



2008 Annual Report

of the Federal Pension Fund PUBLICA

1 January to 31 December 2008

Summary of the financial year

The 2008 financial year was marked by two extraordinary events. PUBLICA's switch to a defined contribution scheme and the successful completion of the associated data migration. This good news was overshadowed, however, by the events surrounding the crisis on the financial markets. PUBLICA registered a performance of -6.9% for the year and thereby a funded ratio of 95.8% (average reported by the collective institution and company pension plans) as at 31 December 2008. Although PUBLICA was less affected by the financial crisis than other pension funds, thanks to a conservative strategic asset allocation, this result comes as a major set-back for the risk tolerance of the individual company pension plans. More recent events, in particular, have underlined the need for fluctuation reserves. Nonetheless, there is some positive news to report on the return on investment. A prudent strategic asset allocation and its careful implementation helped cushion PUBLICA from even worse damage, and the strategic benchmark was clearly outperformed. The Board of Directors financed a study that analysed the risk tolerance of assets with respect to existing liabilities and concluded that, despite the underfunding, there is no need for immediate or even retroactive remedial measures. If the return on investment continues to deteriorate in 2009, however, it will be difficult to avoid such measures.

The investment year

The annual investment performance (change in value) was -6.86%. During the same period, the performance of the strategic asset allocation (benchmark) was -7.20%. The reasons behind the negative investment performance were the persistent credit crisis, lower corporate earnings expectations and an across-the-board exacerbation of the general economy; all in all, this produced the sharpest falls witnessed in the investment markets in decades. The fact that the portfolio fared better than the benchmark is due to its underweighting in equities.

The performance of securities investments was -8.02%, which exceeded the strategic asset allocation of -9.40%. Thanks to diversification in mortgages and real estate, both of which delivered a positive contribution, the overall performance of the fund's assets was not quite as negative as it could have been.

Joint bodies of the affiliated company pension plans

As at 1 July 2008, the strategic management of the individual company pension plans was transferred to the relevant joint bodies. These are now responsible for, among other things, the structure of the pension funds and entering into or terminating the contract of affiliation with PUBLICA. The highest joint body – the Board of Directors – oversees and controls the PUBLICA company. This entails, for instance, defining the strategic asset allocation and strategic controlling. The joint bodies and the Board of Directors complement and support each other in their tasks. This partnership seeks to ensure an efficient and meaningful division of work, the essentials of which are laid down in the PUBLICA Act. In future, the cooperation and responsibilities between these bodies will develop naturally, as and when required.

Active company pension plans

The launch of the PUBLICA collective institution on 1 July 2008 created nine company pension plans with active members. These pension plans each have their own balance sheet and income statement. On 1 January 2009, the company pension plan of the Swiss National Science Foundation joined a different collective institution. The funded ratio of the individual pension plans can vary, with the smaller ones in particular being subject to major fluctuations. The funded ratios range between 95.16% and 96.14%.

"Closed" pensioner-only pension plans

PUBLICA also manages eight pensioner-only pension plans with no members engaged in active employment. The Board of Directors assumes the role of joint body. The balance sheet volume of all pensioner-only pension plans totals more than CHF 4.9bn and will decline gradually over the years. The average funded ratio of these pension plans is 95.6%.

Cost-income ratio

The collective institution has entered into a service level agreement with each company pension plan or employer. PUBLICA's administrative expenses are borne in full by the employers, with any surpluses in expenses or income deducted from or added to a separate expense provision per pension plan. Income in 2008 fully covered PUBLICA's administrative expenses, and there was a surplus of CHF 1.2m (CHF 0.7m deficit in the first half-year and CHF 1.9m surplus in the second half-year), which was allocated to the cost provision.

Actuarial risks

The large pension plans, i.e. those of the Confederation and of the ETH Domain, are autonomous in that they themselves bear the risk of financing the survivor and disability benefits of active members. The common pension plan for affiliated organizations has partial reinsurance cover, and the smaller company pension plans full reinsurance cover with the PUBLICA collective institution. All of the company pension plans that bear this risk themselves and the collective institution reported a positive risk result in the year under review, with inflows of risk premiums higher than the benefits disbursed. This helped to boost the funded ratios of the company pension plans. The collective institution uses the risk premiums paid in to top up the provision for outstanding claims.

Strategy of the PUBLICA collective institution

During the past financial year, the Board of Directors devoted much attention to strategic issues. However, the course for the future development of PUBLICA's corporate strategy has not yet been set definitively; a conscious decision was made to transfer this task to the new Board of Directors elected in 2009.

In the investment area, it was decided that the active and pensioner-only company pension plans should maintain their own different strategic asset allocations. This decision is based on a comprehensive asset & liability study.

Further, based on that study, the Board of Directors concluded that the company pension plans continue to be financially stable under the current financing plan and existing structures. The underfunding came about as a result of the crisis on the financial market and not because of any structural weaknesses in the financing plans. It is thus too early to introduce any remedial measures; however, another poor investment year may make such measures unavoidable. The Board of Directors will thus pay particular attention to the solvency of the company pension plans in the coming year.

Our thanks

The Board of Directors would like to thank the employees of PUBLICA for the commitment and reliability they showed in their work throughout the past year, as they dealt with additional complex and multifaceted projects on top of their day-to-day tasks. We would also like to express our gratitude to all our other partners and participants involved in the occupational pension planning for the staff of the Confederation, the decentralized administrative units and the affiliated organizations.

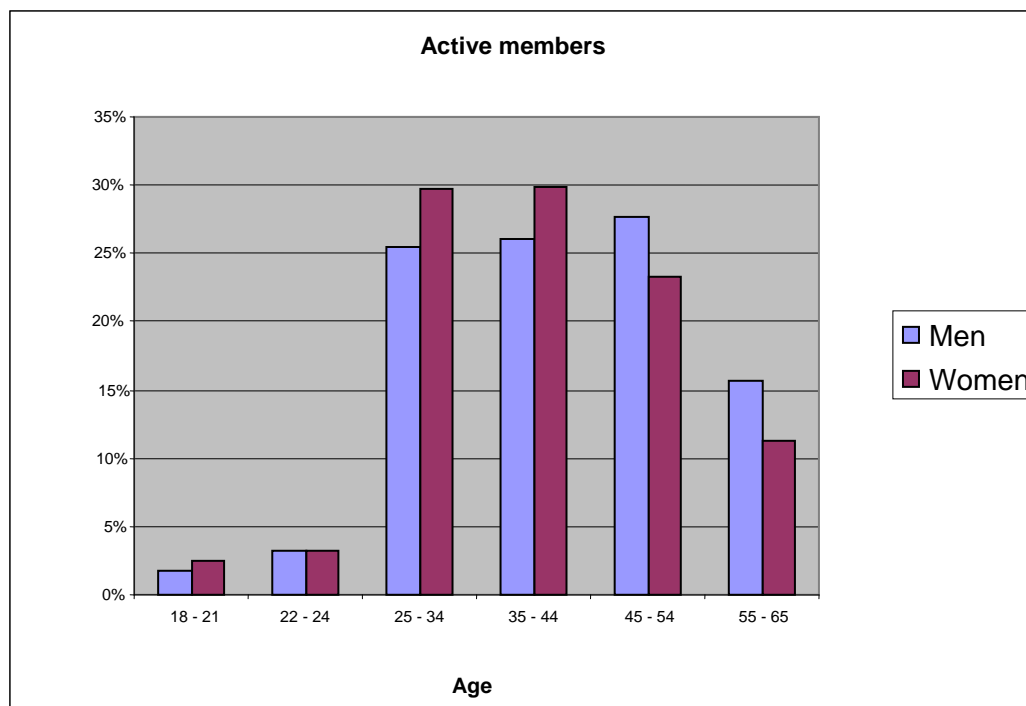
Kurt Buntschu
Chairman of PUBLICA Board of Directors

Werner Hertzog
Managing Director of PUBLICA

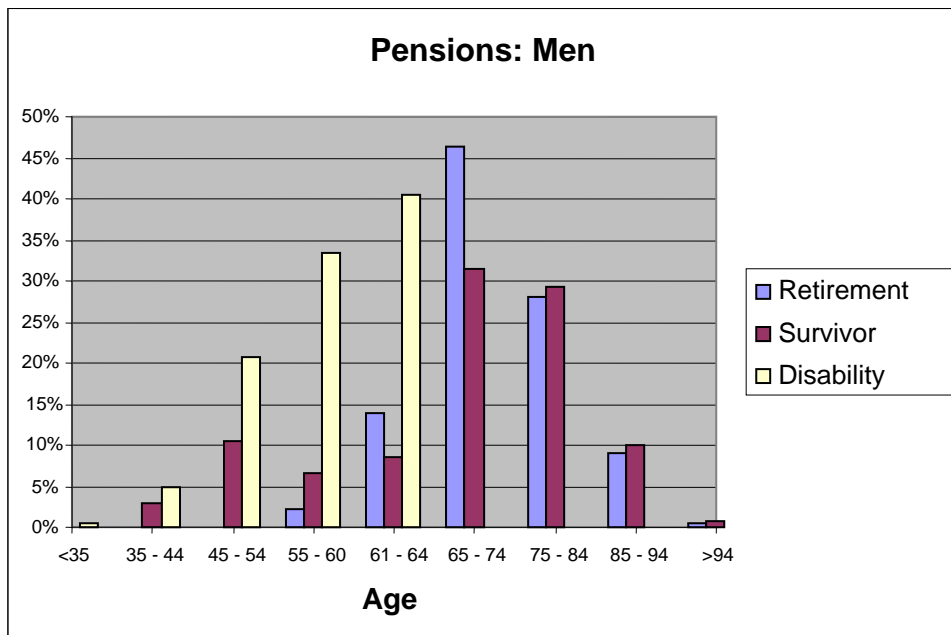
Key figures	2008	2007
Balance sheet total in CHF	30'294'953'247	32'524'087'860
Pension fund capital in CHF	29'560'112'028	28'228'617'051
Funded ratio as per Art. 44 BVV 2	95.82%	106.70%
Return on investment	-6.86%	1.28%
Net investment income in CHF	-2'200'962'757	387'090'827
Statutory contributions in CHF	871'642'767	857'211'895
Statutory benefits in CHF	1'902'682'214	1'820'531'774

Number of active members (including death/disability cover)	54'721	53'577
Number of pensions	52'524	51'091
Retirement pensions	31'971	30'798
Retired persons' child's pensions	799	666
Disability pensions	2'020	2'147
Disabled persons' child's pensions	443	474
Surviving spouse/life-partner pensions	10'911	10'896
Orphan's pensions	404	439
Retirement bridging pensions	5'548	5'175
IV/AI replacement pensions	428	496
Number of new pensions (including child's pensions)	2'914	2'450
Retirement pensions	2'137	1'668
Disability pensions	128	149
Survivor pensions (pensions payable following a death)	649	633

Age structure of active members



Age structure of pensioners



Balance sheet as at 31 December 2008

The financial statements (balance sheet, income statement, notes) comply with the formal and material requirements of Swiss GAAP ARR 26.

Assets	31.12.2008 CHF	31.12.2007 CHF
Investments	30'262'181'541.04	32'485'801'643.66
Cash and cash equivalents	419'665'047.52	897'845'780.59
Claims from the Confederation	0.00	378'767'301.83
Receivables	186'811'847.33	136'447'635.68
Bonds	20'551'300'751.72	21'204'774'818.57
Equities	5'885'131'273.57	6'668'252'856.79
Mortgages	1'366'193'288.55	1'456'092'587.40
Real estate	1'853'079'332.35	1'743'620'662.80
Operating assets	16'966'281.08	26'315'604.88
Prepaid expenses and accrued income	15'805'424.50	11'970'611.20
Total assets	30'294'953'246.62	32'524'087'859.74

Liabilities		
Vested pension benefits and liabilities	97'041'539.49	83'001'621.91
Vested pension benefits and pensions	55'764'549.66	38'956'228.93
Other liabilities	24'310'708.75	17'729'788.10
Operational liabilities	16'966'281.08	26'315'604.88
Accrued expenses and deferred income	16'290'257.89	6'083'175.86
Employer contribution reserves	2'777'677.97	28'297'349.17
Non-technical provisions	10'798'522.81	0.00
Pension fund capital and technical provisions	31'484'608'083.78	30'373'908'875.62
Pension fund capital - Active members	9'856'891'021.05	10'223'258'638.65
Pension fund capital - Pensioners	19'703'221'007.00	18'193'599'705.00
Technical provisions	1'924'496'055.73	1'957'050'531.97
Technical provisions - Company pension plans	1'811'132'075.13	0.00
Technical provisions - Collective institution	113'363'980.60	0.00
Fluctuation reserves	0.00	2'032'796'837.18
Uncommitted funds / Underfunding		
Opening balance sheet	0.00	0.00
Expense surplus	-1'316'562'835.32	0.00
Closing balance sheet	-1'316'562'835.32	0.00
Total liabilities	30'294'953'246.62	32'524'087'859.74

Income statement

Income statement	01.01.-31.12.2008 CHF	01.01.-31.12.2007 CHF
Standard contributions and lump-sum transfers	1'023'661'293.95	1'058'236'932.69
Employee contributions	319'797'941.55	297'169'263.40
Employer contributions	374'662'048.65	299'890'036.10
Additional employee contributions	28'020'598.75	69'078'838.40
Additional employer contributions	149'162'177.95	191'073'757.45
Lump-sum payments and buy-ins	150'690'907.90	202'170'864.49
Payment of employer contribution reserves	1'327'619.15	-1'145'827.15
Entrance benefits	336'962'716.53	303'980'637.25
Vested pension benefits received	332'813'244.63	299'781'047.45
Home-ownership and divorce payments received	4'149'471.90	4'199'589.80
Inflow from contributions and lump-sum transfers	1'360'624'010.48	1'362'217'569.94
Statutory benefits	-1'902'682'213.75	-1'820'531'774.25
Retirement pensions	-1'303'300'555.50	-1'256'564'294.35
Survivor pensions	-288'979'842.75	-286'940'280.05
Disability pensions	-50'944'257.75	-55'925'766.15
Other statutory benefits	-117'098'731.35	-114'441'289.15
Lump-sum benefits upon retirement	-141'314'558.40	-105'728'218.90
Lump-sum benefits in the case of death / disability	-1'044'268.00	-931'925.65
Vested termination benefits	-456'881'667.60	-423'074'795.60
Vested pension benefits paid upon departure	-391'186'405.30	-357'514'922.45
Early withdrawals for home-ownership / divorce	-65'695'262.30	-65'559'873.15
Outflow for benefits and early withdrawals	-2'359'563'881.35	-2'243'606'569.85
Formation / release of pension fund capital, technical provisions and contribution reserves	-143'428'362.41	-139'359'091.05
Formation / release of pension fund capital - Active members	519'573'765.60	-49'524'815.60
Formation / release of pension fund capital - Pensioners	-495'733'466.10	-106'483'897.00
Release of technical provisions - Company pension plan	-22'756'312.03	27'665'645.85
Release of technical provisions - Collective institution	-6'899'108.63	0.00
Interest on savings capital	-135'019'458.20	-9'312'274.00
Interest on special savings capital	-1'266'163.90	-2'849'577.45
Release of employer contribution reserves	-1'327'619.15	1'145'827.15
Insurance expenses	-6'271'594.20	-7'619'484.40
Contributions to safety fund	-6'271'594.20	-7'619'484.40
Net insurance income	-1'148'639'827.48	-1'028'367'575.36
Net investment income	-2'200'962'757.01	387'090'827.00
Net income from cash and cash equivalents	8'091'208.11	17'939'586.54
Net income from claims from the Confederation	682'420.71	59'639'580.96
Net income from receivables	1'021'096.30	3'407'347.32
Net income from bonds	1'072'751'663.76	52'146'550.55
Net income from equities	-3'381'711'838.50	168'472'276.09
Net income from mortgages	38'363'580.04	35'969'552.24
Net income from real estate	86'046'868.10	66'506'047.36
Net income from liabilities	-1'293'769.37	0.00
Administrative expenses of investments	-24'913'986.16	-16'990'114.06
Other expenses	-11'567'636.35	-1'075'492.60
Other income	11'810'547.09	7'368'557.65
Administrative account - Operations	0.00	0.00
Total operating expenses	-33'146'526.05	-28'804'006.33
Total operating income	34'316'081.85	30'970'304.78
Operating income surplus	1'169'555.80	-2'166'298.45
Expense surplus before release of fluctuation reserve	-3'349'359'672.50	-634'983'683.31
Release of fluctuation reserve	2'032'796'837.18	634'983'683.31
Expense surplus	-1'316'562'835.32	0.00

Notes

1 Fundamentals and organization

1.1 Legal form and purpose

The Federal Pension Fund PUBLICA is an undertaking of the Swiss Confederation established under public law with a separate legal personality. Its head office is in Berne and it is entered in the commercial register.

PUBLICA insures the employees of the centralized and decentralized Federal Administration (Article 32a of the Federal Employees Act of 23 March 2000 [SR 172.220.1]) and of affiliated organizations (Article 4 of the Federal Act on the Federal Pension Fund [PUBLICA Act, SR 172.222.1]).

PUBLICA provides its insured members with occupational pension insurance in accordance with, and in excess of, the requirements set out in the Federal Act of 25 June 1982 on Occupational Old Age, Survivors' and Disability Pensions (BVG, SR 831.40). PUBLICA is an autonomous collective institution.

1.2 BVG registration and safety fund

Pursuant to the provisions of the BVG, PUBLICA is entered under order number C1.0100 in the register of occupational pension plans of the Federal Social Insurance Office (FSIO).

PUBLICA is subject to the Federal Act of 17 December 1993 on the Portability of Occupational Old Age, Survivors' and Disability Pensions (Occupational Pension Portability Act, FZG, SR 831.42), and is thus affiliated with the safety fund as per Article 57 BVG, to which it contributes in accordance with the provisions of the Ordinance of 22 June 1998 on the BVG Safety Fund (SFV, SR 831.432.1).

1.3 Legislation and regulations

PUBLICA was established as an undertaking under public law on 1 March 2001 following the enforcement of the Federal Act of 23 June 2000 on the Federal Pension Fund (PKB Act, AS **2001**, 707). There are no deeds of establishment.

When the PUBLICA Act came into effect on 1 July 2008, there was no change to the status of PUBLICA as an undertaking under public law; however, the former common institution became a collective institution.

The following laws and regulations govern the activities of PUBLICA:

Federal legislation

Federal Act of 20 December 2006 on the Federal Pension Fund (PUBLICA Act, SR 172.222.1)

Federal Employees Act of 24 March 2000 (SR 172.220.1)

Regulations and policy documents

Corporate and Organizational Regulations of the Federal Pension Fund PUBLICA of 29 April 2003/1 August 2008

Compliance policy of 24 February 2005

Regulations governing the Provisions and Reserves of the Federal Pension Fund PUBLICA and the company pension plans of 1 July 2008

Regulations governing the Board of Directors of the Federal Pension Fund PUBLICA of 21 May 2008

Regulations governing the Election of the Assembly of Delegates of the Federal Pension Fund PUBLICA of 1 July 2008

Investment Guidelines of the Federal Pension Fund PUBLICA (PUBLICA Investment Guidelines) of 25 October 2007/21 February 2008

Regulations governing the Audit Committee of the Federal Pension Fund PUBLICA of 29 April 2003

Regulations governing the Actuarial Policy and Law Committee of the Federal Pension Fund PUBLICA of 29 April 2003

PUBLICA policy document on hardship cases of 13 October 2005

Expenses policy for the beneficiaries of the Federal Pension Fund PUBLICA of 21 February 2008

Regulations governing the remuneration of members of the joint bodies of the company pension funds of the Confederation, the ETH Domain, the Swiss Federal Institute of Intellectual Property, the Swiss Agency for Therapeutic Products Swissmedic, and the Swiss Federal Institute for Vocational Education and Training of 3 July 2007

Contracts of affiliation

Employers become affiliated with PUBLICA by entering into a contract of affiliation with PUBLICA; however, this contract may only be signed with the participation and approval of the joint body. A separate company pension plan exists for each affiliated employer, its employees and its allocated pensioners; a common pension plan may be created for several affiliated employers (Article 7 PUBLICA Act).

The following form integral components of the contract of affiliation:

- the company pension plan's Pension Plan Regulations
- the Service Level Agreement on Services
- the Service Level Agreement on Health Examinations (not obligatory; as required)
- the Winding-Up Regulations.

1.4 Management bodies and signing powers

Board of Directors

The Board of Directors comprises 16 evenly distributed members (eight representing the insured members and eight representing the employers) and forms the strategic management body of PUBLICA. As the highest management body of PUBLICA, it supervises and oversees its operations.

The members of the PUBLICA Board of Directors appoint the management team and choose the Fund's Statutory Auditor and Accredited Pension Actuary. The other tasks of the Board of Directors, which are not listed exhaustively in the PUBLICA Act, include approving the annual financial statements, deciding on the formation of provisions and issuing regulations.

The first term of office of the PUBLICA Board of Directors started on 1 July 2002 and lasted six years, as provided for in Article 4 of the Board of Directors Ordinance applicable until 30 June 2008. The Board of Directors' term of office was extended by one year, i.e. until 30 June 2009, under Article 26 (3) of the PUBLICA Act, which had already been implemented on 1 May 2007.

The Board of Director's remit also covers a range of, for the most part, finalising tasks of a financial nature. For instance, it issues the investment guidelines and approves the budget and the annual financial statements.

The term of office of the Chairman of the Board of Directors is set at two years. Since 1 July 2007, employer representative Kurt Buntschu has held the office of Chairman and employee representative Hanspeter Lienhart the office of Vice-Chairman. Upon the withdrawal of FOPER CEO Juan Gut, new FOPER CEO Barbara Schärer joined the Board of Directors on 1 May 2008 as an employer representative.

Members of the Board of Directors:

Last and first names	Function	In office since
Buntschu Kurt, Chairman	Employer representative	01.07.2002
Cavero Valérie	Employer representative	01.05.2005
Cereghetti Piero	Employee representative	01.07.2002
Furrer Christian	Employer representative	01.12.2004

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Last and first names	Function	In office since
Gerber Hugo	Employee representative	01.01.2005
Heri Erwin W.	Employer representative	01.07.2002
Lienhart Hanspeter, Vice-Chairman	Employee representative	01.07.2002
Maeder Marsili Irène	Employer representative	01.07.2002
Meier Ruth	Employer representative	01.07.2006
Müller Hans	Employee representative	01.02.2004
Rosset Mariantonia	Employee representative	01.07.2002
Savioni Monica	Employee representative	01.07.2002
Schärer Barbara	Employer representative	01.05.2008
Scholl Fred	Employee representative	01.07.2002
Siegrist Otto	Employee representative	01.07.2002
Sommer Martin	Employer representative	01.07.2002

The Board of Directors has appointed the following committees:

Investment Committee

The main tasks of the Investment Committee are to define the Strategic Asset Allocation on behalf of the Board of Directors, appoint the internal and external portfolio managers and approve real estate transactions up to CHF 30 million.

According to the Investment Guidelines, the Investment Committee comprises three to five appointed persons and one representative of the Federal Department of Finance and, as consultative members, the CEO, CFO and CIO of PUBLICA .

Last and first names	Function	In office since
Cereghetti Piero	Employee representative	29.10.2002
Eggenberger Urs	Vice-Director Federal Department of Finance	19.11.2007
Gisiger Hanspeter	CFO	01.09.2008
Haury von Siebenthal Susanne	CIO	01.01.2006
Heri Erwin W., Chairman	Employer representative	29.10.2002
Hertzog Werner	Managing Director of PUBLICA	01.07.2004
Maeder Marsili Irène	Employer representative	01.01.2005
Müller Hans	Employee representative	01.01.2005
Wyss Oskar	External	29.10.2002

Actuarial Policy and Law Committee

This committee deals mainly with issues concerning the actuarial policy in general and its implementation, the implementation of the employers' actuarial policies and the submission of suggestions to the employers with regard to the structuring of actuarial policy options. The committee is chaired by Hanspeter Lienhart and comprises the following persons:

Last and first names	Function	In office since
Burgunder Daniel	Head of Insurance PUBLICA	10.12.2002
Furrer Christian	Employer representative	01.07.2006
Geiser Corinne	Head of Legal Affairs PUBLICA	01.11.2006
Lienhart Hanspeter, Chairman	Employee representative	10.12.2002
Scholl Fred	Employee representative	10.12.2002
Sommer Martin	Employer representative	20.03.2003

Audit Committee

The Audit Committee reviews PUBLICA's annual financial statements and the report by the Accredited Pension Actuary, among other things; it discusses the conclusions with the management of PUBLICA, the head of the external Statutory Auditor and the Accredited Pension Actuary. The Audit Committee is chaired by Christian Furrer.

The members of the Audit Committee are:

Last and first names	Function	In office since
Furrer Christian, Chairman	Employer representative	01.01.2005
Gerber Hugo	Employee representative	01.01.2005
Meier Ruth	Employer representative	01.07.2006
Siegrist Otto	Employee representative	10.12.2002

Assembly of Delegates

The PUBLICA Act introduced the Assembly of Delegates as a new body. The Assembly of Delegates consists of 80 employees of the affiliated employers. These elect the employees' representatives to the Board of Directors. They may submit motions to the Board of Directors on all issues concerning PUBLICA. The members of the Assembly of Delegates are informed annually on PUBLICA's operations by the Board of Directors and by management.

The active members of the Federal Pension Fund PUBLICA elected the 80 members of the Assembly of Delegates for the first time on 28 November 2008. The 80 seats were distributed according to the policy reserves of the company pension plans as at 30 June 2008. The elected delegates and the distribution among the company pension plans are listed at www.publica.ch.

At its constitutive meeting of 21 January 2009, the PUBLICA Assembly of Delegates elected its Chairman and Vice-Chairman:

Last and first names	Function
Alvarez Cipriano	Chairman
Grunder Jürg	Vice-Chairman

Management

Management is responsible for PUBLICA's operational strategy and management and for attaining its strategic goals and safeguarding its long-term success. Its activities are based on the Corporate and Organizational Regulations of the Federal Pension Fund PUBLICA of 1 August 2008. The management consists of the Managing Director, Werner Hertzog, and his deputy, Susanne Haury von Siebenthal (CIO).

Executive Board

As at 31 December 2008, the Executive Board was comprised as follows:

Last and first names	Function
Burgunder Daniel	Head of Insurance PUBLICA
Gisiger Hanspeter	CFO PUBLICA
Haury von Siebenthal Susanne	CIO PUBLICA Deputy CIO PUBLICA
Hertzog Werner	Managing Director of PUBLICA
Zaugg Markus	Head of Resources PUBLICA

Extended Executive Board

The Extended Executive Board comprises Corinne Geiser, Head of Legal Affairs, and Jürg Gautschi, Head of Quality Management / Training Coordination.

Last and first names	Function
Gautschi Jürg	Head of Quality Management / Training Coordination PUBLICA
Geiser Corinne	Head of Legal Affairs PUBLICA

1.5 Human Resources PUBLICA

The year under review at PUBLICA was primarily influenced by the switchover to the defined contribution scheme and the subsequent processing and consolidation phase. The year was marked by a sharp rise in staff fluctuation and an increase in hiring in the areas of communication and real estate. To fill the vacancies created by departures and staff on sick leave, PUBLICA hired several persons on a temporary basis, most of whom were students. Most of these temporary resources had left by the end of 2008. As a result of this short-term increase in staffing levels, the fluctuation rate was substantially higher than in previous years.

Fluctuation rate	2006	2007	2008
PUBLICA	7.0	5.0	14.0
Fed. Administration*	7.9	7.8	9.5

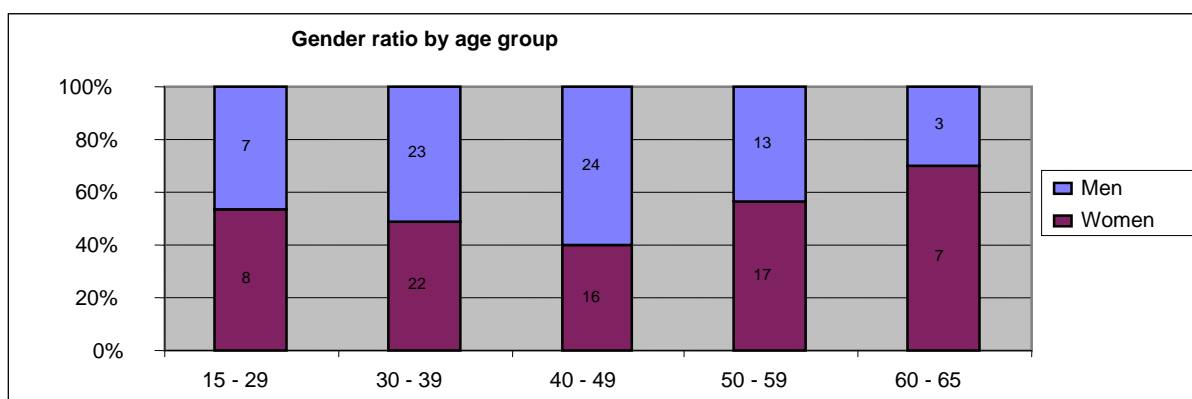
* Data from the Human Resources Management key figures of the Federal Office of Personnel FOPER.

The gender ratio at PUBLICA is close to 50:50. Overall, the organization employs seven people more than in the previous year. The language breakdown is also practically the same as the previous year.

Breakdown of positions by gender and by language		German		French		Italian		Total		Percentage	
		2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Positions filled	Women	43.8	49.8	5.8	4.8	1.4	1.4	51	56	43.6	46.9
	Men	56.2	54.6	5	4	4.9	4.9	66.1	63.5	56.4	53.1
Positions	Grand total	100	104.4	10.8	8.8	6.3	6.3	117.1	119.5	100	100

Breakdown of staff by gender and by language		German		French		Italian		Total		Percentage	
		2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
Persons	Women	54	62	8	6	2	2	64	70	47.8	50
	Men	60	61	5	4	5	5	70	70	52.2	50
Persons	Grand total	114	123	13	10	7	7	134	140	100	100

The average age of PUBLICA staff has fallen slightly to 42.17 (2007: 43.37) years. The gender ratio is similar in all age groups. 85 of the total of 140 employees are aged between 30 and 49. Four employees retired in the year under review. There were also three cases of partial retirement (50% in each case). Since PUBLICA's creation in 2003, 15 employees have retired.



1.6 Actuary, auditor, consultants, supervisory body

Accredited Pension Actuary	Hewitt Associates SA Avenue Edouard-Dubois 20 2000 Neuchâtel	www.hewitt.ch
Statutory Auditor	Ernst & Young AG Belpstrasse 23 3001 Berne	www.ch.ey.com
Supervisory body	Federal Social Insurance Office FSIO Effingerstrasse 20 3003 Berne	www.bsv.admin.ch
Investment Controlling	PPCmetrics AG Badenerstrasse 6, Postfach 8021 Zurich	www.ppcmetrics.ch

Global Custodian	J.P. Morgan (Schweiz) AG Dreikönigstrasse 21 8022 Zurich	www.jpmorgan.com
	Credit Suisse Custody & Transaction Services Uetlibergstrasse 231 8070 Zurich	www.credit-suisse.com

1.7 Affiliated employers

The circle of employers that must or may insure their employees' occupational pensions with PUBLICA is defined in the PUBLICA Act (Article 4). As at 31 December 2008, the collective institution PUBLICA encompassed 17 mutually independent company pension plans, of which the Confederation's company pension plan had the biggest pool of insureds, with a total of 36,572 active members and 26,940 pensioners. In second place was the company pension plan of the ETH Domain. Eight of the company pension plans are closed-scheme pensioner plans without any active members; four of these do not have an employer.

Active members

	31.12.2008	31.12.2007
Confederation	36,572	35,997
Affiliated organizations	1,958	2,880
ETH Domain	15,172	14,700
Federal Institute of Intellectual Property	251	
Swissmedic	363	
Federal Institute for Vocational Education and Training	176	
Federal Audit Oversight Authority	26	
Historical Dictionary of Switzerland	38	
Swiss National Science Foundation	165	
Total	54,721	53,577

Pensioners

	31.12.2008	31.12.2007
Confederation	26,940	25,939
Voluntarily insured (retirement started after 1 June 2003)	334	
Affiliated organizations	863	2,731

	31.12.2008	31.12.2007
Pensioners only - Affiliated organizations	377	
Pensioners only - Confederation	932	
Pensioners only - Swiss National Science Foundation	13	
ETH Domain	4,927	4,531
Pensioners only - Swisscom Entitled to pension prior to 1 January 1999	7,682	7,847
Pensioners only - RUAG Entitled to pension prior to 1 July 2001	2,970	3,102
Pensioners only - SRG SSR idée suisse Entitled to pension prior to 1 January 2003	1,249	1,270
Pensioners only – PUBLICA administration (GGF / Swiss Cheese Union / Pro Radio / Air Force Staff)	83	
Federal Institute of Intellectual Property	47	
Swissmedic	82	
Federal Institute for Vocational Education and Training	9	
Federal Audit Oversight Authority	0	
Historical Dictionary of Switzerland	10	
Swiss National Science Foundation	30	
Total	46,548	45,420

When they set up their own pension plans, Swisscom, SRG SSR idée suisse and RUAG decided to leave their allocated pensioners in PKB, the former Federal Pension Fund. In addition to these pensioner-only plans, there are also pensioners who remained with PKB or PUBLICA following the departure of their employer, as well as the former voluntarily insured persons. This is the main reason for the relatively high proportion of pensioners within the fund.

2 Active members and pensioners

2.1 Active members

Active members also include those who are insured only against the risks of death and/or disability.

	31.12.2008	31.12.2007
Men	37,079	36,894
Women	17,642	16,683
Total active members	54,721	53,577

2.2 Pensions

	31.12.2008	31.12.2007
Retirement pensions	31,971	30,798
Retired person's child's pensions	799	666
Disability pensions	2,020	2,147
Disabled person's child's pensions	443	474
Surviving spouse/life-partner pensions	10,911	10,896
Orphan's pensions	404	439
Retirement bridging pensions	5,548	5,175
IV/AI replacement pensions	428	496
Total	52,524	51,091

In 2008 there were a total of 2,137 new retirement pensions and retired person's child's pensions, 128 new disability pensions and disabled person's child's pensions, and 649 new surviving spouse pensions and orphan's pensions.

3 Implementation of the purpose

3.1 Note to the pension plans

PUBLICA runs separate pension schemes for each company pension plan. The employer allocates the insured persons to the various pension plans on the basis of the objective criteria set out in the Pension Plan Regulations. The insured members may top up their personal retirement assets with voluntary savings contributions so as to increase their retirement pension or vested termination benefits upon leaving the company pension plan.

3.2 Financing, method of financing

PUBLICA is an autonomous collective institution running 17 mutually independent company pension plans. The actuarial financing of the individual company pension plans is based on what is known as the capitalization system. The revenues are formed by savings contributions, risk premiums, inflows of vested pension benefits from previous pension plans and the buy-ins paid by the insured members themselves, as well as income earned on pension plan assets. The amount of the savings contributions and any risk contribution from employees are set out in the individual Pension Plan Regulations.

The operation of PUBLICA is funded by administrative expenses invoiced to the employers from the defined contribution scheme. These have been set out in service level agreements with the company pension plans. Any additional services beyond this are invoiced separately using agreed fee schedules.

3.3 Further information on pension provision

Pursuant to Article 3 (2) of the PUBLICA Act, the Federal Council may delegate other tasks to PUBLICA provided that these are relevant to its area of responsibility under the PUBLICA Act; the costs incurred are borne by the Confederation. In this respect, PUBLICA takes charge of, for example, paying the members of the Federal Council and the other Federal Councillors in accordance with retirement ordinances. These payments are not financed under the capitalization system; they are billed to the Confederation on an ongoing basis and are not charged to PUBLICA's annual financial statements.

4 Valuation and accounting principles, consistency

4.1 Confirmation of financial reporting as per Swiss GAAP ARR 26

The annual financial statements of the Federal Pension Fund PUBLICA meet the formal requirements in terms of the breakdown of the balance sheet, income statements and notes and also the material requirements of the BVG (Swiss GAAP ARR 26). The accounts convey the actual financial situation and contain all the information required for their appraisal.

4.2 Accounting and valuation principles

The accounting, recognition and valuation are conducted as prescribed in the Code of Obligations (CO) and the Federal Act of 25 June 1982 on Occupational Old Age, Survivors' and Disability Pensions (BVG and Swiss GAAP ARR 26).

Securities, foreign currencies, direct investments in real estate and loans to public-law bodies are stated at market value. The value of all real estate is reappraised each year using the discounted cash flow (DCF) method. This determines the income potential of the real estate based on future revenues and expenditures. The resulting cash flows correspond to the current and forecast net cash flows after deduction of all costs that cannot be passed onto the tenant. The annual cash flows are discounted on the balance sheet date. The rate of interest used is determined by the interest on long-term Confederation bonds, plus a risk premium specific to real estate. This takes account of market risks and the lower liquidity of real estate compared to Confederation paper. The discount rates vary according to the macro and micro-situation and the real estate segment. Properties under construction are stated at the proportionate cost of construction, according to their stage of completion. Once these buildings have been completed and added to the real estate portfolio, they are assessed as part of the annual valuation.

Mortgages, liquid assets and credit held with the Confederation are stated on the balance sheet at nominal value.

Since the closure of the annual accounts as at 31 December 2007, there have been no changes in the valuation, accounting or financial reporting principles.

5 Actuarial risks / risk coverage / funded ratio

5.1 Form of risk coverage, reinsurance

PUBLICA is an autonomous collective institution divided into mutually independent company pension plans. It has not taken out any reinsurance cover for its actuarial risks. With respect to actuarial risks, the individual company pension plans are either autonomous (as in the case of the Confederation and the ETH Domain) or are fully or partially reinsured with PUBLICA as a collective company pension plan. To counteract any actuarial fluctuations, PUBLICA (in the function of reinsurer) and the individual company pension plans have formed adequate provisions (see 5.6).

5.2 Development of pension fund capital for active members

The balance sheet item "Pension fund capital – Active members" contains policy reserves for active members of CHF 9,857bn (prior year: CHF 10,223bn). The following table shows the development of the pension fund capital (excluding provisions for longevity) of the active members for the period under review. The 2007 column has been left blank because a direct comparison is not possible on account of the change in system (from a defined benefit to a defined contribution scheme).

in CHF	31.12.2008	31.12.2007
Pension fund capital as at 01.01.	10,223,258,638.65	
Change in pension fund capital at year-end	-366,367,617.60	
Total pension fund capital - Active members	9,856,891,021.05	
Number of active members	54,721	

The minimum amount as per Article 17 FZG is taken into account when calculating the pension fund capital. The figure thus reported corresponds to the statutory vested termination benefits at that point in time.

The pension fund capital of active members decreased by CHF 366.4m overall over the previous year. This is mainly due to the fact that insured members who reached retirement age prior to the switchover in system as of 1 July 2008 benefited from the former conditions and took their retirement. The reduced pension fund capital is now accordingly posted on the side of the pension recipients.

5.3 Total retirement assets under BVG

in CHF	31.12.2008	31.12.2007
Total retirement assets under BVG (shadow accounts)	3,594,401,647.55	3,585,718,422.00
BVG minimum interest rate, fixed by the Federal Council	2.75%	2.5%

In addition to managing the pension fund capital of its active members, PUBLICA manages the retirement assets prescribed by the provisions of the BVG in the form of a shadow account. This ensures that the minimum benefits prescribed by the BVG are met in all cases. The retirement assets posted are contained in the pension fund capital for active members.

5.4 Development of pension fund capital for pensioners

in CHF	31.12.2008	31.12.2007
Pension fund capital as at 01.01.	18,193,599,705.00	18,087,115,808.00
Change in pension fund capital	1,509,621,302.00	106,483,897.00
Total pension fund capital - Pensioners 31.12.	19,703,221,007.00	18,193,599,705.00
Number of pensions (for details see 2.2)	52,524	51,091

The pension fund capital for pensioners, which corresponds to the cash value of current pensions and associated deferred annuities, increased by some CHF 1.5bn over the previous year. In part, this increase results from the change in system, as outlined in 5.2. However, this is also due to the fall in the technical interest rate applicable to the pension portfolio (financed by a one-off payment by the Confederation of CHF 950m) and the release of the provision for the pensioner-only portfolio of CHF 121.6m.

5.5 Results of the latest actuarial assessment

Please see the confirmation from the Accredited Pension Actuary as at 31 December 2008 (point 12).

5.6 Technical basis and technical provisions

The pension fund's liabilities are calculated according to the principles and guidelines issued for pensions experts by the Swiss Chamber of Pension Actuaries and the Swiss Association of Actuaries. Unlike the previous year (EVK 2000, 4%), the calculations use the technical basis of EVK 2000 3.5% for active company pension plans or EVK 2000 3.0% for those which are "pensioners only". Moreover, based on PUBLICA's loss experience, the disability probability is weighted at 80% of its value.

Technical provisions consolidated

	31.12.2008	31.12.2007
	CHF	CHF
Company pension plans		
Provision for conversion factor - Active members	394'275'640.00	0.00
Provision for longevity - Pensions	793'657'408.00	0.00
Provision for outstanding claims	189'465'985.00	0.00
Provision for death and disability	58'369'000.00	0.00
Provision for guarantees (change of system)	348'037'083.00	0.00
Provision for cost-of-living adjustment & administrative expenses	27'326'959.13	0.00
Total technical provisions - Company pension plans	1'811'132'075.13	0.00

	31.12.2008	31.12.2007
	CHF	CHF
Collective institution		
Provision for longevity	0.00	972'849'232.00
Provision for outstanding claims PUBLICA	0.00	241'500'000.00
Provision for losses - Early retirement	0.00	100'000'000.00
Provision for policy reserve - Guaranteed female members	0.00	5'100'000.00
Provision for pensioner-only schemes	0.00	121'600'000.00
Provision for outstanding claims - Collective institution	2'503'680.63	0.00
Provision for death and disability (common institution)	0.00	137'700'000.00
Provision for death and disability	15'156'000.00	0.00
Provision for pricing	67'403'000.00	0.00
Provision for guarantees (change of system)	0.00	350'000'000.00
Provision for hardship cases	28'301'299.97	28'301'299.97
Total technical provisions - Collective institution	113'363'980.60	1'957'050'531.97
Total technical provisions	1'924'496'055.73	1'957'050'531.97

The provisions and reserves stated in the balance sheet are based on PUBLICA's Regulations on Provisions and Reserves of 1 July 2008, drawn up by the Board of Directors in conjunction with the Accredited Pension Actuary (Hewitt Associates), the Investment Controller (PPCmetrics) and the external Statutory Auditor (Ernst & Young).

The technical provisions decreased by CHF 33m over the previous year.

5.6.1 Technical provisions - Company pension plans

5.6.1.1 Provision for conversion factor – Active members

The conversion factor has to be lowered at regular intervals so as to take account of the increase in life expectancy for future benefits promised. The current retirement pensions are considered as guaranteed pensions. To ensure that this factor can be lowered as smoothly as possible, the provision for the conversion factor is set aside to help counteract – in whole or in part – any adverse impact on the future benefits of active members.

5.6.1.2 Provision for longevity pensions

Where the life expectancy trend over time is not reflected in the technical basics used (life table), certain precautions have to be taken to ensure that the promised benefits can be provided over an extended period of time. A provision for longevity is thus formed for pension recipients.

5.6.1.3 Provision for outstanding claims

The risk premiums are calculated on an actuarial basis such that they can finance the death and disability cases of the income statement. In the case of disability, however, several years may pass between the occurrence of the insured event and the definitive settlement. Sufficient provisions must be set aside for the subsequent processing of such cases. The amount of the provision is determined annually using the actual claims experience from previous years and the risk premiums from the past two years. Correspondingly, the value of this provision was fixed at CHF 189.5m as at 31 December 2008. After the actual claims experience from the previous years was taken into account for the first time, a portion of the provision from the previous year (CHF 241.5m) was released. This explains the reduction of some CHF 52m.

5.6.1.4 Provision for death and disability

The cases of death and disability to be expected in one year and the policy reserve required for paying the statutory benefits are calculated using the technical basis of the EVK 2000 actuarial tables. The purpose of the provision for death and disability is to cushion the adverse financial impact of unexpected deviations in the volume of claims. This provision only exists in those pension plans that cover the risks of death and disability themselves, in whole or in part, and are thus exposed to the risk of fluctuation.

5.6.1.5 Provision for guarantees (change of system)

The provision for guarantees (change of system) is used to finance those pension components arising on the basis of Article 25 of the PUBLICA Act (static grandfathering). This provision was used very little in its first six months of existence as, overall, there were few new pensioners in the second half of 2008. This stemmed from the “eleventh-hour effect” of employees taking retirement before 1 July 2008 (change of system).

5.6.1.6 Provision for cost-of-living adjustment and administrative expenses

Certain groups of pensioners no longer have an employer to assume their future administrative expenses. The provision for cost-of-living adjustments and administrative expenses thus serves to fund future administrative expenses and any cost-of-living adjustments and is allocated to specific groups of pensions in the company pension plan Pensioners only – PUBLICA administration. Prior to 1 July 2008, this provision took the form of an employer contribution reserve.

5.6.2 Technical provisions - Collective institution

5.6.2.1 Provision for longevity

Upon the switch to the collective institution, the provision for longevity was distributed among the individual company pension plans in proportion to their share in the policy reserve. At the same time, a division was made between the provision for the conversion rate for active members and the provision for longevity for pensioners.

5.6.2.2 Provision for outstanding claims

The provision for outstanding claims is now also formed at the company pension plan level.

5.6.2.3 Provision for losses on early retirement

The switchover to the defined contribution scheme resolved a major problem of the core plan (defined benefit scheme). There can now no longer be any pensions that are not fully financed and thus charged to the entire group of insured members. This eliminates the need for the corresponding provision.

5.6.2.4 Provision for the policy reserve of so-called "guaranteed female members" of affiliated organizations

Upon switchover of the system, the distribution of the costs was set definitively.

5.6.2.5 Provision for pensioner-only pension portfolios

The provision for pensioner-only pension portfolios of CHF 121.6m was charged to the costs of lowering the technical interest rate for pensioners as at 1 July 2008 (see point 5.4).

5.6.2.6 Provision for outstanding claims – Collective institution

Insured events of the company pension plans that are partially or fully reinsured with the collective institution are charged to the collective institution, in cases where these occur after the change in system. Thus, as with the provision under point 5.6.1.3, such a provision is also necessary at the level of the collective institution. This is topped up by the risk premium of the reinsured company pension plans.

5.6.2.7 Provision for death and disability

As with the provision for outstanding claims for the collective institution, a provision for death and disability analogous to the one mentioned under point 5.6.1.4 must also be created at the level of the collective institution.

5.6.2.8 Provision for pricing

The provision for pricing buys the collective institution some time for adapting premiums in the case of an error in the actuarial basis.

5.6.2.9 Provision for guarantees (change of system)

Upon the switch to the collective institution, the provision for guarantees (change of system) was distributed to the individual company pension plans in proportion to their share of potential claimants to the guarantee.

5.6.2.10 Provision for hardship cases

The prerequisites for guaranteeing voluntary benefits from the pension fund are set out in the policy document on hardship cases. In 2008 there were no applications for benefits that met these requirements. Therefore, the provision for hardship cases remained at its prior-year level.

5.7 Funded ratio as per Article 44 BVV 2

The funded ratio as per Article 44 BVV 2 results from the ratio between the assets available to cover actuarial liabilities and the fund's pension fund capital (including technical provisions).

in CHF	31.12.2008	31.12.2007
Pension fund capital and technical provisions required	31,484,608,083.78	30,373,908,875.62
Fluctuation reserve	0.00	2,032,796,837.18
Uncommitted funds	0.00	0.00
Funds available to cover the statutory liabilities	30,168,045,248.46	32,406,705,712.80
Actuarial funded ratio (available funds as % of required funds)	95.8%	106.7%

For further comparisons, see also the details of the economic funded ratio under 9.1.

5.8 Mortality result for death and disability of the collective institution PUBLICA for the period from 1 July 2008 to 31 December 2008

The company pension plans with a relatively low number of active members are fully or partially reinsured with the collective institution. As expected, there were no insured events to be recorded for these pension plans in the given short period of time, which had a positive impact on the formation of the provision described under 5.6.2.6. The entire risk premium of CHF 1.86m was thus allocated to the provision. There is also CHF 0.65m in the provision for outstanding claims resulting from the exit of the Swiss National Science Foundation from PUBLICA.

6 Notes on investments and the net return on investment

To maintain a consistent funded ratio as prescribed by BVV 2, PUBLICA would have to have generated a return of some 3.7% on its investments in 2008. This is not possible with risk-free investments. Risk and thus fluctuations must therefore be taken into account. Temporary set-backs on the financial markets are quite normal; what cannot be predicted, however, is their precise timing, duration and extent in each case. PUBLICA's strategic asset allocation is defined such that we can survive a poor investment year without having to change our strategic asset allocation due to a lower risk tolerance. Otherwise, we would be exposed to the risk of adopting a "pro-cyclical" stance, i.e. by reducing risk in the portfolio after the crisis and thereby benefiting less from the ensuing recovery.

2008 was marked by an intensification and expansion of the financial crisis and an exacerbation of the economic situation in all regions. Earnings and growth expectations were and still are being revised downward on a regular basis, with business and consumer sentiment falling. The combination of the financial crisis and the worsening macroeconomic situation produced a veritable downward spiral and global recession.

6.1 Organization of investment activity, Investment Guidelines

PUBLICA's investment philosophy seeks to systematically exploit incompletely correlated risk premiums from the widest of sources – equity risks, interest rate risks, credit risks, liquidity risks – by means of the broad diversification of our assets. We therefore invest mainly passively or in line with the index, selecting individual products with risk/return profiles that are as clear as their impact on the risk/earnings profile of our assets. This policy has protected PUBLICA from the direct consequences of the credit crisis. PUBLICA Asset Management is responsible for implementing the strategic asset allocation and for taking the tactical decisions – engaging in temporary deviations from the weightings laid down in the strategic asset allocation with the objective of generating added value over the strategic allocation itself.

Equity investments are made passively and replicate market development. All equity portfolios are managed by external specialists. The bond portfolios are managed by PUBLICA Asset Management and external specialists actively, albeit close to the index. Real estate investments take the form of direct investments within Switzerland.

The following institutions were entrusted with the administration of PUBLICA's assets as at the balance sheet date of 31 December 2008:

Asset managers		
Mandate	Asset manager	Investment style
Bonds CHF	PUBLICA Asset Management	Low tracking error
Bonds EUR	PUBLICA Asset Management	Low tracking error
Bonds EUR	Swisscanto	Low tracking error
Bonds Europe ex EUR	PUBLICA Asset Management	Low tracking error
Bonds USD	PUBLICA Asset Management	Low tracking error
Bonds USD	Swisscanto	Low tracking error
Currency hedging Bonds - foreign currency	Record Currency Management	Passive
Mortgages	Mortgages PUBLICA	Direct investments
Equities Switzerland	Credit Suisse Asset Management	Passive
Equities Switzerland	Pictet Asset Management	Passive
Equities global indust. countries	Credit Suisse Asset Management	Passive
Equities global indust. countries	Barclay Global Investors	Passive
Currency hedging equities global	Russell Investment	Passive
Real estate Switzerland	PUBLICA Asset Management	Direct investments

PUBLICA exercises its voting rights at the annual general meetings of listed public-limited companies in Switzerland with a view to protecting its long-term shareholder interests. Voting rights are generally not exercised abroad. PUBLICA does not make the details of its voting behaviour publicly known.

6.2 Use of the option to expand investments further with result of the report (Article 59 BVV 2)

Based on the Investment Guidelines, PUBLICA utilises the possibility of expanding its investment options, pursuant to Article 59 BVV 2. The range of values for bonds in foreign currencies in accordance with Article 55d BVV 2 has been exceeded. Foreign investments and investments in CHF bonds offer a suitable way of raising long-term investment income through diversification without having to accept substantially higher investment risks. This expansion has been deemed to be legally compliant by the Accredited Pension Actuary and Statutory Auditor. Security within the meaning of Article 50 BVV 2 remains guaranteed. The corresponding application to expand the investment range made by the Asset Management department was approved by the Board of Directors.

6.3 Target value and calculation of fluctuation reserve

The fluctuation reserve comprises two separate reserves: the technical interest rate reserve and the fluctuation reserve for investments.

Target size and calculation of fluctuation reserve

	31.12.2008	31.12.2007
	CHF	CHF
Technical interest rate reserve 01.01.	705'108'553.71	1'192'724'290.30
Fluctuation reserve 01.01.	1'327'688'283.47	1'475'056'230.19
Total fluctuation reserve 01.01.	2'032'796'837.18	2'667'780'520.49
Change in technical interest rate charged to income statement	-705'108'553.71	-487'615'736.59
Change in fluctuation reserves charged to income statement	-1'327'688'283.47	-147'367'946.72
Technical interest rate reserve 31.12.	0.00	705'108'553.71
Fluctuation reserve 31.12.	0.00	1'327'688'283.47
Total fluctuation reserve 31.12.	0.00	2'032'796'837.18
Target technical interest rate reserve	2'175'557'930.00	2'419'600'000.00
Target fluctuation reserve	4'722'691'213.00	4'556'000'000.00
Overall total of targets	6'898'249'143.00	6'975'600'000.00
Technical interest rate reserve deficit	-2'175'557'930.00	-1'714'491'446.29
Fluctuation reserve deficit	-4'722'691'213.00	-3'228'311'716.53

The creation or release of the technical interest rate reserves and the fluctuation reserves are always synchronous, i.e. both reserves always show the same degree of performance in terms of their target value. At the end of 2008, the fluctuation reserve and the technical interest rate reserve had to be released as a result of the loss incurred in the 2008 financial year. The target values of both reserves are listed in the table and correspond to reserve deficits, i.e. result in a degree of performance of 0% (prior year: 29.14%).

6.3.1 Technical interest rate reserve

Risk-free market interest rates for certain or all maturities may differ from the standard technical interest rate defined for long-term use. If all or some of the risk-free market rates for the various maturities are lower than the technical interest rate defined, this results in potentially higher economic liabilities for the fund. The technical interest rate reserve is created to absorb at least some of the economic fluctuation risk and, if necessary, to finance a necessary reduction in the technical interest rate.

According to PUBLICA's Regulations for Provisions and Reserves, the target size of this reserve corresponds to 50% of the difference between the liabilities calculated using the current technical interest rate of 3.5% for active company pension plans and 3.0% for pensioner-only plans and the liabilities calculated using a risk-free interest rate.

6.3.2 Fluctuation reserve

The fluctuation reserve is used to ensure that the investment risks that have to be taken in order to attain the long-term target returns can actually be borne. The target size of the fluctuation reserve depends on the risk/return characteristics of the strategic asset allocation, the security level sought and the investment horizon. For the time being, the minimum target value is set at 15% of the sum of pension fund capital and technical provisions.

6.4 Investments by asset class

The investments are divided into the following categories, with currency forwards used to hedge the currency risks from international bond investments. Upon the introduction of the new strategic asset allocation on 1 July 2008, we adapted our securities accounting to the new requirements and conditions.

Investments by asset class		
	31.12.2008	31.12.2007
	CHF	CHF
Cash & cash equivalents and receivables	606'476'894.85	1'413'060'718.10
Cash & cash equivalents	419'665'047.52	897'845'780.59
Receivables from the Confederation	0.00	378'767'301.83
Receivables	186'811'847.33	136'447'635.68
Bonds	20'551'300'751.72	21'204'774'818.57
Bonds CHF	14'688'213'609.33	15'039'079'482.40
Bonds Europe	3'825'391'451.64	4'261'094'027.99
Bonds USD	2'037'695'690.75	1'904'601'308.18
Equities	5'885'131'273.57	6'668'252'856.79
Equities Switzerland	2'080'140'373.83	2'367'615'136.52
Equities Europe	1'783'452'582.04	1'340'032'649.50
Equities North America	1'577'135'670.46	2'241'227'013.70
Equities Pacific	444'402'647.24	719'378'057.07
Mortgages	1'366'193'288.55	1'456'092'587.40
Real estate	1'853'079'332.35	1'743'620'662.80
Investments	30'262'181'541.04	32'485'801'643.66

6.4.1 Cash and cash equivalents

The amount of cash and cash equivalents held declined over the previous year.

6.4.2 Receivables from the Confederation

The amortization agreement between the Swiss Confederation and PUBLICA concerning PUBLICA's assets with the Confederation (formerly the deficit coverage liability) provided for a monthly repayment in fixed instalments of CHF 200m. The last two instalments of CHF 200m and CHF 1178.7m were credited in January and February respectively. These transfers thus brought the amortization agreement to an end. The 4% interest income is not added to the capital but paid to PUBLICA.

6.4.3 Receivables

At CHF 84.6m, the current accounts of employers with contributing receivables form one of the single largest items under the item receivables. The employee and employer contributions are billed to the employers at the end of each month. Such contributions for the month of December were owed on 31 December 2008 but not yet paid at that time. Some other significant items under this item are: withholding tax refunds of CHF 44.8m from the Federal Tax Administration, deficit coverage liabilities of certain affiliated organizations of CHF 10.5m.

6.4.4 Bonds

Despite a reduction in the actual amount of bonds, the bond weighting of investments rose slightly from 65.3% to 67.9%. This reflects compensation for the underweighting of real estate and the cautious assessment of the equity markets.

6.4.5 Equities

The weighting of equities in the portfolio was kept close to the tactical minimum as laid down in the strategic asset allocation on account of the steadily deteriorating outlook for overall economic growth and corporate earnings.

6.4.6 Mortgages

The portfolio of individual mortgage loans totalled CHF 1.171bn as at 31 December 2008. Mortgage loans amounting to CHF 194.5m were granted to housing cooperatives.

6.4.7 Real estate

PUBLICA has a real estate portfolio of residential and commercial properties throughout Switzerland. This portfolio is still being built up and targets a size of some CHF 3bn. The current value (including properties under construction and projects) came to CHF 1,853bn as at 31 December 2008, up from CHF 1,744bn a year earlier.

6.4.8 Strategic asset allocation

With the new PUBLICA Act, the new strategic asset allocation came into force on 1 July 2008. The transition from the previous strategy to the new one will be gradual, by asset class, giving priority to the impact of an asset class on the risk/return profile of the overall portfolio. For the individual steps, a pro-rata strategy will be defined, against which the portfolio will be measured. Except in the case of real estate and Swiss and European bonds, the tactical fluctuation ranges are being adhered to. The real estate underweighting cannot be influenced in the short term and is offset by the overweighting of Swiss and European bonds.

Strategic asset allocation					
Asset class	31.12.2008	investment strategy	Transition strategy pro rata	Minimum pro rata	Maximum pro rata
Nominal values	74.29%	56.00%	67.00%	61.00%	76.00%
Money market	1.32%	0.00%	2.00%	0.00%	8.00%
Bonds Switzerland	48.87%	32.00%	45.50%	42.50%	48.50%
Bonds Europe	12.73%	9.00%	8.90%	6.00%	12.00%
Bonds USD	6.78%	6.00%	6.10%	3.00%	9.00%
Bonds Asia	-	2.00%	-	-	-
Mortgages	4.59%	4.50%	4.50%	0.00%	6.00%
Government bonds					
Newly industrialised countries	-	2.50%	-	-	-
Equities	19.57%	24.00%	23.00%	19.00%	27.00%
Equities Switzerland	6.89%	5.00%	8.00%	6.00%	10.00%
Equities Europe	5.94%	7.00%	7.00%	5.00%	9.00%
Equities North America	5.26%	6.00%	6.00%	4.00%	8.00%
Equities Pacific	1.48%	2.00%	2.00%	1.00%	3.00%
Equities newly industrialised countries	-	4.00%	-	-	-
Commodities	-	5.00%	-	-	-
Real estate	6.14%	15.00%	10.00%	8.00%	12.00%
Real estate Switzerland	6.14%	10.00%	10.00%	8.00%	12.00%
Real estate ex CH	-	5.00%	-	-	-

6.5 Current (open) derivative financial instruments

As at 31 December 2008, the following derivative positions were open:

Current (open) derivative financial instruments				
	Currency	Positive re-acquisition value in CHF	Negative re-acquisition value in CHF	Net contract volumes in CHF
Interest rate swaps	CHF	15'287'300	0	210 m
Currency forwards	CHF	290'987'586	-12'716'338	-5.5 bn
Equity futures	CHF	853'205	-121'499	41 m

Interest-rate swaps are used to control interest-rate risks. Futures are used to hedge dividends already contained in the equity indices but not yet booked. The necessary collateral is available in the form of cash and cash equivalents. This rules out a leverage effect on the overall assets.

Currency forwards are used for strategic hedging of the currency risks on foreign-currency bonds and mitigate the risk exposure of the overall assets.

6.6 Securities lending

PUBLICA has signed securities lending agreements with custodians JP Morgan and Credit Suisse, whereby PUBLICA exercises its voting right at the AGMs of Swiss public liability companies, excluding the shares in question from the securities lending before and during the AGMs. As at 31 December 2008, securities valued at CHF 614,279,783 were on loan (as opposed to CHF 8,997,464,100 as at 31 December 2007), backed up by a pledged securities account.

6.7 Note on net investment income

The overall net investment income consists of the sum of the net income from the various asset classes:

Net investment income		
	31.12.2008	31.12.2007
	CHF	CHF
Net income from cash & cash equivalents	8'091'208.11	17'939'586.54
Net income from receivables from the Confederation	682'420.71	59'639'580.96
Net income from liabilities	-1'293'769.37	0.00
Net income from receivables	1'021'096.30	3'407'347.32
Net income from bonds	1'072'751'663.76	52'146'550.55
Net income from equities	-3'381'711'838.50	168'472'276.09
Net income from mortgages	38'363'580.04	35'969'552.24
Net income from real estate	86'046'868.10	66'506'047.36
Administrative expenses of investments	-24'913'986.16	-16'990'114.06
Net investment income	-2'200'962'757.01	387'090'827.00

6.7.1 Net income from cash and cash equivalents

The net income of CHF 8.1m from liquid assets for 2008 corresponds to the actual income generated by cash and cash equivalents.

6.7.2 Net income from receivables from the Confederation

The net income of CHF 0.68m corresponds to the 4% interest on PUBLICA's receivables from the Confederation. The Confederation completed its repayment of the debt in February 2008.

6.7.3 Net income from liabilities

Strictly speaking, "Liabilities" are not actually an asset class. The interest on "Beneficiaries' assets" are now included under this item, following the change in the pension system.

6.7.4 Net income from receivables

The net income consists of the interest on buy-ins that are due but not yet paid by the date of the change of system (CHF 0.6m) and interest on the deficit coverage liabilities of affiliated organizations (CHF 0.4m). Strictly speaking, this item is also not an asset class.

6.7.5 Net income from bonds

Net income from bonds		
	31.12.2008	31.12.2007
	CHF	CHF
Net income from bonds CHF	742'397'764.00	-48'323'182.22
Net income from bonds Europe	198'210'430.70	110'525'764.60
Net income from bonds USD	132'143'469.06	-10'056'021.83
Net income from bonds	1'072'751'663.76	52'146'560.55

6.7.6 Net income from equities

Net income from equities		
	31.12.2008	31.12.2007
	CHF	CHF
Net income from equities Switzerland	-780'128'609.70	-13'271'925.88
Net income from equities Europe	-1'192'785'283.93	124'955'904.79
Net income from equities North America	-1'037'094'137.82	3'896'395.67
Net income from equities Pacific	-300'065'844.57	-10'832'800.35
Net income from equities NICs	-71'637'962.48	63'724'701.86
Net income from equities	-3'381'711'838.50	168'472'276.09

6.7.7 Net income from mortgages

The net income comprises CHF40.5m in income from interest, fees and prepayment profit and CHF 2.1m in expenses.

6.7.8 Net income from real estate

The real estate income from PUBLICA's overall portfolio amounts to CHF 97.3m. The real estate expenses of CHF 11.2m take due account of the year-end valuations and the reclassification of the management fee under the item Management fees.

6.7.9 Administrative expenses of investments

The expenses incurred for the administration of investments came to a total of CHF 24.9m, comprising the main items listed in the table below.

Administrative expenses of investments

	31.12.2008	31.12.2007
	CHF	CHF
Bank and post-office interest, net	205'803.22	43'417.29
Transaction fees and duties	4'935'118.22	5'692'101.06
Management fees and charges	15'437'246.95	6'743'679.24
Other investment administrative expenses	4'335'817.77	4'510'916.47
Total administrative expenses of investments	24'913'986.16	16'990'114.06

Following the conversion of the securities accounting as at 1 July 2008, the management fees now include real estate management fees and PostFinance service fees. Also as a result of this adjustment, the transaction fees and duties are allocated to asset management expenses. This does not represent an increase in costs but is in the interests of a more transparent cost statement.

6.7.10 Performance of overall assets

According to the Investment Controller's report, the return on overall assets for the period under review is -6.86%. This is an outperformance of the benchmark's performance -7.20%. The performance of bonds and money-market instruments came to 5.23% (benchmark 5.16%) and for equities, -42.35% (benchmark -41.23%). The underperformance in equities compared with the benchmark is due to the underweighting of Swiss equities. Real estate investments reported a performance of 3.78% on the basis of the average invested capital at market prices (benchmark 5.40%); the performance for mortgages came to 3.08% (benchmark 3.27%). The lower performance than the benchmark is explained by the portfolio structure: part of the capital is invested in projects not yet completed, which absorb capital without yet generating any return.

Annual financial statements and performance calculation

A precise performance cannot be calculated from the figures given in the annual financial statements. These are based on the financial accounting figures and serve to document the transactions carried out. The performance calculation, however, seeks to report, as factually and detailed as possible, the influence of market trends and asset management investment decisions on investments.

Returns are calculated as the ratio of income to average invested capital. Inflows and outflows of funds influence average invested capital, with the timing of the fund flows also playing a role. PUBLICA's performance calculation is conducted by independent third parties, the Investment Controller and the Global Custodian. It is adjusted by the flows of funds and is based on a daily valuation of securities.

6.8 Note on investments with the employer and the employer contribution reserve

The former deficit of the PKB – on which interest was always payable – was assumed by PUBLICA as a receivable from the Confederation. The Confederation repaid this amount continuously, and the last instalment in this amortization agreement between the Swiss Confederation and PUBLICA was made in February 2008. Furthermore, the banks entrusted with the respective asset management mandates are authorized to assume receivables from the Confederation, e.g. bonds. The restrictions set out in Articles 57 and 58 BVV2 on investments with the Confederation as employer do not apply to PUBLICA on account of special requirements laid down by law.

Receivables from the affiliated organizations total CHF 10.5m and correspond to the present value of the former deficit coverage liabilities of the Confederation and the affiliated organizations vis-à-vis the pension fund. The Confederation has confirmed this assumption of the receivables and, once Supplement I of the FDF has been approved by Parliament, this receivable can be realized in the spring of 2009.

A portion of the employer reserves stated in the final balance sheet as at 31 December 2007 concerned provisions for pensioners and served to finance cost-of-living adjustments and administrative expenses for employers who had already left. These provisions were reclassified as appropriate in the year under review and are now stated as technical provisions in the company pension plan Pensioners only – PUBLICA administration.

Employer contribution reserves consolidated		
	31.12.2008	31.12.2007
	CHF	CHF
Employer contribution reserves as at 01.01.	28'297'349.17	29'091'531.97
Change in employer contribution reserve 1st half-year	-112'562.54	0.00
Reclassification as technical provisions 01.07.	-27'066'560.12	0.00
Employer contribution reserves as at 01.07.	1'118'226.51	0.00
Allocations	1'645'495.85	120'371.95
Utilisation	0.00	-1'319'845.05
Administrative expenses	0.00	-12'787.90
Interest (1.75%)	13'955.61	418'078.20
Total employer contribution reserves 31.12.	2'777'677.97	28'297'349.17

7 Note on other items in the balance sheet and income statement

7.1 Operating assets / liabilities

PUBLICA's accounts are supervised by the Audit Committee acting on behalf of the Board of Directors. This is carried out using the budget and analysing any deviations.

Operating assets PUBLICA		
	31.12.2008	31.12.2007
	CHF	CHF
Current assets	13'401'895.00	21'725'652.00
Investment assets	3'564'386.00	4'589'953.00
Operating assets PUBLICA	16'966'281.00	26'315'605.00
Short-term debt	2'715'105.00	2'428'768.00
Long-term debt	833'720.00	4'257'870.00
Equity capital	13'417'456.00	19'628'967.00
Working capital	11'468'143.00	10'000'000.00
Reserves and retained earnings	779'756.00	7'462'669.00
Profit	1'169'556.00	2'166'298.00
Operating liabilities PUBLICA	16'966'281.00	26'315'605.00

7.2 Administrative account - Operations

The administrative expense for PUBLICA operations came to CHF 33.1m, while administrative income in the period under review amounted to CHF 34.3m. The administrative expense comprises the costs of administration of insured members and pensioners but excludes those of asset management, which is financed via the return on investments. The net profit of PUBLICA operations thus amounts to CHF 1.2m for the full 2008 financial year. This profit is broken down into a loss of CHF 0.7m for the first half of 2008 and a profit of CHF 1.9m for the second half of 2008.

7.2.1 Appropriation of profit to the individual company pension plans

PUBLICA's new cost and performance accounting ensures that costs and proceeds can be allocated to the individual company pension plans.

The costs charged to the administrative account for the Asset Management department are reconciled against the performance of the investments and thus have no impact on profit and loss.

The remaining costs are allocated to the company pension plans on a pro-rata basis, based on the services actually used. An exception is made for project costs, which are deducted in proportion to the administrative costs paid.

7.2.2 Appropriation of profit in 2008 (2nd half-year)

As all of the data required was not yet available in the desired quality, the administrative profit per company pension plan was calculated relative to the administrative costs billed.

The objective remains, however, to calculate a result in keeping with the services actually used. One of the key issues for 2009 is thus to optimise PUBLICA's cost and performance accounting to produce reliable results.

8 Requirements of the supervisory bodies

PUBLICA strives to ensure low costs and fair, transparent agreements. According to the regulations with our partners, no retrocessions may be received in association with instructions under a mandate agreement in the securities and real estate areas with PUBLICA. The general contractor and total contractor agreements for construction in the real estate sector are primarily contracts for work and services and are thus not affected by BGE 132 II 460. The agreed services are paid by way of a flat-rate fee that already includes a volume discount appropriate to the sector.

9 Further information concerning the financial situation

9.1 Note on the funded ratio

As at 31 December 2008, PUBLICA's actuarial funded ratio calculated as provided for in Article 44 (1) BVV 2 stood at 95.8% (prior year: 106.7%). Consequently, the fund's liabilities are no longer fully covered by available assets. The technical interest rate used for calculating the pension fund capital was 4% for the first half of the year. In view of the current general interest-rate situation, we view this as relatively high. In assessing the fund's actual situation, this has to be taken into account, and an economic funded ratio should be considered in addition to the actuarial funded ratio.

In calculating the economic funded ratio, the pension fund's liabilities are calculated using a maturity-congruent, risk-free interest rate. Obviously, a pension fund should not make all of its investments on a risk-free basis, but this does afford it a certain degree of protection. Consequently, PUBLICA has decided, in accordance with its Regulations for Provisions and Reserves, to build up (and, if need be, release) a "technical interest rate" reserve progressively and independently of its return on investment, with a target value corresponding to half of the difference between the liabilities calculated on an actuarial and economic basis. Such calculations made by the fund's Accredited Pension Actuary produced an economic fund ratio of 83.8% for PUBLICA (prior year: 91.9%).

From the different approaches, it is clear that the development of the funded ratio as per BVV 2 is quite different from the economic funded ratio. Both are important indicators for managing the fund but are influenced by different driving forces. Thus, in the period under review, the funded ratio as per BVV 2 fell below 100% as a result of an even poorer performance on the financial markets than in 2007. The economic funded ratio, which had risen to above 90% for the first time in the previous period, was clearly down again as at the balance-sheet date in line with the trends in reference rates in 2008.

The economic funded ratio raises the question in occupational pension planning as to whether, in addition to the assets side, the liabilities side of the balance sheet should also be stated at market value. To address this situation adequately, PUBLICA has been building up a reserve for fluctuations in the technical interest rate since 31 December 2004. In addition, upon the switchover to the defined contribution scheme, PUBLICA also lowered the technical interest rate from 4.0% to 3.5% by lowering the conversion factor for active members too.

9.2 Pending legal proceedings

There are no pending legal proceedings that could have a prejudicial effect on the fund's financial situation.

10 Post-balance sheet events

The crisis in the financial sector intensified at the start of the new year, resulting in above-average volatility on the equity and credit markets. The performance of overall assets as at end-March 2009 was -1.43%. This takes the funded ratio as per BVV 2 to below 95%. Upon presentation of these interim results, the management of PUBLICA was mandated by the Board of Directors to group the potential remedial measures into scenarios for action and to present these to the Board of Directors if overall performance continues to deteriorate.

11 Report of the Statutory Auditor

As statutory auditor, we have audited the financial statements (balance sheet, income statement and notes), the administrative management and the asset management as well as the retirement accounts of Swiss federal pension fund PUBLICA for the year ended 31 December 2008.

The financial statements, the administrative management and the asset management as well as the retirement accounts are the responsibility of the fund commission. Our responsibility is to express an opinion on these matters based on our audit. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, the accounting and the asset management, as well as significant estimates made and the overall financial statement presentation. For the audit of the administrative management, we assess whether the legal requirements on organization, administration, collection of contributions and payments of benefits, as well the requirements regarding loyalty in the asset management were complied with. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, the administrative management and the asset management as well as the retirement accounts comply with Swiss law (especially with PUBLICA-Law) and the regulations.

The financial statements show an underfunding of CHF 1'316'562'835.32 and a coverage of 95.82%. The measures to remedy the underfunding, for the investment of assets and for the information of the beneficiaries determined by the fund commission on its own responsibility, in consultation with a pensions expert, are presented in the notes to the financial statements. Article 35a par. 2 BVV2 requires that we state in our report whether the investments are consistent with the risk capacity of the underfunded pension foundation.

In our opinion

- the fund commission exercises its management duty in the selection of an investment strategy appropriate to the given risk capacity, as explained in the notes to the financial statements under 6.4.8, actively, appropriately to the situation and in a verifiable manner;
- in investing the assets, the fund commission has observed the legal requirements and has, in particular, determined the risk capacity by assessing the assets and liabilities as a whole under consideration of the actual financial position and the structure and anticipated development of the body of beneficiaries;
- the investments with the employer comply with the legal requirements;
- taking into consideration the above comments, the investment of the assets is consistent with the requirements of Article 49a and 50 BVV2;

- the measures to remedy the underfunding, as resolved by the fund commission in consultation with a pensions expert, have been implemented within the framework of the legal requirements and the concept for action; and the obligation to provide information has been fulfilled;
- the fund commission has to date monitored the effectiveness of the measures to remedy the underfunding. Further, the fund commission has confirmed to us that it will continue such monitoring and will adapt the measures if the situation changes.

We note that the possibility of remedying the underfunding and the risk capacity regarding the investments depend also on events which cannot be anticipated, e.g. the developments affecting the investment market and the employer.

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

Bern, 16 April 2009

Ernst & Young Ltd

Bruno Christen
Licensed audit expert
(Auditor in charge)

Patrik Schaller
Licensed audit expert

12 Confirmation from the Accredited Pension Actuary as of 31.12.2008

Membership data

PUBLICA provided us with all relevant data on its active members and pensioners for our actuarial appraisal. In its letter of 20.03.2008, PUBLICA confirmed that the membership numbers communicated to us were definitive and that it had relied upon the same numbers in establishing its balance sheet.

Actuarial capital

The actuarial liabilities for PUBLICA's active members and pensioners were calculated based on the EVK 2000 3.5% actuarial tables while the liabilities for closed-scheme pensioners were calculated using EVK 2000 3.0%. Actuarial liabilities, or actuarial capital, are equal to the sum of the active members' individual vested termination benefits and the present value of pensions in payment plus the corresponding prospective survivor benefits. They total **CHF 29,560,112,028.05**.

Provisions and Reserves

The Fund Commission has adopted regulations on provisions and reserves which apply in preparing the actuarial balance sheet. Relying on those regulations, the actuarial balance sheet shows total provisions of **CHF 1,924,496,055.73**. Given its financial situation, PUBLICA was not in a position to set aside any reserves.

Assets

The assets available for covering actuarial liabilities and calculating funded ratio correspond to the total assets at market value minus liabilities, deferred income, employer contribution reserves and non-actuarial reserves. Thus calculated, the available assets total **CHF 30,168,045,248.47**.

Financial Situation

As of 31.12.2008, PUBLICA has no available reserves and its actuarial balance sheet shows a deficit of **CHF 1,316,562,835.31**. Given the underfunding, and even though all requisite provisions were recognized in the balance sheet, PUBLICA no longer has any reserves and basically has no risk tolerance for its investments. However, PUBLICA cannot hope to attain its financial objectives unless it continues to pursue a risky investment strategy.

Funded status

Funded status under Article 44 OPP2/BVV2

Funded status, within the meaning of Article 44 OPP2/BVV2, is the ratio between the assets available for covering the Fund's pension liabilities on the one hand, and the aggregate actuarial capital calculated with a discount rate of 3.5% (or 3% as the case may be) plus the actuarial provisions on the other. As of 31.12.2008, PUBLICA's funded status was 95.8% compared with 99.5% on 01.07.2008 (opening balance sheet).

Economic funded status

The economic funded status is the ratio between the assets available for covering the Fund's pension liabilities on the one hand, and the aggregate actuarial capital calculated with a risk-free discount rate (20-year Federal Bonds for active members and 10-year Federal Bonds for pensioners) plus the actuarial provisions on the other.

As of 31.12.2008, PUBLICA's economic funded status was 83.8% compared with 94.2% as of 01.07.2008 (opening balance sheet).

Appraisal of financial situation

On 01.07.2008, PUBLICA was transformed into a defined contribution plan, without reserves. In the wake of the financial crisis, its funded status declined to 95.8% on 31.12.2008. Consequently, PUBLICA is in a moderately difficult financial situation. The individual plans have funded statuses ranging between 94% and 97%. In appraising PUBLICA's financial situation, the age structure of its membership must also be taken into account. The financial situation of pensioner-only pension plans in particular could quickly deteriorate to a point where remedy would be impossible without external intervention.

Based on an Asset & Liability Study, it is estimated that it will take the Fund 4 years to restore its financial equilibrium, after which the requisite reserves will need to be built up; the same study shows that there is an 11% average probability of a funded status under 90% in the next 10 years.

Confirmation from the Accredited Pension Actuary

Based on the foregoing, we hereby confirm that:

- As of 31.12.2008, PUBLICA is not in a position to fully cover its actuarial liabilities or actuarial capital calculated on the basis of the EVK 2000 actuarial tables with a discount rate of 3.5% and 3.0% respectively, and the provisions. The actuarial balance sheet shows an underfunding of **CHF 1,316,562,835.31**.
- PUBLICA is currently examining various remedial measures which could be rapidly implemented should its financial situation continue to deteriorate to a material degree. Special care must be taken in monitoring pensioner-only pension plans.
- All security measures within the Fund's financial limits were taken in accordance with the regulations on actuarial provisions and reserves. Provisions were stated at their target value. However, no reserves for actuarial interest or for fluctuations in asset values could be set aside.
- Funded status, within the meaning of Article 44 OPP2/BVV2, was 95.8% as of 31.12.2008 based on actuarial discount rates of 3.5% and 3.0% respectively.
- The economic funded status calculated with a risk-free actuarial discount rate was 83.8% as of 31.12.2008.
- The Fund's actuarial regulations on benefits and financing are in compliance with the applicable statutory requirements on 31.12.2008.

Hewitt Associates SA

Daniel Thomann
Swiss Accredited Pension Actuary

Neuchâtel, 24.03.2009

13 Summary reports on the company pension plans of the PUBLICA collective institution

The conversion into a defined contribution scheme and the creation of the PUBLICA collective institution on 1 July 2008 also brought other organizational framework conditions into effect. The collective institution comprises 17 company pension plans. Apart from the Confederation pension plan (general federal administration), these are other company pension plans from the decentralised administrative units and affiliated organizations. These company pension plans now have their own accounts and are managed by their own joint bodies. This new section in the notes to the consolidated Annual Report provides a brief overview of each company pension plan. (At the same time, each of the company pension plans also receives a detailed report.) The summary reports comprise

- the composition of the joint body (for the closed-scheme pensioners, the collective institution and PUBLICA administration, this role is assumed by the Board of Directors)
- the balance sheet as at 31 December 2008 with comparative figures from the opening balance sheet as at 1 July 2008
- the income statement for 1 July - 31 December 2008 without any prior-year comparative figures
- a table showing employer reserves (if available).

Management Summary – Company pension plans

Management Summary - Balance sheet total / Assets / Liabilities/ Funded ratio - 2008

	Balance sheet total in CHF	Available assets in CHF	Liabilities, pension fund capital and provisions in CHF	Funded ratio in %
Federal Pension Fund PUBLICA - consolidated	30'294'953'247	30'168'045'248	31'484'608'084	95.82
Collective institution PUBLICA	156'428'825	107'102'779	113'363'981	94.48
Confederation	19'619'912'484	19'574'657'753	20'423'508'155	95.84
Pensioners only - Voluntarily insured	125'154'368	124'995'925	131'669'277	94.93
Affiliated organisations	683'133'286	678'442'345	712'558'879	95.21
Pensioners only - Affiliated organisations	132'537'813	132'374'219	136'573'049	96.93
Pensioners only - Confederation	196'324'218	196'115'815	204'841'566	95.74
Pensioners only - Swiss National Science Foundation	7'279'368	6'957'149	7'389'743	94.15
ETH Domain	4'595'678'039	4'577'893'723	4'761'708'914	96.14
Pensioners only - Swisscom	2'841'492'149	2'838'150'278	2'971'590'469	95.51
Pensioners only - RUAG	924'593'805	923'477'020	967'052'375	95.49
Pensioners only - SRG SSR idée suisse	667'486'961	666'718'616	697'027'222	95.65
Administration PUBLICA	67'328'554	67'255'527	70'383'296	95.56
Swiss Federal Institute of Intellectual Property	67'280'174	66'817'960	70'179'200	95.21
Swissmedic	128'626'138	128'384'819	134'295'939	95.60
Swiss Federal Institute for Vocational Education and Training	32'966'623	30'738'169	32'188'661	95.49
Swiss Federal Audit Oversight Authority	2'442'538	2'437'223	2'561'087	95.16
Historical Dictionary of Switzerland	8'275'152	8'260'876	8'651'920	95.48
Swiss National Science Foundation	38'012'750	37'265'052	39'064'351	95.39