

GPS

The General Pension Scheme
of the SAirGroup

2004 annual report

Foreword

The GPS financial statements for 2004 have been compiled in accordance with the new guidelines for transparency in occupational pension scheme accounting issued following the first revision of the Swiss Federal Law on the Occupational Old Age, Survivors' and Disability Benefit Plan (BVG), and fully comply with all the guidelines' requirements.

For the GPS, the 2004 financial year was dominated by the scheme's partial liquidation. All the individuals involved were informed in writing in February 2004 of the procedure to be adopted for this partial liquidation. Two information events were also held at which the GPS Board of Trustees and occupational pension specialists answered various questions relating to the proposed distribution of funds.

After intensive work, the distribution plan for the 24 000 individuals involved was finalised, and was approved by the Board of Trustees at its meeting on September 23, 2004. The corresponding partial liquidation report was then sent to the Zurich Cantonal Occupational Pension Fund Office for official approval.

In view of the highly complex nature of the actions envisaged, the Board of Trustees decided - in consultation with the Zurich Cantonal Occupational Pension Fund Office - to appoint an independent external specialist body prior to final official approval of the partial liquidation proposed. This specialist body was commissioned to examine the planned partial liquidation and the associated distribution plan with due regard to the objections thereto which had already been received. The Board of Trustees expects to receive the specialist body's report and the subsequent official order from the Zurich Cantonal Occupational Pension Fund Office in the first half of 2005.

The Board of Trustees met nine times in 2004. Its work included revisions of the scheme's investment & mortgage regulations, business & organisation regulations and expenses regulations and approval of the revised versions thereof. The modifications made to these regulations paid due and full regard to the GPS's new role as a retirees-only scheme. Corresponding adjustments have also been made to the scheme's investment strategy.

With the stock markets experiencing an across-the-board recovery in December, the GPS ended 2004 with a funding ratio of 125.2%, an improvement of one percentage point on the 124.2% funding ratio recorded at the end of 2003.

Alfred Arnold retired from the Board of Trustees for health reasons on September 30, 2004. We thank him for all his work for the GPS since January 2004, and wish him all the best. Nominations were sought for Alfred Arnold's successor as the representative for Western Switzerland via a written invitation issued in December 2004. With only one nomination received, Hans-Ruedi Meier was automatically elected to serve on the Board of Trustees from January 2005 onwards.

The GPS Board of Trustees would also like to take this opportunity to thank its technical consultant, its auditors and its partners at PFS Pension Fund Services AG for their pleasant and professional collaboration.



Sabine Cescato
Managing Director

Balance sheet at December 31, 2004

(in CHF million, by market value)

Assets	2004	2003	Liabilities	2004	2003
Current accounts and receivables	242.2	613.3	Payables	2.7	512.8
CHF bonds	674.7	665.9	Accrued liabilities	6.6	10.0
EUR bonds	118.0	112.9	Non-actuarial reserves	1.0	0.0
USD bonds	95.9	58.0	Various funds*	0.0	252.5
Swiss shares	281.5	268.0	Savings capital for working insurees	16.3	35.0
European shares	122.7	110.8	Savings capital for pension recipients	1 814.3	1 863.7
North American shares	105.2	106.6	Actuarial reserves	103.3	93.0
Asia-Pacific shares	159.0	171.0	Equalisation reserve	435.5	477.9
Real estate in Switzerland	451.2	615.1	Freely-disposable funds*	301.4	0.0
Real estate outside Switzerland	0.0	14.4			
Mortgages	251.2	321.8			
Non-traditional investments	115.7	109.3			
Prepaid expenses	63.8	77.8			
Balance sheet total	2 681.1	3 244.9	Balance sheet total	2 681.1	3 244.9

*incl. various funds 2003

Income statement for 2004

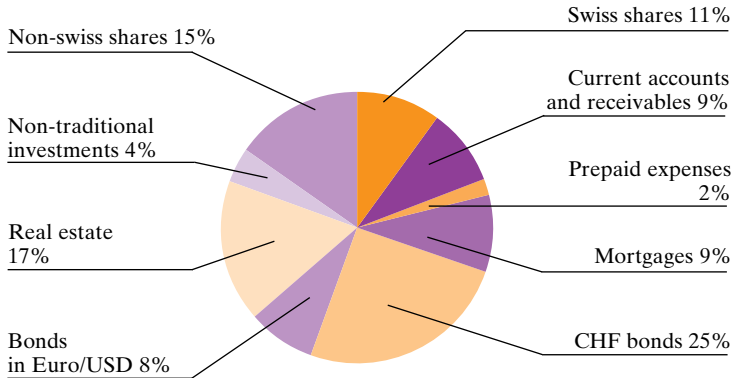
(in CHF million)

	2004	2003
Employees' savings contributions	0.0	9.4
Employer's savings contributions	0.3	22.2
Employer's risk-related contributions	0.1	6.6
Payments from Employer's Fund	0.0	51.6
Vested benefits paid in*	12.7	17.2
Income from contributions and joining payments	13.1	107.0
Pensions and capital amounts paid out	-150.9	-170.8
Vested benefits paid out on leaving	-3.3	-593.8
Advance withdrawals to finance property purchases	-0.3	-10.4
Expenditure on benefits and advance withdrawals	-154.5	-775.0
Release of savings capital	57.6	558.6
Insurance costs	-0.8	-1.5
Other expenses/income	-0.2	35.7
Net result from insurance activities	-84.8	-75.2
Income from		
- mortgage loans	8.4	13.4
- securities	69.0	161.8
- real estate	14.5	56.6
Net result from investment activities	91.9	231.8
Administration costs	-1.4	-4.8
Income surplus before appropriation to equalisation reserve	5.6	151.8
Appropriation to equalisation reserve	-20.7	-151.8
Expenditure surplus	-15.1	0.0

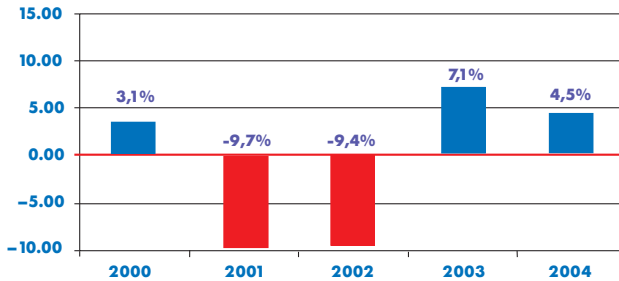
*retroactive payments due to disability

Allocation of GPS assets at december 31, 2003

(in %)

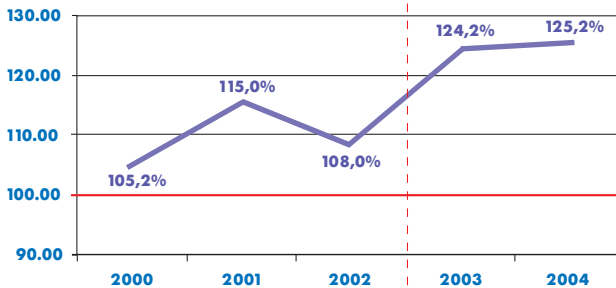


Performance (in %)

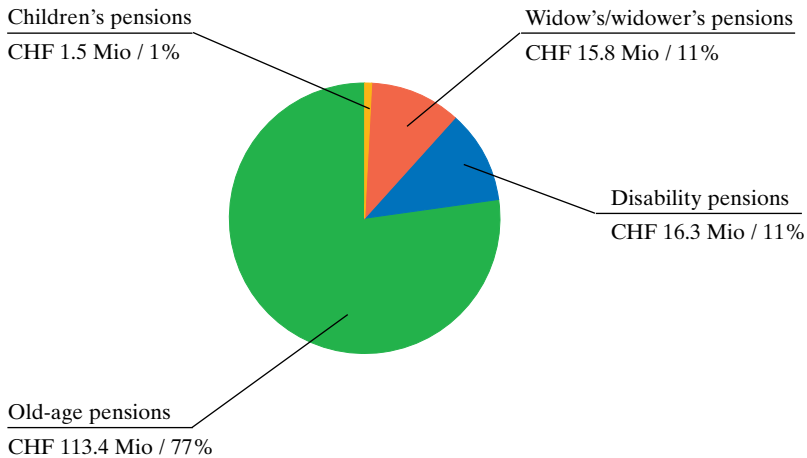


Funding Ratio

Funding Ratio as of 2003 included funds for future pension increasements (art. 44 par. 1 BVV2)



Pension payment 2004



Insures and pension recipients

Working insurees	2004	2003
Men	19	60
Women	5	21
Total working insurees	24	81
Of whom only risk-insured	10	1
Pension recipients		
Old-age pensions	3 114	3 181
Disability pensions	608	576
Widow's/widower's pensions	1 152	1 135
Child's pensions for children of old-age pension recipients	114	133
Child's pensions for children of disability pension recipients	65	68
Orphan's pensions	58	69
Total pensions	5 111	5 162

The 5 111 pensions (compared to 5 162 in 2003) are paid to 4 850 persons (compared to 4 868 in 2003), since some beneficiaries are entitled to more than one type of pension.

Organisation

Members of the Board of Trustees

Bernhard Keller, Chairman
Dieter Streit, Deputy Chairman
Hans Huber
René Müller
Irma Schneiter
Hans-Ulrich Stauffer
Alfred Arnold (until September, 2004)
Hans-Ruedi Meier (since January, 2005)

Additional member for partial liquidation

Pirmin Dermont
Peter Graf
Markus Meier

Statutory auditors

Fischer Treuhand AG, Zurich
(a subsidiary of BDO Visura)
Serge Temperli

External specialist

Pendia Associates AG, Zurich
Markus Meier

Management

PFS Pension Fund Services AG, Glattbrugg

Sabine Cescato	Managing Director
Hans-Ulrich Schneider	Deputy Managing Director
Hans-Ulrich Schneider	Accountant

Administration GPS

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