Media release on
the 2005 annual results

March 23, 2006

SWISS substantially improves its annual EBIT result

Swiss International Air Lines (Group) increased its total income from operating activities to CHF 3 732 million in 2005 (prior year: CHF 3 642 million). Despite the higher price of jet fuel, the net result from operating activities (EBIT) before restructuring costs was improved to minus CHF 14 million (prior year: minus CHF 122 million).

In addition to restructuring costs of CHF 41 million, results for 2005 were reduced by currency exchange value adjustments (non-cash book losses) of CHF 65 million on outstanding US dollar-denominated debt. It is principally to these two factors that the higher year-on-year net loss of CHF 178 million (prior year: minus CHF 140 million) can be ascribed.

SWISS reports a net result from operating activities (EBIT) before restructuring costs of minus CHF 38 million for the fourth quarter of 2005 (prior-year period: minus CHF 123 million) and a net loss for the period of CHF 97 million (prior-year period: minus CHF 123 million). SWISS held cash and cash equivalents of CHF 558 million on December 31, 2005 (December 31, 2004: CHF 481 million).

SWISS increased its total income from operating activities to CHF 3 732 million for the 2005 business year (prior year: CHF 3 642 million) and achieved a net result from operating activities (EBIT) before restructuring costs of minus CHF 14 million (prior year: minus CHF 122 million). The high cost of jet fuel eroded an additional CHF 213 million from the EBIT result for 2005 compared to the previous year. With competition still intense, the higher fuel costs could only partially be recouped by the fuel surcharges levied. Thanks to comprehensive measures, the cost of materials (excluding additional cost incurred for fuel) was lowered by around 13% compared to 2004, outpacing the 4.7% year-on-year reduction in available-seat-kilometre capacity.

The EBIT result for the year includes impairments for value adjustments to regional aircraft and buildings amounting to CHF 115 million. Operating income and EBIT also include non-recurring first-quarter income of CHF 43 million deriving from a transfer of slots to British Airways at London Heathrow Airport. By comparison, the 2004 EBIT result included CHF 174 million in impairments and CHF 163 million of non-recurring income.

The result for 2005 includes restructuring costs totalling CHF 41 million which were incurred in connection with the partial reduction in surplus pilot numbers, the reorganisation of the company's call centres and the ongoing restructuring of the SWISS sales organisation. SWISS achieved a substantial improvement in its EBIT after restructuring costs for the year, which totalled minus CHF 55 million (prior year: minus CHF 122 million).

EBIT before restructuring costs for the fourth quarter of 2005 amounted to minus CHF 38 million (prior-year period: minus CHF 123 million). The improvement was due largely to higher revenues generated and to lower impairment needs.

Financial expenses for 2005 totalled CHF 67 million (prior year: CHF 64 million). Financial income amounted to CHF 9 million (prior year: CHF 10 million). With the US dollar proving substantially stronger against the Swiss franc than it had been in 2004, the revaluation of US dollar-denominated debt for the 2005 business year resulted in currency exchange value adjustments (non-cash book losses) of CHF 65 million. By comparison, in 2004 positive currency exchange value adjustments had added CHF 60 million to the foreign currency result. These unrealised non-cash book gains were due to the US dollar having declined from its prior-year level.

The consolidated net result for 2005 amounts to minus CHF 178 million, which compares to minus CHF 140 million for the previous year. The decline in the net result, despite an improved EBIT for the year, is due primarily to the above-mentioned currency exchange value adjustments (with a year-on-year difference of CHF 125 million) and to the restructuring costs (which were CHF 41 million higher than in 2004).

“Despite the high fuel prices and intensified competition, SWISS achieved a further substantial improvement in 2005 in its annual operating result,” says Christoph Franz, President & Chief Executive Officer. “Our restructuring programme is delivering results, but despite all the far-reaching actions taken and the result enhancements achieved, we are still sustaining substantial losses. This underlines that we must continue to consistently pursue our current restructuring endeavours and must – as a top priority – bring our present collective labour agreement negotiations to a satisfactory conclusion.” On SWISS’s longer-term prospects, Franz adds: “In order to achieve our goal of securing sustainable profitability, we must deliver an EBIT margin of at least five to eight per cent. Only then will SWISS have sufficient earnings power to support the prospect of future corporate growth.”

	1st-4th quarter		**4th quarter**	
in CHF million	**2005**	**2004**	**2005**	**2004**
Total income from operating activities	3 732	3 642	965	947
Loss from operating activities (EBIT) before restructuring costs	**-14**	**-122**	**-38**	**-123**
Restructuring costs	-41	0	-31	0
Loss from operating activities (EBIT) after restructuring costs	-55	-122	-69	-123
Net loss for the year	**-178**	**-140**	**-97**	**-123**
Employees (full-time equivalents) at December 31	6 094	6 625		

Positive cash flow from operating activities of CHF 219 million

Cash flow from operating activities for the 2005 business year amounted to CHF 219 million, which compares to a positive operating cash flow of CHF 189 million (which included a CHF 68 million third-quarter cash inflow following the settlement of the Holco legal case) for 2004. The year-on-year increase in operating cash flow was due to the improved EBIT result and to various actions taken to enhance the management of the company’s working capital.

Cash flow from investing activities was positive for the year as a result of divestitures, and stood at CHF 121 million (prior year: CHF 5 million). The transfer of slots at London Heathrow Airport to British Airways created a cash inflow of CHF 43 million. The return of advance payments on aircraft and the proceeds from the sale of aircraft generated a cash inflow of CHF 97 million. And the reduction of various cash deposits produced a further net cash inflow of CHF 57 million. Against these amounts, a cash outflow of CHF 76 million was incurred in connection with various investments, including spending on interior components, rotable spares and consumables for the aircraft fleet.

Cash flow from financing activities amounted to minus CHF 264 million (prior year: minus CHF 211 million). A total of CHF 159 million of cash and cash equivalents was used for the amortisation of aircraft finance lease liabilities. A further CHF 47 million of cash and cash equivalents was spent on debt repayments, including the repayment in full of the CHF 43 million still outstanding on the Barclays Bank loan originally amounting to CHF 50 million. The repayment of this loan had no net impact on liquid funds, as it fell within the same accounting period as the CHF 43 million cash inflow from investing activities deriving from the transfer of London Heathrow slots to British Airways. Further cash outflows of CHF 57 million stemmed from ordinary interest payments on finance lease liabilities.

SWISS held cash and cash equivalents of CHF 558 million on December 31, 2005. Cash and cash equivalents had stood at CHF 481 million (plus CHF 4 million in fixed-term deposits) at the end of 2004. SWISS had an additional CHF 228 million in liquid funds available from existing banking credit facilities at the end of 2005. This amount varies depending, among other things, on the exchange rates of the US dollar and the Euro against the Swiss franc.

SWISS has currently hedged 66% of its expected fuel needs for the rest of 2006. Despite this partial security against the risk of further price rises on the jet fuel market, the record price levels for kerosene are increasing the pressure to consistently pursue the present restructuring process and identify and exploit further cost-saving and revenue-earning potential.

Equity ratio at 25.1%

Group shareholders' equity amounted to CHF 708 million on December 31, 2005 (equity ratio: 25.1%), having totalled CHF 852 million[1] (equity ratio: 27.3%) at the end of 2004.

Net debt reduced by 40%

Net financial debt was reduced by a total of CHF 242 million in the course of 2005, from the CHF 594 million at the end of 2004 to CHF 352 million on December 31, 2005. The reduction was effected continuously throughout the year, including CHF 47 million in the fourth-quarter period. The reduction was achieved primarily through the net cash inflow from operating activities, while divestitures released further funds.

Improved load factor, but pressure on European yields

Load factor: SWISS increased the number of passengers carried on its scheduled services for the year in 2005, the first time this has been achieved since the company was founded. A total of 9.56 million passengers were transported during the year, a 4.1% improvement on 2004. The modifications made to the route network in the course of the year, the schedule enhancements effected and the changes made to the structure of the aircraft fleet all had a positive impact on

[1] The CHF 4 million difference between this amount and the CHF 848 million shown in the annual financial statements for 2004 is due to a change in IFRS accounting standards whose adoption is required by the SWX Swiss Exchange and was mandatory for SWISS, which was then a stock-exchange-listed company.

load factors. Systemwide seat load factor amounted to 78.1%, up 3.2 percentage points on its prior-year level. While SWISS offered 4.7% less capacity than in 2004 in available-seat-kilometre (ASK) terms, total traffic volume in revenue passenger kilometres (RPK) was only 0.6% below its prior-year level. Seat load factor improved accordingly.

The 65.9% seat load factor achieved for 2005 on SWISS's European network was 5.1 percentage points up on the prior-year result. With European ASK capacity virtually unchanged (down 0.1%), European RPK traffic volume was a substantial 8.3% improvement on 2004.

Seat load factor for SWISS's intercontinental services amounted to 84.0% for the year, a 2.7-percentage-point improvement on the prior-year result. While ASK capacity was reduced by 6.8% from its prior-year level, RPK traffic volume declined by a far smaller 3.6%.

SWISS recorded a systemwide seat load factor of 75.3% for the fourth quarter of 2005 (prior-year period: 74.3%). Seat load factor for Europe rose to 63.1% (prior year: 56.8%), while intercontinental seat load factor stood at 81.0% (prior year: 82.4%).

SWISS's cargo business continued to show generally positive trends in 2005, despite a tangible toughening of its competitive environment. Cargo load factor (by volume) remained stable at a high 86.5% (down 0.1 percentage points on 2004). The total cargo volume handled by Swiss WorldCargo for the year rose 0.5% to around 1.14 billion cargo tonne-kilometres.

Yield: The industrywide pressure on yields (revenue per passenger kilometre) persisted in Europe throughout 2005. Despite its fuel surcharges, SWISS saw its European yield decline 5.7% year-on-year, as the continuing overcapacities in the market led to further steady fare erosion. SWISS's yield for its intercontinental routes rose 8.6%. However, in view of the substantially longer distances flown, the record fuel prices had a disproportionately strong impact on intercontinental route results .

By adopting and maintaining competitive pricing policies, SWISS was able to raise its market share at the Zurich Airport hub in 2005, despite strong competition from various low-cost carriers. The 50.4% market share achieved was a 2.4-percentage-point increase on the prior year.

SWISS's revenue per available seat kilometre (RASK) continued to show positive trends. Calculated from the seat load factor and yields, RASK – together with cost per available seat kilometre or CASK – is a key component in assessing a company's operating results. SWISS raised RASK on its European network by 2.2% in 2005. And for its intercontinental services, SWISS increased RASK by a sizeable 13.8%. As a result, systemwide RASK for 2005 was a 9.4% improvement on the prior-year result. The increase in overall RASK is also due to some extent to a year-on-year increase in the European network's share of total capacity in ASK terms. This increase had a positive effect on systemwide RASK, because RASK on long-distance intercontinental services is typically lower than on European routes. The RASK result includes the fuel surcharges which SWISS has been levying on its tickets since summer 2004. In line with the rest of the industry, SWISS introduced these surcharges and has modified them since in response to the steep rises in jet fuel prices. The latest such increase was on September 23, 2005.

Unit costs still too high

By implementing various restructuring actions, SWISS achieved a substantial year-on-year reduction in its costs for 2005. Despite this progress, however, SWISS's cost position is still too high compared to those of its competitors. Excluding the additional costs incurred as a result of high fuel prices, SWISS reduced its CASK by 3.4% from its prior-year level in 2005. The achievement was neutralised, however, by the high cost of aviation fuel, and overall CASK for 2005 was 3.6% higher than the previous year.

CASK, like RASK, was affected by the shift in the relative contributions of European and intercontinental production to overall ASK capacity. Here, however, the effect was the opposite: the increase in the proportion of European production led to an automatic increase in systemwide CASK. This is because, in view of the shorter distances flown, CASK is substantially higher for European services than for intercontinental flights. Irrespective of these mechanisms, SWISS's CASK must be further reduced – especially in view of its continuing losses, the persistent price erosion and the still tense and unpredictable situation on the jet fuel market.

The prime focus in seeking further cost reduction potential will be on the catering and ground handling services received and on raising the company's own productivity levels. SWISS will continue to consistently work on its present cost reduction programme in all areas of the company and its operations. In view of the high jet fuel costs, for example, means are continually being sought to lower fuel consumption. With this aim in mind, SWISS adopted a series of measures in the course of 2005 including weight-reducing modifications to cabin installations and modifications to flight procedures which ensure that flight operations are conducted as fuel-efficiently as possible.

The actions successfully taken to lower costs in various corporate areas continue to be counteracted by annual rises in personnel cost per full-time employee, which sustained a further 5.5% year-on-year increase in 2005. The increases here are due primarily to the automatic annual salary increments granted under the currently-valid collective labour agreements for flying personnel. In a time of workforce downsizing, mechanisms of this kind have a particularly negative effect, because the higher expenses they naturally cause among the existing personnel corps cannot be offset by recruiting new staff with lower starting salaries. In agreeing to a new collective labour agreement in February 2006, SWISS's cabin personnel made a major contribution to the company's cost-reduction endeavours.

Group personnel numbers

The average number of SWISS employees (in full-time equivalents or FTEs) in the 2005 business year amounted to 6 382, a decline of 789 on the 7 121 employed in 2004. SWISS employed a total of 6 094 FTEs on December 31, 2005, 531 fewer than at the end of 2004. The 6 094 FTE positions were occupied by 7 296 employees.

Milestones in the current restructuring programme

The measures announced in January 2005 to provide SWISS with competitive cost structures continue to be implemented according to plan. The sustainable profitability which these actions are designed to achieve should provide adequate scope for investment and future growth. As announced, the restructuring programme should be completed in the course of 2006. SWISS's integration into the Lufthansa Group also offers new strategic prospects in cost synergy terms.

After protracted negotiations, SWISS and SR Technics concluded their arbitration case on the interpretation of commercial aspects of their current technical services agreement with an out-of-court agreement at the end of July 2005. The new collaborative basis provides SWISS with significant cost savings in the maintenance of its Airbus fleet. SWISS and SR Technics have also extended the present technical services agreement (which was due to expire in 2009) for a further three years.

A further milestone was reached in the current restructuring endeavours with the decision to transfer SWISS's European regional flight operations into a separate company within the SWISS Group. Having received its operating permit from the Swiss Federal Office for Civil Aviation, Swiss European Air Lines Ltd. commenced operations on November 1, 2005. This fully-owned

SWISS subsidiary operates wet-lease services in the European market on behalf of its parent company and under the SWISS brand. In doing so, it makes a substantial contribution to enhancing SWISS's competitiveness. With its clear structures and transparent costs, the new organisation is laying a firm foundation for the future growth of SWISS's regional business.

By the start of the 2005/06 winter schedules, SWISS had reduced its fleet by 11 aircraft in the course of 2005. As part of the endeavours to simplify the SWISS fleet structure and focus on the Avro RJ85 and RJ100 for regional operations, the last remaining Saab 2000s were withdrawn from service at the end of the summer schedules in October 2005. The last Embraer RJ145s will be similarly withdrawn in early summer 2006. The capacity provided by these aircraft will be offered instead by an additional six aircraft of the bigger Avro RJ100 type which have joined the SWISS fleet over the last few weeks. Despite a decline in total aircraft numbers, SWISS is slightly raising its overall seat capacity through this fleet re-equipment. SWISS will also continue to further enhance its range of air services and connections, through its collaborations with various partner airlines, and within the Lufthansa Group in particular.

Raising productivity and the flexibility of the SWISS European fleet are also the prime objectives of the “Minimum Ground Time” project. Through a combination of reducing the minimum times planned for aircraft turnarounds on the ground and enhancing the structure of its Zurich Airport hub, SWISS can operate ten additional flights a day with the same European aircraft fleet.

In agreeing to the proposed new collective labour agreement (CLA), the company's cabin staff unions made a significant contribution to the achievement of SWISS's restructuring objectives and the securing of a sound financial future. The new CLA for SWISS cabin personnel entered into effect on February 1, 2006 and is valid for three years. On March 10, 2006, Swiss European Air Lines and the Swiss Pilots Association also reached agreement on the content of a new collective labour agreement. Provided it is approved by Swiss European's pilots, the new CLA will enter into effect on April 1, 2006, and will also be valid for three years.

The new collective labour agreements pay due regard to SWISS's current restructuring concept and the intensified market competition, while assuring the continuity of socially-acceptable terms and conditions of employment for SWISS staff. The CLA negotiations which are still under way must also be concluded in the next few months. SWISS will continue to strive to find viable and forward-looking solutions with all its social partners. The company was able to resize its pilot corps to current staffing needs over the past few months without any compulsory layoffs. This was achieved by actively assisting pilots to move to other airlines and by offering financial incentives to pilots voluntarily terminating their employment.

SWISS also introduced numerous product innovations in 2005 as part of its ongoing quality drive to strengthen its market position. Various actions were taken at Zurich Airport to enhance customer benefits. These included the reassignment of all services within Europe and to North Africa to the airport's Dock A from the start of the summer schedules at the end of March. All intercontinental services now depart from Dock E. The new arrangement, together with other measures, has substantially improved the punctuality of SWISS's flight operations at its Zurich hub. In a comparison with its European competitors, SWISS was placed seventh for its punctuality in 2005 (up from 13th the year before); and among major European airlines, SWISS was placed second for its Zurich hub operations, behind Lufthansa (with Munich and Frankfurt).

Integration into the Lufthansa Group proceeding as planned

The “squeeze-out” procedure initiated in August 2005 to acquire the remaining publicly-held SWISS shares in exchange for cash compensation was concluded in mid-January 2006. The SWISS share was delisted from the SWX Swiss Exchange on January 27. In view of the share's delisting and the company's planned integration into the Lufthansa Group, SWISS will be adjusting its reporting on its business and operations accordingly from the 2006 business year onwards.

Lufthansa and the Swiss-based Almea Foundation now hold all the shares of Swiss International Air Lines Ltd. via the Swiss-based AirTrust AG company. Lufthansa currently owns 49% of AirTrust AG, with the Almea Foundation owning the remaining 51%. The object of Almea is to hold this 51% equity stake in AirTrust until full control of the company can be acquired by Lufthansa. Once the negotiations to secure SWISS's key traffic rights have been successfully concluded and the corresponding agreements have been obtained, Lufthansa will fully acquire SWISS (at the end of 2006 at the earliest). Then, with its object no longer required, Almea will transfer all its shares in AirTrust to Lufthansa and will subsequently be dissolved.

Substantial progress has already been made in securing SWISS's key traffic rights, in close collaboration with the Swiss Federal Office for Civil Aviation. The vital traffic rights for the USA and Canada, for example, were secured in March 2006.

SWISS's continued integration into the Lufthansa Group has provided major innovations for customers in particular. Thus, for example, SWISS was able to announce at the beginning of October 2005 that its Swiss TravelClub frequent flyer programme would be incorporated into Miles & More, Europe's leading frequent flyer programme, on April 1, 2006. This will permit SWISS customers to earn and redeem miles with an even wider range of airlines and further programme partners. All Swiss TravelClub mileage balances will be transferred one-for-one to Miles & More, and Swiss TravelClub Silver and Gold status will be duly recognised in the Miles & More programme. SWISS will also become a member of Star Alliance, the world's biggest airline network, on April 1.

The range of benefits offered to customers through the ever-closer collaboration between SWISS and Lufthansa has also been further expanded. The partners have harmonised their services between Switzerland and Germany: all SWISS and Lufthansa flights between the two countries are now flown as codeshare operations, and the timetables have been realigned to offer a total of 563 weekly services between Switzerland and Germany spread conveniently throughout the day. Customers thus enjoy more frequencies, more destinations and, through the coordinated schedules, better connections at the Zurich, Frankfurt and Munich hubs. This close collaboration will sustainably enhance SWISS's market position.

This media release is also available on our www.swiss.com website under "About SWISS > Financial information".

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Swiss International Air Lines (Group)

Consolidated income statement 1st – 4th quarter

in CHF million	1st – 4th quarter 2005	1st – 4th quarter 2004
Revenue from scheduled services	2 922	2 936
Revenue from cargo services	496	442
Revenue from charter services	102	95
Revenue from other operations	60	46
Total revenue	**3 580**	**3 519**
Gain on disposal of fixed and intangible assets	18	1
Other operating income	134	122
Total income from operating activities	**3 732**	**3 642**
Cost of materials	-1 101	-1 020
Cost of services	-1 183	-1 170
Personnel expenses	-717	-774
Depreciation and amortisation	-268	-310
Impairments	-115	-174
Loss on disposal of fixed and intangible assets	-4	-6
Other operating expenses	-358	-310
Loss from operating activities (EBIT) before restructuring costs	**-14**	**-122**
Restructuring costs	-41	0
Loss from operating activities (EBIT) after restructuring costs	**-55**	**-122**
Income from associates	1	0
Financial expenses	-67	-64
Impairment due to currency exchange losses on prepayments made for cancelled aircraft orders	0	-23
Financial income	9	10
Foreign currency result	-65	60
Loss before tax (EBT)	**-177**	**-139**
Income taxes	-1	-1
Net loss for the period	**-178**	**-140**
Attributable to:		
Equity holders of the parent	-178	-140
Minority interests	0	0

in CHF	2005	2004
Earnings per share (basic)	-3.34	-2.66
Earnings per share (fully diluted)	-3.34	-2.66

This financial report incorporates the adoption of new IFRS accounting standards that became effective on January 1, 2005. In the income statement, following the classification of minority interests in accordance with the so-called “entity theory”, the net result stated now includes minority interests. In compliance with the new IFRS standards, the net result is now also shown in a breakdown of those proportions of it attributable to equity holders of the parent and to minority interests.

Swiss International Air Lines (Group)
Consolidated income statement 4th quarter, unaudited

in CHF million	4th quarter 2005	4th quarter 2004
Revenue from scheduled services	738	745
Revenue from cargo services	142	119
Revenue from charter services	24	19
Revenue from other operations	22	12
Total revenue	**926**	**895**
Gain on disposal of fixed and intangible assets	10	1
Other operating income	29	51
Total income from operating activities	**965**	**947**
Cost of materials	-287	-269
Cost of services	-304	-268
Personnel expenses	-182	-185
Depreciation and amortisation	-68	-88
Impairments	-70	-174
Loss on disposal of fixed and intangible assets	-1	-6
Other operating expenses	-91	-80
Loss from operating activities (EBIT) before restructuring costs	**-38**	**-123**
Restructuring costs	-31	0
Loss from operating activities (EBIT) after restructuring costs	**-69**	**-123**
Income from associates	0	-1
Financial expenses	-19	-24
Impairment due to currency exchange losses on prepayments made for cancelled aircraft orders	0	-23
Financial income	1	4
Foreign currency result	-10	44
Loss before tax (EBT)	**-97**	**-123**
Income taxes	0	0
Net loss for the period	**-97**	**-123**
Attributable to:		
Equity holders of the parent	-97	-123
Minority interests	0	0

in CHF		
Earnings per share (basic)	-1.80	-2.34
Earnings per share (fully diluted)	-1.80	-2.34

This financial report incorporates the adoption of new IFRS accounting standards that became effective on January 1, 2005. In the income statement, following the classification of minority interests in accordance with the so-called “entity theory”, the net result stated now includes minority interests. In compliance with the new IFRS standards, the net result is now also shown in a breakdown of those proportions of it attributable to equity holders of the parent and to minority interests.

Swiss International Air Lines (Group)
Consolidated balance sheet

in CHF million	December31, 2005	December 31, 2004[1]
Cash and cash equivalents	558	481
Fixed-term deposits (3-12 months)	0	4
Derivative assets	61	11
Trade receivables	263	233
Other receivables	31	21
Inventories	26	29
Prepaid expenses and accrued income	31	29
Current assets	**970**	**808**
Aircraft fleet	1 611	1 927
Property, plant and equipment	101	193
Intangible assets	11	18
Investments in associates	6	5
Loans and other investments	118	171
Deferred tax assets	1	1
Non-current assets	**1 848**	**2 315**
Total assets	**2 818**	**3 123**
Trade payables	182	245
Interest-bearing liabilities	131	244
Derivative liabilities	47	22
Other payables	79	33
Unearned transportation revenue	407	385
Accrued expenses and prepaid income	272	296
Current liabilities	**1 118**	**1 225**
Interest-bearing liabilities	779	831
Employee benefit obligations	6	11
Provisions	207	204
Non-current liabilities	**992**	**1 046**
Total liabilities	**2 110**	**2 271**
Share capital	961	948
Treasury shares	0	0
Reserves	-254	-100
Minority interest	1	4
Total shareholders' equity	**708**	**852**
Total shareholders' equity and liabilities	**2 818**	**3 123**

[1] This financial report incorporates the adoption of new IFRS accounting standards that became effective on January 1, 2005. In the balance sheet, minority interests are now included in shareholders' equity in accordance with the so-called "entity theory".

In order to provide a basis of comparison, the 2004 pro forma statements reflect these changes as if they had already been in effect in 2004.

Swiss International Air Lines (Group)
Consolidated cash flow statement 1st – 4th quarter, condensed

in CHF million	1st - 4th quarter 2005	1st – 4th quarter 2004[1]
Net loss for the period	**-178**	**-140**
Adjustments for income and expenses not involving the movement of funds	359	288
Changes in net working capital (other than cash and cash equivalents)	38	41
Cash flow from operating activities	**219**	**189**
Cash flow from investing activities	**121**	**5**
Cash flow from financing activities	**-264**	**-211**
Increase/(decrease) in cash and cash equivalents	76	-17
Effect of exchange-rate differences	1	-5
Cash and cash equivalents as of January 1	481	503
Cash and cash equivalents as of December 31	558	481

Cash and cash equivalents comprise cash on hand, postal and bank accounts and short-term deposits with an original maturity of not more than 90 days.

[1] The presentation of certain items in cash flow from operating activities was changed from a net to a gross perspective with effect from December 31, 2004. The modification has no impact on the figures stated, i.e. on cash flow from operating activities.

In order to provide a basis of comparison, the pro forma statements for the first six months of 2004 reflect these changes as if they had already been in effect.