2011 Annual Report

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

Personalvorsorge Swissport | Prévoyance professionnelle Swissport

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Foreword by the Chairman of the Board of Trustees on the eighth business year of the Swissport Company Pension Scheme (Personalvorsorge Swissport/PVS).

From the banking crisis to the sovereign debt crisis
Last year was a major challenge for us all. We were able to, or rather were forced to, adjust the conversion factor in response to longstanding developments in the capital market and to longevity trends of the population. We also had to adjust to the new provisions of structural reform.

On 11 March 2011, Japan was hit by three disasters: an earthquake followed by a tsunami and a nuclear accident with a core meltdown. Some 19 000 people lost their lives and more than 125 000 homes were destroyed.

2011 was a difficult year for investors, one that brought many surprises: the Euro crisis, central-bank interventions, downgrading of the Eurozone countries, Greece hitting rock bottom. Many other countries are also experiencing financial, or more accurately, debt problems. The principle of bank-client secrecy has been further eroded, the Swiss National Bank has become a topic of conversation and has had to intervene in the market on a large scale.

Equity markets plummeted. After peaking at 6 739 points on 21 February 2011, the SMI fell to its lowest point of 4 695 points on 9 August 2011. That said, by the end of the year it had climbed back up to 5 936 points. By way of reminder, on 31 December 2010, the SMI closed at 6 436 points, after having ended 2009 at 6 606 points. The SMI reached the all-time high of 9 531 points in the early summer of 2007.

Despite rallying briefly to 2.14 percent on 12 April 2011, the return on ten-year government bonds fell from 1.65 to 0.74 percent during the course of the year.

Despite the adverse general economic environment, the PVS registered a positive performance of 0.9%. This performance is, however, unsatisfactory when seen in the light of the 4.0% target required. Once again, the third contributor – namely investment income – let us down in the year under review.

Turning to our funding ratio: after application of BVG interest to all retirement savings, our funding ratio at 31 December 2011 stood at 102.6% (previous year: 105.1%). This is well short of our target funding ratio of 119.5% (based on a two-year fluctuation reserve).

Board of Trustees
Eva-Maria Kerner, the employer‘s representative on the Board of Trustees and the Investments Committee and Corporate Controller at Swissport International, moved to Swissport Geneva on 1 February 2012, where she is now Director of Finances (Senior Business & Finance Controller). We are delighted that she has remained loyal to the PVS despite this relocation.

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, Claudia Sommer, customer advisor since May 2009, and Reymond Früh, Head of Accounting since May 2010, all of whom work for Pension Fund Services AG (PFS AG).

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

Contracts of affiliation

The founder-employer of the PVS is Swissport International AG, Opfikon ZH, (83 working insurees), which founded the scheme in its Deed of Trust of 15 September 2003. The PVS also held affiliation agreements with the following nine companies and operations at the end of 2011:

- Swissport Group Services GmbH, Baar, Canton Zug (29 working beneficiaries)
- Swissport International AG, Zurich operations (1 679 working beneficiaries)
- Swissport Baggage Sorting AG, Kloten, Canton Zurich (176 working beneficiaries)
- Careport AG, Opfikon, Canton Zurich (91working beneficiaries)
- Swissport International AG, Basel operations (392 working beneficiaries)
- Swissport International AG, Geneva operations (938 working beneficiaries)
- GVAssistance S.A, Le Grand-Saconnex, Canton Geneva (51 working beneficiaries)
- Privatport S.A., Meyrin, Canton Geneva (9 working beneficiaries)
- Unitpool AG, Kloten, Canton Zurich (0 working beneficiaries)

(= a total of 3 448 working beneficiaries as at 31 December 2011)

PAI Europe V (www.paipartners.com) purchased Swissport Group (www.swissport.com) from Ferrovial (www.ferrovial.com) in February 2011.

PAI Partners, one of the oldest and most experienced private equity companies in Europe, originated from Paribas Affaires Industrielles, the latter having handled the key investments of the pan-European merchant bank Paribas, which merged with BNP in 1999. The company engages in controlling investments in leveraged buyouts (LBOs), acquiring majority stakes in transactions worth between EUR 500 million and several billion euros. PAI is a long-term investor, its holdings usually spanning between four and six years.

Since being acquired by PAI Partners, Swissport has developed a new business plan which places greater emphasis on growing sales and developing business. The Executive Board has succeeded in concluding contracts in both new and existing locations and also boasts a strong acquisitions pipeline. Operational efficiency is now the focus of attention throughout the company, and new projects have been launched in an effort to optimise purchasing and pricing. The company stands to profit both from the growth in air traffic and the increase in outsourcing on the part of airline operators.

Swissport International AG provides ground-handling services for some 100 million passengers and handles 3.2 million tonnes of freight each year (the latter being transhipped in 98 warehouses with a total area of more than 360 000m²) on behalf of 650 aviation industry customers. A workforce of some 35 000 employees operating at 177 locations in 36 countries on five continents helped Swissport to generate consolidated revenue of CHF 1.7 billion in 2011.

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 as the commercial affiliation stipulated by Art. 3.3 of the PVS Deed of Trust no longer applies.

The criteria for the partial liquidation have thus been fulfilled. The Board of Trustees asked the expert to perform the necessary calculations and to present these to the Board on 10 May 2012 in order to permit a corresponding resolution to be passed.

On 31 December 2011, 18 beneficiaries transferred collectively to the new pension fund of Unitpool AG. Their entire vested benefits were transferred on 3 January 2012.

The beneficiaries involved will be informed of the details after the resolution has been passed, after which they have 30 days to raise any objections, stating the reasons.

2011, the eighth business year

The PVS began its eighth year of business on 1 January 2011 with 3 346 working beneficiaries, actuarial capital for working beneficiaries of CHF 458 million and a funding ratio of 105.1%. It closed the year on 31 December 2011 with 3 448 working beneficiaries, actuarial capital for working beneficiaries of CHF 453 million, a funding ratio of 102.6%, annual interest on all old-age savings of 2.00% (unchanged from 2010) and a performance for the year of 0.9%.

The PVS website at www.pv-swissport.ch provides 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 2010 Annual Report were also held at all three operating units– Basel, Geneva and Zurich.

With the exception of the departure of the 18 Unitpool AG employees on 31 December 2011, the PVS had no further collective admissions or departures in the year under review.

Actuarial appraisal

The following is a summary of the actuarial appraisal as at 31 December 2011 presented by the accredited pension actuary:

The PVS is a semi-autonomous occupational pension scheme. It has reinsured the risks of death and disability since 1 January 2011. The risk insurance premium of 2.5% did not need to be adjusted for 2011.

The number of working insurees has increased, as has the number of pension recipients. The calculations were based on the new BVG 2010 actuarial data and on the standard cross-sectional mortality table projected to 2012.

Our structure of insurees shows a healthy picture. The number of people who are nearing retirement age (older than 58) is fairly high. The average age of our insurees 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 process was slightly positive in 2011.

The PVS currently has 67 insurees (previous year: 73) who have been unable to work for more than 60 days. It is not known how many of these insurees will draw a pension from the PVS in future.

2011 annual result

The vested benefits paid in by joining insurees amounted to (rounded) CHF 10.7 million in 2011 (previous year: CHF 10.6 million.). At CHF 17 million, vested termination benefits paid out on leaving were below the previous year's level of CHF 20.5 million.

The PVS paid CHF 7 million in old-age pensions in 2011, compared with CHF 5.8 million in 2010. Lump-sum payments on retirement rose to CHF 9.4 million in 2011 (previous year: CHF 8.7 million). The increase in retirement benefits is a result of the increased number of pension recipients.

Interest payments stood at CHF 8.8 million in 2011 (previous year: CHF 8.7 million).

The number of insurees rose by 102. The number of old-age pension recipients continued to rise and had reached 268 by the end of the year, while the number of disability pension recipients rose to 31.

The savings contributions received exceeded the regulatory 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.

The year under review saw the PVS sign new asset management agreements with Credit Suisse and Zürcher Kantonalbank, which will reduce asset management costs in the coming years. This resulted in some switching of investments in bonds and equities. Asset management costs were already lower in 2011 than in the previous year, In accordance with the contract with PFS AG, the PVS's administration expenses are based on a sliding scale. They amount to CHF 286 per capita and include the costs for the accredited pension actuary, the auditors, the translations and the printed matter.

Investments

In 2011, the Board of Trustees signed new asset management agreements with Credit Suisse and Zürcher Kantonalbank which are aimed to reduce asset management costs in the coming years thanks to volume-based management fees. These agreements were possible thanks to the PFS index pool, a joint investment scheme involving other pension funds of the former Swissair.

Strategy

Our Strategic Asset Allocation (SAA), valid as of 1 December 2011, involved some restructuring within the «bonds» and «equities» asset categories

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 permit, 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

An investment of CHF 30 million in the equity-based sustainable investments Sarasin OekoSar Equity – Global F, Henderson Global Care Growth Fund and SAM Smart Energy Fund have yet to produce the expected return. In December, we sold our stake in the SAM Smart Energy Fund and used the proceeds to bolster our position in the Henderson Global Care Growth 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.

Currency hedges

The PVS continues to hedge its US Dollar and Euro currency risks. The scope of this operation was adjusted in December to reflect the actual investment volume.

Mortgage loans

We have made good progress with regard to beneficiaries‘ mortgage loans. These total around CHF 27.2 million, representing 4.3% of our pension scheme‘s assets. As at 31 December 2011, the PVS carried 37 variable-rate mortgages at an aggregate loan value of CHF 11.5 million and 46 fixed-rate mortgages totalling CHF 15.7 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.

Investment regulations

The structural reform of occupational pensions has made a revision of the investment regulations necessary. Following extensive groundwork, the Board of Trustees approved the investment regulations valid from 1 January 2012 at its meeting on 31 January 2012. The Office of Occupational Pension Plans and Foundations of the Canton of Zurich has since approved the new regulations.

Regulations concerning provisions and fluctuation reserves

These regulations govern the setting up of provisions and fluctuation reserves. They must be observed by the expert when calculating technical provisions and fluctuation reserves.

The new BVG 2010 actuarial data together with the standard cross-sectional mortality tables rendered the current regulations obsolete. The Board of Trustees approved the new regulations by circular decision on 29 February 2012; they entered into force with retroactive effect from 31 December 2011.

Stagnating salaries

The average insured salary in the PVS in recent years (2009 – 2011) remained stable at approximately CHF 60 500.

This means that, despite the stagnation in average figures, working insurees actually receive a rise, albeit small, in salary each year. This is because insurees entering retirement earn a higher salary than young insurees who have just joined the company.

Despite the annual rise in pension payments, the PVS‘s cash flow from regulatory contributions and benefits is set to remain positive for years to come. This is helped by the fact that the PVS has relatively few pension recipients. As at 31 December 2011, the fund comprised 313 pension recipients (not including recipients of child’s pensions) and 3 448 working insurees, a ratio of 1:10.

Determination of interest rates

Interest paid on old-age savings in 2011

In its resolution of 22 November 2011, the Board of Trustees decided to pay interest of 2% on all insurees‘ old-age savings for 2011 (previous year: 2%), thereby adopting the BVG interest rate set by the Swiss Federal Council. Those insurees who retired or left the PVS during the course of the year received this interest retrospectively at the end of 2011.

Determination of the interest rate payable in 2012

The Board of Trustees will decide on the interest rate payable on insurees‘ retirement savings towards the end of 2012. The Board of Trustees has chosen to proceed in this way as it is impossible to make reliable predictions of developments relating to the «third contributor», i.e. the financial markets.

On 2 November 2011, the Federal Council decided to set the BVG minimum interest rate for 2012 at 1.5%. The minimum rate is not binding on super-mandatory retirement savings.

2012 interest rate for intra-year events

As in 2004-2007 and in 2009-2011, the PVS will not pay any interest on amounts withdrawn from the scheme by insurees leaving or retiring during the course of the year. Any interest paid on such amounts at a later date will be based on the interest rate determined for 2012.

Projected interest rate from 2013

Although the projected interest rate will remain at 2% and thus corresponds to the BVG interest rate set by the Swiss Federal Council for 2011, it is half a percentage point above the BVG interest rate of 1.5% set for 2012. The projected interest rate is used to calculate future PVS benefits. It has been used for all calculations under «projected benefits» (for old age, disability and death) shown on the annual individual statement of benefits for PVS beneficiaries since 1 January 2010.

Pension adjustments for 2012

The Board of Trustees also resolved at its meeting of 22 November 2011 that it would not increase PVS pensions from their present levels with effect from 1 January 2012 in view of the current situation on the financial markets and the generational imbalance (higher technical interest rate of 3.5% paid on pension fund capital compared to the interest currently being earned on working insurees‘ old-age savings).

Risk insurance premium

At its meeting on 23 November 2010, the Board of Trustees opted 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. For insurees this means that from January 2011 a risk insurance premium of only 1.25% (previously: 1.75%) of the insured salary will be deducted from their monthly salaries.

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, there are no pension increases 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.

Participation is possible only in years with a good investment performance, when 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 the PVS has surplus income left over after meeting all of its statutory and regulatory obligations. On 21 September 2010, the «Guidelines on the participation of pension recipients in surplus income» were adopted.

Swissport Health Management (formerly Case Management)

Swissport Health Management involves helping Swissport staff who are ill or have suffered an accident to return to the workplace. The team is also responsible for social counselling, debt counselling, health promotion, accident prevention 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 also hold a degree either in social work or psychology. Swissport Geneva has its own team.

More than 200 people received support in 2011. Almost half of these were able to return to work at Swissport, with the remainder continuing to receive ongoing care and treatment. The number of insurees with long-term illnesses remained stable in the year under review.

Training for team leaders and customer service managers now features a new module «Managers and their responsibility for their own health and that of their staff», which is being run by members of the Health Management team.

Reinsurance of risks by 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.

Cooperation between the PVS and PKRück was very good in the first year. The main tasks involved workflow development and collecting health questionnaires from insurees.

PKRück had no claims to handle in the year under review, as claims only materialise after a delay of around 12-24 months in the case of pension funds.

Evidence of survival of our pension recipients

At the beginning of 2011, all pension recipients were requested to provide evidence of survival, and the request was met in full by all recipients. The PVS has thus ensured that benefits are not being paid out unjustly.

In the future, the PVS will be requesting pension recipients to provide evidence of survival at regular intervals.

Asset management costs relatively low at PVS

A study published by the Federal Social Insurance Office in the early summer of 2011 came to the conclusion that asset management costs of Swiss occupational pension funds amount to around CHF 3.9 billion a year, which corresponds to 0.56% of total pension fund assets.

These costs fluctuate between 0.15% and 1.86% of assets, depending on the fund in question. Only those costs charged directly to a pension fund are disclosed in the fund‘s annual financial statements. In the case of the PVS, the costs in 2011 amounted to CHF 409 779 (2010: CHF 576 313) or 0.07% (2010: 0.09%).

Total asset management costs at the PVS amounted to around CHF 1.7 million in 2011 (2010: around CHF 2.2 million), i.e. 0.26% (2010: around 0.36%) of total fund assets. Assets are invested exclusively in cost-effective collective investments and investment foundations; a conscious decision has been made not to invest in individual securities. This ensures that we are able to broadly diversify our investment risks.

This means that asset management costs are relatively low at the PVS, and retirement savings are managed cost-effectively.

Administration costs also relatively low at the PVS

Second pillar administration costs of around CHF 391 were incurred per insuree and year in 2009, not including the above-mentioned asset management outlay. According to a study, these costs could only be reduced by simplifying processes significantly.

At the PVS, the figures are as follows: 2009: CHF 306; 2010: CHF 294; 2011: CHF 286.

Tages-Anzeiger pension fund ratings – fifth place

For the second time, the PVS took part in the «Tages-Anzeiger» pension fund rating and came fifth out of 39 pension funds, a rise of two places compared with the previous year.

The PVS rated above average in terms of its low coordination amount, the option of choosing different savings plans, and the AHV bridging pension paid out by Swissport. In terms of performance and interest rates, we rated slightly below average. However, our funding ratio, the key indicator of any pension scheme, was among the best.

We were rated fourth on the basis of benefits payable and eighth for financing. The overall fifth place rating was achieved mainly due to the following aspects:

- **Coordination amount**
  This amounts to only 20% of a basic salary and is capped at a single AHV old-age pension (in 2011: CHF 13 920). While all insurees profit from this, the coordination amount percentage is most effective for low to medium-sized salaries.

- **Ordinary retirement age**
  At Swissport and in the PVS, the ordinary retirement age for both men and women is 63. This is one and two years respectively before AHV retirement age, meaning that Swissport insurees can begin their well-earned retirement earlier than most of their Swiss counterparts.

- **AHV bridging pension**
  Swissport grants its staff a bridging pension to cover the period until they reach ordinary AHV retirement age and receive the state pension, which only begins later.

- **Scale of survivor‘s pension**
  Widows/widowers are entitled to a survivor‘s pension of 80% of a current retirement or disability pension and are thus much better off than with the statutory minimum of 60%.

- **Choice of different savings plans**
  With the PVS, insurees can choose between the Sparplan Plus, where they voluntarily contribute 9% (an additional 3 percent) of their insured salary towards their future retirement benefits, or Sparplan Standard, where they contribute 6% of their salary. The savings plan can be changed on 1 January of each year.

- **Contribution rates**
  Contribution rates between the age of 25 and 63 remain the same and amount to 15% overall in the Standard plan. They give rise to a higher savings rate during the accumulation process than with the statutory minimum rate, which applies a system of sliding-scale contributions incremented every ten years, with the top rate of 18% being reached from the age of 55 onwards.

- **Pre-financing of early retirement**
  In the PVS, insurees have the option of pre-financing early retirement by paying in a single premium in order to receive the same pension as they would have received at the age of 63.

2011 pension plan

The pension plan valid from 1 January 2011 can be viewed on our website www.pv-swissport.ch . The changes relate to the risk insurance premium, the new maximum coordination amount and the new admittance threshold to join the Supplementary Pension Plan.

Scheme regulations valid from 2011

Since 1 January 2011, new regulations have applied to older employees in occupational pension schemes that are designed to promote their participation in the labour market and to help them to remain longer in it. 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.

As the PVS has arranged reinsurance through PKRück from 1 January 2011, a new article had to be added to the pension scheme regulations, which was approved by the Board of Trustees on 20 January 2011. PKRück requires all new entrants to complete a health questionnaire and would like 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 Art. 3.3, which sets out the rules for admission to the pension 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 and was not sent out in the form of a hard copy to all insurees in order to keep costs down.

On the basis of regulations set down by our supervisory authority, the Supervisory Authority for Pensions and Trusts of the Canton of Zurich, the Board of Trustees at its meeting on 10 May 2011 approved the new Art. 1.4 «Reinsurance» detailing how any surplus from reinsurance is to be calculated and appropriated, as well as Art. 15.5 «Divorcees‘ entitlements».

Confronting the major new challenges of longevity and interest rates

The conversion rate is the main variable in the second pillar. When an insuree switches from being 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 → mortality
- 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 income.

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 taken at a particular point in time and do not take account of the increasing life expectancy 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% per year). 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 available on low-risk investments.

According to the latest statistics, life expectancy has increased further for both men and women. 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 for women 25.62 years (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 persistently low investment income.

As the PVS was not yet able to use the new BVG 2010 actuarial tables, our accredited pension actuary was obliged to set aside a provision of CHF 6 762 323 for pension losses (2010: CHF 8819726). This «cost» our scheme around 1.1 percentage points (2010: 1.6 percentage points) of the funding ratio as at the end of 2011.

It was 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 toward rising life expectancy and persistently low investment returns observable in recent years. Over the last eight business years from 2004 to 2011, we were unfortunately unable in any one year to pay interest on the old-age savings of our working insurees at the rate of 3.5% assumed in the pension calculation.

As our generational balance sheet on page 26 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 have had to restore the balance in treatment between working insurees and pension recipients in our PVS pension scheme.

The Board of Trustees had 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.

New conversion factors with effect from 1 January 2013
In its meeting on 10 May 2011, the Board of Trustees unanimously decided to reduce the conversion factors for old-age pensions and deferred spouses'/partners' pensions with effect from 1 January 2013.

For retirements as of 1 December 2012 and pensions beginning as of 1 January 2013, the conversion factors set out below now apply. These conversion factors are based on the latest BVG 2010 actuarial data with standard cross-sectional mortality tables, a technical interest rate of 3% and a spouse's/partner's pension of 70%.

In order to benefit from the conversion factors hitherto applicable, an employee must have entered retirement by 30 November 2012 at the latest and begin to draw his/her pension by 1 December 2012 at the latest.

Special arrangements for beneficiaries with night-shift credit/shift holiday entitlements
The conversion factors hitherto used will continue to apply to all employees with outstanding night-shift credit who begin to draw their pensions after 1 December 2012 insofar as the agreement on retirement with outstanding night-shift credit was set out in writing and agreed irrevocably with the employer before 30 November 2012, and the employee begins to draw this outstanding credit no later than 1 December 2012.

Reducing the deferred spouses'/partners' pensions from 80% to 70% of current old-age and disability pensions has helped to cushion somewhat the reduction in the conversion factors for married members.
The reduction effective from 1 January 2013 will also affect our married/registered-partner pension recipients who started to draw their pensions before the amendment of the regulations effective from 1 January 2013.

The Board of Trustees is aware that its decision of 10 May 2011 will have major repercussions for beneficiaries. By ensuring that the new regulations only apply to retirements starting 1 December 2012 and by introducing special arrangements for beneficiaries with night-shift credit or shift holiday entitlements, the Board is granting all beneficiaries a grace period of 1½ years during which they may still opt to retire under the old terms and conditions.

Conversion factors for persons retiring with effect from 1 December 2012 and drawing a first pension in January 2013:

Age of insuree	Married / co-habiting with partner	Unmarried
58	5.01	5.57
59	5.10	5.70
60	5.21	5.84
61	5.32	5.99
62	5.44	6.15
63	5.56	6.32
64	5.70	6.50
65	5.84	6.69

To calculate the old-age pension, the conversion factor as a percentage of the savings capital must be used. If the age difference between the spouse/partner is more than 10 years, the pension will be adjusted by +/- 1% for every year (including years already started) in excess of the 10-year difference.

The table is based on the latest BVG 2010 actuarial data with the standard cross-sectional mortality table, a technical interest rate of 3.0% and a spouse‘s/partner‘s pension of 70%.

We reported in detail on these amendments to the regulations in our Information Bulletin No 25 dated 10 May 2011. This bulletin also explains the reasons for the changes and provides some sample calculations.

In Information Bulletin No 27 dated 2 December 2011, we took the opportunity to remind beneficiaries once again of the amendments to the regulations with effect from 1 January 2013.

Outlook to 2015

The new BVG 2015 actuarial data will be available from the end of 2015. Until then, the PVS will continue to use the standard cross-sectional mortality table. The generation table should be used in preference to the standard cross-sectional mortality table as it already takes the future increase in life expectancy into account. If the generation table is used, there is no need to accrue annual provisions for the longevity of pension recipients.

Outlook for 2012

Slight increase in the popularity of Standard Plus

As of 1 January 2012, a total of 484 beneficiaries (= 14.6% of 3 308 entitled to do so, excluding the insurees of Swissport Baggage Sorting) had opted for the Standard Plus pension plan which features an employee contribution of 9% (instead of the 6% under the Standard plan). This is a slight increase over the 453 beneficiaries (13.4%) as of 1 January 2011.

AHV (state old-age) and IV (state disability) pensions same as in 2011
As of 1 January 2012, the AHV and IV state pensions were the same as in 2011, i.e. the minimum AHV/IV pension remains at CHF 1 160 a month, the maximum pension at CHF 2 320.

The maximum AHV state old-age pension remains unchanged at CHF 27 840 a year. As a result our maximum coordination amount also remains the same at CHF 13 920, which is equal to half the maximum AHV pension. The admission threshold required to join the Supplementary Pension Plan also stayed the same at CHF 104 400 (= 7.5 x coordination amount). The minimum salary required to join the PVS also remained at CHF 20 880 (= 3/4 of the maximum annual AHV pension).

IV Revision 6a comes into force
IV Revision 6a came into force on 1 January 2012. As with Revisions 4 and 5, the overarching objective of Revision 6a is to reintegrate disabled individuals into working life.

- Revision 6a stipulates that a distinction must now be drawn between reintegration prior to disability (entitlement to a daily allowance from IV state disability insurance) and reintegration after disability (entitlement to a state IV disability pension and a BVG occupational disability allowance).

- For the duration of the reintegration process after disability, an individual is still entitled to claim an IV disability pension and an occupational disability allowance from the current pension fund.

- If reintegration is successful, the current pension fund will remain responsible for the case in question for a protection period of three years. It will continue to manage the retirement savings process and, where applicable, provide a reduced disability pension. The pension fund of the new employer will not become responsible for the individual until the end of the three-year period. This amendment will necessitate adjustments in technical administration and in the pertinent regulations.

Amendments to regulations
Various regulations will need to be amended on account of the structural reform of occupational pensions. This will affect the pension scheme, investment and organisational regulations.

Strategy and objectives of the Swissport occupational pension scheme
The Board of Trustees intends to address the strategy and objectives of the Swissport occupational pension scheme. Among other things, it aims to establish the direction in which employers and employees would like to see the PVS develop in future and also how it should compensate for the lack of income from the third contributor, namely investment income.

New service agreement from 2013 to 2015
The service agreement with PFS AG expires at the end of 2012. The Board of Trustees will be requesting tenders from PFS AG and other providers for a new service agreement to run from 2013 to 2015. The Board plans to reach the pertinent decision by the end of June 2012.

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 controller and PFS AG for their consistently committed, thorough and professional work on behalf of our foundation.

Yours sincerely
Peter Graf
Chairman of the Board of Trustees

Balance Sheet	Index Note	**31.12.2011** CHF	**31.12.2010** CHF
ASSETS			
Investments	6.4	**629 917 212**	**619 541 948**
Liquidity		13 338 142	24 385 874
Receivables from employer	7.1.1	2 993 677	2 483 179
Other receivables	7.1.2	1 142 547	1 201 362
CHF bonds		85 287 907	63 671 464
EUR bonds (including currency hedges)		37 862 379	79 662 247
USD bonds (including currency hedges)		0	29 129 549
Foreign currency bonds		62 958 801	0
Mortgage loans		27 223 112	28 637 026
Equities Switzerland		45 157 304	31 120 006
Equities Europe		25 018 740	40 983 861
Equities North America (including currency hedges)		38 357 228	39 314 454
Equities Pacific		25 124 539	34 044 895
Equities foreign (sustainable)		25 363 367	28 471 787
Equities emerging markets		30 049 392	19 111 741
Commodities (including currency hedges)		31 886 562	33 845 987
Real estate		178 153 515	163 478 516
Prepaid expenses and accrued income	7.1.3	**6 545 851**	**5 981 773**
TOTAL ASSETS		**636 463 063**	**625 523 721**

Balance Sheet	Index Note	31.12.2011 CHF	31.12.2010 CHF
LIABILITIES			
Obligations		**4 476 460**	**2 727 013**
Vested benefits		4 097 619	1 581 880
Capital payments		346 767	1 088 154
Other obligations	7.1.4	32 074	56 979
Accrued expenses and deferred income	7.1.5	**324 793**	**297 667**
Actuarial capital and technical provisions		**615 916 351**	**592 402 681**
Actuarial capital for working insurees	5.2	453 223 258	457 528 902
Actuarial capital for pension recipients	5.4	147 823 293	110 524 307
Technical provisions	5.6	14 869 800	24 349 472
Fluctuation reserve	6.3	**15 745 459**	**30 096 360**
Scheme capital, freely disposable funds, underfunding		**0**	**0**
TOTAL LIABILITIES		**636 463 063**	**625 523 721**

	Index Note	2011 CHF	2010 CHF
Regular and other contributions and deposits		**31 921 931**	**69 083 859**
Employee‘s savings contributions		10 694 369	10 252 828
Employer‘s savings contributions		15 265 296	14 772 039
Employees‘ risk insurance premiums		2 147 300	2 915 020
Employer‘s risk insurance premiums		2 178 008	2 952 531
One-off deposits and buy-in amounts	7.2.1	1 635 928	1 164 604
Deposits from the partial liquidation of the GPS		0	35 309 818
Deposits from fluctuation reserves	6.3	0	1 715 842
Contributions from LOB Guarantee Fund		1 030	1 177
Other amounts paid in		**10 715 437**	**10 576 156**
Vested benefits transferred into the scheme by joining insurees		9 155 738	8 919 592
Home financing repayments/divorce-related deposits	7.2.2	1 559 699	1 656 564
INFLOW FROM CONTRIBUTIONS, DEPOSITS AND OTHER AMOUNTS PAID IN		**42 637 368**	**79 660 015**
Statutory benefits paid		**-18 315 502**	**-25 641 530**
Old-age pensions		-7 035 166	-5 752 430
Survivor‘s pensions		-345 410	-321 969
Disability pensions		-453 996	-384 869
Child‘s pensions	7.2.3	-159 977	-157 097
Lump-sum payments on retirement		-9 410 850	-8 644 729
Lump-sum benefits on death/disability		-910 103	-164 905
Distribution from the partial liquidation of the GPS to retirees and the disabled		0	-10 215 531
Other benefits paid and withdrawals		**-17 015 967**	**-20 587 825**
Vested benefits paid out on leaving		-12 924 746	-13 583 407
Distribution from the partial liquidation of the GPS to previous insurees		0	-3 757 614
Distribution of fluctuation reserves from partial liquidation		-73 191	0
Home financing withdrawals/divorce-related payments	7.2.4	-4 018 030	-3 246 804
OUTFLOW THROUGH BENEFITS PAID/WITHDRAWALS		**-35 331 469**	**-46 229 355**
Changes in actuarial capital, technical provisions and contribution reserves		**-23 440 479**	**-46 847 868**
Creation/release of actuarial capital for working insurees	5.2	13 105 825	-11 157 000
Creation of actuarial capital for pension recipients	5.4	-37 298 986	-17 952 936
Creation/release of technical provisions	5.6	9 479 672	-7 307 525
Interest paid on savings capital	5.2	-8 800 181	-8 714 565
Creation/release of fluctuation reserves from partial liquidation/deposits	6.3	73 191	-1 715 842
Insurance expenses	7.2.5	**-2 104 461**	**-182 293**
NET INCOME FROM INSURANCE ACTIVITIES		**-18 239 041**	**-13 599 501**

	Index Note	2011 CHF	2010 CHF
Net income from investment activities	6.6	**5 215 915**	**7 719 494**
Income from liquidity		-265 310	72 778
Income from CHF bonds		4 038 221	2 214 561
Income from EUR bonds (incl. currency hedges)	6.6.2	2 044 137	-10 975 247
Income from USD bonds (incl. currency hedges)	6.6.3	3 547 792	214 611
Income from foreign currency bonds		914 412	0
Income from mortgage loans		668 479	783 958
Income from Equities Switzerland		-3 022 344	531 818
Income from Equities Europe		-4 562 505	-3 264 801
Income from Equities North America (incl. currency hedges)		72 187	3 006 884
Income from Equities Pacific		-4 817 898	1 324 444
Income from Equities foreign (sustainable)		-3 032 777	-2 162 051
Income from Equities emerging markets		-4 493 667	1 636 128
Income from securities lending	6.7	0	75 472
Income from real estate	6.6.1	14 439 293	10 919 560
Income from hedge funds		0	5 399
Income from commodities (incl. currency hedges)		115 325	3 946 942
Asset administration costs	7.2.6	-409 779	-576 313
Interest on vested benefits		-19 651	-34 649
Other income		**11 381**	**14 883**
Other expenses	7.2.7	**-225 519**	**-226 197**
Administrative expenses	7.2.8	**-1 040 447**	**-1 038 022**
EXPENSE SURPLUS BEFORE RELEASE OF FLUCTUATION RESERVE		**-14 277 711**	**-7 129 343**
Release of fluctuation reserve from surplus of expenses	6.3	**14 277 711**	**7 129 343**
INCOME/EXPENSE SURPLUS		**0**	**0**

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 Art. 80ff. of the Swiss Civil Code (ZGB), Art. 331 of the Swiss Code of Obligations (OR) and Art. 48 (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 objective of the PVS is to provide an occupational pension scheme within the framework of the BVG and its implementing provisions 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 consequences of old age, disability and death.

1.2 Registration under the BVG and with the LOB Guarantee Fund

The PVS was entered in the Register of Occupational Pension Schemes of the Canton of Zurich (under register number 1377) on 1 January 2004, as attested by the corresponding official confirmation thereof dated 24 February 2004. The PVS is subject to the Swiss Federal Law on Vested Benefits in Occupational Retirement, 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.

Angabe zu den Reglementen

Regulations	Approved	Effective
Pension Scheme Regulations	20 January 2011	1 January 2011
Regulations on Provisions and Reserves	29 February 2012	31 December 2011
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
Strategic Asset Allocation	22 November 2011	1 December 2011
Partial Liquidation Regulations	24 November 2009	1 December 2009

1.4 Governing body and signatory authority

At 31 December 2011, the Board of Trustees, which is composed of an equal number of employer's and employees' representatives, consisted of the following members:

Board of Trustees

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

[1)] Member of the Investments Committee

There were no personnel changes to the Board of Trustees in 2011.

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 controller and supervisory authorities

Accredited pension actuary

Roland Guggenheim, Mercer (Switzerland) SA, Tessinerplatz 5, 8027 Zurich

Statutory auditors

KPMG AG, Badenerstrasse 172, 8004 Zurich

Investment controller

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

Supervisory authorities

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

1.6 Affiliated employers

The following companies with close business and financial links to founder-employer Swissport International AG are also affiliated with 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, until 31 December 2011
PrivatPort S.A., Meyrin, Geneva
Swissport Group Services GmbH, Baar, Zug
Careport AG, Opfikon, Zurich
GVAssistance S.A., Le Grand-Saconnex, Geneva

Unitpool AG, Kloten left the pension scheme with effect from 31 December 2011.
No new employers joined the PVS in 2011.

2 Working insurees and pension recipients

2.1 Working insurees

	Swissport International 2011	Swissport International 2010	Swissport Zürich 2011	Swissport Zürich 2010	Swissport Basel 2011	Swissport Basel 2010
At 1 January	**75**	**69**	**1 683**	**1 649**	**361**	**358**
Joined	18	20	263	313	48	22
Left	8	13	235	260	12	13
Retired	1	1	27	15	5	5
Newly disabled	0	0	4	2	0	1
Died	1	0	1	2	0	0
At 31 December	**83**	**75**	**1 679**	**1 683**	**392**	**361**
of whom risk insurance only	1	1	132	159	17	12
Old-age savings at 31 December	**27 096 249**	**24 190 735**	**214 594 543**	**214 399 909**	**42 121 343**	**42 552 527**
of which BVG old-age savings at 31December	5 371 089	4 673 207	81 187 704	78 408 546	14 436 599	14 140 510

	Swissport Geneva 2011	Swissport Geneva 2010	Swissport Baggage Sorting 2011	Swissport Baggage Sorting 2010	Unitpool 2011	Unitpool 2010
At 1 January	**883**	**871**	**170**	**164**	**11**	**11**
Joined	154	123	24	22	9	2
Left	79	82	16	13	19	2
Retired	20	28	2	2	1	0
Newly disabled	0	0	0	1	0	0
Died	0	1	0	0	0	0
At 31 December	**938**	**883**	**176**	**170**	**0**	**11**
of whom risk insurance only	79	79	7	11	0	0
Old-age savings at 31 December	**129 974 874**	**134 901 860**	**21 088 578**	**21 031 324**	**0**	**2 280 453**
of which BVG old-age savings at 31December	47 745 418	47 287 060	8 987 357	8 566 090	0	659 839

	PrivatPort 2011	PrivatPort 2010	ISS Aviation AG, Kloten, Zurich Operations 2011	ISS Aviation AG, Kloten, Zurich Operations 2010	Swissport Group Services GmbH 2011	Swissport Group Services GmbH 2010
At 1 January	**7**	**7**	**2**	**2**	**25**	**25**
Joined	3	1	0	0	13	5
Left	1	1	1	0	8	4
Retired	0	0	0	0	0	1
Newly disabled	0	0	1	0	0	0
Died	0	0	0	0	1	0
At 31 December	**9**	**7**	**0**	**2**	**29**	**25**
of whom risk insurance only	1	0	0	0	0	1
Old-age savings at 31 December	**304 574**	**372 263**	**0**	**61 706**	**6 097 040**	**6 144 722**
of which BVG old-age savings at 31December	167 007	181 293	0	34 334	1 546 986	1 633 085

	Careport AG		GVAssistance S.A.	
	2011	**2010**	**2011**	**2010**
At 1 January	**82**	**104**	**47**	**37**
Joined	23	12	8	13
Left	13	31	3	3
Retired	1	3	1	0
Newly disabled	0	0	0	0
Died	0	0	0	0
At 31 December	**91**	**82**	**51**	**47**
of whom risk insurance only	7	5	6	3
Old-age savings at 31 December	**5 027 363**	**4 502 984**	**6 918 694**	**7 090 418**
of which BVG old-age savings at 31 December	2 093 313	1 818 375	2 833 502	2 765 943

	Total PVS 2011	2010	Change over previous year
At 1 January	**3 346**	**3 297**	**49**
Joined	563	533	30
Left	395	422	-27
Retired	58	55	3
Newly disabled	5	4	1
Died	3	3	0
At 31 December	**3 448**	**3 346**	**102**
of whom risk insurance only	250	271	-21
Old-age savings at 31 December	**453 223 258**	**457 528 902**	**-4 305 644**
of which BVG old-age savings at 31 December	164 368 975	160 168 281	4 200 694

Working insurees by BVG	Women		Men		Total	
age at 31 December	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
18 – 24	106	122	144	149	250	271
25 – 34	423	410	555	505	978	915
35 – 44	335	349	526	513	861	862
45 – 54	353	337	539	505	892	842
55 – 65	181	178	286	278	467	456
Total	**1 398**	**1 396**	**2 050**	**1 950**	**3 448**	**3 346**

The average age of a PVS working insuree is 40.9 years (previous year: 40.9 years).

2.2 Pension recipients

Pension type – status	Women		Men		Total	
	2011	2010	2011	2010	2011	2010
Old-age pensions	101	83	167	139	268	222
Disability pensions	17	15	14	11	31	26
Spouse’s pensions	12	12	2	2	14	14
Child‘s pensions	13	16	19	17	32	33
Total	**143**	**126**	**202**	**169**	**345**	**295**

Pension type – development	Total 31.12.2011	New	Change Retirement	Left	Total 31.12.2010
Old-age pensions	268	2	45	1	222
Disability pensions	31	7	0	2	26
Spouse‘s pensions	14	0	0	0	14
Child‘s pensions	32	8	0	9	33
Total	**345**	**17**	**45**	**12**	**295**

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 5 400 a year.

Pension plans

The PVS‘s pension plans specify the salary insured under the PVS and the distribution of contributions and premiums between the employer and the employee for basic and supplementary occupational pension provision.

All employees who fall under the BVG are admitted to the PVS‘s Basic Pension Plan.

The Supplementary Pension Plan is provided for all management personnel with individual contracts of employment whose annual salary (including year-end bonuses) exceeds 7.5 times the minimum AHV 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 amounting to 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 amounts to 20% of the employee's salary, up to a maximum of 50% of the maximum AHV old-age pension.

The insured salary for Supplementary Pension Plan purposes is the employee's salary including any year-end bonuses less a coordination amount of 7.5 times the minimum AHV 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 2.5% of the insured salary and is shared equally between employer and employee.

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

PVS 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 was 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 financial statements of the PVS are 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 consist of the balance sheet, the operating income statement and the notes thereto and provide a true and fair view of the scheme‘s actual financial situation as required by the legislation on occupational pension provision. Asset values were determined for the annual financial statements as follows:

Asset category	Valuation method
Nominal values	
Liquidity	Nominal value
Receivables	Nominal value
CHF bonds	Fair value
EUR bonds	Fair value
USD bonds	Fair value
Foreign currency 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

Investments 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

On 12 January 2011, the PVS, a semi-autonomous pension fund, entered into a reinsurance agreement with «PKRück Lebensversicherung für die betriebliche Vorsorge AG», Vaduz, 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.

The annual premium for 2011 amounted to CHF 1 922 475. No claims were payable by the reinsurer in 2011.

The reinsurance agreement features a profit-sharing arrangement for surplus funds. Where available, any surplus funds are allocated to the freely disposable funds. If this is not possible, they are allocated to the fluctuation reserve. If this is also not possible, the surplus funds will be used to compensate for any underfunding.

As at 31 December 2011, the sum of CHF 529 834 was allocated to a provision for the distribution of surplus funds. Future benefits effected by PKRück will be partially charged to this provision. The final account will be drawn up after a term of three years and following the settlement of any claims which occurred during this period, i.e. towards the end of 2015.

	2011 CHF	2010 CHF
Surplus funds at 1 January	**0**	**0**
Allocation to reserve for the distribution of surplus funds	529 834	0
Withdrawal from reserve for the distribution of surplus funds	0	0
Credit from stop-loss cover	0	0
Surplus funds at 31 December	**529 834**	**0**

5.2 Performance of savings capital and interest earned thereon

	2011 CHF	2010 CHF
Total savings of working insurees at 1 January	**457 528 902**	**437 657 336**
Creation/release of working insurees actuarial capital	**-13 105 825**	**11 157 000**
Employees’ savings contributions	10 694 369	10 252 828
Employer‘s savings contributions	15 265 296	14 772 039
One-off deposits and buy-in amounts	1 635 928	1 132 919
Deposits from the partial liquidation of the GPS	0	35 309 818
Vested benefits transferred into the scheme by joining insurees	9 150 263	8 919 592
Home financing repayments/divorce-related deposits	1 559 699	1 656 564
Capital formation for payments pursuant to Art. 17 FZG	21	0
Vested benefits on leaving	-12 924 746	-13 583 407
Distribution from the partial liquidation of the GPS to previous insurees	0	-3 757 614
Home financing withdrawals and divorce-related payments	-4 018 030	-3 246 804
Capital released through lump-sum payments on retirement	-9 410 850	*
Capital released through lump-sum payments on death/disability	-910 103	*
Capital released through retirement, death and disability	-24 147 672	-30 083 404
Distribution from the partial liquidation of the GPS to retirees and the disabled	0	-10 215 531
Interest earned on savings capital	**8 800 181**	**8 714 565**
Total actuarial capital of working insurees at 31 December	**453 223 258**	**457 528 902**

* disclosed last year under «Performance of actuarial reserves for pension recipients»

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

Under Art. 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 for the year under review. For 2011, any payments or benefit calculations made during 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 was taken at the meeting of the Board of Trustees of 22 November 2011, when a rate of 2% was set for all old-age savings.

5.3 Total old-age savings under the BVG

	31.12.2011 CHF	31.12.2010 CHF
Total old-age savings	453 223 258	457 528 902
of which BVG old-age savings	164 368 975	160 168 281

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

5.4 Performance of actuarial reserves for pension recipients

	2011 CHF	2010 CHF
Actuarial reserves at 1 January	**110 524 307**	**92 571 371**
Creation of actuarial capital for pension recipients	**37 298 986**	**17 952 936**
Creation through retirement, death and disability	24 147 672	30 083 404
Deposit of IV disability capital	5 474	31 685
Release through lump-sum payments on retirement	*	-8 644 729
Release through lump-sum payments on death/disability	*	-164 905
Release through pension payments	-7 994 549	-6 616 365
Technical interest paid	3 868 351	3 239 998
Creation/release of actuarial capital for pensions	2 983 872	-1 026 824
Creation of actuarial capital new actuarial data and techn. interest rate	13 687 279	0
Creation of actuarial capital for disability/child‘s pensions	479 878	480 072
Actuarial loss	121 009	570 600
Total actuarial capital for pension recipients at 31 December	**147 823 293**	**110 524 307**

* disclosed last year under «Release of savings capital for working insurees»

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	**2011 CHF**	**%**	**2010 CHF**	**%**
Old-age savings on retirement	33 073 997		28 723 053	
of which converted into pension	23 663 147	72%	20 078 324	70%
of which withdrawn as lump-sum payment	9 410 850	28%	8 644 729	30%

Current PVS pensions were not increased following a resolution passed by the Board of Trustees to this effect on 22 November 2011. 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 paid on working insurees' actuarial capital and the technical interest paid on pension recipients' actuarial capital (including an allowance for increasing longevity risk) and adding it to the previous year's balance. Any further transfers between working insurees and pension recipients will not be recognised on this balance sheet.

A negative generational accounting balance will indicate that the transfer of accumulated funds is in favour of pension recipients and will mean that current pensions cannot be increased until this transfer amount has been offset. According to the calculations of the PVS's accredited pension actuary, the generational balance sheet as at 31 December 2011 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 plus 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%
2011	147 823 293	453 223 258	-3 047 905	2.00%	4.00%
TOTAL			**-9 103 570**		

* 2.25% on BVG old-age savings and 0% on supra-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 pensions at year-end:

Actuarial capital for pension recipients	31.12.2011 CHF	31.12.2010 CHF	Change over previous year in CHF
Deckungskapital Altersrentenbezüger	131 594 661	96 618 395	34 976 266
Deckungskapital Ehegatten- bzw. Lebenspartnerrenten	6 897 435	6 260 119	637 316
Deckungskapital Invalidenrenten	8 342 204	6 650 083	1 692 121
Deckungskapital Kinderrenten	988 993	995 710	-6 717
Total Vorsorgekapital Rentner	**147 823 293**	**110 524 307**	**37 298 986**

5.5 Result of the latest actuarial appraisal

The latest actuarial appraisal of the PVS was conducted as at 31 December 2011. 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 funding comply with the relevant legal requirements.

5.6 Actuarial principles

The accounting principles are based on BVG 2010 actuarial data and the standard cross-sectional mortality table projected to 2012 (previous year: EVK 2000) at a technical interest rate of 3.0% (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 according to the closed fund principle.

The one-off costs for the switch-over to BVG 2010 actuarial data amounted to CHF 13 687 279.

Categories of technical provisions	31.12.2011 CHF	31.12.2010 CHF	Change over previous year in CHF
Provision for increased longevity of pension recipients	0	6 078 837	-6 078 837
Provision for pension losses	6 762 323	8 819 726	-2 057 403
Provision for pending disability cases	8 107 477	0	8 107 477
Risk-related provision	0	9 450 909	-9 450 909
Total technical provisions	**14 869 800**	**24 349 472**	**-9 479 672**

Since 2011, the provision for increased longevity of pension recipients has been incorporated in the technical provisions and is no longer shown separately.

The provision for pending disability cases is based on current cases of sickness at year-end that have already lasted more than 60 days. As at 31 December 2011, a total of 67 insurees (previous year: 73) 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 a provision for pending disability cases and a provision for death and disability risks.

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 and 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 Art. 44 BVV2

	31.12.2011 CHF	31.12.2010 CHF	Change over previous year in CHF
Total assets at fair value	636 463 063	625 523 721	10 939 342
less liabilities	-4 476 460	-2 727 013	-1 749 447
less accrued expenses and deferred income	-324 793	-297 667	-27 126
Assets available	**631 661 810**	**622 499 041**	**9 162 769**
Actuarial capital for working insurees	453 223 258	457 528 902	-4 305 644
Actuarial capital for pension recipients	147 823 293	110 524 307	37 298 986
Technical provisions	14 869 800	24 349 472	-9 479 672
Actuarial capital required	**615 916 351**	**592 402 681**	**23 513 670**
Funding surplus as per Art. 44, para. 1 BVV2 (assets available less actuarial capital required)	**15 745 459**	**30 096 360**	**-14 350 901**
Funding ratio as per Art. 44, para. 1 BVV2 (assets available x 100 divided by actuarial capital required)	**102.6%**	**105.1%**	

The PVS‘s funding ratio as defined in Art. 44, para. 1 BVV2 stood at 102.6% at 31 December 2011.

6 Note on investments and on the net return on investments

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 of one employer‘s and one employees‘ representative.

Investments Committee

The Investments Committee is responsible for implementing and monitoring the PVS's investment strategy, ensuring that the weightings of the asset categories remain within the specified ranges and monitoring the activities of the portfolio managers and the administrative office. The Investments Committee generally meets every two months.

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

New investments in the year under review included bonds in «ZKB-CIF Swiss Bond Total Market Index Domestic» and «CSIF Inflation linked Bond World Index» and equities in «ZKB-CIF Swiss Small & Mid Cap Index» and «ZKB-CIF Emerging Markets Index»; in addition, we transferred «Money Market» investments from Pictet to Bank Syz and «SSgA Active Emerging Markets NL» and «SaraPro Emerging Markets» investments to the ZKB. We sold our investments in «SSgA EMU Government Bond Index» and «SSgA US TIPS Index».

6.2 Use of supplementary investment vehicles (Art. 50 (4) BVV2)

In the year under review, the PVS did not make use of any supplementary investment vehicles as provided for by BVV 2.

BVV2 restriction	SAA weighting	Net share at 31.12.2011	BVV2 limit	BVV2 article
Foreign currencies (without hedging)	28%	23.0%	30%	55e

6.3 Target size and calculation of the fluctuation reserve

Fluctuation reserves are intended to cushion a pension 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 the actuarial provisions required. These reserves are calculated according to the consistency principle and are revised annually.

The PVS's investment strategy features the following characteristics:

Characteristics of investment strategy	2011	2010
Expected return	4.2%	4.9%
Historical risk (based on past 144 months)	6.2%	6.1%
Two-year (previous year: two-year) fluctuation reserve required as a percentage of total actuarial capital and technical provisions	19.5%	17.5%

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	2011 CHF	2010 CHF	Change over prevoius year in CHF
Fluctuation reserve at 1 January	30 096 360	35 509 862	-5 413 502
Creation of fluctuation reserve through deposit*	0	1 715 841	-1 715 841
Release of fluctuation reserve from partial liquidation	-73 191	0	-73 191
Transfer from/to operating income statement	-14 277 711	-7 129 343	-7 148 368
Fluctuation reserve according to the balance sheet at 31 December	**15 745 459**	**30 096 360**	**-14 350 901**
Fluctuation reserve required	**120 103 688**	**103 670 469**	**16 433 219**
Shortfall in fluctuation reserve	-104 358 229	-73 574 109	-30 784 120

* 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 asset category

Asset category	31.12.2011 CHF	% of total assets	SAA	Target range	BVV2 Art. 55	31.12.2010 CHF	% of total assets
Nominalwerte	**230 806 565**	**36.6%**	**37%**	**23-54%**	**100%**	**229 170 701**	**37.0%**
Liquidity	13 338 142	2.1%	2%	1-10%		24 385 874	3.9%
Receivables	4 136 224	0.7%	0%			3 684 541	0.6%
CHF bonds	85 287 907	13.5%	14%	10-17%		63 671 464	10.3%
EUR bonds (incl. currency hedges)	37 862 379	6.0%	6%	4-8%		79 662 247	12.9%
USD bonds (incl. currency hedges)	0	0.0%	0%	0%		29 129 549	4.7%
Foreign currency bonds	62 958 801	10.0%	10%	6-13%		0	0.0%
Mortgage loans	27 223 112	4.3%	5%	2-6%		28 637 026	4.6%
Equities	**189 070 570**	**30.1%**	**32%**	**15-44%**	**50%**	**193 046 744**	**31.1%**
Equities Switzerland	45 157 304	7.2%	7%	3-9%		31 120 006	5.0%
Equities Europe	25 018 740	4.0%	4%	2-6%		40 983 861	6.6%
Equities North America (incl. currency hedges)	38 357 228	6.1%	7%	4-9%		39 314 454	6.3%
Equities Pacific	25 124 539	4.0%	4%	2-6%		34 044 895	5.5%
Equities foreign (sustainable)	25 363 367	4.0%	5%	2-7%		28 471 787	4.6%
Equities emerging markets	30 049 392	4.8%	5%	2-7%		19 111 741	3.1%
Non-traditional investments	**31 886 562**	**5.1%**	**5%**	**2-15%**	**15%**	**33 845 987**	**5.5%**
Hedge funds	0	0.0%	0%	0-4%		0	0.0%
Private equity	0	0.0%	0%	0-4%		0	0.0%
Commodities (incl. currency hedges)	31 886 562	5.1%	5%	2-7%		33 845 987	5.5%
Real estate	**178 153 515**	**28.3%**	**26%**	**22-33%**	**30%**	**163 478 516**	**26.4%**
Real estate in Switzerland	178 153 515	28.3%	26%	22-30%		163 478 516	26.4%
Real estate outside Switzerland	0	0.0%	0%	0-3%		0	0.0%
Total investments	**629 917 212**	**100.0%**	**100.0%**			**619 541 948**	**100.0%**

SAA = strategic asset allocation (investment strategy)

The investment restrictions laid down in Arts. 54, 54a and 54b BVV2 were observed.

Currency hedges	31.12.2011 CHF	% of total assets.	SAA	Targed range	31.12.2010 CHF	% of total assets.
Total	**65 816 978**	**10.4%**	**8%**	**1-32%**	**85 471 789**	**13.8%**
EUR	18 786 328	3.0%	3%	0-11%	26 214 072	4.2%
USD	47 030 650	7.5%	5%	1-16%	59 257 717	9.6%
JPY	0	0.0%	0%	0-3%	0	0.0%
GBP	0	0.0%	0%	0-2%	0	0.0%

As at 31 December 2011, 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 all year or for their own vacation purposes. Mortgages can be obtained for up to 80% of the property's declared market value (or 65% for vacation homes), up to a maximum of CHF 750 000. 65% of the market value of the mortgage loan must be amortised upon retirement.

Should an insuree leave the PVS or elect to receive all of their retirement benefits in the form of a lump-sum payment, they may continue to maintain their PVS mortgage according to 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-rate mortgages and three- or five-year fixed-rate mortgages. The interest rate for variable-rate PVS mortgages is set by the Board of Trustees on the basis of current market conditions, and amounted to 2.5% in 2011 (previous year: 2.5%). The interest rates for fixed-rate PVS mortgages are determined daily on the basis of the three- and five-year LIBOR rates plus a margin of 0.75%.

The performance of the mortgage loan portfolio in 2011 was as follows:

Mortgage loan portfolio	**Number 2011**	**CHF 2011**	**Number 2010**	**CHF 2010**
At 1 January	**86**	**28 637 026**	**94**	**32 276 026**
New mortgage	1	170 000	1	290 000
Mortgages terminated	-5	-1 567 914	-9	-3 503 000
Increases		10 000		45 000
Amortisations		-26 000		-471 000
At 31 December.	**83***	**27 223 112**	**86**	**28 637 026**
Of which fixed-rate mortgages	46	15 733 937	28	10 404 000

* = One borrower divided his current mortgage into two separate tranches

Number of borrowers	**2011**	**2010**
Working insurees	53	61
Pension recipients	18	11
Others	6	8
At 31 December	****77**	****80**

Average loan amount	**54.6%**	**55.2%**

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

«Others» are former beneficiaries who, as permitted by the scheme's mortgage guidelines, have 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 assets held in foreign currencies. The following forward exchange contracts were open on the balance sheet date

Forward foreign exchange contracts for investments	Currency	Amount in local currency	Contractual forward rate/ value in CHF	Current forward rate/ value in CHF	Gain/loss at 31.12.2011 in CHF
Sale on 7 December 2012	EUR	15 500 000	1.2207	1.2120	
EUR bonds			18 920 075	18 786 328	133 747
Sale on 7 December 2012	USD	15 000 000	0.9067	0.9313	
Equities North America			13 600 500	13 969 500	-369 000
Sale on 7 December 2012	USD	35 500 000	0.9067	0.9313	
Commodities			32 187 850	33 061 150	-873 300
Total open forward exchange contracts at 31.12.2011			**64 708 425**	**65 816 978**	**-1 108 553**

The above forward exchange contracts are covered by investments in EUR bonds, USD equities and USD commodities notes 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 2011	Value in CHF at 31.12.2011	Income in CHF 2010	Value in CHF at 31.12.2010
Turidomus investment trust	**13 732 493**	**153 973 515**	**10 451 760**	**139 019 516**
Casareal investment group	**8 211 236**	**88 097 587**	**6 335 953**	**79 926 448**
of which purchased		3 647 023		5 059 994
Dividend	3 687 120		3 310 650	
Change in net asset value	4 524 116		3 025 303	
Proreal investment group	**5 521 257**	**65 875 928**	**4 115 807**	**59 093 068**
of which purchased		4 092 191		0
Dividend	2 830 588		2 653 195	
Change in net asset value	2 690 669		1 462 612	
CS 1A Immo PK	**706 800**	**24 180 000**	**467 800**	**24 459 000**
of which purchased		0		24 977 000
Dividend	985 800		985 800	
Change in net asset value	-279 000		-518 000	
Total real estate	**14 439 293**	**178 153 515**	**10 919 560**	**163 478 516**

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 (business premises). The income consists of the dividends paid for the year under review plus/minus the changes in the assessment of the net asset value.

6.6.2 Detailed income from EUR bonds

	Income in CHF 2011	Value in CHF per 31.12.2011	Income in CHF 2010	Value in CHF per 31.12.2010
EUR bonds (incl. currency hedges)	**2 044 137**	**37 862 379**	**-10 975 247**	**79 662 247**
Nominal EUR bonds	484 515	0	-4 450 151	23 677 180
Inflation-linked EUR bonds	1 559 622	37 862 379	-6 525 096	55 985 067

6.6.3 Detailed income from USD bonds

	Income in CHF 2011	Value in CHF per 31.12.2011	Income in CHF 2010	Value in CHF per 31.12.2010
USD bonds (incl. currency hedges)	**3 547 792**	**0**	**214 611**	**29 129 549**
Nominal USD bonds	0	0	231	0
Inflation-linked USD bonds	3 547 792	0	214 380	29 129 549

6.6.4 Overall investment performance

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

Net result from investments	2011 CHF	Perform. in %	2010 CHF	Perform. in %
Nominal values	**10 947 731**	**4.4%**	**-7 689 339**	**-4.3%**
Liquidity	-265 310	-1.1%	72 778	0.2%
Receivables	0	0.0%	0	0.0%
CHF bonds	4 038 221	6.0%	2 214 561	3.6%
EUR bonds (incl. currency hedges)	2 044 137	2.5%	-10 975 247	-13.5%
USD bonds (incl. currency hedges)	3 547 792	12.1%	214 611	-4.4%
Foreign currency bonds	914 412	1.8%	0	0.0%
Mortgage loans	668 479	2.4%	783 958	2.6%
Equities (including income from securities lending)	**-19 857 004**	**-9.9%**	**1 147 894**	**-0.3%**
Equities Switzerland	-3 022 344	-8.7%	563 094	1.5%
Equities Europe	-4 562 505	-10.8%	-3 223 553	-6.8%
Equities North America (including currency hedges)	72 187	0.8%	3 007 872	4.5%
Equities Pacific	-4 817 898	-13.4%	1 326 507	4.5%
Equities foreign (sustainable)	-3 032 777	-10.6%	-2 162 051	-7.7%
Equities emerging markets	-4 493 667	-22.0%	1 636 025	9.9%
Non-traditional investments	**115 325**	**2.5%**	**3 952 341**	**2.5%**
Hedge funds (including currency hedges)	0	0.0%	5 399	0.0%
Commodities (including currency hedges)	115 325	2.5%	3 946 942	2.5%
Real estate	**14 439 293**	**8.6%**	**10 919 560**	**7.4%**
Real estate in Switzerland	14 439 293	8.6%	10 919 560	7.4%
Total net result from investments	**5 645 345**	**0.9%**	**8 330 456**	**1.5%**

The performance was calculated using the time-weighted return (TWR) method and reported net (i.e. after deduction of the costs of indirect investments). The net result from currency hedges is shown in the relevant investment categories, but is not included in the performance figures until the section entitled «Total net result from investments».

6.7 Market values and contractual partners under securities lending agreements

In accordance with the current pool agreement with State Street, 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 therefrom 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 asset 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	**2011 CHF**	**2010 CHF**	**Change over previous year**
Total income from securities lending	**0**	**75 472**	**-75 472**
Equities Switzerland investment fund	0	31 276	-31 276
Equities Europe investment fund	0	41 248	-41 248
Equities North America investment fund	0	988	-988
Equities Pacific investment fund	0	2 063	-2 063
Equities emerging markets investment fund	0	-103	103

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.

The only discrepancy is the investment in «ZKB-CIF Swiss Bond Total Market Index Domestic», Category N, Swiss Security No. 11704.507, which permits securities lending within the fund. The fund statement will close as of the end of February 2012. The fund manager informs us that bonds with a total value of CHF 5 362 745 were on loan as at 31 December 2011, corresponding to a lending rate of 29.1%.

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 and part of November 2011, which were paid until the middle of February 2012

7.1.2 Other receivables

	31.12.2011 CHF	31.12.2010 CHF
Refundable withholding tax amounts	1 125 836	1 181 636
Outstanding interest owned on mortgage loans	16 711	19 726
Total other receivables	**1 142 547**	**1 201 362**

Other receivables consist of refundable withholding tax amounts and outstanding interest owed on mortgage loans. The refundable withholding tax amounts were paid in March 2012. With the exception of CHF 4 200, the outstanding interest owed on mortgage loans was paid in January 2012.

7.1.3 Prepaid expenses and accrued income

	31.12.2011 CHF	31.12.2010 CHF
Prepaid administration fees for the following year	2 600	2 750
Adjustments to contributions in 2011	12 012	0
Provision for the LOB Guarantee Fund	1 030	1 177
Accrued income from investments	12 500	14 000
Accrued income from real estate	6 517 709	5 963 846
Total prepaid expenses and accrued income	**6 545 851**	**5 981 773**

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

Liabilities

7.1.4 Other liabilities

This item contains various invoices for the financial year which were paid in the first quarter of 2012.

7.1.5 Accrued expenses and deferred income

This item consists mainly of the annual contribution still owed to the LOB Guarantee Fund at year-end, outstanding management fees, provisions for expenses incurred by the Board of Trustees, the residual reinsurance premium and expenses for auditing and the accredited pension actuary's reports for the reporting year.

7.2 Operating income statement

7.2.1 One-off deposits and buy-in amounts

	2011 CHF	2010 CHF	Change over previous year
Employees' voluntary deposits	1 635 928	1 089 108	546 820
Employer's deposits	0	43 811	-43 811
Deposit of disability capital	0	31 685	-31 685
Total one-off deposits and buy-in amounts	**1 635 928**	**1 164 604**	**471 324**

7.2.2 Home financing repayments and divorce-related deposits

	2011 CHF	2010 CHF	Change over previous year
Voluntary repayments of home financing withdrawals	172 367	728 000	-555 633
Amounts received through divorce settlements	1 387 332	928 564	458 768
Total home financing repayments/ divorce-related deposits	**1 559 699**	**1 656 564**	**-96 865**

Nine insurees in total (previous year: nine) received a share of the occupational old-age savings of their former spouses which were paid into their own old-age savings accounts as part of divorce settlements. Four insurees (previous year: seven) made a voluntary repayment of PVS savings that had previously been withdrawn for home financing purposes.

7.2.3 Child's pensions

	2011 CHF	2010 CHF	Change over previous year
Child's pensions for the children of old-age pension recipients	75 941	71 744	4 197
Orphans' pensions	50 314	60 990	-10 676
Child's pensions for the children of disabled pension recipients	33 722	24 363	9 359
Total Child's pensions	**159 977**	**157 097**	**2 880**

7.2.4 Home financing withdrawals/divorce-related payments

	2011 CHF	2010 CHF	Change over previous year
Withdrawals for home financing purposes	2 924 780	2 266 500	658 280
Old-age savings transferred out as part of divorce settlements	1 093 250	980 304	112 946
Total home financing withdrawals/ divorce-related payments	**4 018 030**	**3 246 804**	**771 226**

A total of 23 insurees (previous year: 25) made use of the option allowing the advance withdrawal of PVS old-age savings for home financing purposes. The average advance withdrawal for home financing was CHF 127 164 (previous year: CHF 90 660).

A total of ten insurees (previous year: 14) transferred part of their occupational old-age savings to the occupational pension schemes of their former spouses as part of divorce settlements.

7.2.5 Insurance expenses

	2011 CHF	2010 CHF	Changes over previous year
Premiums to insurance company	1 922 475	0	1 922 475
Brokerage fees	50 000	0	50 000
Contribution to LOB Guarantee Fund	131 986	182 293	-50 307
Total insurance expenses	**2 104 461**	**182 293**	**1 922 168**

7.2.6 Asset administration costs

	2011 CHF	2010 CHF	Changes over previous year
Global custodian costs	19 872	22 703	-2 831
Investment advisory costs	65 476	67 567	-2 091
Management fees/bank fees for indirect investments	289 259	423 421	-134 162
Stamp duties	5 120	29 933	-24 813
Mortgage management fees	30 052	32 689	-2 637
Total asset administration costs	**409 779**	**576 313**	**-166 534**

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).

According to Art. 48a (3) BVV2, which came into force on 1 January 2012, if the asset management costs relating to one or several investments cannot be disclosed, the volume of assets contained in said investments must be shown separately in the notes to the annual financial statements.

In the year under review, the PVS invested in the following investment funds, the management costs of which could not be explicitly disclosed in the operating income statement. The Board of Trustees has been made aware of the costs (shown as a percentage figure) associated with these funds, which are charged directly to fund assets. The costs can be approximated as follows on the basis of the average invested assets.

Fund	31.12.2011 CHF	31.12. 2010 CHF	Average CHF	Costs %*	Costs in CHF
Pictet Money Market CHF	0	16 403 608	8 201 804	0.05%	4 101
Syz AM Liquidity Money Market CHF	3 517 753	0	1 758 877	0.08%	1 407
Syz AM Swiss Gvt Bond Index – C2	19 208 848	17 815 029	18 511 939	0.0375%	6 942
Syz AM Swiss Bond Index – C2	47 650 382	45 856 434	46 753 408	0.0375%	17 533
ZKB-CIF Swiss Bond Tot. Market Index Domestic	18 428 677	0	9 214 339	0%	0
CSIF Infl.Linked Bond World Index – Z	62 958 801	0	[1]	0%	0
SSgA EMU Government Bond Index Fund	0	23 319 180	11 659 590	-	6 786
CSIF Infl.Linked Bond EUR ex Italy	37 728 632	55 128 799	46 428 716	0.084%	39 000
SSgA TIPS Index CTF	0	27 707 569	13 853 785	0.02%	2 771
CSIF Total Market Index – blue Z	32 909 716	31 120 006	32 014 861	0.084%	26 893
ZKB-CIF Swiss Small & Mid Cap Index	12 247 588	0	[1]	0%	0
SSgA MSCI Index NL CTFEurope	25 018 740	40 983 861	33 001 301	0.04%	13 201
SSgA MSCI Nord Amerika NL CTF	38 726 228	38 407 941	38 567 085	0.01%	3 857
SSgA MSCI Pazifik NL CTF	25 124 539	34 044 895	29 584 717	0.04%	11 834
SaraPro Emerging Markets	0	8 372 247	4 186 124	0.49%	20 512
SSgA Active Emerging Markets NL CTF	0	10 739 495	5 369 748	0.115%	6 175
ZKB-CIF Emerging Market Index N	30 049 392	0	[1]	0%	0
Henderson Global Care Growth Fund I	12 594 279	10 360 054	11 477 167	1.47%	168 715
OekoSar Equity – Global F	12 769 088	13 981 637	13 375 363	1.41%	188 593
SAM Smart Energy Fund C	0	4 130 096	2 065 048	1.16%	23 955
Turidomus Casareal	88 097 587	79 926 448	84 012 018	0.34%	285 641
Turidomus Proreal	65 875 928	59 093 068	62 484 498	0.26%	162 460
CS 1A Immo PK	24 180 000	24 459 000	24 319 500	0.59%	143 485
Morgan Stanley Commodity Notes	20 557 238	19 954 397	20 255 818	0.10%	20 256
Pictet (CH) Solutions-Inst. Commodity – J	12 202 623	12 004 260	12 103 442	0.56%	67 780
Total					**1 221 897**

*) Costs (in %) according to information furnished by the provider or taken from the fund fact sheets
[1] Purchase effected mid-December 2011

This listing is not available for the previous year. The costs (shown in %) are the total expenses specified by the providers that are charged to fund assets. Therefore, a total of CHF 1 631 676 in direct and indirect asset management costs were incurred during the period under review. This corresponds to 0.26% of total investments held on the balance sheet date.

7.2.7 Other expenses

	2011 CHF	2010 CHF	Changes over previous year
Contribution to Swissport Case Management	225 000	225 000	0
Other expenses	519	1 197	-678
Total other expenses	**225 519**	**226 197**	**-678**

The contribution to Swissport Case Management item includes 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 expenditure, subject to the following conditions:

- that the employers affiliated with the PVS commit themselves to at least equivalent expenditure
- that the employers' case management units compile an implementation plan for the use of the PVS's contribution
- the PVS's contribution commitment applies for two years; it was renewed at the end of 2009.

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

7.2.8 Administrative expenses

	2011 CHF	2010 CHF	Changes over previous year
Auditors' fees	47 542	47 001	541
Accredited pension actuary's fees	40 465	40 111	354
Board of Trustees' compensation, expenses and training costs	71 919	71 506	413
PFS AG administrative expenses	812 475	820 065	-7 590
Translation and printing expenses	49 381	49 087	294
Retiree seminar expenses	11 497	6 530	4 967
Supervisory fees	4 100	3 000	1 100
Other administrative expenses	3 068	722	2 346
Total administrative expenses	**1 040 447**	**1 038 022**	**2 425**

Based on the 3 642 working insurees and pension recipients (not including child's pensions) as at 1 January 2011, the PVS's administrative expenses amounted to CHF 286 per beneficiary in 2010 (previous year: CHF 294).

8 Stipulations of the supervisory authorities

The PVS is not currently subject to any specific stipulations of the supervisory authorities. Comments and remarks made by the supervisory authorities were taken into account in this year‘s financial statements.

9 Further information concerning the financial situation

9.1 Retrocessions

In the year under review, the PVS requested its external asset managers to furnish information on retrocessions received or paid as part of its duty of accountability and the duty of delivery in accordance with Art. 400 (1) of the Swiss Code of Obligations, the regulation on the handover of pecuniary gains in accordance with Art. 48k of BVV2 (Swiss Federal Ordinance on Occupational Retirement, Survivors‘ and Disability Pensions Plans), as well as the relevant rulings of the Swiss Federal Supreme Court (most recently Swiss Federal Supreme Court ruling 137 III 393, dated 29 August 2010).
In the year under review, the external asset managers did not declare any retrocessions, or the latter were credited directly to the corresponding fund.

9.2 Pledged assets

The PVS maintains a CHF 20 000000 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

9.3 Audit by the Swiss Federal Tax Administration – Demand 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 demanding 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 recognition of the demand made by the SFTA and that the PVS reserves the right to reclaim this withholding tax with Form 25 within the three-year deadline.

The PVS also requested the SFTA to issue a formal order as provided for by Art. 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 was being filed against one particular scheme. The letter stated that the PVS would receive further information depending on the outcome of this legal action. The courts have yet to reach a final decision and no formal order has yet been received from the SFTA.

What is more, the PVS has asserted its right for the reclaim of withholding tax amounting to CHF 70 831.26 for 2009, but has asked for reimbursement to be suspended until the matter has been clarified.

9.4 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 Art. 3.3 of the PVS Deed of Trust no longer applies.

The criteria for a partial liquidation have thus been fulfilled. The Board of Trustees has asked the expert to perform the necessary calculations.

10 Events after the balance sheet date

None.

REPORT OF THE STATUTORY AUDITORS TO THE BOARD OF TRUSTEES OF THE

Personalvorsorge Swissport, Opfikon

As statutory auditors, we have audited the financial statements (balance sheet, statement of income and expenditure and notes on pages 16 to 46), the management, the investments and the retirement accounts of the Personalvorsorge Swissport for compliance with the legal provisions for the year ending 31 December 2011.

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

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

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

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

KPMG AG

Kurt Gysin	Ivano Castagna
Licensed Audit Expert	Licensed Audit Expert

Zürich, 10 May 2012