

## INFORMATION FOR CPIC BENEFICIARIES

### Change of investment management strategy as of January 1, 2008

Since CPIC was created in 1970, the reference currency we have used both for calculating the asset value of shares and the underlying investments has always been the Swiss franc (CHF). Aside from the fact that the Foundation is based in Switzerland, the strength and stability of the Swiss franc as well as its role as a “refuge currency” have until now always justified such an approach.

The long-term results we have obtained also prove that this was the right strategy. Indeed, for several generations now, the appreciation of the Swiss franc has remained a constant feature of the financial markets as compared with other currencies in Europe and the rest of the world. As can be seen from the table below, all investors domiciled outside Switzerland have enjoyed an increase in their average return since 1985, regardless of their reference currency.

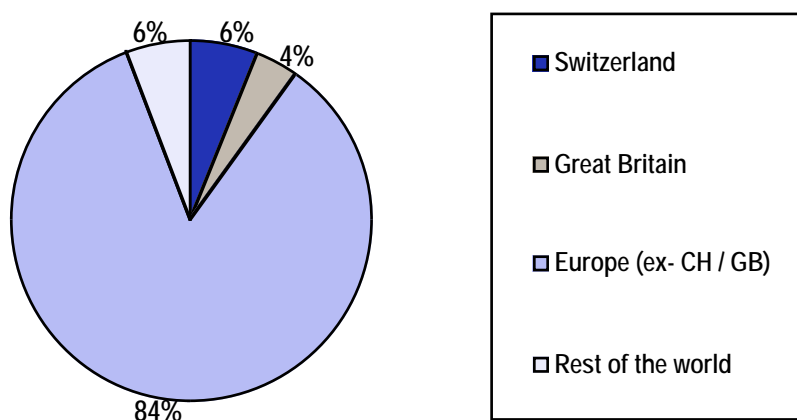
#### **CPIC average annual return performance from 1985 to 2006**

In CHF:	+5.67% per year	
In EUR:	+6.15% per year	-> performance improved by +0.48% per year
In GBP:	+6.76% per year	-> performance improved by +1.09% per year
In USD:	+9.45% per year	-> performance improved by +3.78% per year

However, the appreciation trend of the Swiss franc is no longer a certainty since the advent of the Euro (EUR) in 1999. After getting off to a rocky start, the European single currency has attained credibility in the financial markets. Today, it has become an interesting alternative not only to the American dollar (USD) for international trade but also to the Swiss franc as a “refuge currency”. Over and above the cyclical nature linked to the healthy state of the European economy, several other more important factors appear to significantly reinforce the value of the Euro in the long term. For instance, many major investors – in particular Asian central banks - have decided to diversify their reserves.

In the light of the above, the question arises for CPIC whether maintaining the Swiss franc as a reference currency is still the best choice from a strategic viewpoint, especially since the majority of active beneficiaries live in the Eurozone, as can be seen in the following pie chart:

#### **Distribution of beneficiaries according to country of residence**



Taking into account these statistics as well as the Euros' trend of appreciation in the past few years, the management board has decided, based on the recommendations obtained from

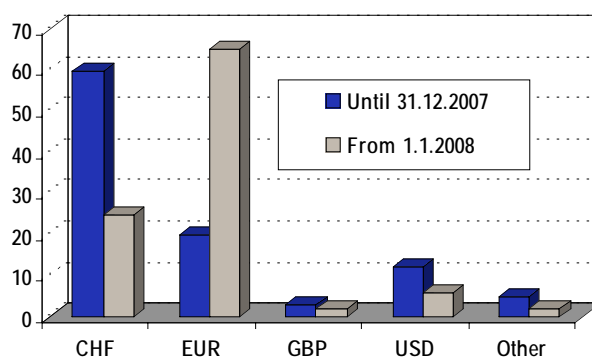
the 2 investing banks, to broaden the currency diversification of its investments for both segments from January 1, 2008. The new strategy will be applied as follows:

**A Share – Growth segment**

Strategic asset allocation

	Until 31 Dec 2007	From 1 Jan 2008
Short term CHF	10%	--
Short term EUR	--	10%
Bonds EUR	15%	35%
Bonds CHF	25%	--
Other bonds	--	5%
Swiss stocks	10%	10%
Global stocks	20%	20%
Hedge funds (hedged CHF)	5%	--
Hedge funds (hedged EUR)	--	5%
Real estate / Infrastructure	5%	5%
Commodities (hedged CHF)	5%	--
Commodities (hedged EUR)	--	5%

Breakdown by currency

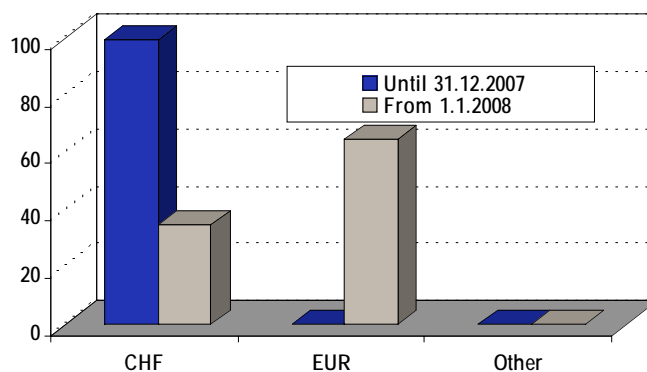


**B Share – Conservative segment**

Strategic asset allocation

	Until 31 Dec 2007	From 1 Jan 2008
Short term CHF	20%	5%
Short term EUR	--	15%
Bonds CHF (< 3 years)	80%	30%
Bonds EUR (< 3 years)	--	50%

Breakdown by currency



For the vast majority of beneficiaries living in the Eurozone, the management board's decision to change its strategy will ensure in future a better adequacy between the currency in which the assets are invested and the currency in which they will be "spent" after retirement, thus reducing the risk of excessive exchange fluctuations either way.

### **Next steps**

The new investment strategy implemented on January 1 this year is just the first step in a transition phase, which should eventually give the portfolio an even greater Euro exposure, making it possible to gradually phase out the Swiss franc as a reference currency. To remain as consistent as possible, the assessed value of both the A and B Shares and the active beneficiaries' individual accounts will eventually be expressed in Euros. These next steps will be discussed at the General Assembly meeting on May 31, 2008. If endorsed by the active beneficiary members, they could be applied as early as July 1, 2008.