SwissHoldings

Verband der Industrie- und Dienstleistungskonzerne in der Schweiz
Fédération des groupes industriels et de services en Suisse
Federation of Industrial and Service Groups in Switzerland

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International Accounting Standards Board
30 Cannon Street
London EC4M 6XH
United Kingdom

Discussion Paper Preliminary Views on Amendments to IAS 19 Employee Benefits

Dear Sir / Madam

SwissHoldings, the Swiss Federation of Industrial and Services Groups in Switzerland, represents 46 large international groups, covering most of the country's industrial and commercial sector. Enterprises from the financial sector (banking and insurance) are not represented in our federation. We very much welcome the opportunity to comment on the above-mentioned Discussion Paper (DP), and our response below has been prepared in conjunction with our member companies.

A. General Remarks

We accept the need to address the issues raised in the discussion paper (DP). Since the IASB invited comments on the exposure draft which became IAS 19 (revised 2004), the existing 10% corridor method still permitted by IAS 19 has lost the support of many financial statement users and regulators, and FASB have issued FAS 158. Employee benefit accounting could be **simplified by changing the recognition and presentation** requirements for defined benefit (DB) employee benefits. Whilst we agree that further accounting guidance for the schemes the DP categorizes as contribution-based promises (CBP) is needed, we are concerned that the DP proposals will **further complicate** the existing IAS 19 requirements and create unnecessary difficulties in applying and explaining them.

One of our primary concerns is naturally how the DP proposals would be applied to **Swiss pension plans,** in view of the following common features:

- The legal requirement for a **minimum required return on assets,** which is determined by the Swiss Federal Council (Bundesrat) at least every 2nd year. In setting the rate of return, the Bundesrat consider returns on government and corporate bonds, shares and real estate, but also affordability. If the rules of a pension plan determine the promised return in line with the one set by the Bundesrat, the question is whether it could be regarded as being linked to an asset, a group of assets or an index. If so, it would qualify as CBP, if not the Swiss plans could still be considered DB. In point 5.50 the board has explained that other post-employment benefits (OPEB) would still be accounted for as DB, as although a return is determined a link to assets or an index is missing. However, a more **general guidance** on how specific the link to an asset or index has to be, would be more helpful than a single example.

- **Trustees' discretionary** power in 'cash balance' type plans over whether and how much interest is added to members' notional account balances, and their discretionary power in all plans over pension increases. It is not clear how the Trustees' discretion should be incorporated in the fair value based measurement proposed for CBP. It seems to us that market participants would anticipate some level of interest and pension increase, consistent with assumptions on future asset returns which would make such increases possible, but the discretionary feature makes it difficult to value this because the exercise of discretion is personal to the Trustees, as individuals and collectively.

- **Co-existence** in many plans of DB death and disability benefits and a 'cash balance' type CBP formula for retirement benefits, funded by one single portfolio of assets. We are unclear how hybrid plans such as this would be treated under the DP proposals.

The Board's choice of the term 'CBP' is also problematic, because its definition includes plans **where no contributions are paid.** Explaining the inclusion of these plans by introducing the purely theoretical concept of a notional contribution still leaves CBP a somewhat opaque label. Including defined contribution (DC) schemes in the definition of CBP also makes it more difficult to understand the CBP concept, in our view unnecessarily because the DP confirms there is no intention to change IAS 19 accounting requirements for DC schemes. Describing the new definitions of DB and CBP as 'promises with future salary risk' and 'promises without future salary risk' would be clearer, while still fully reflecting the Board's intended categorization. The Board could present these by having CBP and DC as two distinct sub-categories of 'promises without future salary risk'.

Of greater concern is the DP proposed **discount rate selection criteria for CBP,** which are not the same as for DB promises. We believe this inconsistency makes the proposals unworkable. For example, it would allow a CBP pension plan benefit formula to be modified to DB (or vice versa) shortly before a significant proportion of members retire, with no or minimal effect on the benefit to be received by those members, yet resulting in a significant change because measurement would presumably be based on the revised formula. Transition requirements could also be problematic; many plans have both DB and CBP populations within their total membership; for members already drawing benefits, information on how they accumulated their benefits may not be available. For these reasons, DB and CBP liabilities should be discounted at the same rate. As the Board does not wish to charge discount rate criteria for DB promises now, CBP promises should be **discounted at high quality corporate bond yields** and the discount rate selection criteria should be addressed in a later phase of the project.

With regard to DP section 5.5 which states that "the unit of account should be the promise made to the employee" should be clarified. If the IASB means 'to an individual employee', we would comment that Demographic assumptions have to be **calculated at the level of the entire plan membership,** but as long as they can be applied at the level of the individual employee, the unit of account can be the individual employee.

The DP proposes to value **CBP at fair value** assuming the benefit promise does not change. We strongly recommend that a future exposure draft include an appendix with additional fair value measurement application guidance for some of the more complex features of pension and other post-retirement benefit plans which are encountered in practice. Examples of this include Swiss legally required minimum return and discretionary Trustee powers mentioned above, as well as the extent to which possible future mortality trends should be taken into account in valuing the benefit obligation.

B. Answers to questions

Question 1 - *Given the objective of the IASB project to address specific issues in a limited time frame, are there additional issues which you think should be addressed by the Board as part of this project? If so, why do you regard these issues as a matter of priority?*

The following issues seem to us important.

- **The impact of the proposal on the IAS 19 asset ceiling rules.** It could be argued that full recognition of the DBO and the plan assets in the employer's balance sheet makes rules regarding asset ceiling redundant. Recognising this in Phase I of the project would provide a further opportunity to reduce the complexity of post-employment benefit accounting, since the asset ceiling rules and their interaction with actuarial gain and loss presentation are some of the most complex parts of IAS 19. If for the time being (until phase II of the project is completed) an IFRS preparer can assume, that a DBO calculated in accordance with the projected unit credit method represents a good proxy for the future payout to the employee and that the fair value of the net assets is a reliable measure for the funding of that obligation, an asset ceiling should indeed never be applicable. Even if local regulatory measures lead to a higher DBO for which a 100% funding is required, the resulting IFRS pension asset would not be subject to an asset ceiling as during the payout phase it will become evident that the higher local DBO is too conservative and can be reversed, i.e. assets will be released back to the employer. If for whatever reason, the local regulations would force the employer to allocate such an excess of assets to its employees, they would effectively increase the benefits promised to the employee, a fact which would have to be considered in the measurement of the DBO under IFRS as well.

- **Clear derecognition criteria** for post-employment benefit provisions, because one of the main concerns we have read and heard financial statement users express is the impact on reported earnings of reductions in the recognised amount of these provisions. We view this as a recognition issue as well as a measurement issue;

- **Allocation to periods** of service of the effect of voluntary purchases of additional rights by members with CBP promises;

- The IAS 19 paragraph 103 requirement that plan assets are measured **excluding unpaid contributions due from the reporting entity to the fund.** We see no basis for excluding these if, as is often the case, the pension regulatory framework in the country concerned has established a mechanism by which the fund can enforce payment of the contributions; this point could be material to post-employment plan asset measurement, as well as to current/non-current classification on the employer's balance sheet: short-term accruals for pensions contributions which are due but unpaid would normally be classified as a current liability, but once paid to the pension fund, they would reduce a post-employment benefit liability or increase a post-employment benefit asset which would normally be classified as non-current, at least to a large extent. As far as we are aware, current practice is to record these short-term unpaid contribution balances as other current liabilities on the one hand and to include them within pension plan assets on the other, although this seems contrary to a literal interpretation of paragraph 103.

Question 2 - *Chapter 2 describes the Board's deliberations on the recognition of defined benefit promises. The Board's preliminary views are summarised in paragraphs PV2–PV4. Are there factors that the Board has not considered in arriving at its preliminary views? If so, what are those factors? Do those factors provide sufficient reason for the Board to reconsider its preliminary views? If so, why?*

Support for **deferred recognition of post-employment benefits** among users and regulators has declined. FAS 158 now requires immediate balance sheet recognition of the funded status of post-employment benefit plans. Taking this into consideration, we do not disagree with the Board's preliminary views on recognition. However, please see our comments below on the importance of separately disclosing expected and actual asset returns when presenting information about post-employment benefit costs.

Question 3 - *the Board outlines three approaches….that illustrate ways in which information about post-employment benefit costs could be presented. The approaches are:*
Approach 1: An entity presents all changes in the defined benefit obligation and in the value of plan assets in profit or loss in the period in which they occur.
Approach 2: An entity presents the costs of service in profit or loss. Entities present all other costs in other comprehensive income.
Approach 3: An entity presents remeasurements that arise from changes in financial assumptions in other comprehensive income. Remeasurements arising from changes in financial assumptions are prompted by changes in the discount rate and in the value of plan assets. An entity presents
changes in the amount of post-employment benefit cost other than those arising from changes in financial assumptions (eg the costs of service, interest cost and interest income) in profit or loss.
(a) Which approach to the presentation of changes in defined benefit costs provides the most useful information to users of financial statements? Why?
(b) In assessing the usefulness of information to users, what importance do you attach to each of the following factors, and why:
(i) presentation of some components of defined benefit cost in other comprehensive income; and
(ii) disaggregation of information about fair value?
(c) What would be the difficulties in applying each of the presentation approaches?

Question 4 - *(a) How could the Board improve the approaches discussed in this paper to provide more useful information to users of financial statements?*
(b) Please explain any alternative approach to presentation that provides more useful information to users of financial statements. In what way does your approach provide more useful information to users of financial statements?

In our opinion, the **following criteria are most important when evaluating the three approaches:**
- the resulting presentation should be clear and understandable to users;
- it should maximise the predictive value of the information;
- it should not undermine the relevance of profit or loss as a measure. The relevance of profit or loss is, in our opinion, undermined if there are amounts presented in other comprehensive income which will never be recycled to profit or loss;
- it should be compatible with the cohesiveness principle which is being used in Financial Statement Presentation project discussions.

The advantage of **Approach 1 is its simplicity.** Its disadvantage is that it combines together within profit or loss information with high predictive value, such as current service costs and interest costs, and information with low predictive value, such as actual return on plan assets and period actuarial gains and losses on measuring the benefit obligation. This makes it difficult to preserve the predictive value of the information without a high level of disaggregation of benefit costs. The disaggregated information would therefore probably appear in the notes to the financial statements. As one of the criticisms of existing IAS 19 is its relegation of key information to the notes, Approach 1 may well not achieve the desired improvement.

Approach 2 would **devalue profit or loss** by moving into other comprehensive income components of benefit cost, such as interest cost and expected return on assets, which IAS 19 rightly includes in profit or loss. Most users now consider the discount unwind as a financing rather than an operating cost, and omitting financing cost from profit or loss is inconsistent with cohesiveness.

Approach 3 comes closest to satisfying all the criteria which we have listed above. Many of the reservations about Approach 3 relate to the difficulty of separating interest income from other returns on plan assets and concerns that this would be similar to the expected/actual asset return split, which many users consider too subjective. "Interest income" is best, and most objectively defined as the return which market participants would expect the portfolio of assets in the benefit plan to earn in the current period, with the balance of actual asset return presented in other comprehensive income. Approach 3 has the disadvantage of being the most complex of the three, but in our opinion its level of complexity would be acceptable. It separates the predictive and non-predictive changes in benefit liability and assets clearly. By including operating and financing components of benefit cost in profit or loss, it is consistent with cohesiveness. If an acceptable, meaningful method of recycling amounts from other comprehensive income can be identified, it will also preserve the importance of profit or loss – a measure on which many financial statement users to whom we have talked tell us they rely heavily.

In our opinion, the Board should consider the existing **IAS 19 option for immediate recognition** of actuarial gains and losses outside profit or loss as a fourth possible presentation approach. None of the three approaches is identical to this existing IAS 19 option; for example, actuarial gains and losses arising from changes in and experience adjustments to non-financial assumptions are recorded in profit and loss under all three approaches in the DP, but are recorded outside profit and loss under the existing option. The existing option has the advantage of treating all types of actuarial gains and losses in the same way.

DP section 3.9 notes that the requirement in IAS 19 (revised 2004) not to recycle actuarial gains and losses reported outside profit or loss was due to *"the pragmatic inability to identify a suitable basis"* for recycling. In our comment letter on the related ED, we had proposed recycling occur based on the 10% corridor – the approach eventually adopted in FAS 158. We would now acknowledge this is not acceptable to users as a long-term solution, because setting 10%, or indeed any number other than zero, as the permitted limit of the corridor is arbitrary. Profit or loss should not be determined based on an arbitrary parameter. Instead, recycling should be based **on parameters which are objectively determinable** from the characteristics of the benefit liability. A conceptually accurate recycling mechanism mght be as follows:

- cumulative actuarial gains and losses related to plan members, such as changes in demographic assumptions, are recycled over average remaining member service; and
- cumulative actuarial gains and losses related to financial assumptions, such as changes in discount rate and asset returns, are recycled over the average maturity period of the pension liabilities.

Both average remaining member service and average maturity are objectively determinable from the rules and demographic make-up of the plan.

However, it seems to us that **recycling all actuarial gains and losses over average future employee service** would be sufficiently accurate for a fair presentation and we therefore propose this recycling method on grounds of simplicity.

We acknowledge the following counter-arguments against the recycling concept:
- similar changes in assumptions for provisions other than post-employment benefits are reported in profit and loss as they arise, rather than in other comprehensive income;

- recycling demographic related gains and losses over average remaining member service is based on the matching concept; this is logical for gains and losses related to active members of benefit plans, but gains and losses related to deferred members and pensioners should arguably be recognised immediately in profit or loss because the service of these members is already complete.
- Changes in financial assumptions based on objective market data, such as asset market values or bond yields for discount rate changes, should be recognised immediately in profit or loss, because the allocation of changes in these assumptions to accounting periods is not subject to uncertainty in the same way as changes in demographic assumptions.

We would respond to these arguments as follows:
- Accounting for post-employment benefits requires practical application of a **unique mix of principles used for accounting for non-financial liabilities and financial instruments.** This distinguishes those benefits from other non-financial liabilities.
- **Sub-analysing** demographic gains and losses into those relating to active members and other plan members would be possible, but introduces greater complexity
- The benefit obligation is considered by many users to share some features of issued financial debt. IAS 39 does **not require immediate recognition** in profit or loss of changes in the market value of issued debt. It requires the debt term to be used as the basis for amortizing the premium or discount on issue. IAS 39 allows financial assets to be accounted for at amortized cost if held to maturity, and allows unrealized gains and losses on available for sale financial assets to be presented in other comprehensive income and recycled on disposal or impairment of the financial assets. The concept of recycling financial assumption changes over the average maturity of the liabilities shares features with these IAS 39 requirements.

Question 5 - *The Board's intention in defining contribution-based promises is to capture those promises for which the measurement requirements of IAS 19 are difficult to apply. However, in trying to find an appropriate and conceptual way to distinguish these promises, the Board has included in the scope of the project some promises for which the measurement requirements of IAS 19 are not particularly difficult to apply…. Do you agree that the Board has identified the appropriate promises to be addressed in the scope of this project? If not, which promises should be included or excluded from the scope of the project, and why?*

Question 6 - *Would many promises be reclassified from defined benefit to contribution-based under the Board's proposals? What are the practical difficulties, if any, facing entities affected by these proposals?*

The only reason why the chosen project scope has itself become a source of difficulty is that the proposed criteria for **selecting the discount rate for CBP are different from those for DB**, which remain unchanged compared to existing IAS 19. This makes the proposal unworkable, especially for plans which contain both DB promises and CBP both funded by a single asset portfolio. The discount rate for the CBP liability cannot be determined without considering its funded status; however, as there is no right way of allocating undesignated plan assets between the DB promises and the CBP, comparability between preparers could only be ensured if the Board includes in the final standard, or interested parties otherwise agree, an arbitrary allocation rule. If changes in DB plans are presented under Approach 2 or 3, presentation of changes in DB promises and CBP will also be inconsistent; as a result, the allocation of plan assets and hence of asset returns will affect profit or loss.

We therefore urge the Board to require the discount rate for both DB and CBP to be selected **based on high quality corporate bond yields,** at least at this stage of its post-employment benefit project. Presentation approaches should also be consistent for the two types of plan.

Question 7 - *Contribution-based promises, as defined in this paper, include promises that IAS 19 classifies as defined contribution plans. The Board does not intend this proposal to lead to significant changes in the accounting for most promises that meet the definition of defined contribution plans in IAS 19. Do the proposals achieve that goal? If not, why not?*

The proposals, read as intended by the Board, achieve that goal. However, please see our general comments above as **clarifying the language** used to describe DB and CBP will reduce the risk of misunderstandings.

Question 8 - C*hapter 6 discusses recognition issues related to contribution-based promises. The Board's preliminary views are:*
- *An entity should recognise both vested and unvested contribution-based promises as a liability.*
- *An entity should allocate the benefits earned under a contribution-based promise to periods of service in accordance with the benefit formula.*
- *There should be no requirement to recognise an additional amount determined by the benefit that an employer would have to pay when an employee leaves employment immediately after the reporting date.*

Do you have any comments on those preliminary views? If so, what are they?

Recognition of **unvested contribution-based promises** is consistent with the going concern assumption. Allocation of benefits in accordance with the benefit formula and measurement consistent with employment status at the reporting date would, in our opinion, present the liability fairly in accordance with the actual situation at the reporting date. For these reasons, we agree with the Board's preliminary views on these issues.

Question 9 - *The Board's preliminary view is that entities should measure the liability for a contribution-based promise at fair value assuming the terms of the benefit promise do not change. The Board reasons that fair value assuming the terms of the benefit promise do not change meets the measurement objectives described in this paper, ie it is based on:*
(a) explicit, unbiased, market-consistent, probability-weighted and current estimates of the cash flows;
(b) current market discount rates that adjust the estimated future cash flows for the time value of money; and
(c) the effect of risk, other than the risk that the terms of the benefit change.

Are there alternative measurement approaches that better meet the measurement objectives described in this paper? Please describe the approaches and explain how they better meet the measurement objectives. To what extent should the effect of risk be included as a component of the measurement approach at this stage of the Board's post-employment benefit promises project? How should this be done?

Question 10
(a) Do you agree that the liability for benefits in the payout and deferment phases should be measured in the same way as they are in the accumulation phase? If not, why?
(b) What are the practical difficulties, if any, of measuring the liability for a contribution-based promise during the payout phase at fair value assuming the terms of the benefit promise do not change?

We understand that the proposals would result in:
- **different discount rates** being used for DB and CBP promises. This is a particular issue for plans offering benefits which include both types of promise (e.g. DB death and disability benefits and CBP retirement benefits), funded from a single portfolio of plan assets. Such plans are common in Switzerland. A fair value measurement would need to take into account

the funded status of the promise to assess credit risk. This creates a logical circularity. The funded status of the CBP can be calculated only by allocating the plan asset market value between the DB promise and the CBP. Allocation in proportion to the benefit obligation, the most obvious method of asset allocation, is not logically possible because the amount of the benefit obligation depends on the funded status resulting from the allocation. This can be overcome only by an arbitrary rule requiring the DB promise to be valued as CBP or vice versa, or by defining an arbitrary asset allocation rule.

- **Identical annuity benefits** being classified differently in plans which have some members with DB promises and some members with CBP. Such plans are becoming increasingly common in the UK, as many employers now offer a CBP to new recruits, while employees who already had DB promises retain their rights. These benefits would also be measured inconsistently after IAS 19 is revised to implement Phase I of the project. While this could give an incentive for accounting arbitrage to occur, we accept that the principle of classifying benefits in the payment phase based on their classification in the accumulation phase is necessary if IFRS is to deal adequately with the unique features of CBP.

For these reasons we would urge **discount rates based on high quality corporate bonds** to be used to measure both DB promises and CBP, at least at this stage of the project.

Our discussions with our actuaries have confirmed our view that the IASB would need to provide **further guidance on applying fair value measurement to the benefit obligation** in order to make it possible to 'operationalise' the standard. Markets for transferring pension liabilities are still too thin to provide a sound basis for valuing most large plans, especially since details of benefit formulae and membership profiles are unique to each plan. It is not clear how a fair value measurement should incorporate estimated future longevity trends because there is no market consensus on what those trends will be: only past mortality is known.

Question 11 - T*he Board's preliminary view is that:*
- *an entity should disaggregate changes in the value of the liability for a contribution-based promise into only a service cost and other value changes. The Board thinks that further disaggregation of changes in the fair value of the liability for a contribution-based promise would be difficult to achieve in an objective way.*
- *all changes in the value of the liability for a contribution-based promise and all changes in any plan assets should be presented in profit or loss.*

(a) What level of disaggregation of information about changes in the liability for contribution-based promises is useful to users of financial statements? Why?
(b) Do you agree that it is difficult to disaggregate changes in the contribution-based promise liability into components similar to those required for defined benefit promises? If not, why not?

Benefit costs for plans which are DC as defined by IAS 19 normally consist entirely of service cost and should be reported accordingly.

We do not agree that it will be difficult to calculate an interest cost for CBP because a sufficiently accurate figure can be derived from the recognised liability amount at the beginning of the period and the discount rate used to measure it, both of which will be known. The impact of a change in the discount rate can also be calculated by **comparing future cash flows discounted at the old and new discount rate assumption.** If the terms of a CBP are amended during the period, a past service cost can also be calculated by comparing the CBP liability under the old and new terms. We do agree, however, that if fair value is the measurement basis for CBP, it will be difficult to achieve any further disaggregation. Other changes in the liability should be described simply as actuarial gains and losses.

***Question 12 –** Should changes in the liability for contribution-based promises:*
(a) be presented in profit or loss, along with all changes in the value of any plan assets; or
(b) mirror the presentation of changes in the liability for defined benefit promises (see Chapter 3)?
Why?

In order to achieve **comparability** in the presentation of different types of promise, it is necessary for changes in CBP liabilities to be presented in a way consistent with DB liabilities. Inconsistent presentation would create particular problems for plans which contain both DB promises and CBP, funded by a single portfolio of assets. We commented in our answer to question 10 above on the difficulty of allocating plan assets between the two types of promise. The actual return on plan assets would also need to be allocated. The allocation chosen will alter total reported earnings if DB benefit costs are presented in accordance with Approaches 2 or 3 as proposed in the DB, because the return allocated to CBP will be presented totally in profit or loss, but the return allocated to the DB promise will be presented in part or in full within other comprehensive income.

It does not seem to us difficult to allow a CBP presentation consistent with DB Approach 2 because this only requires **identification of CBP service costs** - which is in any case proposed by the DP – interest costs and the impact of the change in the discount rate as we have argued above, and changes in plan assets, which are known.

In our opinion, a CBP presentation consistent with DB Approach 3 could be achieved by dividing returns on assets as we have outlined in our response to questions 3 and 4 above.

Question 13 - *The Board's preliminary views on benefit promises in which the benefit is the higher of a defined benefit promise and a contribution-based promise are summarised in paragraphs PV16–PV18:*

- *When a post-employment benefit promise is the higher of a defined benefit promise and a contribution-based promise, an entity should recognise and account for the 'host' defined benefit promise in the same way as a defined benefit promise. The entity should recognise separately the 'higher of' option.*
- *An entity should measure the 'higher of' option that is recognised separately from a host defined benefit promise at fair value assuming the terms of the benefit promise do not change.*
- *An entity should disaggregate changes in the liability for a 'higher of' option that is recognised separately from a host defined benefit promise into a service cost and other changes in value, with both components recognised in profit or loss*

(a) What are the practical difficulties, if any, in identifying and measuring the 'higher of' option that an entity recognises separately from a host defined benefit promise?
(b) Do you have any other comments on the proposals for benefit promises with a 'higher of' option? If so, what are they?

We believe that it is a reasonable idea to separate the **"higher of"** option and measure it at fair value. However, its implementation depends on whether a reliable measurement method can be identified. To us that seems to be very difficult as such options (or options with very similar features) are not traded and therefore any valuation would depend on parameters which may not all be observable on the market. Furthermore it must not be forgotten that any **option approach** is based on a hedging rationale, which is also difficult to apply for non-traded options. Unless a reasonable and clearly defined measurement approach is put forward, we think it is not reasonable to break out the "higher of" option.

Question 14 - *The Board intends to review the disclosures required about post-employment benefit promises in a later stage of this project. What disclosures should the Board consider as part of that review?*

During our discussions with them, **financial statement users** have highlighted the following disclosure needs not met by existing IAS 19 requirements:

- information on the timing of benefit payment cash flows;
- Average maturity of the benefit obligation;
- Sensitivity analysis.

These needs seem to us reasonable.

Users also highlighted the need to **retain a disaggregation** of changes in plan asset values into expected return and actual return, provided that the expected return can be made more visible and not buried within operating profit as it is today. It seems reasonable that the main performance statement should identify both expected asset performance and the variance from that performance.

Question 15 - *Do you have any other comments on this paper? If so, what are they?*

We have no other comments.

We thank you for the opportunity to submit our contribution to your due process.

Yours sincerely

SwissHoldings
Federation of Industrial and Service Groups in Switzerland

Dr. Peter Baumgartner Chairman Executive Committee	Dr. Jan Atteslander Member Executive Committee

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