of 31 December	152'878'536	159'783'846	-6'905'310

External insurees* (retained and regarded as working insurees)

	Women 2008	2007	Men 2008	2007	Total 2008	2007
At 1.1	**0**	**0**	**0**	**0**	**0**	**0**
Admitted	0	0	1	0	1	0
Left	0	0	1	0	1	0
At 31.12	**0**	**0**	**0**	**0**	**0**	**0**

* For an explanation of «external insuree» status, see Article 3.5 of the PVS Benefit Regulations.

Working insurees by BVG age on 31 December	Women 2008	2007	Men 2008	2007	Total 2008	2007
18 – 24	193	171	192	167	385	338
25 – 34	434	492	513	502	947	994
35 – 44	372	418	538	602	910	1'020
45 – 54	308	372	480	496	788	868
55 – 65	195	198	267	297	462	495
Total	**1'502**	**1'651**	**1'990**	**2'064**	**3'492**	**3'715**

The average age of a PVS working insuree on 31 December 2008 was 39.6 years (compared to 40.1 at the end of 2007).

2.2 Pension recipients

		Women		Men		Total
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
Old-age pensions	54	38	86	56	140	94
Disability pensions	8	4	7	2	15	6
Spouse's/partner's pensions	7	5	1	1	8	6
Child's pensions	9	8	15	10	24	18
Total	**78**	**55**	**109**	**69**	**187**	**124**

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 insurees. 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: these are 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 insuree'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 pension and child's pension for children of disability pension recipients amounts to 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 5400 a year.

Pension plans

The PVS's pension plans specify the salary which is 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 accordance with their degree of employment.

For those pension plans whose provisions ordinarily set the employee's contribution at 6 % of their insured salary, the insuree 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
- the pension plan of ISS Aviation AG, Kloten for its Zurich and Geneva operations.

Insurees under the «Standard» pension plan pay an employee's contribution of 6 % of their insured salary, while those under the «Standard Plus» pension plan pay an employee's contribution of 9% of their insured salary. In both plans, the employer's contribution amounts to 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 deduction, which amounts to 7.5 times the minimum AHV Swiss state old-age pension. For part-time employees, this coordination deduction is reduced in accordance with their degree of employment. Any salary elements that are covered by a «Supplementary» pension plan are not covered by the «Basic» pension plan.

3.2 Funding and funding methods

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

The risk insurance premium amounts to 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.

3.3 Further information on the PVS's activities

ISS Aviation AG Kloten (Zurich and Geneva operations) affiliated to the PVS on 1 January 2004. To ensure that ISS's employees were treated the same as other Swiss-based Swissport employees in occupational pension scheme terms, the corresponding affiliation agreement included the following two provisions:

- the creation of a fluctuation reserve through contributions of 1% of the insured salary amount by both employer and employee, to match the fluctuation reserve that was expected to be created for the employees of Swissport companies in Switzerland through the partial liquidation of the General Pension Scheme of the SAirGroup, and
- the creation of an employer's contribution reserve through the payment of CHF 200'000 (CHF 138'500 from ISS Aviation AG Kloten [Zurich operations] and CHF 61'500 from ISS Aviation AG Kloten [Geneva operations]) a year until this reserve reached CHF 800'000 (CHF 550'000 from ISS Aviation AG Kloten [Zurich operations] and CHF 250'000 from ISS Aviation AG Kloten [Geneva operations]) to cover the risk-related costs in the event that risk-related benefit payments (i.e. through death or disability) proved higher than average PVS levels.

The obligation to continue to create a fluctuation reserve and an employer's contribution reserve was abolished on 1 January 2008. The fluctuation reserves created up to that date were distributed among the relevant insurees using a formula proposed by the PVS's accredited pension actuary.

The PVS has concluded a service agreement for the scheme's management and administration with PFS Pension Fund Services AG. This agreement was extended for a further three years on 1 January 2007.

4 Accounting and valuation principles and consistency

4.1 Confirmation of accounting in accordance with Swiss GAAP FER 26

The 2008 accounts of the PVS were compiled in accordance with the guidelines specified in Swiss GAAP FER 26.

4.2 Accounting and valuation principles

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

Asset category	Valuation method
Cash, bonds and loans	
Liquidity	Fair value
Receivables	Nominal value
CHF bonds	Market value
EUR bonds	Market value
USD bonds (including currency hedges)	Market value
Mortgage loans	Nominal value
Equities	
Shares: Switzerland	Market value
Shares: Europe	Market value
Shares: North America	Market value
Shares: Asia-Pacific	Market value
Shares: emerging markets	Market value
Real estate in Switzerland	**Market value**
Non-traditional investments	
Hedge funds	Market value
Commodities (including currency hedges)	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 ruling 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 Development of savings capital and interest earned thereon

	2008 CHF	2007 CHF
Total savings capital of working insurees on 1.1	**469'478'994**	**480'907'213**
Release of working insurees' savings capital	**-37'472'683**	**-26'289'094**
Employees' old-age savings contributions	10'712'298	10'164'230
Employer's old-age savings contributions	15'272'258	14'689'689
One-off deposits and buying-in amounts	981'868	1'022'607
Deposits of vested benefits	9'431'767	8'111'393
Home financing repayments/divorce-related deposits	899'083	1'316'860
Release of ISS fluctuation reserve (Zurich operations)	998'403	0
Release of ISS fluctuation reserve (Geneva operations)	500'734	0
Creation of capital for FZG Article 17 payments	0	314
Vested benefits paid to leaving insurees	-42'742'558	-26'546'898
Home financing and divorce-related withdrawals	-3'230'017	-3'111'935
Capital released through retirement, death and disability	-30'296'519	-31'935'355
Interest earned on savings capital	**12'483'735**	**14'860'875**
Total savings capital of working insurees on 31.12	**444'490'046**	**469'478'994**

Interest paid on BVG old-age savings amounts	2.75%	3.25%
Interest paid on additional old-age savings amounts	2.75%	3.25%

The releases of ISS fluctuation reserves comprise the distribution of the reserves concerned (deriving from employer's and employees' risk insurance premiums) to the corresponding insurees in the year concerned. After ISS Aviation AG, Kloten had served notice to terminate its affiliation agreement, these reserves were no longer required, and the funds concerned were distributed among the relevant insurees using a formula proposed by the PVS's accredited pension actuary.

The «creation of capital for FZG Article 17 payments» is the total vested benefit amounts paid to leaving insurees for whom the leaving benefits calculated in accordance with Article 17 of the Swiss Federal Law on Vested Benefits in Occupational Old Age, Survivors' and Disability Benefit Plans (FZG) were higher than the savings capital accumulated (including interest).

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 concerned. For 2008, any payments or benefit calculations effected in the course of the year were subject to interest at a rate of 2.75%. The final decision on the interest rate to be applied to old-age savings for 2008 was taken at the Board of Trustees' meeting of 18 November 2008, when a rate of 2.75% was set for all old-age savings amounts.

5.3 Old-age savings under the BVG

	at 31.12.2008 CHF	at 31.12.2007 CHF
Total old-age savings	444'490'046	469'478'994
of which BVG old-age savings	152'878'536	159'783'846

The above amounts include the old-age savings of cases of disability which are yet to be resolved.

5.4 Actuarial reserves for pension recipients

	2008 CHF	2007 CHF
Actuarial reserves for pension recipients on 1.1	**49'260'686**	**29'207'142**
Creation of actuarial capital	**21'135'451**	**20'053'544**
Creation through retirement, death and disability	30'296'519	31'935'355
Release through lump-sum payments on retirement	-6'928'230	-10'278'514
Release through lump-sum payments on death/disability	-44'675	-700'602
Release through pension payments	-3'704'432	-2'360'021
Technical interest paid	1'724'124	1'022'250
Release of actuarial capital for pensions	-611'316	-707'112
Creation of actuarial capital for deaths	9'109	234'320
Creation of actuarial capital for disability/child's pensions	825'678	614'623
Actuarial profit/loss	-431'325	293'244
Actuarial reserves for pension recipients on 31.12	**70'396'137**	**49'260'686**

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	**CHF**	**2008 in %**	**CHF**	**2007 in %**
Old-age savings on retirement	30'296'519		31'935'355	
of which converted into pension	23'323'614	77%	20'956'239	66%
of which withdrawn as lump-sum payment	6'972'905	23%	10'979'116	34%

The «actuarial profit» is attributable to the fact that deaths were incurred among the PVS's retirees in 2008.

Current PVS pensions were not increased following a resolution which was passed by the Board of Trustees to this effect on 18 November 2008. The decision not to do so was based on the PVS's present underfunding and the difference between the 3.5% actuarial interest rate for pension capital and the 2.75% 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 adopt «generational accounting», which should illustrate the current transfer of the funds accumulated from working insurees to retirees. This will be done by taking the difference between the interest paid on working insurees' old-age savings capital and the technical interest paid on pension recipients' actuarial capital (including a strengthening of longevity risk) and applying this to the actuarial capital of pension recipients (including disability pension recipients) and the prior-year balance. Further possible transfers between working insurees and pension recipients will not be included in these generational accounting activities.

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

Year	Pension recipients' actuarial capital at 31.12 in CHF	Working insurees' savings capital at 31.12 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 %
TOTAL			**-1'882'459**		

* 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 dedicated to the following types of pension at year-end:

Actuarial capital for pension recipients	31.12.2008 CHF	31.12.2007 CHF	Change over prior year in CHF
Actuarial reserves for old-age pensions	62'624'866	43'717'532	18'907'334
Actuarial reserves for spouse's pensions	3'882'342	3'339'870	542'472
Actuarial reserves for disability pensions	2'892'596	1'358'667	1'533'929
Actuarial reserves for child's pensions	996'333	844'617	151'716
Total actuarial capital for pension recipients	**70'396'137**	**49'260'686**	**21'135'451**

5.5 Results of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted effective 31 December 2008. 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
- since the fluctuation reserves are currently below the levels required, the PVS is only able to cover the risks to which it may be exposed to a limited extent.

5.6 Actuarial principles

The accounting principles are based on EVK 2000 and an actuarial interest rate of 3.5 %. The calculations have been made in accordance with the 2000 Principles and Guidelines for Accredited Pension Actuaries of the SAV and the Swiss Chamber of Accredited Pension Actuaries, using the static method.

Breakdown of technical provisions	31.12.2008 CHF	31.12.2007 CHF	Change over prior year in CHF
Provision for increased longevity of pension recipients	3'165'012	1'970'427	1'194'585
Risk-related provision	18'067'114	15'742'607	2'324'507
Total technical provisions	**21'232'126**	**17'713'034**	**3'519'092**

To pay due regard to increasing life expectancy, a «provision for increased longevity of pension recipients» was created amounting to 4.5% (prior year: 4.0%) 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. On 31 December 2008, 92 insurees (prior year: 79) 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 on the balance sheet date. If the risk-related provision exceeds the maximum prescribed, the surplus amount is credited to the operating result on the balance sheet date.

5.7 Funding ratio as defined in BVV2, Article 44

	at 31.12.2008 CHF	**at 31.12.2007 CHF**	**Change over prior year in CHF**
Total assets at fair value	547'190'587	635'548'514	-88'357'927
less liabilities	-27'955'790	-4'497'004	-23'458'786
less accruals and deferred income	-248'310	-351'752	103'442
less employer's contribution reserves	-1'037'189	-1'037'189	0
Assets available	**517'949'298**	**629'662'569**	**-111'713'271**
Savings capital of working insurees	444'490'046	469'478'994	-24'988'948
Actuarial capital of pension recipients	70'396'137	49'260'686	21'135'451
Technical provisions	21'232'126	17'713'034	3'519'092
Actuarial capital required	**536'118'309**	**536'452'714**	**-334'405**
Funding shortfall/surplus as per BVV2 Art. 44 Para. 1 (assets available less actuarial capital required)	**-18'169'011**	**93'209'855**	**-111'378'866**
Funding ratio as per BVV2 Art. 44 Para. 1 (assets available x 100 divided by actuarial capital required)	**96.6%**	**117.4%**	

The PVS's funding ratio as defined in BVV2 Article 44 Paragraph 1 amounted to 96.6% on 31 December 2008. The PVS thus had a funding shortfall on the balance sheet date. The actions taken to rectify this are explained in Section 9 below.

6 Notes on the investments held and the net returns 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. And its investments in securities are generally in indexed 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 Advis.
EUR bonds	SSgA EMU Government Bond (EGBI) Index Fund	State Street Global Advis.
USD bonds	SSgA US Government Bond Index Fund	State Street Global Advis.
Mortgage loans	Mortgages to insurees	PFS Pension Fund Services
Shares: Switzerland	SSgA Switzerland MSCI CTF	State Street Global Advis.
Shares: Europe	SSgA MSCI Europe Index SL CTF	State Street Global Advis.
Shares: North America	SSgA Canada MSCI CTF SSgA U.S. MSCI CTF	State Street Global Advis.
Shares: Asia-Pacific	SSgA Australia MSCI CTF SSgA Hong Kong MSCI CTF SSgA Japan MSCI CTF SSgA New Zealand MSCI CTF SSgA Singapore MSCI CTF	State Street Global Advis.
Shares: emerging markets	State Street Daily Active Emerging Markets SL CTF SaraPro Inst. Fund Emerging Markets	State Street Global Advis. Bank Sarasin & Cie.
Real estate	Turidomus investment trust	Pensimo Management
Hedge funds	Mesirow Absolute Return Fund	Mesirow Financial
Commodities	Notes linked to basket of commodity indices from Morgan Stanley	Morgan Stanley

New Pictet money market investments were acquired in 2008. In further developments, the investments in Pictet (CH) LPP-short-mid term CHF bonds were disposed of in full and replaced by new investments in JB/SSgA Swiss GVT bonds. The PFS Alternative Defensive Strategy Fund was also disposed of in the course of the year.

On the issue of retrocession fees, the PVS asked its external asset managers in the course of 2008 whether they had received or paid any retrocession fees as defined in the Federal Supreme Court ruling of 22 March 2006. No such retrocession fees were declared.

6.2 Use of supplementary investment vehicles and returns therefrom (BVV2, Article 59)

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 2008) supplementary investment vehicles in terms of the investment guidelines specified in BVV2 in the following instances:

Anlagekategorie	SAA quota	Share at 31.12.2008	BVV2 limit	BVV2 article
Alternative investments	8%	4.8%	0%	53
Hedge funds (including forward foreign-exchange contracts)	3%	2.5%	0%	53
Commodities (including forward foreign-exchange contracts)	5%	2.3%	0%	53

Asset category	SAA quota	Gross share at 31.12.2008	Net share at 31.12.2008	BVV2 limit	BVV2 article
Foreign-currency receivables and non-Swiss shares	52%	43.8%	33.7%	30%	55e
Foreign-currency receivables	28%	26.6%		20%	54f
Non-Swiss shares	24%	17.2%		25%	54g

The currency risk is partly eliminated by the adoption of rules for hedging foreign currencies held. The shares of total assets accounted for by foreign-currency receivables and non-Swiss shares on the balance sheet date are shown gross (before currency hedges) and net (the remaining proportion of assets subject to foreign currency exposure after currency hedges). In assessments of deviations from BVV2's provisions, it is the net positions that are analysed.

The use of these supplementary investment vehicles is explained, with accompanying explanations, in a separate report. This report also conclusively confirms the PVS's compliance with the provisions of BVV2 Article 50.

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 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 then calculated as 2% of the «value at risk» for a three-year period. In setting the level of its fluctuation reserve, the PVS also pays due regard to the structure and development of the scheme's savings and actuarial capital and the technical provisions required. The reserve is calculated using the consistency principle, and is revised annually.

The PVS's investment strategy features the following fundamentals:

Fundamentals of investment strategy	**2008**	**2007**
Expected return	4.9%	4.9%
Historical risk (based on past 60 months)	4.9%	5.0%
Fluctuation reserve required as percentage of total savings & actuarial capital and technical provisions	17.3%	17.9%

The calculation of the fluctuation reserve required includes 3.5% interest on the old-age savings capital of working insurees (prior year 2.5%) 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 0.7%.

Fluctuation reserve required	**2008 CHF**	**2007 CHF**	**Change over prior year in CHF**
Fluctuation reserve on 1.1	93'209'855	76'066'237	17'143'618
Creation of fluctuation reserve through deposit	60'000	100'000	-40'000
Creation of fluctuation reserve of ISS Aviation AG	0	293'889	-293'889
Release of fluctuation reserve of ISS Zurich	-998'403	0	-998'403
Release of fluctuation reserve of ISS Geneva	-500'734	0	-500'734
Transfer to/from operating income statement	-91'770'718	16'749'729	-108'520'447
Fluctuation reserve as per balance sheet on 31.12	**0**	**93'209'855**	**-93'209'855**
Fluctuation reserve required	**92'748'467**	**96'025'036**	**-3'276'569**
Shortfall in fluctuation reserve	110'917'478	2'815'181	108'102'297

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	31.12.2008 CHF	% of total assets	SAA*	Band-width	31.12.2007 CHF	% of total assets
Cash, bonds and loans	**268'292'861**	**49.6%**	**40%**	**32 – 48%**	**267'555'088**	**42.5%**
Liquidity	43'472'420	8.0%	2%	0 – 4%	17'771'811	2.8%
Receivables	3'952'320	0.7%	0%		5'175'356	0.8%
CHF bonds	68'803'425	12.7%	13%	11 – 15%	92'429'595	14.7%
EUR bonds	89'745'790	16.6%	15%	13 – 17%	91'688'928	14.6%
USD bonds (including currency hedges)	28'331'935	5.2%	5%	4 – 6%	33'437'928	5.3%
Mortgage loans	33'986'970	6.3%	5%	4 – 6%	27'051'470	4.3%
Equities	**118'243'176**	**21.8%**	**30%**	**25 – 35%**	**172'582'785**	**27.4%**
Shares: Switzerland	25'034'107	4.6%	6%	4 – 8%	38'011'525	6.0%
Shares: Europe	29'093'205	5.4%	8%	6 – 10%	46'365'266	7.4%
Shares: North America	29'240'636	5.4%	7%	5 – 9%	35'048'412	5.6%
Shares: Asia-Pacific	25'474'807	4.7%	6%	5 – 7%	31'106'759	4.9%
Shares: emerging markets	9'400'422	1.7%	3%	2 – 4%	22'050'824	3.5%
Non-traditional investments	**26'087'570**	**4.8%**	**8%**	**5 – 15%**	**64'981'827**	**10.3%**
Hedge funds	13'650'340	2.5%	3%	2 – 4%	35'057'478	5.6%
Private equity	0	0.0%	0%	0 – 4%	0	0.0%
Commodities (including currency hedges)	12'437'230	2.3%	5%	3 – 7%	29'924'349	4.7%
Real estate	**128'811'290**	**23.8%**	**22%**	**20 – 27%**	**124'877'321**	**19.8%**
Real estate in Switzerland	128'811'290	23.8%	22%	20 – 24%	124'877'321	19.8%
Real estate outside Switzerland	0	0.0%	0%	0 – 3%	0	0.0%
Total assets	**541'434'896**	**100.0%**			**629'997'022**	**100.0%**

*SAA = strategic asset allocation (investment strategy)

Currency hedges	31.12.2008 CHF	% of total assets	SAA*	Band-width	31.12.2007 CHF	% of total assets
Total currency hedges	**41'136'850**	**7.6 %**	**15 %**	**6 – 39%**	**71'846'832**	**11.4 %**
USD	41'136'850	7.6%	15%	6 – 22%	71'846'832	11.4%
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%

Currency hedges within products (e.g. the Mesirow Absolute Return Fund) are not included in the above. In view of this, the level of hedging shown is lower than in reality.

The proportions of total assets held in liquidity and mortgages were higher than their SAA bandwidth maxima on 31 December 2008. The liquidity exceedance is connected with the termination of the affiliation agreement with ISS Aviation AG, Kloten, for which purpose liquid funds have intentionally been increased.

The proportions of total assets held in Asia-Pacific shares, shares in emerging markets and commodities were lower than their SAA bandwidth minima on the balance sheet date. These exceedances can be attributed to extreme negative developments, especially on the equities markets. In response to these, and to reduce its investment risk, the PVS has taken the precautionary measure of not generally reallocating assets to share categories.

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. Upon retirement, the loan amount must be reduced (or have been reduced through prior repayments) to no more than 65% of the property's market value.

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 2.75% in 2008. It was reduced to 2.5% on 1 January 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: 1% to the end of September 2008, 0.75% since October 2008.

Mortgage loan developments in 2008 were as follows:

Mortgage loan developments	**Number in 2008**	**CHF total in 2008**	**Number in 2007**	**CHF total in 2007**
As of 1.1	**79**	**27'051'470**	**75**	**25'096'835**
New mortgages	20	7'360'000	6	2'463'000
Mortgages terminated	-1	-455'000	-2	-600'000
Increases		350'500		208'635
Amortisations		-320'000		-117'000
As of 31.12	**98**	**33'986'970**	**79**	**27'051'470**
Of which fixed-interest-rate mortgages	20	8'636'000	14	6'021'000

Mortgagers by type	**2008**	**2007**
Working insurees	80	70
Pension recipients	10	6
Others	4	2
As of 31.12	****94**	***78**
Average loan amount	**57.7%**	**59.1%**

*= one mortgager had two mortgage tranches

**= two 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 on 31.12.2008 CHF
USD bonds	USD	24'400'000	1.1837	1.0548	
sale on 4.12.2009			28'882'280	25'736'901	3'145'379
USD commodities	USD	14'600'000	1.1837	1.0548	
sale on 4.12.2009			17'282'020	15'399'949	1'882'071
Total open forward foreign-exchange contracts on 31.12.2008		**39'000'000**	**46'164'300**	**41'136'850**	**5'027'450**

The above forward foreign-exchange contracts are covered by the investments in USD bonds and USD commodity notes and were concluded via Credit Suisse (as the counterparty). With the Mesirow Absolute Return hedge fund, the currency hedge is included in the product.

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 2008	Value in CHF at 31.12.08	Income in CHF 2007	Value in CHF at 31.12.07
Turidomus investment trust	**5'016'848**	**128'811'290**	**6'858'761**	**124'877'321**
Casareal investment group	**3'476'775**	**71'044'210**	**3'229'940**	**66'058'112**
Dividend	3'099'600		2'965'022	
Change in inventory value	377'175		264'918	
Proreal investment group	**1'540'073**	**57'767'080**	**3'628'821**	**58'819'209**
Dividend	2'592'203		2'439'720	
Change in inventory value	-1'052'129		1'189'101	

The PVS's real-estate investments 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 business year plus/minus the changes in the inventory value of the properties owned.

According to information provided by the Turidomus investment trust (in a proposal to its investors' meeting), a CHF 45 per unit dividend is planned for 2008 for the Casareal investment group, and CHF 42.50 per unit for the Proreal investment group. The 2008 dividend should be distributed by 31 May 2009.

6.6.2 Detailed income from hedge funds

	Income in CHF 2008	Value in CHF at at 31.12.08	Income in CHF 2007	Value in CHF at 31.12.07
Total Hedge Funds (including currency hedges)	**-4'990'754**	**13'650'340**	**1'307'206**	**35'057'478**
Mesirow Absolute Return Fund	**-3'105'112**	**13'650'340**	**875'049**	**16'755'452**
PFS Alternative Defensive Strategy	**-1'885'642**	**0**	**432'157**	**18'302'026**
Difference to market value	-762'290		-295'374	17'523'336
Realised currency hedges	-1'123'352		-51'160	
Unrealised currency hedges	0		778'691	778'691

The investments in the PFS Alternative Defensive Strategy Fund and the corresponding currency hedge were disposed of in 2008. With the Mesirow Absolute Return Fund, the currency hedge is included in the product.

6.6.3 Overall investment performance

According to calculations, overall investment performance by asset category was as follows:

Income from investments	31.12.2008 CHF	Perf'nce in %	31.12.2007 CHF	Perf'nce in %
Cash, bonds and loans	**6'484'036**	**2.2%**	**7'082'494**	**n/a**
Liquidity	-1'438'151	-1.4%	402'150	2.2%
Receivables	0	0.0%	0	0.0%
CHF bonds	4'526'222	5.4%	-2'485	0.0%
EUR bonds	-1'943'139	-2.1%	4'136'393	4.4%
USD bonds (including currency hedges)	4'478'720	9.0%	1'811'184	5.6%
Mortgage loans	860'384	2.9%	735'252	3.0%
Equities	**-85'109'718**	**-43.7%**	**10'744'227**	**n/a**
Shares: Switzerland	-12'967'156	-34.4%	-155'644	1.7%
Shares: Europe	-27'232'377	-49.7%	3'737'450	6.2%
Shares: North America	-17'655'171	-41.5%	1'390'017	-0.1%
Shares: Asia-Pacific	-14'606'081	-40.1%	-431'630	-2.6%
Shares: emerging markets	-12'648'933	-57.5%	6'204'034	26.9%
Non-traditional investments	**-23'057'516**	**-46.9%**	**6'818'555**	**n/a**
Hedge funds (including currency hedges)	-4'990'754	-20.4%	1'307'206	3.9%
Private equity	0	0.0%	0	0.0%
Commodities (including currency hedges)	-18'066'762	-63.2%	5'511'349	22.2%
Real estate	**5'016'848**	**3.9%**	**6'858'761**	**5.7%**
Real estate in Switzerland	5'016'848	3.9%	6'858'761	5.7%
Real estate outside Switzerland	0	0.0%	0	0.0%
Total income from investments	**-96'666'350**	**-15.3%**	**31'504'037**	**5.4%**

The performance of the investment reporter was calculated using the time-weighted return (TWR) method and shown 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 share and bond investments. The securities are lent within State Street's common trust funds, and 60 % of the income which State Street derives therefrom accrues to the PVS. For the PVS's share investments, the income generated is shown separately for each share category, is reinvested and is included in the performance of the category concerned.

Income from securities lending	**2008**
Shares Switzerland investment fund	136'249
Shares Europe investment fund	143'049
Shares North America investment fund	35'130
Shares Asia-Pacific investment fund	34'803
Shares emerging markets investment fund	1'469
Total income from securities lending	**350'700**

For the PVS's bond investments, the income is added directly to the fund, with no dividend or reinvestment.

The State Street Securities Lending Programme saw a number of significant changes in the course of 2008.

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 share funds, investors can choose between funds with and without securities lending; with bond funds, State Street does not offer this choice, and the securities lending programme is incorporated into the product.

In view of the above, State Street issued a circular on 23 March 2009 outlining the following consequences for assets invested in foreign-currency share 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 («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.

As of 31 December 2008, no audited net inventory values were available which would allow the value adjustments to the cash collateral to be quantified with any degree of precision.

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	2.25 %

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 2008, which were not paid until January and February 2009 respectively.

7.1.2 Other receivables

	31.12.2008 CHF	31.12.2007 CHF
Refundable withholding tax amounts	1'134'416	1'860'822
Outstanding interest owed on mortgage loans	43'461	45'582
Total other receivables	**1'177'877**	**1'906'404**

«Other receivables» consist of refundable withholding tax amounts and outstanding interest owed on mortgage loans. The refundable withholding tax amounts are generally paid in the first quarter of the following year. The outstanding interest owed on mortgage loans for 2008 was paid in January 2009.

7.1.3 Prepayments and accrued income

	31.12.2008 CHF	31.12.2007 CHF
Prepaid administration fees for the following year	3'888	138'550
Provision for the LOB Guarantee Fund	0	8'200
Provision for brokerage fee rebates	60'000	0
Accrued real-estate income	5'691'803	5'404'742
Total prepayments and accrued income	**5'755'691**	**5'551'492**

This item largely consists of the annual dividend from the Turidomus real-estate investment trust, which was still outstanding at year-end.

Liabilities

7.1.4 Other obligations

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

7.1.5 Accruals and deferred income

Accruals 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

Movements in the ISS Aviation employer's contribution reserve	ISS Aviation AG Zurich operations 2008 CHF	ISS Aviation AG Geneva operations 2008 CHF	ISS Aviation AG Zurich operations 2007 CHF	ISS Aviation AG Geneva operations 2007 CHF
At 1.1	768'463	268'726	610'130	200'702
Employer's contributions	0	0	138'504	61'500
Interest	0	0	19'829	6'524
ISS Aviation employer's contribution reserve at 31.12	**768'463**	**268'726**	**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.

7.1.7 ISS Aviation AG Kloten fluctuation reserve

Movements in ISS Aviation fluctuation reserve	ISS Aviation AG Zurich operations 2008 CHF	ISS Aviation AG Geneva operations 2008 CHF	ISS Aviation AG Zurich operations 2007 CHF	ISS Aviation AG Geneva operations 2007 CHF
At 1.1	998'403	500'734	800'760	404'488
Employer's and employees' contributions	0	0	171'618	83'100
Interest	0	0	26'025	13'146
Release to working insurees' old-age savings accounts	-998'403	-500'734	0	0
Total ISS Aviation fluctuation reserve at 31.12	**0**	**0**	**998'403**	**500'734**

In view of the termination of the affiliation agreements of ISS Aviation AG, Kloten, the fluctuation reserves of ISS Aviation AG, Kloten accumulated from the risk insurance premiums paid by the employer and employees were distributed among the insurees concerned using a predetermined distribution formula.

7.2 Operating income statement

7.2.1 One-off deposits and buy-in amounts

	2008 CHF	2007 CHF	Change over prior year
Employees' voluntary deposits	879'220	629'150	250'070
Employer's deposits	102'648	393'457	-290'809
Total one-off deposits and buy-in amounts	**981'868**	**1'022'607**	**-40'739**

The employer's deposits consist of leaving compensation paid directly into the PVS.

7.2.2 Home financing repayments and divorce-related deposits

	2008 CHF	2007 CHF	Change over prior year
Voluntary repayments of home financing withdrawals	78'233	390'910	-312'677
Amounts received through divorce settlements	820'850	925'950	-105'100
Total home financing repayments and divorce-related deposits	**899'083**	**1'316'860**	**-417'777**

Five insurees (prior year: eight) 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. One insuree (prior year: six) made a voluntary repayment of PVS savings that had previously been withdrawn for home financing purposes.

7.2.3 Child's pension payments

	2008 CHF	2007 CHF	Change over prior year
Child's pensions for children of old-age pension recipients	40'859	27'450	13'409
Orphan's pensions	50'972	53'524	-2'552
Child's pensions for children of disability pension recipients	19'434	9'008	10'426
Total child's pension payments	**111'265**	**89'982**	**21'283**

7.2.4 Home financing withdrawals and divorce-related payments

	2008 CHF	2007 CHF	Change over prior year
Withdrawals for home financing purposes	2'213'674	2'585'132	-371'458
Old-age savings amounts transferred out as part of divorce settlements	1'016'343	526'803	489'540
Total home financing withdrawals and divorce-related payments	**3'230'017**	**3'111'935**	**118'082**

A total of 25 insurees (prior year: 34) made use of the «WEF» facility permitting the use of PVS old-age savings for home financing purposes. The average «WEF» advance withdrawal was CHF 88'547 (prior year: CHF 76'033).

A total of 13 insurees (prior year: eight) 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 expense

	2008 CHF	2007 CHF	Change over prior year
Contribution to Swissport case management	225'000	0	225'000
Contribution to LOB Guarantee Fund	181'059	179'556	1'503
Total insurance expense	**406'059**	**179'556**	**226'503**

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
- that the PVS's contribution commitment is for an initial two years, and will be reviewed at the end of 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 insurees were informed of the corresponding decision.

7.2.6 Asset administration costs

	2008 CHF	2007 CHF	Change over prior year
Global custodian costs	21'246	71'016	-49'770
Investment advisory costs	70'905	46'979	23'926
Management fees / bank fees for indirect investments	168'164	912'968	-744'804
Stamp duties	18'126	216'947	-198'821
Mortgage management fees	33'174	27'882	5'292
Total asset administration costs	**311'616**	**1'275'792**	**-964'176**

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 Administration costs

	2008 CHF	2007 CHF	Change over prior year
Auditors' fees	49'467	44'728	4'739
Accredited pension actuary's fees	33'552	59'264	-25'712
Board of Trustees' compensation, expenses and training costs	49'542	32'674	16'868
PFS AG administration costs	974'142	899'042	75'100
Translation and printing costs	37'965	19'299	18'666
Retiree seminar costs	5'000	7'500	-2'500
Other administration costs	11'997	3'749	8'248
Total administration costs	**1'161'667**	**1'066'256**	**95'411**

Based on the 3 894 working insurees and pension recipients (not including recipients of child's pensions) on 1 January 2008, the PVS's administration costs amounted to CHF 298 per beneficiary in 2008 (compared to CHF 303 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 Underfunding/notes on the action taken (BVV2, Article 44)

The PVS was underfunded (as defined in Article 44 of BVV2) on the balance sheet date. The Board of Trustees has developed a raft of measures, together with the accredited pension actuary, to eliminate the underfunding within a reasonable timeframe (5 – 7 years). More specifically, the actions envisaged are:

- not setting the final annual interest rates to be paid until the last quarter of each year (with the BVG interest rate paid on the BVG part of overall old-age savings if benefits become due in the course of the year), with insurees leaving the PVS paid follow-up amounts if an interest payment is resolved
- working insurees to receive only 2.75% interest on their old-age savings for 2008
- no increase in current pensions for 2008
- no asset reallocations to compensate for value declines in share assets held
- consistent monitoring of investment strategy and the risk situation.

The Board of Trustees has kept its working insurees and pension recipients comprehensively informed about the present underfunding situation.

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 on 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 present underfunding of the PVS as of 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 will be transferred following the approval of the 2008 PVS annual financial statements and based on the partial liquidation calculations of the accredited pension actuary.

9.3 Pledged assets

The PVS maintains a CHF 5'000'000 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 to maintain the credit amount.

10 Post-balance-sheet events

No events have occurred since 31 December 2008 which would need to be disclosed here.

REPORT OF THE STATUTORY AUDITORS TO THE BOARD OF TRUSTEES OF THE SWISSPORT COMPANY PENSION SCHEME, OPFIKON

As statutory auditors, we have audited the financial statements (balance sheet, statement of income and expenditure and notes on pages 12 to 42), the management, the investments and the old-age savings accounts of the Swissport Company Pension Scheme, for compliance with legal provisions for the year ended 31 December 2008.

The financial statements, the management of the pension fund, the investments and the old-age savings accounts are the responsibility of the board of trustees. Our responsibility is to express an opinion on these financial statements based on our audit. 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 from 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 recived 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 old-age savings accounts comply with Swiss law as well as the pension fund's charter of foundation and regulations.

The financial statements show a shortfall in coverage of CHF 18'169'011 and a coverage ratio of 96.6 %. Steps undertaken, under the responsibility of the board of trustees, to eliminate the shortfall in coverage, for the investment and for the information of the beneficiaries, with the involvement of the pension actuary, are described in the notes to the financial statements. In accordance with article 35a para. 2 OOB2, we have the obligation to set-out in our report whether the investments coincide with the risk profile of the pension fund with a shortfall in coverage. In this context, we note that

- the board of trustees has performed his executive function actively, in an appropriate manner and comprehensibly, consistent with the investment strategy adequately selected based on the pension fund's risk profile, as described in note 6.4 of these financial statements;
- the board of trustees has comlied with the legal requirements in undertaking the investments, in particular in selecting an investment strategy which is in line with the pension fund's current risk profile, while taking into account all assets and liabilities, the true financial situation, membership structure, and foreseeable trends in membership;
- the investments with the employer are consistent with the applicable legal provisions;
- taking account of the preceding remarks, the investments are consistent with the specific legal requirements of articles 49a, 50 and 59 of OOB2;
- the measures taken to eliminate the shortfall in coverage have been decided by the board of trustees with the involvement of the pension actuary, have been implemented in accordance with the applicable legal requirements and the applicaple action plan, and the notification requirements have been adhered to;
- the board of trustees has monitored the effectiveness of the steps taken to eliminate the shortfall in coverage so far. The board of trustees has further confirmed to us that they will continue to monitor and modify the strategy, if required, in the event of any change in circumstances.

We draw attention to the fact that the planned elimination in the shortfall in coverage and the risk profile regarding investments depends on future events that are uncertain, for example future developments in general market conditions and future development at the employer.

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

KPMG AG

Kurt Gysin	Martin Bieri
Licensed Audit Expert	Licensed Audit Expert

Zurich, 30 April 2009