

GPS

The General Pension Scheme of the SAirGroup

2018 annual report

Foreword (Introductory remarks) 2018

2018 was an unfavourable year for the capital markets, with equities performing particularly poorly. The reasons for this can be found in the global fear of weakening economic trends and an end to the expansive monetary policy in the USA. Regrettably, the expansive monetary policies of central banks worldwide and the resulting extremely low interest rates have also led to asset misallocations which could prompt corrections on the financial and capital markets at any time.

The air is growing increasingly thinner, and the currently high valuations on the equity markets offer less and less upward scope. On the bond front, meanwhile, the expected increase in interest rates will prompt value losses. The low interest rate levels are also putting bond yields under substantial long-term pressure, after a period in which reasonable returns have been achieved on such bond investments through the recent interest rate declines. In view of the above, a financial cushion is advantageous, to weather the further fluctuations that must be expected in the financial markets.

As a result of these capital market trends, our General Pension Scheme reported an overall return on its investments of -0.95% for 2018. The Scheme's funding ratio remains unchanged at a strong 121.7%. The actuarial interest rate was reduced from 0.75% to 0.5% with effect from 31 December 2018. The resulting increase in actuarial capital for pension recipients and the higher provisions required for increased longevity reasons totalled CHF 26 688 501, according to the calculations of the Scheme's accredited pension actuary.

Given the Scheme's still encouragingly high funding ratio, the Board of Trustees has resolved that, despite the continuing difficulties on the financial markets, an additional payment should be made to the Scheme's pension recipients. This will amount to

four times their monthly retirement, disability or survivor's pension for May 2019, and will be paid to all pension recipients except those with certain time-limited pensions. The additional payment will be awarded together with the monthly pension payment for June 2019.

Bernhard Keller and Hansruedi Meier stepped down from the Board of Trustees at the end of 2018. We thank them both for their many years of dedicated service. In his almost 24 years as Chairman of the Board of Trustees, Bernhard Keller guided our Scheme in challenging times – first through the upheavals that followed the collapse of Swissair in 2001, and later by his skilled conducting of the Scheme's partial liquidation to the benefit of all the parties involved. René Wieser and Hans-Ulrich Schneider have been elected to the Board of Trustees as Bernhard Keller and Hansruedi Meier's successors.

The Board of Trustees takes this opportunity to thank everyone else involved in the Scheme's management and affairs for the always pleasant and professional collaboration.



Peter Ramel

Chairman of the Board of Trustees



Pascal Buracco

Managing Director

Balance sheet at december 31 2018

(in CHF million, by market value)

Assets	2018	2017	Liabilities	2018	2017
Current accounts and receivables	383.9	405.8	Payables	0.1	0.1
CHF bonds	56.2	193.4	Accrued liabilities	1.9	0.2
EUR bonds	0.0	0.0	Non-actuarial reserves	1.7	1.7
USD bonds	0.0	0.0	Savings capital	1'212.7	1'292.5
Swiss shares	158.0	178.1	Actuarial reserves	12.1	6.5
European shares	42.9	50.7	Equalisation reserve	220.5	233.8
North American shares	75.0	79.2	Freely-disponsable funds	45.4	158.9
Asia-Pacific shares	61.3	69.1			
Emerging Market	59.3	69.0			
Real estate in Switzerland	565.0	550.7			
Mortgages	71.7	74.8			
Non-traditional investments	1.6	1.6			
Prepaid expenses	19.5	21.3			
Balance sheet total	1'494.4	1'693.7	Balance sheet total	1'494.4	1'693.7

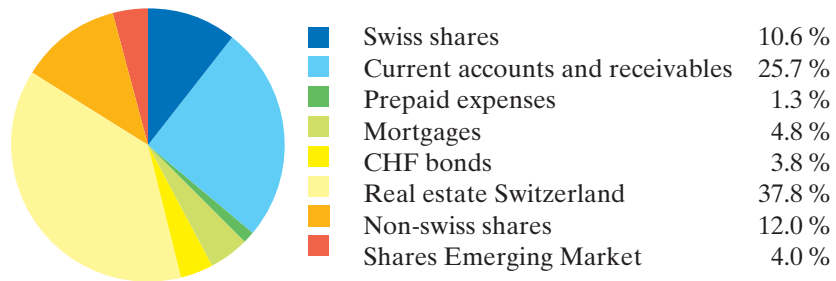
Income statement for 2018

(in CHF million)

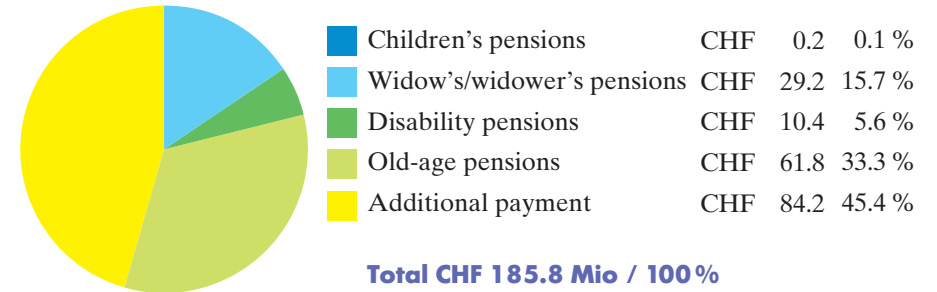
	2018	2017
Vested benefits paid in *	0.0	0.4
Income from contributions and joining payments	0.0	0.4
Pensions and capital amounts paid out	-101.6	-105.8
Additional payment	-84.2	-61.7
Vested benefits paid out	-0.2	-0.4
Expenditure on benefits and advance withdrawals	-186.0	-167.9
Change of savings capital	74.2	94.0
Insurance costs	-0.1	-0.1
other expenses / income	0.1	-0.3
Net result from insurance activities	-111.8	-73.9
Income from		
- mortgage loans	0.9	1.0
- securities	-50.4	92.2
- real estate	35.1	33.4
Net result from investment activities	-14.4	126.6
Administration costs	-0.7	-0.7
Income- (+) / Loss surplus (-) before appropriation to equalisation reserve	-126.9	52.1
Change to equalisation reserve	13.4	16.9
Income- (+) / Loss surplus (-)	-113.5	69.0

* Retroactive payments due to disability

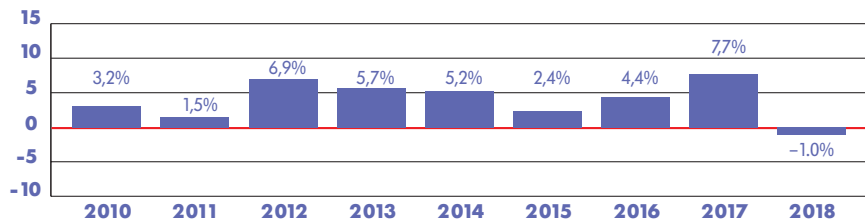
Allocation of GPS assets at december 31 2018 (in %)



Pension payment 2018

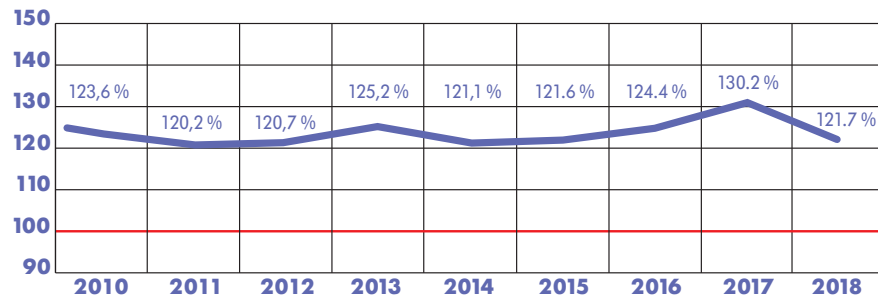


Performance (in %)



Funding Ratio

- 2009 reduction technical interest rate from 3,0 % to 2,5 %
- 2010 reduction technical interest rate from 2,5 % to 2,0 %
- 2013 reduction technical interest rate from 2,0 % to 1,5 %
- 2015 reduction technical interest rate from 1,5 % to 1,0 %
- 2016 reduction technical interest rate from 1,0 % to 0,75 %
- 2018 reduction technical interest rate from 0,75 % to 0,50 %



Pension recipients

	31.12.2018	31.12.2017
Old-age pensions	1'764	1'880
Disability pensions	475	495
Widow's/widower's pensions	1'141	1'166
Child's pensions for children of old-age pension recipients	1	1
Child's pensions for children of disability pension recipients	42	49
Orphan's pensions	5	5
Total pensions	3'428	3'596

The 3'428 pensions (3'596) are paid to 3'381 persons (3'517), since some beneficiaries are entitled to more than one type of pension.

Organisation

Members of the Board of Trustees

Bernhard Keller	Chairman
Peter Ramel	Deputy Chairman
Hansruedi Meier	member
Max Michel	member
René Müller	member
Irma Schneiter	member
Dr. iur. Hans-Ulrich Stauffer	member

Independent audit

BDO AG, Schiffbaustrasse 2, 8031 Zürich
Marc Escher

Expert company pension plan

Dipeka AG, St. Alban-Vorstadt 14, 4052 Basel
Dominique Koch

Management

PFS Pension Fund Services AG, Sägereistrasse 29, 8152 Glattbrugg

Pascal Buracco	Managing Director
Doris Pongelli	Accountant
Renate Götsch	Administration

Administration GPS

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