2010 Annual Report

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

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FOREWORD

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

Putting the past behind us – GPS partial liquidation completed
2010 was a fairly unspectacular year for both the bond and equity markets. Both asset classes saw a slightly negative performance over the year as a whole, although equities performed slightly better than bonds.

However, events were more turbulent on the foreign exchange markets. Safe havens such as the CHF and JPY emerged as the strongest currencies during what were occasionally stormy periods on the foreign exchange markets in 2010. For CHF investors the EUR, as well as the GBP and USD, suffered significant losses of up to 16%.

The banking crisis followed by the sovereign debt crisis
By mid-April 2010 the Swiss equity market, measured by the Swiss Market Index (SMI), had climbed to the highest level since the collapse of the US investment bank Lehman Brothers in September 2008. From the second half of April onwards, investors' uncertainty about the high levels of sovereign debt in many EU countries put the SMI under pressure. Market volatility increased significantly. On 31 December 2010 the SMI closed at 6436 (end of 2009: 6606). For 2010 as a whole, the SMI reported a positive performance of 1.47%. However, the SMI's all-time high of 9531 reached in the summer of 2007 remains a distant prospect.

Turning to our funding ratio: After the partial liquidation of the GPS and the application of BVG interest to all old-age savings, our funding ratio stood at 105.1% at 31 December 2010 (previous year: 106.5%).

However, this is still well short of our target funding ratio of 117.5% (based on a two-year fluctuation reserve).

Board of Trustees

Re-elections to the Board of Trustees – term of office from 1 July 2010 to 30 June 2013
The deadline for submitting nominations for the re-election of employees' representatives to the Board of Trustees of PVS expired on 26 February 2010. The four previous employees' representatives stood for re-election:
- Ms Sonja Eckerlin, BSH, for the Basel operations unit
- Mr Philippe Crippa, GA, for the Geneva operations unit
- Ms Margrit Coimbra, BZRL, for the Zurich operations unit

According to the election regulations of 16 September 2003, nominations have to be submitted to the PVS administrative office within three weeks of the announcement of elections. No other nominations apart from those of the previous employees' representatives were received during this period. As the same number of candidates put themselves forward for election as there were seats available, the three previous employees' representatives were automatically re-elected.

The PVS congratulates the three employees' representatives on their renewed re-election and would like to thank them for their diligence and active commitment since the foundation of the scheme in the summer of 2002.

Change in an employer's representative
Torsten Schneider, employer's representative on the Board of Trustees and the Investments Committee, left Swissport International AG at the end of May 2010. He remained on the Board of Trustees until its 44th meeting on 8 July 2010 and continued to head the Investments Committee.

Eva-Maria Kerner has taken over from Mr Schneider on the Board of Trustees and as Head of the Investments Committee. She has worked at Swissport International AG as a corporate controller since February 2010 and therefore has the experience and expertise required for this demanding assignment. She has already been integrated fully within the Board of Trustees team.

Management of the PVS
We can continue to count on the energetic leadership and commitment of Markus Staudenmaier, Managing Director since January 2009, Markus Bleisch, customer advisor since November 2009, and Claudia Sommer, customer advisor since May 2009, all of whom work for Pension Fund Services AG (PFS AG).

Reymond Früh succeeded our longstanding Head of Accounting Mischa Wyss Erni on the publication of the 2009 annual report, i.e. in May 2010.

We have a three-year contract with PFS AG running from 2010 to 2012.

Affiliation agreements
The founder-employer of the PVS is Swissport International AG, Opfikon, Zurich (75 working insurees), which established the scheme in its Deed of Trust of 15 September 2003. The PVS also held affiliation agreements with the following nine companies and operations at the end of 2010:
• Swissport Group Services GmbH, Baar, Zug (25 working insurees)
• Swissport International AG, Zurich operations (1683 working insurees)
• Swissport Baggage Sorting AG, Kloten, Zurich (170 working insurees)
• Careport AG, Opfikon, Zurich (82 working insurees)
• Swissport International AG, Basel operations (361 working insurees)
• Swissport International AG, Geneva operations (883 working insurees)
• GVAssistance S.A, Le Grand-Saconnex, Geneva (47 working insurees)
• Privatport S.A., Meyrin, Geneva (7 working insurees)
• Unitpool AG, Kloten, Zurich (11 working insurees)
(= a total of 3346 working beneficiaries as of 31 December 2010)

The Spanish infrastructure group of companies Ferrovial (www.ferrovial.com), which had controlled 100 % of the Swissport Group since 1 October 2005, sold the entire Swissport Group to the French private equity company PAI Partners (www.paimanagement.com) in November 2010 for EUR 695 million. The formal closing took place in February 2011.

Each year Swissport International AG provides ground handling services for around 100 million passengers and 3.2 million tonnes of cargo (the latter with 98 warehouses with an area of over 360 000 m^2) for some 650 aviation customers. With its workforce of some 33 000 staff working at 185 locations in 37 countries on five continents, Swissport generated revenues of CHF 1.7 billion in 2010 (www.swissport.com).

Termination of the affiliation agreement with Unitpool AG, Kloten, with effect from 31 December 2011
At its meeting of 23 November 2010, the Board of Trustees decided to terminate the PVS's affiliation agreement with Unitpool AG, Kloten, with effect from 31 December 2011 because the commercial affiliation stipulated by Article 3.3 of the PVS Deed of Trust no longer applies.

2010, the seventh business year
The PVS began its seventh business year on 1 January 2010 with 3 297 working beneficiaries, actuarial capital for working beneficiaries of CHF 438 million and a funding ratio of 106.5 %. It closed on 31 December 2010 with 3346 working beneficiaries, actuarial capital for working beneficiaries of CHF 458 million, a funding ratio of 105.1 %, annual interest of 2.00% on all old-age savings (unchanged from 2009) and a performance for the year of 1.5 %.

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

Information events on the 2009 Annual Report were held at all three working locations – Basel, Geneva and Zurich.

The PVS had no collective admissions or departures in 2010.

Partial liquidation of the General Pension Scheme of the SAirGroup (GPS)
The GPS made the following announcement on 9 March 2010: "In its ruling of 8 February 2010 the Swiss Federal Supreme Court, as the court of last instance, reversed the rulings of the Swiss Federal Administrative Court of 2 July 2009, thereby rendering groundless all objections to the partial liquidation of the General Pension Scheme (GPS) of the SAirGroup. The decision, which we sent to you in October 2005, has thus taken legal effect. The GPS Board of Trustees is delighted by this ruling, which confirms the plan it put forward for the distribution of freely disposable funds between those who continue to be insured under the GPS and those who are no longer insured. The around 19 000 former beneficiaries of the GPS and the 4700 pension recipients will each receive a letter by the end of April 2010."

Details on the partial liquidation of the GPS can be found on its homepage:
http://www.swissair-group-pensions.com/apk/de/liquidation.xhtml

After this ruling, the partial liquidation of the GPS could be completed according to the procedures decided by the Board of Trustees of the GPS at its meeting on 26 May 2005.

At the end of April 2010 those beneficiaries who had left the GPS were sent a letter by the GPS directly informing them of the situation. The PVS received its share of the GPS partial liquidation funds amounting to CHF 36.7 million with value date 3 May 2010. Due to a number of favourable effects and the generosity of the GPS, the GPS partial liquidation funds increased from the 8.33 % agreed in 2005 to 9.4 %.

At its meeting on 6 May 2010 the Board of Trustees of the PVS decided unanimously to credit the partial liquidation funds from the GPS to entitled insurees individually. All insurees who transferred collectively and directly from the GPS to the PVS on 1 January 2004 were entitled to receive a share of these funds.

1492 working PVS insurees who were formerly in the GPS
The former GPS insurees who transferred collectively and directly from the GPS to the PVS on 1 January 2004 and were still working insurees of the PVS in May 2010 had their individual entitlement (gross amount less contribution to the PVS equalisation reserves) credited to their individual old-age savings accounts on 3 May 2010 (=date of the GPS transfer). These insurees then received a confirmation and a new statement of benefits.

How much is the individual share which was credited directly to the individual contribution accounts? Generally, funds flowing into an occupational pension scheme and the uses to which they are put may not worsen the present state of the scheme concerned and may not result in any dilution for other beneficiaries, in this case the non-ex-GPS beneficiaries. To meet this requirement a small portion of the total funds received from the GPS accrued collectively to the PVS to prevent any deterioration in the fluctuation reserve and the funding ratio of 108.1% as of 30 April 2010 for all 3368 PVS beneficiaries at the time, including the 1492 former GPS beneficiaries.

Below we provide the sample calculation communicated to all beneficiaries:

INITIAL POSITION as of 1 January 2004 (creation of the PVS)
Individual vested benefits entitlement on leaving the GPS on 31 December 2003 in accordance with the GPS leaving statement of 21 January 2004, transferred to PVS effective 1 January 2004.
Assumption: Vested termination benefits* of CHF 200 000, corresponding to 100 %
Note: The vested termination benefits were adjusted by the GPS if you made any one-off deposits such as personal buy-ins or a transfer on divorce or if you made any withdrawals such as an advance drawdown for home ownership purposes (WEF) or an assignment on divorce.

ASSIGNMENT of the funds from the GPS partial liquidation
As per the contractual agreements, the GPS transferred 8.33 % of the GPS partial liquidation funds to the PVS on 3 May 2010

→ individual assignment / **credited to the individual vested benefits account** at PVS:	CHF 16 660	8.33 %	
In accordance with the legal requirements, the agreement with the GPS and the Board of Trustees' resolution of 6 May 2010, the following amount from the other GPS partial liquidation funds will accrue directly and **collectively to the PVS** to maintain the current equalisation reserve and the funding ratio of 108.1% as of 30 April 2010 and thereby prevent any dilution of the present PVS:	CHF 1400	0.70 %	9.40 %
The rest of the 9.4 % of the total GPS partial liquidation funds received on 3 May 2010 will be in turn individually assigned, i.e. credited to the **individual PVS vested benefits account**:	CHF 740	0.37 %	
Total credit to the individual account	*CHF 17 400*		

271 PVS retirees who are former GPS members
Those PVS retirees who are entitled to a share in the GPS partial liquidation received their individual entitlement (gross amount / 9.4 %) in the form of a one-off payment between end-May and end-June 2010.

527 former GPS insurees who have left the PVS
Insurees who had left received their individual entitlement (gross amount of 9.4 %) as a one-off payment credited to their individual account at their current occupational pension scheme between the end of May and the end of June 2010. In the case of insurees who had left for whom we held no current address, the payments were transferred to the Vested Benefit Foundation of PFS Pension Fund Services AG. The funds will remain parked there until such time as they are claimed.

The Board of Trustees also decided to allocate or pay out all partial liquidation funds – even if they amounted to less than CHF 500 – to the claimants individually.

As a result the partial liquidation of the GPS ultimately ended happily for all concerned after a delay of over six years and everyone involved received their individual entitlement from the GPS. Not a single complaint or lawsuit was lodged up to the end of March 2011. The distribution of the GPS partial liquidation funds of CHF 36.7 million was audited by our statutory auditors KPMG AG and is included in the enclosed annual financial statements.

Actuarial appraisal
The following is a summary of the actuarial appraisal as at 31 December 2010 presented by the accredited pension actuary:

The PVS is an autonomous occupational pension scheme and bears all its own risks. According to the calculations by the accredited pension actuary, the risk insurance premium of 3.5 % did not need to be increased for 2010.

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

The calculations were based once again on the EVK 2000 actuarial tables. The new BVG 2010 tables are now available and the PVS will switch to these.

Our insuree structure shows a healthy picture. The number of people who are nearing retirement age is fairly high. The average age of our insured persons is 40.9 years, which is relatively low compared with that of an average pension scheme (44 years).

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

The maximum technical provisions have been accrued. These are primarily provisions for pending claims, longevity and pension losses. The PVS risk development was neutral in 2010.

The PVS currently has 73 insurees (previous year 71) who have been unable to work for more than 60 days. It is not known at this time how many of these insurees will draw a pension from the PVS in future.

2010 annual result
The vested benefits paid in by joining insurees amounted to approximately CHF 10.6 million in 2010, compared to CHF 5.4 million in 2009. Vested termination benefits paid out on leaving remained roughly unchanged from 2009 at CHF 14.6 million.

The PVS paid CHF 5.8 million in old-age pensions in 2010, compared with CHF 4.5 million in 2009. Lump-sum payments on retirement rose from CHF 8.5 million in 2009 to CHF 8.7 million in 2010.

The increase in retirement benefits is a result of the increased number of pension recipients.

Interest payments stood at CHF 8.7 million in 2010, up from CHF 8.5 million in 2009.

The number of insurees rose by 49. The number of old-age pension recipients continued to rise, and at the end of the year had reached 222, while the number of disability pension recipients rose to 26.

The contributions received exceeded the statutory benefits paid out, but the amounts paid in by those joining came to less than the vested termination benefits paid out to those leaving. Nevertheless, the PVS reported a net capital inflow. Pension liabilities also increased slightly.

Liquidity was higher due to investments in a money market fund. In the case of bonds, we completed the shift in our investments to bonds without securities lending in 2010. Our investments in equities and non-traditional investments continued their recovery in 2010. Mortgage loans decreased slightly.

In the year under review the Board of Trustees decided to hedge 50 % of its investments in euro-denominated bonds. This process was completed in March 2011.

Asset management costs were higher in 2010 than in the previous year, an increase which can be attributed to the switching of our investments.

In accordance with the contract with PFS AG, the PVS's administration expenses are based on a sliding scale. They amount to CHF 294 per head. In addition, the fees for the accredited pension actuary and the audit increased slightly due to increased activities in connection with the GPS partial liquidation.

Investments
At its meeting on 20/21 September 2010 the Board of Trustees decided to retain its current strategy. However, the uncertainty surrounding the euro led it to hedge 50 % of the scheme's holdings of euro-denominated bonds; this hedge will be implemented in three stages. A currency hedge reduces the exchange rate risk of an investment without reducing the long-term return.

Strategy
The Strategic Asset Allocation (SAA), valid from 1 October 2009, remained unchanged. Only the lower target ranges of bonds and equities were adjusted in the year under review. This widens the Board of Trustees' decision-making leeway in the event of major market swings.

Equities
The PVS targets a long-term return on investment of 5 % to meet the implicit requirements for company pension schemes. This means holding as many investments in equities and similar instruments as the PVS's risk capacity will bear, but not more, otherwise the losses from a future market downturn could potentially be so severe as to make it impossible to continue the strategy. As so often in life, it is a matter of balancing risks and opportunities and keeping a close eye on that balance at all times.

Sustainable investments
The gradual investment of CHF 30 million in the three equity-based sustainable investments excluding securities lending was completed in the year under review: Sarasin OekoSar Equity – Global F, Henderson Global Care Growth Fund and SAM Smart Energy Fund.

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

Shift of equities and bonds into non-securities-lending funds with SSgA
This switch was completed in the year under review.

Currency hedges
For many years now, the PVS has been hedging a large proportion of its USD holdings against currency risks. In the year under review, the Board of Trustees also decided to hedge 50 % of its investments in euro-denominated bonds.

Mortgage loans

We have made good progress with regard to (beneficiaries') mortgage loans. These total around CHF 28.6 million, representing 4.6% of our pension scheme's assets. As at 31 December 2010, the PVS carried 58 variable-rate mortgages at an aggregate loan value of CHF 18.2 million and 28 fixed-rate mortgages totalling CHF 10.4 million.

Funding ratio

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

Interest rates set

Interest paid on old-age savings for 2010

The Board of Trustees resolved on 23 November 2010 to pay interest of 2% on all insurees' old-age savings for 2010 (previous year: 2%), thereby adopting the BVG interest rate set by the Swiss Federal Council. Those insurees who retired or left the PVS in the course of the year received this interest retrospectively at the end of 2010.

2011 interest rate on old-age savings

The Board of Trustees will not decide what interest to pay on insurees' old-age savings until towards the end of 2011. The Board of Trustees has chosen to proceed in this way as it is impossible to make reliable predictions of financial market developments.

2011 interest rate for intra-year events

As in 2004 – 2007 and in 2009 – 2010, the PVS will not add interest to any amounts withdrawn from the scheme by insurees leaving or retiring in the course of 2010. Any interest paid on such amounts at a later date will be based on the interest rate on old-age savings for 2011.

Projected interest rate for 2012

The projected interest rate is 2% and corresponds to the BVG interest rate set by the Swiss Federal Council for 2011. The projected interest rate is used to calculate future PVS benefits. For PVS beneficiaries it has been used for all calculations of projected benefits (for old age, disability and death) shown on their individual statement of benefits since 1 January 2010.

Pension adjustments for 2011

The Board of Trustees also resolved at its meeting of 23 November 2010 that it would not increase PVS pensions from their present levels on 1 January 2011 in view of the current situation on the financial markets and the generational imbalance (the higher technical interest rate of 3.5% on pension fund capital compared to the interest currently being paid on working insurees' old-age savings).

Participation of pension recipients in any surplus income
As pensions are fully funded under the BVG capitalisation system, in contrast to the AHV system, which operates on a pay-as-you-go basis, pensions are not increased during their term of payment. The accumulated capital is consumed during the period of payment of the pensions. Together with the returns generated on investments, this capital must be sufficient to fund the pensions during their entire term. The only possibility is that in years with strong investment performance, pension recipients could be allowed to participate in the surplus income generated from their investments. It is possible to allow pension recipients to share in the investment performance if PVS has surplus income left over after meeting all of its statutory and regulatory obligations.

A working group was formed to draft guidelines on the participation of pension recipients in surplus income. They were approved unanimously by the Board of Trustees on 21 September 2010.

Personnel Care – new Swissport health management
Case management, which involves helping Swissport staff who are ill or have suffered an accident to return to the workplace, is one of the responsibilities of the health management team. The team is also responsible for social counselling, debt counselling, health promotion (Fit on Ground), accident prevention (Suva "stumbling path") and addiction prevention.

The new team, which is responsible for Swissport Zurich and Swissport Basel, was built up from the autumn of 2009 onwards. The team consists of three employees who have many years of professional experience in airports and are also qualified either in social work, social pedagogy or psychology. Swissport Geneva has its own team.

Swissport Case Management (CM) dealt with a total of 187 people in 2010. 106 people were able to exit CM during the year. Of these, 78 were able to continue their employment with Swissport. Four persons unfortunately suffered disability.

Since 1 January 2010, all cases have been handled via e-case, which has increased the transparency and comparability of the results.

Reinsurance of risks at PKRück for six years
At its meeting of 23 November 2010, the Board of Trustees decided to reinsure the risks of disability and death with PKRück for six years from 2011 to 2016. PKRück is a sound and solid partner and shares our objective of reducing claims and costs. A new feature of this arrangement for the PVS is that there may be restrictions with respect to super-mandatory cover.

PVS joins ASIP
ASIP (**A**ssociation **s**uisse des **I**nstitutions de **p**révoyance) is an association of some 1050 pension funds representing a total of 2.5 million insurees. Its activities include representing the interests of its members. The ASIP charter contains guidelines for the activities of those running pension funds. The Board of Trustees decided to join ASIP at its meeting of 21 September 2010.

Tages-Anzeiger pension fund ratings
29 mainly large funds took part in the 2010 pension fund ratings. These funds have over 500 000 insurees and CHF 135 billion of assets and represent one fifth of the pension fund assets of all Swiss pension funds. PVS participated in the annual pension fund ratings for the first time and is proud of achieving the 7^{th} place. This is, firstly, public acknowledgement that the Board of Trustees has led the PVS successfully through the financial market turmoil and, secondly, an incentive to the Board to continue to work to ensure that the pension scheme remains on top of events and a leader in its field.

Outlook for 2011
Overall, we are cautiously optimistic on the outlook for 2011. The launch of the European Financial Stability Facility and the deficit-cutting measures implemented in many countries have slightly eased concerns about the high levels of government debt, although the issue remains highly topical in many countries.

A total of 453 beneficiaries (= 13.4 % of 3384 entitled to do so, excluding the insurees of Swissport Baggage Sorting) have opted for the Standard Plus pension plan with an employee contribution of 9 % (instead of the 6 % under the Standard plan) from 1 January 2011. This represents another slight increase year-on-year, up from 385 beneficiaries, or 11.6 %, at 1 January 2010.

AHV (state old age) and IV (state disability) pensions increase by 1.75 % on 1 January 2011. This was decided by the Federal Council. The minimum AHV/IV pension is rising from CHF 1140 to CHF 1160 per month and the maximum pension from CHF 2280 to CHF 2320 per month.

The maximum AHV state old-age pension is increasing from CHF 27 360 to CHF 27 840 per year. As a result our maximum coordination amount has also increased from CHF 13 680 to CHF 13 920, which is equal to half the maximum AHV pension. There was a corresponding increase in the threshold insured salary required to join the Supplementary Pension Plan from CHF 102 600 to CHF 104 400 (= 7.5 x coordination amount). The minimum salary required to join the PVS rose from CHF 20 520 to CHF 20 880 (= $^3/_4$ of the maximum annual AHV pension).

2011 pension plan
The pension plan in effect since 1 January 2011 is available on our website (www.pv-swissport.ch). The changes relate to the risk insurance premiums, the new maximum coordination amount and the new threshold insured salary to join the Supplementary Pension Plan.

Scheme regulations valid from 2011
New regulations have applied to older employees in occupational pension schemes since 2011 that are designed to promote the participation of older employees in the labour market and to help them to remain longer in the labour market. Insurees who reduce their working hours from the age of 58 (with a maximum 50 % reduction in salary) are now able to maintain the same level of pension provision.

At its meeting of 21 September 2010, the Board of Trustees decided to give employees whose salary is reduced by a maximum of 50 % after reaching the age of 58 the option of continuing their pension plan coverage at their previously insured salary at their own expense.

Because the PVS has arranged reinsurance through PKRück from 1 January 2011, a new article had to be added to the scheme regulations, which was approved by the Board of Trustees on 20 January 2011. PKRück has requested all new joiners to fill in a form containing questions on their health. PKRück wants to be able to restrict benefits or impose other restrictions on insurees who are not fully able to work. This is standard industry practice when benefits are reinsured. The relevant clause was added to Article 3.3, which sets out the rules for joining the scheme.

The Board of Trustees has also published a new edition of the 2007 pension scheme regulations including all previous changes. It is available on the PVS website. In order to keep costs down, we did not send a copy of the regulations to all insurees.

Evidence of survival of our pension recipients
At the beginning of 2011, evidence of survival will be requested from all pension recipients.

Reduction in the risk insurance premium from 1 January 2011
At its meeting of 23 November 2010, the Board of Trustees decided to reduce the risk insurance premium from 3.5 % to 2.5 %. This risk insurance premium for the benefits payable by the PVS in the event of disability and death is split equally between the insurees and the employer.

The Board of Trustees was able to do so because of the good claims performance in recent years. If, contrary to expectations, this performance were to deteriorate, the Board of Trustees would have to consider increasing the premium again sooner or later.

For insurees this means that from January 2011 a risk insurance premium of only 1.25 % (previously 1.75 %) of insured salary will be deducted from their monthly salaries. This represents total annual savings of around CHF 800 000 for all employees insured in the PVS.

New major challenges of longevity and interest rates
The conversion rate is the main variable in the second pillar. When an insuree switches from a working insuree to a pension recipient, their accumulated old-age savings are converted into a pension.
The conversion rate depends on:
• The life expectancy of pension recipients → longevity
• The discount rate applied to future pension payments → technical interest rate
• Survivors' pensions → level of the spouse's pension

The pension calculated at retirement is paid out for the rest of the scheme member's life. It is therefore a promise with two unknowns: life expectancy and future investment returns.

Our current EVK 2000 actuarial tables are based on data from the period 1993 – 1998. The EVK 2000 uses a standard cross-sectional mortality table that assumes that all insurees have the same life expectancy irrespective of the year in which they were born. Mortality tables are snapshots at a particular point in time and do not take account of the increasing longevity of insurees.

The actuarial capital has to be increased when the tables are replaced by new ones every five to ten years, which means that we have to set aside provisions for increasing longevity (around 0.5 % p.a.). In the last 10 years, it has been impossible to earn the current technical interest rate of 3.5 % (which has been unchanged since 1 January 2001) with the returns on low-risk investments.

Life expectancy has increased further for both men and women according to the latest statistical data. According to BVG 2010 actuarial data, which is based on data from a number of large pension funds with around 2 million beneficiaries, life expectancy at age 63 for men is now 23.05 years (EVK 2000: 19.09 years) and 25.62 years for women (EVK 2000: 21.95 years).

This means that pension reserves will have to be increased further for fixed lifelong pensions because they are being depleted too quickly by the excessively high pension conversion rate and the ongoing low investment returns.

As the PVS was not able to use the new BVG 2010 actuarial tables, our accredited pension actuary was obliged to set aside a provision of CHF 8 819 726 for pension losses. This "cost" the scheme around 1.6 percentage points of the funding ratio as at the end of 2010.

In our "Insuree Update No. 24" of 6 December 2010 we provided our insurees with the following information:
Proposed changes in the scheme regulations to take effect from 1 January 2012
The new BVG 2010 actuarial tables will be available from the beginning of 2011. These will take account of the increase in life expectancy and will therefore increase the cost of pension benefits to the Swissport Company Pension Scheme. The Board of Trustees of the Swissport Company Pension Scheme will therefore undertake a review over the next six months of whether and to what extent the current conversion rates for old-age and disability pensions need to be lowered. Pensions currently being paid out will not be affected. The Board of Trustees will inform insurees of the precise changes in detail in the summer of 2011.

It is essential for the PVS to adjust its conversion factors (Annex I to the scheme regulations) in the near future to bring them into line with the trends of rising life expectancy and the continuously low investment returns observable in recent years. Over the last seven business years from 2004 to 2010, we were unfortunately unable in any year to pay interest on the old-age savings of our working insurees at the rate of 3.5 % rate assumed in the pension calculation.

As our generational balance sheet on page 25 shows, we have transferred around CHF 6 million from working insurees to pension recipients since the establishment of the PVS – and the trend is rising due to the increase in pension recipients each year. We would like to restore the balance in treatment between working insurees and pension recipients in our PVS pension scheme.

The Board of Trustees now has to take the necessary action in the light of the actuarial realities. This will not mean taking anything away from our future pension recipients – we will simply be distributing their (unchanged) old-age savings over a greater number of years of life.

Together with the scheme management, the accredited pension actuary and employees' representatives, the Board of Trustees has been giving intensive consideration to this issue since November 2010. We plan to take the relevant decisions at the Board of Trustees meeting on 10 May 2011 and to inform the beneficiaries by means of "Insuree Update No. 25" and in the subsequent presentations on the 2010 business year.

A new official BVG 2015 mortality table will be published at the end of 2015, and will be applicable from 2016 onwards. When it is, the Board of Trustees will inevitably be required to again reappraise our PVS conversion rates, in the light of this new mortality table and of recent investment returns.

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

Sincerely

Peter Graf
President of the Board of Trustees

BALANCE SHEET

	Note	at 31.12.2010 CHF	at 31.12.2009 CHF
ASSETS			
Investments	6.4	**619'541'948**	**563'821'226**
Liquidity		24'385'874	14'009'847
Receivables from employer	7.1.1	2'483'179	2'556'724
Other receivables	7.1.2	1'201'362	761'139
CHF bonds		63'671'464	62'048'965
EUR bonds (including currency hedges)		79'662'247	90'857'869
USD bonds (including currency hedges)		29'129'549	23'613'050
Mortgage loans		28'637'026	32'276'026
Equities Switzerland		31'120'006	30'514'142
Equities Europe		40'983'861	51'129'108
Equities North America (including currency hedges)		39'314'454	36'306'662
Equities Pacific		34'044'895	30'721'443
Equities foreign (sustainable)		28'471'787	25'731'554
Equities emerging markets		19'111'741	15'914'008
Commodities (including currency hedges)		33'845'987	17'909'082
Real estate		163'478'516	129'471'607
Prepaid expenses and accrued income	7.1.3	**5'981'773**	**21'370'805**
TOTAL ASSETS		**625'523'721**	**585'192'031**

	Note CHF	at 31.12.2010 CHF	at 31.12.2009
LIABILITIES			
Obligations		**2'727'013**	**2'106'034**
Vested benefits		1'581'880	984'891
Capital payments		1'088'154	1'068'421
Other obligations	7.1.4	56'979	52'722
Accrued expenses and deferred income	7.1.5	**297'667**	**305'481**
Actuarial capital and technical provisions		**592'402'681**	**547'270'654**
Actuarial capital for working insurees	5.2	457'528'902	437'657'336
Actuarial capital for pension recipients	5.4	110'524'307	92'571'371
Technical provisions	5.6	24'349'472	17'041'947
Fluctuation reserve	6.3	**30'096'360**	**35'509'862**
Scheme capital, freely disposable funds, underfunding		**0**	**0**
At 1 January		0	-18'169'011
+/- income/expense surplus		0	18'169'011
TOTAL LIABILITIES		**625'523'721**	**585'192'031**

OPERATING INCOME STATEMENT

	Note	2010 CHF	2009 CHF
Regular and other contributions and deposits		**69'083'859**	**32'218'608**
Employees' savings contributions		10'252'828	10'071'413
Employer's savings contributions		14'772'039	14'585'861
Employees' risk insurance premiums		2'915'020	2'890'253
Employer's risk insurance premiums		2'952'531	2'938'304
One-off deposits and buy-in amounts	7.2.1	1'164'604	884'576
Deposits from the partial liquidation of the GPS		35'309'818	0
Deposits from fluctuation reserve	6.3	1'715'842	845'538
Contributions from LOB Guarantee Fund		1'177	2'663
Other amounts paid in		**10'576'156**	**5'365'048**
Vested benefits transferred into the scheme by joining insurees		8'919'592	4'662'568
Home financing repayments and divorce-related deposits	7.2.2	1'656'564	702'480
INFLOW FROM CONTRIBUTIONS, DEPOSITS AND OTHER AMOUNTS PAID IN		**79'660'015**	**37'583'656**
Statutory benefits paid		**-25'641'530**	**-13'982'117**
Old-age pensions		-5'752'430	-4'441'977
Survivors' pensions		-321'969	-210'378
Disability pensions		-384'869	-310'723
Child's pensions	7.2.3	-157'097	-142'963
Lump-sum payments on retirement		-8'644'729	-8'473'128
Lump-sum benefits on death/disability		-164'905	-402'948
Distribution from the partial liquidation of the GPS to retirees and the disabled		-10'215'531	0
PAYMENT OF EMPLOYER'S CONTRIBUTION RESERVES		**0**	**-1'037'189**
Other benefits paid and withdrawals		**-20'587'825**	**-14'591'230**
Vested benefits paid out on leaving		-13'583'407	-11'659'519
Distribution from the partial liquidation of the GPS to previous insurees		-3'757'614	0
Home financing withdrawals and divorce-related payments	7.2.4	-3'246'804	-2'931'711
OUTFLOW THROUGH BENEFITS PAID AND WITHDRAWALS		**-46'229'355**	**-29'610'536**

	Note	2010 CHF	2009 CHF
Changes in actuarial capital, technical provisions and contribution reserves		**-46'847'868**	**-10'960'694**
Creation/release of actuarial capital for working insurees	5.2	-11'157'000	15'384'185
Creation of actuarial capital for pension recipients	5.4	-17'952'936	-22'175'234
Creation/release of technical provisions	5.6	-7'307'525	4'190'179
Interest paid on savings capital	5.2	-8'714'565	-8'551'475
Release of employer's contribution reserves		0	1'037'189
Creation (through deposits) of fluctuation reserve	6.3	-1'715'842	-845'538
Insurance expenses	7.2.5	**-182'293**	**-174'060**
NET INCOME FROM INSURANCE ACTIVITIES		**-13'599'501**	**-3'161'634**
Net income from investment activities	6.6	**7'719'494**	**57'325'104**
Income from liquidity		72'778	1'115'567
Income from CHF bonds		2'214'561	3 860'187
Income from EUR bonds (including currency hedges)	6.6.2	-10'975'247	244'873
Income from USD bonds (including currency hedges)	6.6.3	214'611	-327'445
Income from mortgage loans		783'958	868'043
Income from Equities Switzerland		531'818	5'409'241
Income from Equities Europe		-3'264'801	10'329'594
Income from Equities North America (including currency hedges)		3'006'884	7'019'688
Income from Equities Pacific		1'324'444	5'209'752
Income from Equities foreign (sustainable)		-2'162'051	765'827
Income from Equities emerging markets		1'636'128	6'584'427
Income from securities lending	6.7	75'472	258'664
Income from real estate	6.6.1	10'919'560	6'413'113
Income from hedge funds		5'399	1'949'997
Income from commodities (including currency hedges)		3'946'942	8'165'552
Asset administration costs	7.2.6	-576'313	-443'243
Interest on vested benefits		-34'649	-98'733
Other income		**14'883**	**15'721**
Other expenses	7.2.7	**-226'197**	**-225'000**
Administrative expenses	7.2.8	**-1'038'022**	**-1'120'856**
INCOME/EXPENSE SURPLUS BEFORE CREATION/RELEASE OF FLUCTUATION RESERVE		**-7'129'343**	**52'833'335**
Creation/release of fluctuation reserve from surplus of income/expenses	6.3	**7'129'343**	**-34 664'324**
INCOME/EXPENSE SURPLUS		**0**	**18'169'011**

1 Principles and organisation

1.1 Legal form and objective

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

The object of the PVS is to provide an occupational pension scheme within the framework of the BVG and its implementing regulations to insure the personnel of Swissport International AG and other companies closely linked with it in business or financial terms, their next of kin and their survivors against the financial risks of old age, disability and death.

1.2 Registration under the BVG and with the LOB Guarantee Fund

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

1.3 Deed of trust and regulations

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

Details of the scheme's regulations:

Regulations	**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	23 November 2010	1 December 2010**
Partial Liquidation Regulations	24 November 2009	1 December 2009

* = subsequent amendments to Article 3.2 (effective 1 January 2009), Articles 5.4 and 9.3 (effective 1 October 2008) and Article 24, para. b (effective 1 July 2009); the revised Benefit Regulations entered into force on 1 January 2011

** = supervisory approval pending

1.4 Govering body and signatory authority

At 31 December 2010, the Board of Trustees, which is composed of an equal number of employer and employees' representatives, consisted of the following members:

Board of Trustees

Employer's representatives		**Employees' representatives (term of office 1 July 2010 – 30 June 2013)**	
Peter Graf	President*	Philippe Crippa	Deputy President*
Cordula Hofmann	Member*	Margrit Coimbra	Member*
Eva-Maria Kerner [1)]	Member*	Sonja Eckerlin [1)]	Member*

[1)] members of the Investments Committee

Torsten Schneider left the Board of Trustees during 2010 due to his departure from Swissport. He was succeeded by Eva-Maria Kerner.

Operational management and accounting

Markus Staudenmaier	Managing Director*
Reymond Früh	Head of Accounting*
Urs Ackermann	Committee Member*

* collective signatory authority (two signatures required)

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

Accredited pension actuary

Markus Meier, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich – until 6 May 2010

Roland Guggenheim, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich – from 6 May 2010

Statutory auditors

KPMG AG, Badenerstrasse 172, 8004 Zurich

Investment advisor

Markus Schneider, PensionTools GmbH, Galtbergstrasse 1A, 8625 Gossau

Supervisory authorities

Office of Occupational Pension Plans and Foundations of the Canton of Zurich,
Neumühlequai 10, 8090 Zurich

1.6 Affiliated employers

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

- Swissport International AG, Zurich operations, Zurich Airport, Zurich
- Swissport International AG, Basel operations, Basel EuroAirport, Basel
- Swissport International AG, Geneva operations, Geneva Airport, Geneva
- Swissport Baggage Sorting AG, Kloten, Zurich
- Unitpool AG, Kloten, Zurich
- PrivatPort S.A., Meyrin, Geneva
- Swissport Group Services GmbH, Baar, Zug
- Careport AG, Opfikon, Zurich
- GVAssistance S.A, Le Grand-Saconnex, Geneva

2. Working insurees and pension recipients

2.1 Working insurees

		Swissport International		Swissport Zurich		Swissport Basel
	2010	2009	2010	2009	2010	2009
At 1 January	**69**	**95**	**1'649**	**1'879**	**358**	**354**
Joined	20	10	313	232	22	36
Left	13	35	260	428	13	24
Retired	1	1	15	30	5	6
Newly disabled	0	0	2	0	1	0
Died	0	0	2	4	0	2
At 31 December	**75**	**69**	**1'683**	**1'649**	**361**	**358**
of whom risk insurance only	1	1	159	153	12	14
Old-age savings at 31.12.	**24'90'735**	**24'276'75**	**214'399'909**	**197'091'141**	**42 552'27**	**39'684'89**
of which BVG old-age savings at 31 December	4'673'207	4'797'468	78'408'546	73'650'426	14'140'10	13'598'98

		Swissport Geneva		Swissport Baggage Sorting		Unitpool
	2010	2009	2010	2009	2010	2009
At 1 January	**871**	**969**	**164**	**168**	**11**	**13**
Joined	123	62	22	15	2	0
Left	82	133	13	18	2	2
Retired	28	24	2	1	0	0
Newly disabled	0	1	1	0	0	0
Died	1	2	0	0	0	0
At 31 December	**883**	**871**	**170**	**164**	**11**	**11**
of whom risk insurance only	79	64	11	13	0	0
Old-age savings at 31.12.	**134'901'60**	**136'016'16**	**21'031'324**	**19'948'043**	**2'280'453**	**2'224'36**
of which BVG old-age savings at 31 December	47'287'060	48'292'010	8'566'090	8'190'795	659'839	722'461

	PrivatPort		ISS Aviation AG Kloten, Zurich operations		Swissport Group Services GmbH	
	2010	2009	2010	2009	2010	2009
At 1 January	**7**	**8**	**2**	**6**	**25**	**0**
Joined	1	0	0	1	5	26
Left	1	1	0	4	4	1
Retired	0	0	0	0	1	0
Newly disabled	0	0	0	1	0	0
Died	0	0	0	0	0	0
At 31 December	**7**	**7**	**2**	**2**	**25**	**25**
of whom risk insurance only	0	0	0	0	1	0
Old-age savings at 31.12.	**372'263**	**295'852**	**61'706**	**60'496**	**6'144'722**	**6'982'881**
of which BVG old-age savings at 31 December	181'293	145'157	34'334	33'661	1'633'085	1'795'883

	Careport AG		GVAssistance S.A.	
	2010	2009	2010	2009
At 1 January	**104**	**0**	**37**	**0**
Joined	12	106	13	37
Left	31	2	3	0
Retired	3	0	0	0
Newly disabled	0	0	0	0
Died	0	0	0	0
At 31 December	**82**	**104**	**47**	**37**
of whom risk insurance only	5	16	3	1
Old-age savings at 31.12.	**4'502'984**	**4'974'193**	**7'090'418**	**6'103'014**
of which BVG old-age savings at 31 December	1'818'375	1'831'011	2'765'943	2'381'180

	Total PVS		Change over previous year
	2010	2009	
At 1 January	**3'297**	**3'492**	**-195**
Joined	533	525	8
Left	422	648	-226
Retired	55	62	-7
Newly disabled	4	2	2
Died	3	8	-5
At 31 December	**3'346**	**3'297**	**49**
of whom risk insurance only	271	262	9
Old-age savings as at 31 December	**457'528'902**	**437'657'36**	**19'871'566**
of which BVG old-age savings at 31 December	160'168'281	155'438'50	4'729'431

Working insurees by BVG age at 31 December	2010	Women 2009	2010	Men 2009	2010	Total 2009
18 – 24	122	120	149	142	271	262
25 – 34	410	426	505	491	915	917
35 – 44	349	348	513	520	862	868
45 – 54	337	308	505	488	842	796
55 – 65	178	187	278	267	456	454
Total	**1'396**	**1'389**	**1'950**	**1'908**	**3'346**	**3'297**

The average age of a PVS working insuree at 31 December 2010 was 40.9 years (up from 40.8 years at year-end 2009).

2.2 Pension recipients

Pension type – Status	2010	Women 2009	2010	Men 2009	2010	Total 2009
Old-age pensions	83	67	139	117	222	184
Disability pensions	15	13	11	9	26	22
Spouse’s pensions	12	11	2	1	14	12
Child's pensions	16	15	17	17	33	32
Total	**126**	**106**	**169**	**144**	**295**	**250**

Pension type – Development	Total 21.12.2010	New	Change Retired	Left	Total 31.12.2009
Old-age pensions	222	0	39	1	184
Disability pensions	26	5	0	1	22
Recipients of spouse's pensions	14	2	0	0	12
Child's pensions	33	7	0	6	32
Total	**295**	**14**	**39**	**8**	**250**

3 Fulfilment of objectives

3.1 Details on the benefit regulations and pension plans

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

Benefit Regulations

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

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

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

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

The annual PVS spouse's pension amounts to 80% of the insuree's retirement or full-disability pension. The PVS will, upon written request, pay benefits equivalent to a spouse's pension to the surviving long-term 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-term partner, a lump-sum payment will be made amounting to the insuree's total old-age savings at the time of death.

The orphan's and child's pension for children of disability pension recipients is 10% of the insuree's last insured salary, or 15% in the case of orphans if both parents are deceased. 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 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 state old-age pension. For part-time employees, this threshold is reduced in proportion to their degree of employment.

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

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

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

The insured salary for Basic Pension Plan purposes is the employee's salary including any year-end bonuses less the coordination amount. This coordination amount is 20% of the employee's salary, up to a maximum of 50% of the maximum AHV state old-age pension.

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

3.2 Funding and funding method

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

The risk insurance premium is 3.5% of the insured salary and is shared equally between employer and employee. It will be reduced to 2.5% with effect from 1 January 2011.

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

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

4 Accounting and valuation principles and consistency

4.1 Confirmation of accounting in accordance with Swiss GAAP ARR 26

The 2010 accounts of the PVS were prepared in accordance with the guidelines specified in Swiss GAAP ARR 26.

4.2 Accounting and valuation principles

All accounting, reporting and valuation practices are in accordance with the relevant provisions of the Swiss Code of Obligations (OR) and the BVG. The annual financial statements consisting 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 legislation on occupational pension provision. Asset values were determined for the annual financial statements as follows:

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

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

5 Actuarial risks, risk coverage and funding ratio

5.1 Form of risk coverage, reinsurance

The PVS is an autonomous occupational pension scheme. It bears all its own risks and did not conclude any reinsurance agreements for the year under review.

5.2 Performance of savings capital and interest earned thereon

	2010 CHF	2009 CHF
Total savings of working insurees at 1 January	**437'657'336**	**444'490'046**
Formation/release of working insurees' actuarial capital	**11'157'000**	**-15'384'185**
Employees' savings contributions	10'252'828	10'071'413
Employer's savings contributions	14'772'039	14'585'861
One-off deposits and buy-in amounts	1'132'919	884'576
Deposits from the partial liquidation of the GPS	35'309'818	0
Vested benefits transferred into the scheme by joining insurees	8'919'592	4'662'568
Home financing repayments/divorce-related deposits	1'656'564	702'480
Vested benefits on leaving	-13'583'407	-11'659'519
Distribution from the partial liquidation of the GPS to previous insurees	-3'757'614	0
Home financing withdrawals and divorce-related payments	-3'246'804	-2'931'711
Capital released through retirement death and disability	-30'083'404	-31'699'853
Distribution from the partial liquidation of the GPS to retirees and the disabled	-10'215'531	0
Interest earned on savings capital	**8'714'565**	**8'551'475**
Total actuarial capital of working insurees at 31 December	**457'528'902**	**437'657'336**

Interest rate on old-age savings pursuant to BVG	2.00 %	2.00 %
Interest rate on super-mandatory old-age savings pursuant to BVG	2.00 %	2.00 %

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 in question. For 2010, any payments or benefit calculations made in the course of the year were subject to interest at a rate of 0 %. The final decision on the interest rate to be applied to old-age savings for 2010 was taken at the Board of Trustees' meeting of 23 November 2010, when a rate of 2 % was set for all old-age savings.

5.3 Total old-age savings under the BVG

	at 31.12.2010 CHF	at 31.12.2009 CHF
Total old-age savings	457'528'902	437'657'336
of which BVG old-age savings	160'168'281	155'438'850

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

5.4 Performance of actuarial reserves for pension recipients

	2010 CHF	2009 CHF
Actuarial reserves at 1 January	**92'571'371**	**70'396'137**
Creation of actuarial capital for pension recipients	**17'952'936**	**22'175'234**
Creation through retirement death and disability	30'083'404	31'699'853
Deposit of disability capital	31'685	0
Release through lump-sum payments on retirement	-8'644'729	-8'473'128
Release through lump-sum payments on death/disability	-164'905	-402'948
Release through pension payments	-6'616'365	-5'106'041
Technical interest paid	3'239'998	2'463'865
Release of actuarial capital for pensions	-1'026'824	-641'882
Creation of actuarial capital for deaths	0	122'147
Creation of actuarial capital for disability/child's pensions	480'072	1'466'736
Actuarial loss	570'600	1'046'632
Total actuarial capital for pension recipients at 31 December	**110'524'307**	**92'571'371**

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

Form(s) of retirement benefit chosen	**2010 CHF**	**2010 in %**	**2009 CHF**	**2009 in %**
Old-age savings on retirement	28'723'053		29'308'544	
of which converted into pension	20'078'324	70%	20'835'416	71%
of which withdrawn as lump-sum payment	8'644'729	30%	8'473'128	29%

Current PVS pensions were not increased following a resolution passed by the Board of Trustees to this effect on 23 November 2010. The decision not to award an increase was based on the PVS's current financial situation and the difference between the 3.5% technical interest rate for pension capital and the 2% interest currently being paid on working insurees' old-age savings.

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

A negative generational accounting balance will indicate that the transfer of accumulated funds is in favour of pension recipients and will mean that current pensions cannot be increased before this transfer amount has been offset. According to the calculations of the PVS's accredited pension actuary, the generational accounting balance at 31 December 2010 was as follows:

Year	Pension recipients' actuarial capital at 31.12 in CHF	Working insurees' actuarial 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 %
2009	92'571'371	437'657'336	-1'887'231	2.00 %	4.00 %
2010	110'524'307	457'528'902	-2'285'975	2.00 %	4.00 %
TOTAL			**-6'055'665**		

* 2.25% on BVG old-age savings and 0 % on super-mandatory old-age savings; BVG savings accounted for 30.6 % of total old-age savings

** see 5.6 below on provisions for increased longevity of pension recipients

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

Actuarial capital for pension recipients	31.12.2010 CHF	31.12.2009 CHF	Change over previous year in CHF
Actuarial reserves for old-age pensions	96'618'395	80'960'288	15'658'107
Actuarial reserves for spouse's / partner's pensions	6'260'119	5'270'988	989'131
Actuarial reserves for disability pensions	6'650'083	5'237'588	1'412'495
Actuarial reserves for child's pensions	995'710	1'102'507	-106'797
Total actuarial capital for pension recipients	**110'524'307**	**92'571'371**	**17'952'936**

5.5 Results of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted as at 31 December 2010. The accredited pension actuary confirmed therein that

- the scheme is in a position to meet all its obligations;
- the provisions of the regulations applicable to the scheme's benefits and financing comply with the relevant legal requirements.

5.6 Actuarial principles

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

Categories of technical provisions	31.12.2010 CHF	31.12.2009 CHF	Change over previous year in CHF
Provision for increased longevity of pension recipients	6'078'837	4'628'569	1'450'268
Provision for pension losses	8'819'726	0	8'819'726
Risk-related provision	9'450'909	12'413'378	-2'962'469
Total technical provisions	**24'349'472**	**17'041'947**	**7'307'525**

To take account of increasing life expectancy, a provision for increased longevity of pension recipients was created amounting to 5.5 % (previous year: 5.0 %) of the actuarial capital of current pensions in payment.

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

The provision for pending disability cases is based on current cases of sickness at year-end that have already lasted more than 60 days. At 31 December 2010, a total of 73 insurees (previous year: 71) were awaiting a decision on the possible provision of disability benefits.

The provision for pension losses has been created to compensate for pension losses caused by the conversion rates being too high compared with the technical interest rates.

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 following year.

The risk-related provision is determined using a range 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 the trend in claims, a corresponding amount is transferred to it charged to the operating result at the balance sheet date. If the risk-related provision exceeds the maximum prescribed, the surplus amount is credited to the operating result at the balance sheet date.

5.7 Funding ratio as defined in BVV2, Article 44

	at 31.12.2010 CHF	at 31.12.2009 CHF	Change over previous year in CHF
Total assets at fair value	625'523'721	585'192'031	40'331'690
less liabilities	-2'727'013	-2'106'034	-620'979
less accrued expenses and deferred income	-297'667	-305'481	7'814
Assets available	**622'499'41**	**582'780'516**	**39'718'525**
Actuarial capital for working insurees	457'528'902	437'657'336	19'871'566
Actuarial capital for pension recipients	110'524'307	92'571'371	17'952'936
Technical provisions	24'349'472	17'041'947	7'307'525
Actuarial capital required	**592'402'81**	**547'270'654**	**45'132'027**
Funding surplus/shortfall as per BVV2 Article 44, para. 1 (assets available less actuarial capital required)	**30'096'360**	**35'509'862**	**-5'413'502**
Funding ratio as per BVV2 Article 44, para. 1 (assets available x 100 divided by actuarial capital required)	**105.1%**	**106.5%**	

The PVS's funding ratio as defined in BVV2 Article 44, para. 1 stood at 105.1% at 31 December 2010.

6 Notes on the investments held and the net returns thereon

6.1 Organisation of investment activities and investment regulations

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 with its implementation. 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 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 specified ranges and monitoring the activities of the portfolio managers and the administrative office. The Investments Committee generally meets on a monthly basis.

Category	Asset management mandated to	Portfolio manager
Money market investments	Pictet Money Market CHF	Pictet & Cie.
CHF bonds	JB/SSgA (from 18 February 2011 Syz AM) Swiss Bond Index Fund JB/SSgA (from 18 February 2011 Syz AM) Swiss GVT Bond Index Fund	Bank Syz & Co.
EUR bonds	SSgA EMU Government Bond (EGBI) Index Fund CSIF Inflation-linked Bond EUR ex Italy	State Street Global Advis. Credit Suisse
USD bonds	SSgA US TIPS Index CTF	State Street Global Advis.
Mortgage loans	Mortgages to insurees	PFS Pension Fund Services
Equities Switzerland	SSgA Switzerland MSCI NL CTF CSIF Switzerland Total Market Index Blue	State Street Global Advis. Credit Suisse
Equities Europe	SSgA MSCI Europe Index NL CTF	State Street Global Advis.
Equities North America	SSgA Canada MSCI NL CTF SSgA U.S. MSCI NL CTF	State Street Global Advis.
Equities Pacific	SSgA Australia MSCI NL CTF SSgA Hong Kong MSCI NL CTF SSgA Japan MSCI NL CTF SSgA New Zealand MSCI NL CTF SSgA Singapore MSCI NL CTF	State Street Global Advis.
Equities emerging markets	State Street Daily Active Emerging Markets NL CTF SaraPro Inst. Fund Emerging Markets	State Street Global Advis. Bank Sarasin & Cie.
Equities foreign (sustainable)	Henderson Global Care Growth Fund OekoSar Equity - Global F SAM Smart Energy Fund	Henderson Global Invest. Bank Sarasin & Cie SAM Sustainable Asset Management AG
Real estate	Turidomus investment trust CS 1A Immo PK Fonds	Pensimo Management Credit Suisse
Commodities	Morgan Stanley notes linked to a basket of commodity indices	Morgan Stanley

During the reporting year we made new a real estate investment in the CS 1A Immo PK Fund and transferred the investments in "Equities Switzerland" from State Street Global Advisors (SSgA) to Credit Suisse. All investments with State Street Global Advisors (SSgA) were transferred into vehicles without securities lending by the end of October 2010.

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

In accordance with the provisions of its current Investment Regulations, the PVS pursues an investment strategy ("strategic asset allocation" or SAA) which may involve (and did involve in 2010) investing in "supplementary" investment vehicles, i.e. outside the investment guidelines specified in BVV2 (applicable from 1 January 2009) in the following instances:

BVV2 restriction	SAA weighting	Net share at 31.12.2010	BVV2 limit	BVV2 article
Foreign currencies (without hedging)	40 %	35.4 %	30 %	55e

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

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

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

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

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

In addition, the Board of Trustees carries out periodic A&L monitoring. This involves assessing compliance with investment targets and risk / return trends, and documenting the recommendations and action taken.

The Board of Trustees has arranged for the appropriate organisation of the investment process and a corresponding implementation of the investment strategy that ensures due care with regard to the selection, management and monitoring of the asset situation and, in particular, the funding ratio.

The explanation above demonstrates that the fulfilment of the pension objective is jeopardised neither in the medium nor the long term by the investment in supplementary investment vehicles as provided for by BVV2 Article 50. Overall, the PVS's investment activity takes sufficient account of the provisions of BVV2 Article 50, para. 1 – 3.

6.3 Target size and calculation of the fluctuation reserve

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

As part of its current investment strategy, the PVS defines expected returns and risks on its investments annually based on historical benchmark data and current return projections for each asset category. The requisite fluctuation reserve is calculated accordingly as 2% of the "value at risk" for a two-year period. In setting the level of its fluctuation reserve, the PVS also pays due regard to the structure and performance of the scheme's actuarial capital and actuarial provisions required. These reserves are calculated according to the consistency principle and are revised annually.

The PVS's investment strategy features the following basic characteristics:

Characteristics of investment strategy	**2010**	**2009**
Expected return	4.9%	4.9%
Historical risk (based on past 120 months)	6.1%	5.9%
Two-year (previous year: two-year) fluctuation reserve required as a percentage of total actuarial capital and technical provisions	17.5%	16.8%

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

Fluctuation reserve required	**2010 CHF**	**2009 CHF**	**Change over previous year in CHF**
Fluctuation reserve at 1 January	35'509'862	0	35'509'862
Creation of fluctuation reserve through deposit*	1'715'841	60'000	1'655'841
Creation of fluctuation reserve from share of underfunding attributable to ISS Zurich and Geneva	0	785'538	-785'538
Transfer from/to operating income statement	-7'129'343	34'664'324	-41'793'667
Fluctuation reserve as per balance sheet at 31 December	**30'096'360**	**35'509'862**	**-5'413'502**
Fluctuation reserve required	**103'670'469**	**91'941'470**	**11'728'999**
Shortfall in fluctuation reserve	-73'574'109	-56'431'608	-17'142'501

Equal to the deposit from the partial liquidation payment of the GPS in accordance with the resolution of the Board of Trustees of 6 May 2010.

6.4 Investments by investment category

Investment category	31.12.2010 CHF	% of total assets	SAA	Target range	BVV2 Art. 55	31.12.2009 CHF	% of total assets
Nominal values	**229'170'701**	**37.0%**	**37%**	**23 – 48%**	**100%**	**226'123'620**	**40.1%**
Liquidity	24'385'874	3.9%	2%	1 – 6%		14'009'847	2.5%
Receivables	3'684'541	0.6%	0%			3'317'863	0.6%
CHF bonds	63'671'464	10.3%	10%	6 – 13%		62'048'965	11.0%
EUR bonds (including currency hedges)	79'662'247	12.9%	15%	11 – 17%		90'857'869	16.1%
USD bonds (including currency hedges)	29'129'549	4.7%	5%	3 – 6%		23'613'050	4.2%
Mortgage loans	28'637'026	4.6%	5%	2 – 6%		32'276'026	5.7%
Equities	**193'046'744**	**31.1%**	**32%**	**17 – 39%**	**50%**	**190'316'917**	**33.8%**
Equities Switzerland	31'120'006	5.0%	5%	2 – 7%		30'514'142	5.4%
Equities Europe	40'983'861	6.6%	6%	3 – 8%		51'129'108	9.1%
Equities North America (including currency hedges)	39'314'454	6.3%	7%	4 – 9%		36'306'662	6.4%
Equities Pacific	34'044'895	5.5%	6%	3 – 7%		30'721'443	5.4%
Equities foreign (sustainable)	28'471'787	4.6%	5%	2 – 7%		25'731'554	4.6%
Equities emerging markets	19'111'741	3.1%	3%	0 – 4%		15'914'008	2.8%
Non-traditional investments	**33'845'987**	**5.5%**	**5%**	**2 – 15%**	**15%**	**17'909'082**	**3.2%**
Hedge funds	0	0.0%	0%	0 – 4%		0	0.0%
Private equity	0	0.0%	0%	0 – 4%		0	0.0%
Commodities (including currency hedges)	33'845'987	5.5%	5%	2 – 7%		17'909'082	3.2%
Real estate	**163'478'516**	**26.4%**	**26%**	**22 – 33%**	**30%**	**129'471'607**	**23.0%**
Real estate in Switzerland	163'478'516	26.4%	26%	22 – 30%		129'471'607	23.0%
Real estate outside Switzerland	0	0.0%	0%	0 – 3%		0	0.0%
Total investments	**619'541'948**	**100.0%**	**100.0%**			**563'821'226**	**100.0%**

*SAA = strategic asset allocation (investment strategy)

Currency hedges	31.12.2010 CHF	% of total assets	SAA	Target range	31.12.2009 CHF	% of total assets
Total	**85'471'789**	**13.8%**	**12%**	**3 – 39%**	**57'817'314**	**10.3%**
EUR	26'214'072	4.2%	0%	0 – 12%	0	0.0%
USD	59'257'717	9.6%	12%	3 – 22%	57'817'314	10.3%
JPY	0	0.0%	0%	0 – 3%	0	0.0%
GBP	0	0.0%	0%	0 – 2%	0	0.0%

As of 31 December 2010 there were no breaches of the target ranges.

6.4.1 Mortgages

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

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

The PVS offers variable-interest-rate mortgages and three- or five-year fixed-interest-rate mortgages. The interest rate on variable-interest-rate PVS mortgages is set by the Board of Trustees on the basis of current market conditions, and amounted to 2.5% in 2010 (previous year: 2.5%). 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 margin of 0.75%.

Mortgage loan performance in 2010 was as follows:

Mortgage loan portfolio performance	Number in 2010	CHF total in 2010	Number in 2009	CHF total in 2009
As at 1 January	**94**	**32'276'026**	**98**	**33'986'970**
New mortgages	1	290'000	3	1'200'000
Mortgages terminated	-9	-3'503'000	-7	-2'368'944
Increases		45'000		40'295
Amortisations		-471'000		-582'295
As at 31 December	**86**	**28'637'026**	**94**	**32'276'026**
Of which fixed-interest-rate mortgages	28	10'404'000	26	10'064'000

Number of mortgage borrowers	2010	2009
Working insurees	61	70
Pension recipients	11	11
Others	8	7
As at 31 December	****80**	***88**
Average loan amount	**55.2%**	**57.7%**

*= 2010/four borrowers had two mortgage tranches, and two borrowers each had two mortgages (on separate properties)

**= 2009/four borrowers had two mortgage tranches, and two borrowers each had two mortgages (on separate properties)

"Others" are former beneficiaries who, as permitted by the scheme's mortgage guidelines, continued 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 investments held in foreign currencies. The following forward foreign exchange contracts were open at the balance sheet date:

Forward foreign-exchange contracts for investments in	Currency	Local-currency amount	Contractual forward rate/ value in CHF	Current forward rate/ value in CHF	Gain/loss at 31.12.2010 CHF
EUR bonds	EUR	10'700'000	1.3118	1.2424	
sale on 2.12.2011			4'036'260	13'293'392	742'868
EUR bonds	EUR	10'400'000	1.2877	1.2424	
sale on 2.12.2011			13'392'080	12'920'680	471'400
USD bonds	USD	24'000'000	0.9866	0.9274	
sale on 2.12.2011			23'678'400	22'256'420	1'421'980
USD equities North America	USD	15'300'000	0.9866	0.9274	
sale on 2.12.2011			15'094'980	14'188'467	906'513
USD commodities	USD	17'600'000	0.9866	0.9274	
sale on 2.12.2011			17'364'160	16'321'374	1'042'786
USD commodities	USD	7'000'000	1.0480	0.9274	
sale on 2.12.2011			7'336'000	6'491'456	844'544
Total open forward foreign exchange contracts at 31.12.2010			**90'901'880**	**85'471'789**	**5'430'091**

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

6.6 Explanation of net income from investment activities

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

6.6.1 Detailed income from real estate

	Income in CHF 2010	Value in CHF at 31.12.10	Income in CHF 2009	Value in CHF at 31.12.09
Turidomus investment trust	**10'451'760**	**139'019'516**	**6'413'113**	**129'471'607**
Casareal investment group	**6'335'953**	**79'926'448**	**3'896'541**	**71'841'151**
of which purchased		5'059'994		
Dividend	3'310'650		3'099'600	
Change in net asset value	3'025'303		796'941	
Proreal investment group	**4'115'807**	**59'093'068**	**2'516'572**	**57'630'456**
Dividend	2'653'195		2'653'196	
Change in net asset value	1'462'612		-136'624	
CS 1A Immo PK	**467'800**	**24'459'000**	**0**	**0**
of which purchased		24'977'000		
Dividend	985'800			
Change in net asset value	-518'000			
Total real estate	**10'919'560**	**163'478'516**	**6'413'113**	**129'471'607**

The scheme's real estate assets are indirect investments via the Turidomus investment trust. These investments are divided into claims in the Casareal investment group (residential property) and claims in the Proreal investment group (commercial property). The income consists of the dividends paid for the year under review plus/minus the change in the net asset value of the claims.

6.6.2 Detailed income from EUR bonds

	Income in CHF 2010	Value in CHF at at 31.12.10	Income in CHF 2009	Value in CHF at 31.12.09
EUR bonds (including currency hedges)	**-10'975'247**	**79'662'247**	**244'873**	**90'857'869**
Nominal EUR bonds	-4'450'151	23'677'180	1'932'989	28'127'331
Inflation-linked EUR bonds	-6'525'096	55'985'067	-1'688'116	62'730'538

6.6.3 Detailed income from USD bonds

	Income in CHF 2010	Value in CHF at at 31.12.10	Income in CHF 2009	Value in CHF at 31.12.09
USD bonds (including currency hedges)	**214'611**	**29'129'549**	**-327'445**	**23'613'050**
Nominal USD bonds	231	0	-1'292'443	1'447
Inflation-linked USD bonds	214'380	29'129'549	964'998	23'611'603

6.6.4 Overall investment performance

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

Net result from investments	2010 CHF	Perform. in %	2009 CHF	Perform. in %
Nominal values	**-7'689'339**	**-4.3%**	**5'761'225**	**1.9%**
Liquidity	72'778	0.2%	1'115'567	1.8%
Receivables	0	0.0%	0	0.0%
CHF bonds	2'214'561	3.6%	3'860'187	5.7%
EUR bonds (including currency hedges)	-10'975'247	-13.5%	244'873	2.6%
USD bonds (including currency hedges)	214'611	-4.4%	-327'445	-3.5%
Mortgage loans	783'958	2.6%	868'043	2.6%
Equities (including income from securities lending)	**1'147'894**	**-0.3%**	**35'577'193**	**28.5%**
Equities Switzerland	563'094	1.5%	5'484'726	21.6%
Equities Europe	-3'223'553	-6.8%	10'436'089	31.3%
Equities North America (including currency hedges)	3'007'872	4.5%	7'061'932	25.5%
Equities Pacific	1'326'507	4.5%	5'241'661	20.4%
Equities foreign (sustainable)	-2'162'051	-7.7%	765'827	1.1%
Equities emerging markets	1'636'025	9.9%	6'586'958	70.2%
Non-traditional investments	**3'952'341**	**2.5%**	**10'115'549**	**40.6%**
Hedge funds (including currency hedges)	5'399	0.0%	1'949'997	14.3%
Commodities (including currency hedges)	3'946'942	2.5%	8'165'552	74.6%
Real estate	**10'919'560**	**7.4%**	**6'413'113**	**5.0%**
Real estate in Switzerland	10'919'560	7.4%	6'413'113	5.0%
Total net result from investments	**8'330'456**	**1.5%**	**57'867'080**	**11.0%**

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

6.7 Market values and partners under securities lending agreements

In accordance with the current pool agreement with State Street Global Advisors, the PVS may participate in a securities lending programme with its indexed equity and bond investments. The securities are lent within State Street's common trust funds (lending funds), and 60 % or 70 % (depending on the fund) of the income which State Street derives from this programme accrues to the PVS. For the PVS's equity investments, the income generated is reported and reinvested separately and is included in the performance of the investment category concerned. For the PVS's bond investments, the income is added directly to the fund, with no distribution or reinvestment.

Income from securities lending	2010 CHF	2009 CHF	Change over previous year
Total income from securities lending	**75'472**	**258'664**	**-183'192**
Equities Switzerland investment fund	31'276	75'485	-44'209
Equities Europe investment fund	41'248	106'495	-65'247
Equities North America investment fund	988	42'244	-41'256
Equities Pacific investment fund	2'063	31'909	-29'846
Equities emerging markets investment fund	-103	2'531	-2'634

At 31 December 2010, the PVS held the following investments with securities lending:

Investments in funds with securities lending	31.12.2010 CHF	31.12.2009 CHF	Change over previous year
Total	**–**	**121'487'327**	**-121'487'327**
Equities Switzerland investment fund	0	19'756'005	-19'756'005
Equities Europe investment fund	0	24'841'029	-24'841'029
Equities North America investment fund	0	23'593'912	-23'593'912
Equities Pacific investment fund	0	19'778'383	-19'778'383
Equities emerging markets investment fund	0	5'389'220	-5'389'220
EUR bonds investment fund	0	28'127'331	-28'127'331
USD bonds investment fund	0	1'447	-1'447

In accordance with the resolution of the Board of Trustees in 2009, the PVS transferred these investments in their entirety into investments without securities lending in the course of 2010.

As already reported in the 2008 and 2009 annual reports, there have been significant changes with regard to State Street's securities lending programme.

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 what are known as cash 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 asset value of the cash collateral pools on a mark-to-market basis. The net asset values on a mark-to-market basis also suffered from the dramatic correction on the global equity markets. The present value of the securities lent declined, and debt deleveraging dampened demand from borrowers. This prompted an increase in the percentage share of medium-term securities in the cash collateral pools, exacerbating the impact of the widening credit spreads on the pools' net asset value.

The net impact of these twin effects was that the liquidity of the investments in these collateral pools was dramatically reduced and the valuations were in some cases driven below cost. With indirect common trust funds (CTFs), investors can choose between funds with and without securities lending; State Street does not offer this choice for bond funds and the securities lending programme is included in the product.

Consequences for the PVS's State Street common trust funds
After introducing certain limits on the return of lent securities (which had no material effects on the PVS) in a communication of 3 October 2008, State Street introduced new terms for monthly returns in its communication of 23 March 2009. These were limited to a maximum of 4 % of the net asset value monthly. For each month in which there was no return, the return entitlement increased by 4 % (cumulative).

In a letter dated 7 July 2010, State Street Global Advisors informed us of the lifting of the trading restrictions for CTFs (equity strategies) and their consequences. For the CTF lending vehicles, the return restrictions were lifted in their entirety with effect from August 2010. This did not entail any material disadvantages for investors.

Consequences for the PVS's State Street foreign currency bond investments
In a letter dated 23 March 2009, SSgA decided to introduce a 3 % charge for redemptions in the SSgA EMU Government Bond Index Fund until further notice.

In a letter dated 13 July 2010, State Street Global Advisors informed us of the lifting of trading restrictions in the Dublin Funds (foreign currency bonds) and the consequences. The redemption fee was cancelled with effect from 14 July 2010 and the funds exited securities lending completely. The existing cash collateral pools were liquidated and the resulting loss was charged to the fund on 13 July 2001. The direct performance impact on the net asset value of the euro bonds was -3.13 % and on the USD bond funds -0.24 %. The losses on the collateral pools outweighed the additional income generated from the redemption fee paid by investors selling the fund.

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 December 2010, which were not paid until January 2011.

7.1.2 Other receivables

	31.12.2010 CHF	31.12.2009 CHF
Refundable withholding tax amounts	1'181'636	736'033
Outstanding interest owed on mortgage loans	19'726	25'106
Total other receivables	**1'201'362**	**761'139**

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 (i.e. expected in the first quarter of 2011). The outstanding interest owed on mortgage loans was paid in the first quarter of 2011.

7.1.3 Prepaid expenses and accrued income

	31.12.2010 CHF	31.12.2009 CHF
Prepaid administration fees for the following year	2'750	0
Provision for the LOB Guarantee Fund	1'177	2'663
Accrued income from equities	14'000	15'010
Accrued income from real estate	5'963'846	5'752'795
Accrued proceeds from sale of investments	0	15'600'337
Total prepaid expenses and accrued income	**5'981'773**	**21'370'805**

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 financial year which were still unpaid at year-end 2010 and were paid in January 2011.

7.1.5 Accruals and deferred income

Accrued expenses and deferred income consist mainly of the annual contribution still owed to the LOB Guarantee Fund at year-end, outstanding management fees and provisions for auditing and accredited pension actuary’s reports for the reporting year.

7.2 Operating income statement

7.2.1 One-off deposits and buy-in amounts

	2010 CHF	2009 CHF	Change over previous year
Employees' voluntary deposits	1'089'108	884'576	204'532
Employer's deposits	43'811	0	43'811
Deposit of disability capital	31'685	0	31'685
Total one-off deposits and buy-in amounts	**1'164'604**	**884'576**	**280'028**

7.2.2 Home financing repayments and divorce-related deposits

	2010 CHF	2009 CHF	Change over previous year
Voluntary repayments of home financing withdrawals	728'000	318'940	409'060
Amounts received through divorce settlements	928'564	383'540	545'024
Total home financing repayments divorce-related deposits	**1'656'564**	**702'480**	**954'084**

Nine insurees (previous year: seven) 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. Seven insurees (previous year: four) made a voluntary repayment of capital that had previously been withdrawn for home financing purposes.

7.2.3 Child's pensions

	2010 CHF	2009 CHF	Change over previous year
Child's pensions for children of old-age pension recipients	71'744	67'964	3'780
Orphan's pensions	60'990	52'347	8'643
Child's pensions for children of disabled pension recipients	24'363	22'652	1'711
Total child's pension payments	**157'097**	**142'963**	**14'134**

7.2.4 Home financing withdrawals/divorce-related payments

	2010 CHF	2009 CHF	Change over previous year
Withdrawals for home financing purposes	2'266'500	2'345'545	-79'045
Old-age savings amounts transferred out as part of divorce settlements	980'304	586'166	394'138
Total home financing withdrawals and divorce-related payments	**3'246'804**	**2'931'711**	**315'093**

A total of 25 insurees (previous year: 28) made use of the option allowing the advance withdrawal of old-age savings for home financing purposes. The average advance withdrawal for home financing was CHF 90 660 (previous year: CHF 83 769).

A total of 14 insurees (previous year: 10) 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

	2010 CHF	2009 CHF	Change over previous year
Contribution to LOB Guarantee Fund	182'293	174'060	8'233
Total insurance expenses	**182'293**	**174'060**	**8'233**

7.2.6 Asset administration costs

	2010 CHF	2009 CHF	Change over previous year
Global custodian costs	22'703	20'229	2'474
Investment advisory costs	67'567	108'165	-40'598
Management fees/bank fees for indirect investments	423'421	163'561	259'860
Stamp duties	29'933	115'377	-85'444
Mortgage management fees	32'689	35'911	-3'222
Total asset administration costs	**576'313**	**443'243**	**133'070**

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

7.2.7 Other expenses

	2010 CHF	2009 CHF	Change over previous year
Contribution to Swissport Case Management	225'000	225'000	0
Other expenses	1'197	0	1'197
Total other expenses	**226'197**	**225'000**	**1'197**

The contribution to Swissport Case Management item includes the PVS's share of the expenditure incurred 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, subject to 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 the use of the PVS's contribution
- the PVS's contribution commitment is for two years; it was renewed in 2009.

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

7.2.8 Administrative expenses

	2010 CHF	2009 CHF	Change over previous year
Auditors' fees	47'001	46'127	874
Accredited pension actuary's fees	40'111	38'286	1'825
Board of Trustees, compensation, expenses and training costs	71'506	76'268	-4'762
PFS AG administrative expenses	820'065	911'282	-91'217
Translation and printing expenses	49'087	37'077	12'010
Retiree seminar expenses	6'530	7'750	-1'220
Other administrative expenses	3'722	4'066	-344
Total administrative expenses	**1'038'022**	**1'120'856**	**-82'834**

Based on the 3535 working insurees and pension recipients (not including child's pensions) as at 1 January 2010, the PVS's administrative expenses amounted to CHF 294 per beneficiary in 2010 (previous year: CHF 306).

8 Stipulations of the supervisory authorities

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

9 Further information concerning the financial situation

9.1 Retrocessions

The declarations of the asset managers on retrocessions as defined by the Swiss Federal Supreme Court are available. No retrocessions as defined in the relevant decision of the Swiss Federal Supreme Court were declared in 2010.

9.2 Partial liquidation of the General Pension Scheme of the SAirGroup (GPS)

With its ruling of 8 February 2010, the Swiss Federal Supreme Court, as the court of last instance, reversed the rulings of the Swiss Federal Administrative Court of 2 July 2009, thereby rendering groundless all objections to the partial liquidation of the GPS. The decision made in 2005 has thus become law. At the end of April 2010 the beneficiaries who had left the GPS were informed of the change by the GPS directly.

The PVS has entered into an agreement with the GPS governing the collective transfer of freely disposable funds. In this agreement on the collective transfer of freely disposable funds arising from the partial liquidation as of 31 December 2003, the PVS undertook to pay out their share of the freely disposable funds to any insured person who had left the PVS again or drawn down capital as a result of retirement by 30 June 2005. This agreement took account of the reduction in the headcount during this period.

In a letter dated 29 March 2010, the GPS informed the scheme of the completion of the partial liquidation. The GPS corrected the figure of 8.33% of the eligible individual vested benefits mentioned in the agreement on the collective transfer of the freely disposable funds arising from the partial liquidation as of 31 December 2003, which was to be paid to the receiving pension scheme. The amount transferred was increased to take account of interest and realized additional income from the bonds of the SAirGroup.

With value date 3 May 2010, the PVS collectively received its share of the partial liquidation funds totalling CHF 37 million (including a payment of CHF 0.3 million made on 11 June 2010 for partial disability retirees whose disability began before 2004).

As a basis for the decision of the Board of Trustees on how the funds would be assigned, a working group including the PVS's accredited pension actuary drafted a proposal on the assignment of the freely disposable funds which had been transferred. When assessing how to use the collective funds of persons who did not leave the fund before 30 June 2005, the pension fund’s current financial position has to be taken into account. The PVS has a limited capacity for compensating risk.

According to the decision of the Office of Occupational Pension Plans and Foundations of the Canton of Zurich of 12 October 2005, the PVS must "use the transferred freely disposable funds for the benefit of the group who transferred from the GPS and safeguard the vested rights of this group of insurees". Until this point in time, it had been presumed that the freely disposable funds would be used to establish the required fluctuation reserve. However, the number of insurees has since changed significantly (new joiners, leavers, retirements etc.), so that it is effectively no longer possible to use these freely disposable funds collectively in such a way as to safeguard the vested rights of the former group of insurees.

At its meeting of 6 May 2010, the Board of Trustees of the PVS therefore decided unanimously to credit the partial liquidation funds from the GPS to entitled insurees individually. All insurees who transferred collectively and directly from the GPS to the PVS on 1 January 2004 were entitled to receive a share of these funds. The portion of freely disposable funds not credited individually was transferred to the PVS's fluctuation reserve.

The share of former GPS insurees who are still actively insured in the PVS was credited to their individual old-age savings accounts. All former GPS insurees who are now in retirement under the PVS were transferred their personal share in the form of a one-off payment. The share of all beneficiaries who left the scheme between their transfer to the PVS and May 2010 was passed on in the form of additional vested termination benefits to the pension scheme they had notified to us.

The amounts were credited without any interest. In detail the amounts were distributed as follows:

Distribution of the freely distributable funds from the GPS partial liquidation	**CHF**
Credit to retirement accounts of working insurees	21'336'674
Paid out to those who have left the scheme	3'757'614
Paid out to retirees	10'215'531
Transfer to the fluctuation reserve	1'715'841
Total distribution of freely distributable funds from the GPS partial liquidation	**37'025'660**
Freely distributable funds not yet paid out (liabilities)	0
Total deposits from the partial liquidation of the GPS	**37'025'660**

9.3 Pledged assets

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

9.4 Audit by the Swiss Federal Tax Administration –
Request for repayment of withholding tax on SSgA's MSCI Switzerland Equities CTF

The PVS received a letter from the Swiss Federal Tax Administration dated 25 November 2010. This demanded the repayment of withholding tax for the years 2007 and 2008 which PVS had reclaimed on Swiss equities within the MSCI Switzerland Equities CTF.

The PVS repaid withholding tax of CHF 42 276.84 for 2007 and 2008. In a letter dated 22 December 2010 to the Swiss Federal Tax Administration, PVS stated that it had repaid the reclaimed withholding tax for 2007 and 2008 in order to avoid any interest penalties or to benefit from credit interest. It also wrote that the payment did not represent any kind of recognition of the request made by the SFTA and that the PVS reserves the right to reclaim this withholding tax again within the three-year deadline in Form 25.

The PVS also requested the SFTA to issue a formal order as provided for by Article 42 of the Swiss Federal Law on Withholding Tax for the repayment of withholding tax for 2007 and 2008.

In a letter dated 26 January 2011, the SFTA advised us that a number of pension funds were in the same position and that a test case is being taken against one particular scheme. The PVS would receive further information depending on the outcome of this legal action. To date no further information and no formal demand has been received from the SFTA.

9.5 Termination of affiliation agreement with Unitpool AG, Kloten

At its meeting of 23 November 2010 the Board of Trustees decided to terminate PVS's affiliation agreement with Unitpool AG, Kloten, as of 31 December 2011 because the commercial affiliation as per Article 3.3 of the PVS Deed of Trust no longer applies.

10 Events after the balance sheet date

On 12 January 2011 the PVS entered into a reinsurance agreement with PKRück Lebensversicherung für die betriebliche Vorsorge AG for the period 1 January 2011 to 31 December 2016. The PVS has thereby reinsured its risks for benefits on death and disability in a congruent manner; from 1 January 2011 it is therefore a partially autonomous pension scheme.

REPORT OF THE STATUTORY AUDITORS TO THE BOARD OF TRUSTEES OF THE PERSONALVORSORGE SWISSPORT, OPFIKON

As statutory auditors, we have audited the annual financial statements (balance sheet, operating account and notes on pages 16 to 50), and the management, investment, and retirement accounts of the Swissport Company Pension Scheme (Personalvorsorge Swissport) for the financial year ending 31 December 2010.

The financial statements and the management, investment and retirement accounts are the responsibility of the Board of Trustees. It is our responsibility to review and assess them. We confirm that we meet the legal requirements concerning official authorization and independence.

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 applicable accounting principles used, investments and significant estimates that have been made, and the overall financial statement presentation. An audit of the management determines whether the legal and regulatory provisions concerning organisation, administration, the collection of contributions and payment of benefits as well as regulations on loyalty in asset management have been fulfilled. We believe that our audit provides sufficient basis for our opinion.

It is our opinion that the financial statements, the management, investment and retirement accounts are in keeping with Swiss law, the deed of trust and the scheme regulations.

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

KPMG AG

Kurt Gysin	Ivano Castagna
Licensed Audit Expert	Licensed Audit Expert

Zurich, 10 May 2011